



Consumer rights in the Czech republic

**Business Management in the
Czech Republic**

Ing. Lukas Gottwald
Department of Business
Management
lukasgottwald@gmail.com



Structure of the Lecture

- Historical Context

- Pre Velvet, Post Velvet, Pre EU
- 8 basic consumer rights (UN, 1985)

- Current situation

- Legislative Authorities and relevant legal acts
- Non-government institutions

- Case study: Setting up an e-store in CR

Historical context

- Eastern Block / Pre Velvet Era (1948-1989)
 - Majority of the consumer rights were covered by legislation
 - In practice not always followed
 - The idea of centralized and concentrated production is not in sync with the right to choose
 - „price of education“ example
 - weak measures taken after Czernobil explosion in Ukraine (1986)
 - Czechoslovakia was a member of the United Nations (1945-1992)
 - Current UN document on Consumer rights
http://www.un.org/esa/sustdev/publications/consumption_en.pdf
 - Built on the „Eight basic consumer rights“ adopted in 1985



Eight basic consumer rights (1985)

- The right to safety
 - To be protected against products, production processes and services which are hazardous to health or life.
- The right to be informed
 - To be given facts needed to make an informed choice, and to be protected against dishonest or misleading advertising and labelling.
- The right to choose
 - To be able to select from a range of products and services, offered at competitive prices with an assurance of satisfactory quality.



Eight basic consumer rights (1985)

- The right to be heard
 - To have consumer interests represented in the making and execution of government policy, and in the development of products and services
- The right to satisfaction of basic needs
 - To have access to basic essential goods and services, adequate food, clothing, shelter, health care, education and sanitation.
- The right to redress
 - To receive a fair settlement of just claims, including compensation for misrepresentation, shoddy goods or unsatisfactory services.



Eight basic consumer rights (1985)

- The right to consumer education
 - To acquire knowledge and skills needed to make informed, confident choices about goods and services while being aware of basic consumer rights and responsibilities and how to act on them.
- The right to a healthy environment
 - To live and work in an environment which is non-threatening to the well-being of present and future generations.

Historical Context

■ Velvet Revolution Era 1989-1993

- Czechoslovak government started reforming and reconstructing the communist legislature
 - Was not always smooth
 - „Shady Entrepreneurs“ took advantage of
 - Consumers keen for western goods
 - Slow Courts
- Success in 1992, a complete *Act on Consumer rights* has been validated by the Parliament
 - Still the base of consumer protective laws in CR nowadays
 - Act No. 634/1992 Coll.

Historical Context

■ Pre EU Era (1993 – 2004)

- In 1993 the accession process of CR to EU started
- Compatibility both on the legislative level and on the institutional level had to be established
- Improvements needed especially in these areas of consumer rights:
 - **Right to be heard**
 - Facilitated by development of non-government sector in CR
 - **Right to be informed**
 - **Right to be educated**

Current Situation

- In 2004 CR joined EU
 - Compatible consumer rights legislature
 - Since 2005 European Consumer's Centre operates in Czech republic
 - <http://www.coi.cz/cs/esc-2/>
 - Well Established Legislative Authorities

Legislative Authorities

- **Ministry of Industry and trade** is responsible for most of the legislative work in the consumer rights area
 - Formulates consumer rights policies
 - Establishes special organizations, (supervisory etc.)
 - http://www.mpo.cz/default_en.html
 - <http://www.mpo.cz/en/consumer-protection/>
 - Ministry of Industry and trade often cooperates with Ministry of Agriculture and Ministry of Health on consumer rights issues, on complex projects the whole Government may be involved

Supervisory authorities

■ Non-agriculture goods

□ Czech trade inspectorate

- <http://www.coi.cz/en/>

- state administrative office subordinated to the Ministry of Industry and Trade

- Established by the Act No. 64/1986 Coll.

□ State Institute for Drug Control

- <http://www.sukl.cz/>

■ Agriculture goods and food

□ Czech Agriculture and Food Inspection Authority

- <http://www.szpi.gov.cz/en/>

□ State Veterinary Administration Office

- <http://www.svscr.cz/?lng=en&cat=0>

Consumer rights NGOs in CZ

- www.spotrebitel.cz

- Since 1997, a non-profit operates information portal and a free advisory service, recently completely translated to English

- Consumers Defence Association

- Since 1998 very active consumer rights organization
 - In czech <http://www.spotrebitele.info/>
 - In 9 other languages <http://www.consumers.cz/>

- www.dtest.cz

- Unbiased product testing since 1992

Main Consumer Rights Legal Acts

■ The Consumer rights Act

- Act No. 634/1992 Coll.
- <http://business.center.cz/business/pravo/zakony/spotrebitel/>
- Especially important Part II.
 - § 3 - § 20
 - § 3 Honesty of trade
 - § 4 Mischievous business practices
 - § 5 Misleading trade practices
 - § 6 Agresive business practices

Main Consumer Rights Legal Acts

■ The Civic Code

- Act No. 40/1964 Coll.
- <http://business.center.cz/business/pravo/zakony/obcanzak/>
- § 1 – 122 General regulations (i.e. Human rights, also applicable in a consumer rights claim...)
- § 850 – 852 on public offering

■ To get a lawyer

- Czech Bar Association
- http://www.cak.cz/pages/index_en.html

EU Initiatives in Consumer rights

- Aim to guarantee the same consumer rights all across EU
 - Network of Consumer Advisory Centers in all 27 countries
 - http://ec.europa.eu/consumers/redress_cons/index_en.htm
 - What they do
 - Next slide



European Consumer Centres

What they do:

- inform consumers about the opportunities offered by the Internal Market.
- advise individuals facing a consumer-related problem and support them in pursuing cross-border complaints.
- advise on out-of-court-settlement procedures for consumers throughout Europe.
- provide consumers with easy and informed access to such procedures across borders.
- co-operate with each other and with other European networks
- provide information on EU and national legislation and case law
- conduct cross border comparisons of such things as prices, legislation and other issues
- provide the European Commission with important 'grassroots' information on consumer concerns

Case study: Setting up an e-store in CR

■ Research Target Market

- Among others research regulations on the target market, research consumer rights
 - What Guarantee will we have to offer
 - Legally
 - To get a competitive advantage
 - What are the Institutions and Associations
 - Merchant Associations...
 - In our case: <http://www.apek.cz/>
 - Association for E-Commerce, offers advice and certification for e-merchants

Case study: Setting up an e-store in CR

- Legal Minimum

- 2 years warranty

- 14 days return grace period

- Expected:

- E-store certification (i.e. from www.apek.cz)

- Added value:

- Priority shipping, 3 years warranty... ?

Thank you

■ References

- Textbook Business Management in Czech republic

- Online Resources

- <http://www.choice.com.au/viewArticle.aspx?id=100736&catId=100528&tid=100008&p=1&title=The+eight+basic+consumer+rights>
- http://www.tiscali.cz/mone/mone_center_060709.930304.html
- <http://business.center.cz/business/pravo/zakony/obcanzak/>
- <http://business.center.cz/business/pravo/zakony/spotrebitel/>
- http://ec.europa.eu/consumers/redress_cons/index_en.htm

- Download

- From 19.3: <http://www.doubleflava.com/18-3.htm>
- From 20.3. MUNI Document server