

Consumer movement in Central and Eastern Europe

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Introduzione e sintesi

Il progressivo allargamento dell'Unione europea ai Paesi del centro-est Europa (cosiddetti Paesi Cee) fino agli attuali 27 Paesi membri ha posto con evidenza il problema delle disparità socio-economiche rispetto ai Paesi della "vecchia" Europa e portato all'attenzione delle istituzioni comunitarie le nuove sfide, contraddizioni e difficoltà derivanti dal processo di allargamento.

L'articolo di Breda Kutin, presidente dell'Associazione dei consumatori della Slovenia (Zps), fa il punto sullo stato del movimento consumerista nei Paesi Cee, evidenziando le sue prospettive, così come le difficoltà e i ritardi che lo affliggono.

Va ricordato, innanzitutto, che in questi Paesi le normative di tutela dei consumatori e dei loro diritti erano storicamente inesistenti. A seguito dell'avvio dei procedimenti di accesso all'Unione europea, l'adeguamento delle leggi nazionali alle direttive comunitarie è stato in larga parte dettato dall'esigenza di armonizzare il quadro legislativo nazionale, quale condizione indispensabile per diventare membri Ue.

La legislazione in materia di tutela del consumatore non è stata, quindi, il frutto di una genuina politica dei consumatori, bensì un passaggio burocratico necessario per l'accesso all'Unione europea.

Nonostante i significativi sforzi nel corso degli anni recenti, le organizzazioni di consumatori dei Paesi Cee hanno compiuto progressi estremamente limitati. Esse soffrono tuttora di risorse insufficienti e di un'eccessiva dipendenza dalle priorità dei loro Governi.

Nelle economie pianificate di questi Paesi, le uniche istituzioni di protezione dei consumatori, come gli ispettorati del commercio, svolgevano principalmente un ruolo di supervisione e controllo dei prezzi. In tale contesto, erano assenti gli stessi presupposti di una politica consumerista (possibilità di scelta, prezzi differenziati, qualità e disponibilità dei beni e servizi).

Il passaggio a economie di mercato è stato repentino e ha causato un'invasione di prodotti di dubbia qualità, offerti a cittadini impreparati a diventare consumatori.

Tuttora i consumatori di questi Paesi non sono particolarmente esigenti per quanto attiene la qualità dei prodotti e dei servizi che acquistano. La loro prima reazione dopo i cambiamenti politici ed economici è stata quella di essere



affascinati e attratti dall'aumento esponenziale della quantità delle merci offerte, piuttosto che dal loro rapporto qualità-prezzo, che implica informazioni e conoscenze (per esempio attraverso la pubblicazione di test comparativi) che i consumatori non erano e non sono abituati a richiedere, né a ricercare.

In questo contesto, le organizzazioni dei consumatori sono state considerate dai cittadini come punti di raccolta dei loro reclami e lamentele più che come fonte di informazioni.

Dalle ripetute indagini svolte negli scorsi anni dal Beuc (l'organizzazione europea dei consumatori) tra le organizzazioni nei Paesi Cee, emerge che esse operano al limite della sopravvivenza, con personale molto limitato, prevalentemente volontario. La maggior parte delle risorse proviene dal finanziamento di progetti o da sussidi governativi, mentre solo una minima parte deriva da contributi versati dai consumatori associati.

Le principali fonti di finanziamento comunitario derivano da programmi di formazione dei quadri, da campagne di informazione e da progetti diretti a finanziare le organizzazioni di consumatori e il loro sviluppo (in particolare, attraverso la diffusione di riviste informative).

Le istituzioni comunitarie dovrebbero incoraggiare i Governi nazionali ad assicurare un maggior supporto finanziario alle organizzazioni di consumatori. Al contempo, l'utilizzo di finanziamenti governativi o pubblici richiede la definizione di criteri di accreditamento delle organizzazioni di consumatori, che dovrebbero contribuire a superare la frammentazione e la debolezza che spesso caratterizza il movimento consumerista.

Quello europeo può essere forte solo se basato su organizzazioni nazionali altrettanto forti e professionali, sia nei vecchi sia nei nuovi Stati membri. Gli squilibri nel mercato interno sono un problema non solo per i nuovi Stati membri, ma per l'intera Unione europea.

Sulla base di questa consapevolezza, alla fine del 2010 il Beuc ha tracciato una nuova strategia per lo sviluppo di un movimento consumerista più forte nei Paesi Cee nell'arco del prossimo decennio. È indispensabile che questa strategia trovi il sostegno delle istituzioni comunitarie, in quanto la crescita del consumerismo nei Paesi Cee è essenziale per il successo del processo di allargamento e, quindi, per il futuro stesso dell'Unione europea.

Introduction

If we want to evaluate changes in consumer protection in new member states it is necessary to understand the environment, culture and values before political and economical change took place in late eighties.

Consumer protection and consumer rights did not exist in laws. There was a problem of choice, price, quality and availability. In such an environment it was difficult to talk about the consumer and consumer awareness. The consumer

protection structures that have been put in place in the accession process have been largely the result of the need to harmonize in order to meet the EU membership criteria and not a response to a need for comprehensive consumer policy. Consumers are still not sufficiently demanding with regards to the quality of the products and services being bought. Consumer culture needs to develop.

In spite of significant efforts during last couple of years, very limited progress has been achieved. Consumer NGOs are still suffering from insufficient resources and are too dependent on government priorities and their pace of activities. Consumer protection can be strong only with strong and professional consumer organizations in old and new member states. Unbalance on the internal market is not just a problem of new member state but EU as a whole therefore joint effort is needed.

History

If we want to evaluate changes in consumer protection in new member states it is necessary to understand the environment, culture and values before political and economical change took place in late eighties.

Consumer protection and consumer rights did not exist in laws, consumer policy was non-existent at the national level, and the same was the case with the consumer movement.

Consumer protection institutions like Trading Inspectorates existed but their role was primarily to supervise controlled prices. There was a problem of choice, price, quality and availability. In such an environment, it was difficult to talk about the consumer and consumer awareness.

Political and economical change, which happened at the beginning of nineties, was huge. Closed national markets became open and over-flooded with products, many of them of questionable quality. Passive and uneducated citizens with no knowledge of consumer rights were suddenly expected to be active citizens and informed consumers. But were citizens prepared to become consumers? Can we expect consumers to change their habits and behaviour just because the economical and political environment has changed?

Enlargement

*Decision for EU enlargement was another big change. EU accession did not mean just open markets and liberalization, better choice and competition. Suddenly candidate countries were exposed to a completely new culture and values and *acquis communautaire* was the magic word for everything. The main driving force*

in most of the enlargement countries for taking on board consumer policy was the need to adopt the EU consumer protection acquis.

Similarly the consumer protection structures that have been put in place have also been largely the result of the need to harmonize in order to meet the EU membership criteria and not a response to a need for comprehensive consumer policy.

As a consequence of the enlargement all new member states adopted a framework of consumer protection legislation, including consumer protection acts. Governments established consumer protection departments or other bodies responsible for consumer protection without proper consideration and with very limited understanding of consumer policy within the government. The “transposition” and “implementation” terms are barely recognised amongst consumers and politicians. Unfortunately, the conviction that it is sufficient just to transpose a directive into national law is still strong. The directives giving a minimum of consumer protection are often simply transposed, without any thought for the specifics of a given country or addition of necessary clauses that would really protect consumers. These regulations allow diminishing consumer rights with the excuse of the lack of technical capabilities.

Consumer culture

As the situation is, consumers are still not very demanding with regards to the quality of the products and services being bought. First reaction of consumers after political and economical change was fascination with choice and not paying enough attention to quality in comparison of price. Complaining about poor quality of products and services implies sufficient level of knowledge and information. Informed choice for the “average consumer” in old member state was not “a concept” in NMS because there were no consumer magazines publishing comparative tests of product and services and consumer were not use to seek advice and information from independent consumer organizations. There is currently still much lower level of consumer awareness than in the “old” Member States. Consumers are not willing to pay for the service of consumer organization and lack of resources is an obstacle for further development of services, consumers would need for informed choice.

When consumer organizations were set up in CEE, they were mainly dealing with consumer complaints and consumer representation in different fora but due to several reasons, consumers did not perceive consumer organization as important source of information before making significant decisions like buying a durable consumer products, mortgages, insurance etc. Consumer activists in several NMS are of old generation, many of them retired persons not understanding enough the need of consumers in 21st century. It looks like a closed circle.

Specific problems of consumer organizations from new member states

In 2005 and again in 2009, BEUC the European Consumers' Organisation sent a questionnaire to the member organisations in the new member states to identify their needs and problems. BEUC members are national non-government consumer organizations. They represent consumer voice on national level and their strength should be an important indicator for measuring level of consumer protection on the state level.

In spite of the fact that some consumer organisations have been existing for many years (Polish consumer organization Ferderacja Konsumentow exist for 30 years, Slovenian ZPS for 20 years, Hungarian OFE was established in 1982 and re-established in 1991, and several others exist for more than 15 years) they all still struggle for survival. They are understaffed and have a small number of permanent, paid staff. Most of those organizations have less than 5 full time staff and between 2 and 25 part time staff. Only few organizations have staff of 10 or more and majority of the who employ staff. have the budget around 300.000 Euro or less. Some organizations engage volunteers, in Hungary up to 1.500 and in Poland approx. 200 and some, in Latvia for example, only work with volunteers.

Independent consumer magazine with paying members exists for more than 20 years only in Slovenia and Czech Republic. Other countries like for example Bolgaria have followed later, while in the present, internet versions of magazines with very small printed circulation are appearing in Poland, Hungary, Romania.

In comparison, big consumer organizations such as Which? in the UK or Altroconsumo in Italy tend to have circulation of their magazine between 300.000 up to 1.000.000 and staffs of 200-470, and even smaller ones, such as the Danish Consumer Council or VKI from Austria have circulation around 100.000 and staff of 70-100.

Most organisations from CEE receive the main part of their income from project funding or government subsidy. A small percentage of their income comes from membership fees and services.

The problem with being dependent on project funding is that these organisations are not in a position to build up expertise, as projects correspond to the policy priorities drawn-up by national governments and other donors, and can change from project to project. Therefore consumer NGOs are not in a position to develop expertise where they can put issues onto the national agenda, and can be seen by the public at large as defending their interests.

This also means that they cannot employ experts and therefore lack expertise in areas of consumer concern. This directly impacts the work of their European umbrella organisation (BEUC) in lobbying in Brussels, as not all of member organisations are able to provide input for BEUC position papers and in lobbying towards MEPs and Council officials from all member states.

The situation worsened significantly after DG Sanco decided to stop providing special budget line for consumer NGOs in 2007. With the financial crisis, national governments reduced resources to support consumer protection programmes and projects.

Sources of EU funding

Training programmes

The Consumer Policy Strategy renders great importance to the closer involvement of consumer organisations in the development of EU policy. Within the Strategy the Commission aims for «consumers to have the capacity to promote their interests in order to be on the same footing as other civil society stakeholders represented at EU level». To achieve this goal, The Health and Consumer Protection Directorate (DG Sanco) awarded BEUC the contract to manage the organisation of training courses for personnel of consumer organisations in consumer law, lobbying and management skills in 2002, aiming to support and enhance the role of consumer organizations representatives in decision-making. The feedback from participants was very positive and in the context of the Consumer Policy Strategy 2007-2013 BEUC was granted.

In 2008 new program training named TRACE. The courses are intended for all consumer organisations in the EU, EEA and the accession countries.

The main problem that consumer organizations can benefit from training only when they have a basic structure in place and funding for it secured is still unresolved. If participants are mainly volunteers and do not stay with the organization for their professional work, the outcome of training regardless of it high standards and quality can be questioned.

Consumer Information Campaigns

European commission recognised the need of improving the pro-consumer culture in the new EU member countries, and in particular to raise consumer rights awareness. Consumer information campaigns which started in Poland in 2005 and were followed in 2006-2010 in all NMS except Romania,¹ aiming to improve consumer awareness. In countries with known and established consumer organizations, consumer groups had been engaged in the campaign as a primary source of independent detailed information on consumer rights. The result of campaigns was positive in all countries.

¹ Information campaign was delayed and should start in autumn 2011.

Creating consumer culture is a process, and results could not be achieved in one or two of years. Unfortunately national governments did not continue with awareness programmes as a follow up of the EU campaigns and some positive momentum of EU campaigns has been lost because of it.

Project funding to the consumer organizations

The European Commission DG Sanco provided project funding to the consumer organizations. At the time organisations from the new member states were complaining that it was very difficult to find the other 25% to match conditions of the funding because many organisations work mainly with volunteers. In 2007 DG Sanco decided to stop funding national consumer organizations. One of the last project under the DG Sanco budget line for consumer organizations was Capacity Building in Consumer Testing and Magazines in New Member States, managed by ICRT International Consumer Research and Testing organization.²

Three year project helped significantly to develop expertise in product testing of consumer magazines VIP in Slovenia and TEST in Czech Republic and to some extent other members' web magazines but was not a good solution for organizations lacking basic structure and human resources. Even for those organizations who benefited from the project it is very difficult to continue with testing activities because they do not have resources for marketing to increase number of members/subscribers what is essential for further development and sustainability of magazines.

National sources of funding

Consumer organisations would be helped if the EU institutions would encourage their national governments to ensure more financial support. For the moment, the majority of these organisations do not have a consumer magazine which is an important independent source of income for well established consumer organizations. Due to economies of scale, the majority of new members states are too small to get enough money from selling consumer magazine. That is certainly true for all the Baltic countries, Cyprus, Malta, Slovenia and even for bigger countries like Czech Republic. wheredeveloping a "membership model" is not an easy target. Poland. the biggest out of NMS. is still far from developing the membership model, the oldest consumer organization Federacija Konsumentov has only 2.500 paying

² ICRT is an association of 45 consumer organisations worldwide. It aims to promote co-operation in consumer research and testing among its members and other organisations concerned with consumer matters. ICRT also aims to develop better test methods for consumer goods and services, and to encourage the development of good

consumer testing facilities. Each year more than 50 joint tests of 3500 products are carried out, of which over thirty have participants in five or more organisations. The results of these projects are published in the national consumer magazines of the participating organisations and some are published on a world-wide basis.

members with membership fee of 5 Euro. They still claim that Polish consumers are not willing to pay a membership fee for consumer organization.

Public funding for the activities of a consumer organisations based on the solution available in Poland, Hungary or Slovenia where it is possible for the public to indicate 1% or 0.5% of their income tax to be provided as a donation to consumer organizations did not justify expectations as the collected funds are far from being sufficient for systematic consumer protection activities.

Criteria for the definition of consumer organizations

When we discuss possible government funding or availability of public funds, criteria for which consumer organisations should be recognised to get public funding is needed. Established national organisations in the new member states believe that their government should adopt criteria on the basis of size, activity and membership. A majority of the organisations believe that the fact that no such criteria exist leads to a fragmentation of consumer movement with small and weak consumer organisations, and does not allow a strong consumer movement to grow.

It is clear that such criteria are the responsibility of each national member state. Nevertheless, DG Sanco decided in 2010 to set up within the Consumer Consultative Group a sub-group with a task to prepare indicators for measurement of consumer movement in member states. The group was made up of 19 representatives of consumer organisations from across Europe, who were all able to contribute information about their local experience. On the basis of five group meetings, plus field trips to five different countries and desk research, the group recommends a total of 20 potential indicators. Some indicators are qualitative, others purely quantitative. The report from the beginning of 2011 develops performance indicators for the Europe-wide consumer movement. It is intended that these are to be used not in isolation, but by aggregating the results to construct an objective overview of each national consumer movement and should not be used to rank Member States, nor individual consumer organisations, but as a productive and constructive way of filling out the bigger picture and possibly suggesting development options where necessary. A follow up activity would be needed to put indicators in use.

Towards an influential consumer movement in CEE

Consumer movement can be strong only with strong and professional consumer organizations in old and new member states. Imbalance in the internal market is not just a problem for the new member states but the EU as a whole.

Some consumer organisations in the CEE have learned how to create trust of general public but need to learn how to develop services for which consumers

would pay, even if income would not be sufficient for completely independent work, some need to learn even that.

In autumn 2010, BEUC drafted a vision paper on the 2020 consumer movement in CEE - how to create strong national consumer environment:

- where consumer policy is an integral part of the public policy making and is institutionalised in national authorities;
- where at least one strong consumer organization exists which is granted public legitimacy to act on behalf of the general consumer interests;
- where consumers feel confident about the protection of consumer rights and the promotion of their interests;
- where media grant due attention to the advocacy work carried out to engage into a constructive dialogue with them.

Starting with assessment of the current situation, the paper is a unique document not just analyzing the situation but with the sets of proposals how to strengthen consumer organizations in CEE. BEUC is aware that results could be achieved only with proactive approach from public authorities and from consumer movement. BEUC is proposing an extensive list of activities like access to BEUC membership, support training of CEE consumer organizations, by facilitating access to funding of CEE BEUC members, by setting up coaching programmes between affluent and less affluent BEUC members, by organizing general assembly in CEE,³ contact programme with Brussels based CEE press and meetings with CEE MEPs and Parliament's IMCO committee.

It is also essential that DG Sanco reintroduces into 2014-2020 Consumer Policy Programme a funding or co-funding scheme for the development and strengthening of the consumer movement in CEE and continue to support TRACE training programme.⁴

The task is far from easy. Situation in consumer movement in CEE is not improving but is developing from bad to worse due to several factors like economic crisis which harmed consumers and is also an excuse to reduce or not to increase consumer protection and support for the activities of national governments. Another risk factor is the fact that some consumer organizations are facing management crises as the consequence of generation change like Hungarian consumer organization OFE, but this can be seen also as an opportunity for younger professionals to join organizations. A key pre-requisite are "normal" working conditions and sufficient funding as all the organizations lack financial resources.

Dg Sanco sent "signals" of serious consideration to support new program for consumer movement in CEE and to join efforts that should produce results also on national level. Increasing citizen confidence is essential for further sound economical development. Without consumer confidence, this is just an illusion.

³ BEUC next General assembly will be in Warsaw and part of BEUC 50th Anniversary will be dedicated to CEE countries.

⁴ Vision paper on the 2020 consumer movement in Central and Eastern Europe, BEUC, november 2010.