



# Consumer rights in the Czech republic

**Business Management in the  
Czech Republic**

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# 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](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/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](http://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](http://www.dtest.cz)

- Unbiased product testing since 1992



# Mini Case: Small store and dtest.cz

- Marketing point of view

- Opportunities?

- Threats?

- Are there any possible synergies, can d-test results be used to amplify marketing efforts?

# 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](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](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

- research regulations on the target market (include consumer rights legislature)

- As a Seller - what Guarantee will we have to offer?

- Legally

- To get a competitive advantage

- What are the relevant 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](http://www.apek.cz))

## ■ Added value:

- Priority shipping, 3 years warranty... ?

# Thank you

## ■ References

- Textbook Business Mangement 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>
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