

HUNGARY

Annual Report on Consumer Policy Developments 2000

I. Institutional Developments

1. General Inspectorate for Consumer Protection (GICP) and the County Inspectorates

In order to strengthen its market surveillance activity, the GICP applied for PHARE funding in earlier years. The projects aimed to purchase up-to-date instruments for laboratory tests related to market surveillance activity and vehicles for the sample transport. Furthermore, the project aimed to purchase modern hardware and to develop a sophisticated software system. In addition, a twinning project helps acquire expertise and knowledge of procedures connected with the directives transposed into the Hungarian legislation. In the year 2000, the GICP completed the purchase and installation of instruments planned in projects COP '96, COP '97 and COP '98. The equipment of the Food and Chemical Laboratory at a high level contributed to its accreditation by the National Accreditation Board. The equipment of the Technical Laboratory and installation of the instruments have also been done.

In the frame of the twinning project, the Pre-Accession Advisor started working at the GICP in February. The trainings (with 68 participants), involving foreign lecturers and the study visits to foreign countries (with 39 participants) organized by the twinning expert, greatly helped the staff of the GICP and the county inspectorates enforce the EU directives.

The computers required for the Central Market Surveillance Information System (CMSIS) have been purchased for the GICP and county inspectorates. The special software for the CMSIS is being developed under the PHARE tender. The CMSIS should have informative contact with other market surveillance authorities in order to collect information related to dangerous (unsafe) products. The GICP had intensive negotiations with the partner authorities to involve them effectively into the system.

The system will also be suitable at the accession for cooperation with the customs authorities concerning imported goods from third countries and to implement the information exchange in relation to Council Regulation 339/93 EEC on the checks of conformity with product safety regulations. The CMSIS also establishes the link to the community RAPEX system.

The CMSIS, by information exchange, closely links to the TRAPEX (Transitional Rapid Information Exchange System on Dangerous Products), and the Co-Ordination Secretariat thereof is operated at the GICP in Budapest. The system set up by 11 associated Central and Eastern European countries is now in accordance with the EU expectations considering both its operation principles and database content, ensuring the identification of dangerous products. The increasing number of participating countries and the growing activity of the participants can indicate the success of the TRAPEX system. In the year 2000, the number of notifications exceeded 90, and in 35 cases the partner authorities reacted that they had found

the dangerous product in question on their market. The representatives of the participating countries took part in a workshop organized by the Co-Ordination Secretariat in Budapest, providing experience in exchange and training. The event was sponsored by the TAIEX Office at the end of last year, when the new TRAPEX online information system developed as a pilot project was introduced.

2. Civil organisations (NGO's)

For the past few years, the National Association for Consumer Protection (NACP) in Hungary has been developing remarkably. Owing to this fact, in the year of the Millennium it was able to play a significant role in the civil sphere of consumer protection and, by its results, it could also contribute to the entirety of national consumer protection developments.

Realisation of the main targets of the activity program of the NACP – taking both the national requirements and the EU expectations into account – required from the NACP well-organised work and performance on a higher level than ever before. In order to meet the ever-increasing social requirement for consumer protection by advisory service, the NACP has performed an internal reorganisation of the advisory offices, changed their sphere of activity, strengthened professional work and enlarged experts' backgrounds.

It was a great contribution to the successful performance that the NACP could gather financial support granted by the State. By having also obtained certain amounts for various projects in addition, the NACP possessed the necessary funds for its annual budgetary maintenance; however, not for further development. By means of a further significant State support that the NACP was granted at the end of the last year, it could afford certain developments, as well. However, the results will only be perceivable in the next year, or even later on. This also shows that development has been hindered by insufficient financial resources.

Development of the advisory network of the NACP stopped short in 1999 and for financing reasons it could not proceed in 2000, either. Another reason for this stagnation was that former possibilities for using office premises -- granted by the local municipalities -- were limited or withdrawn by the local governments in several counties, under reference to their increasing demand for office premises due to an expansion of their tasks and scopes of authority (e.g. establishing of offices for issuing documents). (For example, Nyíregyháza, Sárovar and Budapest.)

In November 2000, the National Federation of Associations for Consumer Protection was founded in Hungary by ten associations for consumer protection, or civil organisations displaying partly their activity in the field of consumer protection. The aim and task of the Federation is to gather organisations for consumer protection, working for public interest, in conformity with the provisions of Act on Consumer Protection. Further, the tasks of the Federation are to develop culture and professional training of civil consumer protection, to promote the interests of civil organisations for consumer protection and to realize a uniform attitude in common with organisations of the same interest.

3. Arbitration Boards

The Act on Consumer Protection came into force on 1 March 1998 and laid down bases for Governmental policy on consumer protection and institutional development. The Act on Consumer Protection has created a new institution for the enforcement of consumer rights, called the Arbitration Boards. The primary function of the boards is to settle disputes between consumers and business organisations in a rapid, efficient and simple manner, based on compromise.

The Arbitration Boards are independent organisations functioning with members delegated in equal share by the non-governmental organisations of consumers and the economic chambers. The Arbitration Boards are organised on a regional basis by county and the capital.

The scope of authority of the Arbitration Boards shall include the out-of-court settlement of consumer legal disputes regarding :

- the quality and safety of goods and services,
- the application of rules on product liability and
- the conclusion and performance of contracts.

II. Product Safety

1. General Inspectorate for Consumer Protection and the County Inspectorates

The GICP, in the course of its market surveillance activity, concentrated on the enforcement of the New Approach directives in Hungary. The requirements of the LVD, Toys and General Product Safety Directives were checked in the frame of national inspections. The complexity of the inspections was ensured by taking samples and testing their safety properties in our laboratories of GICP, in addition to checking the selling circumstances and product documentation. The GICP and the competent county inspectorates took the necessary actions to protect consumers when they found unsafe products: They suspended the sale of the product in question until the remedy of the deficiency or prohibited the sale. The products prohibited nationwide were published in national newspapers, released to the GICP website and also the TRAPEX system.

During the year 2000, a total of 73 products were prohibited. The majority thereof were technical products and toys.

a.) Safety inspections of technical products

In the frame of market surveillance activity focusing on technical products -- jointly with the county inspectorates -- 261 technical product types were inspected for safety aspects, i.e. in 2000, twice as many as in the previous year. The inspections covered lighting products, electrical fitting materials, telecommunication products, electric heating and cooling devices.

The results of the inspections conducted for several years show that the number of unsafe products has increased. These products are generally found on markets and in shops in their surroundings, where the retailers do not follow any requirements (documentation certifying product safety, instructions for use in Hungarian, guarantee sheet, spare-part and service responsibilities).

b.) Safety inspections of toys

The selling circumstances and safety of toys for babies – rattles, soothers and chirping toys – were checked in a total of 118 wholesale and retail trade outlets. In the inspected outlets, in a total of 53 cases offences were committed. Eleven baby toys were tested in the laboratory and, on the basis of the results, 3 of them were found dangerous. Two of them were Chinese and 1 was Hungarian product.

In addition to the national inspection program, 24 toys were tested. On the basis of the laboratory test results, 10 of them (6 Hungarian and 4 Chinese product) did not comply with the requirements of Joint Decree 24/1998 (IV.29.) IKIM-NM and MSZ EN 71 standard.

It is an achievement that the manufacturer has changed the technologies of the 6 dangerous Hungarian toys, and now only the safe versions are produced. Seven dangerous products were withdrawn from the market by the importers and manufacturers, while in case of 3 toys the GICP ordered national prohibition.

c.) Safety inspection of household chemicals and cosmetics

In the frame of the national inspection program involving 589 trade outlets, the enforcement of the information obligations stipulated by Art.8-12 of Act on Consumer Protection was checked. In particular, the focus was on the presence and content of the instructions for use in the year 2000. In the field of labelling and marking of products, there are still deficiencies in the presence of the instructions for use and quality certification. It is shown by the proportion of the failed outlets, i.e. approximately 63% of the wholesale and of the retail trade outlets failed.

d.) Safety inspections of foodstuffs and food industrial products

Owing to the destruction of fish caused by the ecological pollution of the rivers Tisza and Szamos, the GICP ordered a special investigation to find out whether poisoned fish were put on the market and used in catering. The investigation – performed together with the county veterinary and public health authorities – basically focused on the checking of documents certifying the origin of products at the place of selling. Altogether, 166 outlets were inspected and it was concluded that no product was sold without a certificate.

Inspectorates conducted complex inspections on meat and meat products in malls, department store chains and wholesale trade outlets – altogether, in 659 cases. During the investigations, the inspectors took actions in 64.8% of the outlets on account of certain infringements of

regulations. The revealed infringements can be considered as typical: selling products with expired use-by date, selling pre-minced meat or prohibited industrial activity.

In the course of general consumer protection and market surveillance inspections of meat and meat products performed in wholesale trade warehouses, and despite the repeated inspections in food retail trade outlets, the proportion of failure was also high (65.4%) in the year 2000. Of particular note, many infringements were found in Bács-Kiskun, Baranya and Pest county. Recurrent infringements were: selling of pre-minced meat, freezing of meat in the shops and selling products after the use-by date.

e.) Laboratory safety tests

The objective of the new instruments purchased by the PHARE projects is to broaden the product safety tests, e.g. the determination of additives, toxins, pesticides and veterinary substances of potential hazards and the detection of irradiation in foodstuffs. For the technical products, there was the possibility of carrying out electrical safety tests and, after delivering the devices, there were several safety tests on toys, too. For the adequate accommodation of the instruments purchased from PHARE funding, GICP renovated the Food and Chemical Laboratory and, as a result of this work, new toxicological, GC, HPLC and radiological laboratories were formed. The new Mechanical, Electrical and Toy Safety Laboratory was also established where the newly purchased instruments are properly installed.

The laboratories of the GICP tested a total of 2266 consumer products last year, meaning 14408 separate tests. The Food and Chemical Laboratory fulfilled the requirements of the MSZ EN 45001 standard and the National Accreditation Board, thus obtaining accreditation, which covers organoleptic, chemical, physical, microbiological and radiological tests of foodstuffs, chemical products, toys and certain catering services.

The performed product tests were the following: dairy, bakery, meat products, dried pastas, ketchups, outdoor paints, sun-care products, dishes, processed cheese, honey, poppy seed, ice-creams, shower gels, window-cleansers, teas, toys, health-care tampons.

2. Designation and conformity assessment

The Designation Committee of the Ministry of Economic Affairs started the invitation and training of experts, expert organisations and the monitoring of activity of designated bodies. The Designation Committee started visiting designated bodies. In 1999 and 2000, the Committee issued 40 designation certificates for 13 bodies by 15 laws and rules. The representative of the Committee is a member of the Designation Committee of the Ministry of Health.

The website of the Ministry of Economic Affairs publishes information on designation and designated bodies.

Infrastructure development of 8 testing and certification bodies with PHARE support (COP '96, COP '97 and COP '98 projects) has been finished. A Swedish-Hungarian twinning programme is running in the Ministry of Economic Affairs in the field of New Approach Directives/conformity assessment (COP '98 project). In the program, a mapping of the Hungarian conformity assessment system, workshops, study visits and consultations were organised.

In 2000, new rules were introduced:

- Joint Decree No. 25/2000. (VII.26.) GM-FVM on the prepackaged products by the harmonisation of 75/106/EEC, 76/211/ EEC and 80/232/ EEC Directives.
- Harmonisation of many metrological directives – framework directive for measuring instruments, alcoholmeters, standard mass per volume of grain, etc.
- On 26 February 2001, the Protocol of European Conformity Assessment Agreement (PECA) was signed between the EU and Hungary in Brussels. The PECA agreement covers 8 industrial sectors (machinery, LVD, EMC, gas appliances, hot-water boilers, medical devices, GLP, GMP).

III. Protection of the Economic Interests of Consumers

1. Legal activity

In December 2000, Hungarian Parliament adopted Act CXXIV of 2000, which modifies comprehensively Act CXII of 1996 on credit institutions and financial enterprises. In the framework of this modification, new provisions on consumer credit were adopted in order to achieve full compliance with EC legislation, especially Council Directive 87/102/EEC for the approximations of the laws, regulations and administrative provisions concerning consumer credit. As a result of this modification, Hungarian legislation on consumer credit is fully in line with EC requirements.

2. General Inspectorate for Consumer Protection and the County Inspectorates

In accordance with the Act on Consumer Protection, the protection of economic interests of consumers was among the most important tasks of the GICP's activities last year. In this field, the inspections of general contract terms and their fulfillment, the legality of trading activities on marketplaces and fairs and activities related to the tourist season (catering, lodging, taxi services) had high priorities. Last year, the situation of e-commerce in Hungary was investigated for the first time.

The aspects of the protection of consumers' economic interests are the following:

- Are the interests of consumers enforced in the contracts?
- Is the provision of services ensured at the required level or according to the contract?

- Do the consumers receive the necessary information (price, instructions for use, quality certificate) at the purchase of the product?
- Are the consumers cheated by measuring, charging or selling product of lower quality than indicated or required by the standard?

During the high tourist season, GICP carried out with the involvement of all county inspectorates a total of 5060 consumer protection inspections. In more than half of the inspected establishments (2522 establishments), the inspectors revealed illegal operational and distribution conditions, divergent from the legal regulations. The proportion of failure differed by the scope of businesses. Slight improvement was found in catering businesses. Significant improvement was seen in food trade, while in case of lodging services, it was concluded that conditions worsened. The situation of show businesses at fairs and taxi services did not change.

The quality protection and consumer protection fines had a significant increase in the year 2000. The proportions are typical: the total consumer protection fine was seven times higher, the quality protection fines were seven and half times higher than those imposed during the consumer protection inspection in the previous year.

The year 2000 was the second year in which the GICP monitored the taxi services throughout a complete year. In addition to the county inspectorates, the police, the Taxation and Finance Control Office, Transport Inspectorate, National Office for Metrology and Trade and Industry Chambers were also involved. In several cases, they found breaches of legal requirements related to price information (lack of price information). In lack of uniform requirements and interpretations the taxi drivers define the tariffs (e.g. daytime, night, reduced etc.) themselves. The observance of obligations for making up receipts and invoices was checked by test drives. The inspectorates initiated legal procedures in 18 cases on account of the lack of receipt. Out of the inspected 567 taxis, 117 failed, which meant 20% of the total. In the previous year, this proportion was 34 %.

During the survey of the situation of e-commerce in Hungary, the general conclusion was that the operators of the virtual business do not fulfill completely the information obligations stipulated in Gov.Decree 17/1999 on distance selling contracts. The inspection also showed that since e-commerce is getting more widespread, the consumer protection inspection of the enforcement of legal requirements in force will be necessary by all means. However, the legal background in accordance with the new form also imposes burden on the legislator in the future. From consumer protection view, it was concluded that the extension of inspections to this intensively developing marketing sphere was justified.

3. Civil organisations (NGO's)

Within the institutional system of consumer protection, it is the right of the civil organisations and -- on the basis of their commitment -- also their obligation to represent consumer communities in protection of consumers' rights and economic interests and to fulfil the tasks relating to enforcement of collective rights.

Nowadays, one of the most sensitive and critical areas from the point of view of consumer protection is the field of public utilities. Due to circumstances having undergone radical changes, it has turned out to be a much more difficult situation for consumers -- being hardly able to get on with and being more and more defenceless. For the past ten years, the prices for public utility services have been increasing several times.

The NACP has dealt with consumer concerns relating to public utilities for several years. In the year 2000, the number of these complaints and the parallel consumer demand for enforcing effective solutions had been increasing. Consumers are more and more eager to vindicate their rights and economic interests, and they call for active collaboration on behalf of the NACP. The work program had specified all the tasks to be fulfilled in order that the present situation could be improved.

Performance of the scheduled tasks had meant a serious challenge. Namely, we are trying to achieve results in areas where it is impossible to proceed without the positive attitude of the partners – the public utility companies. In general, we have to admit with regret that the positive attitude of the partners has been missing. What is more, there was some stiff resistance on behalf of the public utility providers in cases where the NACP intended to enforce basic consumer rights or economic interests. It seems that the strengthening of the public utility providers' resistance would be parallel to that of the civil consumer protection.

That kind of public utility providers' attitude is hard to understand, from several points of view. Under the market economic circumstances, it is unimaginable that the one market partner involved – in the present case the public utility provider – has a significant and unjustified superior strength in comparison with the other market partner, the consumer. It is also an unacceptable fact that consumers and civil organisations representing them are not treated by the public utility providers as equal. Their objections and proposals for solution are considered as attacks, and the consumers rights and interests are peculiarly interpreted by them. Moreover, the NACP has even met cases of attempts on behalf of the public utility providers to create their own "civil organisation."

Despite of all endeavours, there has not been any considerable proceeding in the activity to enforce interests and to report on setting the official prices for local public utility services. As a result of the activity for enforcing public interests in this period, several local organisations for protecting local consumer interests have been formed and several new consumer protection organisations that have joined or intended to join the National Association for Consumer Protection in Hungary also have been founded. This is to signal clearly that a part of the society has now come up to a level of consumer awareness and consciousness that requires representation and protection of interests.

In the course of enforcing the public consumer rights in this period, the NACP had preferred reconciliation of interests by means of negotiations, and only after unsuccessful negotiations it had turned once to court and at another time to the reconciliation body. The lawsuit carried on previously against a Gas Co. Ltd. has also been won at the second instance, with a result being favourable for the consumers.

The main goal is the following: developing the activities of civil organisations for consumers to inform the consumers and to represent the interests of the consumers. Supporting the existing civil organisations and the creation of new efficient ones for consumer protection, the Government supports these organisations with 100 million HUF in 2000. They got 43 million HUF from the central budget, 30 million HUF from the Ministry of Economic Affairs and 27 million HUF from the Consumer Protection Fine.

IV. Consumer Education and Information

1. General Inspectorate for Consumer Protection and the County Inspectorates

a.) Consumer information

The GICP thinks an important task is, on the one hand, to inform the citizens of its activity, and, on the other hand, to inform the citizens of the problems revealed in the national and local inspections. Moreover, preventive information for consumers was also emphasized in the year 2000. This was focused on the facts to be considered by the consumers prior to purchase or ordering services – in the phase of decision making preparation. This aim is realized by publishing the “Informative booklets.” One of the important tools of educating conscious consumers is to introduce the subject “Consumer Protection” in secondary schools and higher education, too. Our experts are involved partly by giving lectures and partly by compiling books for the students.

Press conferences connecting to national and regional visits held by the director general strengthened our contacts with the media, where altogether 300 journalists, radio and TV correspondents took part.

The website of GICP (www.fvf.hu) has become part of the information flow. On this website, the monthly updated “Consumer protection newsletter” and the professional contact with the “Test Magazine” serve to regularly inform consumers.

As of January 2000, the professional magazine of the GICP, “Consumer Protection,” is published monthly in 10500 copies, with colored annex and distributed to the county inspectorates, bureaus of National Association for Consumer Protection, all municipalities, national and county organizations of chambers, business federations, partner authorities, testing-certifying agencies, public administration institutions of national scope, parliamentary parties and several higher education institutions.

b.) Education of consumer protection knowledge

Last year the professionals of the GICP:

- contributed to consumer protection education, with training held in a one-term frame subject at the Budapest Technical University Ergonomics Faculty, Trade and Catering College and University of Economics.

- took part in the compilation of university books for the Trade and Catering College.
- finished and evaluated the subject “Consumer protection knowledge” introduced in the last school year as a trial in the Qualitas Secondary Grammar School and High School.
- gave lectures in the General Enterprise College to third-year students on the consumer protection act and its regulations and the consumer protection institutional system.

2. Civil organisations (NGO’s)

For several years, the NACP has been displaying a rather manifold activity in the field of information and training of consumers, and the results are now going to become perceivable. The keen interest relating to public utility services, the consumers’ attitude-demanding solution, as well as the local initiatives. All these facts are already displaying the marks of strengthening consumers’ consciousness.

Despite of the provisions of the Act on Consumer Protection and the governmental conceptions relating to consumer protection, in general it was not successful to introduce consumer protection knowledge -- as a subject -- at elementary schools. However, at the initiative of the NACP, thanks to the positive attitude of the leaders and the teaching staff of several primary and secondary schools, it could succeed in launching tentatively this kind of education, and there have also been published tutorial auxiliaries by its assistance.

The self-information system of the NACP, the so-called OFE-TÉKA, involving important particulars on various products, product groups and services, has now been expanded by two newer elements -- folders on products made of vegetable oil and on life insurance services. This information database is available for all consumers, both in its advisory offices and on its web-site. Following several problems having arisen in the area of public utility services, in the year 2000 the NACP organised many more local arrangements and informative forums than ever before. There is clear consumer demand for these forms of information.

Last year, there was perceivable a significant change of attitude among the Hungarian press, especially the electronic press. They have shown a wider interest for consumer protection concerns. Reporters are treating these issues with much more skill than before. Both the skill and press activity of the NACP have contributed to the above result.

3. Legal activity

Amendment of Hungarian legislation relating to indication of consumer prices of goods and services has also been required in order to achieve full compatibility with EC legislation. This requirement has been fulfilled with the modification and partial abrogation of former Hungarian legislation on indication of prices. The new Ministerial Decree 7/2001(III. 29.) of the Ministry of Economic Affairs on indication of prices of consumer goods and services is fully in line with Directive 98/6/EC on indication of prices of goods offered to consumers.

V. Complaints and Redress Handling

1. General Inspectorate for Consumer Protection and the County Inspectorates

In the year 2000, a total of 62109 clients visited the GICP and county inspectorates in person; 24559 of them turned to the GICP Consumer Advisory Bureau. The clients partly submitted complaints, and partly asked for advice or information. The number of total complaints submitted to the GICP and county inspectorates increased by more than 10%; i.e. there were 17196 of them in the year 2000. Seventy-two percent of the complaints were submitted to the county inspectorates.

The majority of the complaints were related to quality problems of consumer goods purchased in the retail trade. The county inspectorates, as the authorities of first instance, took measures directly in 7319 cases in favour of complainant and referred the case to the competent authorities in 881 cases.

The Decree 4/1978 (III.1.)BkM and Gov. Decree 117/1991 (IX.10.) designated the GICP to investigate the individual product complaints related to guarantees and quality complaints of consumers and write the expert appraisal of the case. The number of such submitted complaints was 41916, 90% of which referred to light industry products. Nearly 30000 complaints were footwear-related ones, which made up the 71% of the total complaints.

2. Civil organisations (NGO's)

The effectiveness of the professional work of the NACP has been proven by the fact that the number of consumers requiring its advisory services has been increasing year by year. In 2000, it amounted to 25 580 cases. The advisory offices and experts' positions are getting to be widely accepted.

Owing to the increasing reputation of the activity of the NACP, the experts' backgrounds in the advisory offices have been developing. This favourable fact has resulted in undertaking important roles in the enforcement of public rights at the local level, in the co-operation with municipalities, as well as in declaring opinions on official price setting. The NACP considered the improvement of the quality of the advisory activity as an important task and helped the advisers by professional training, consultations and internal publications.

3. Arbitration Boards

All members of the arbitration boards are required to have a degree in higher education and no less than two years experience in the relevant field, and they all shall be independent and impartial. The proceedings of the arbitration boards shall commence by a petition after a settlement attempt between the consumer and the economic organisation.

The resolution of the boards:

- shall be a recommendation, if the economic organisation concerned has stated at the commencement of the proceedings that it does not accept the decision of the board as obligatory, or
- shall be an obligatory resolution, if the economic organisation concerned has declared to accept the decision of the board as obligatory.

The resolution of the board is passed without prejudice to consumer's right to have a claim enforced in a court procedure. The Arbitration Board may freely establish the detailed regulations of the proceedings within the provisions of the Act on Consumer Protection.

In 1998, the Government adopted its decree, Gov. Decree 211/1998. (XII. 24.), on the remuneration of the members of Arbitration Boards. According to the decree, the setting up of these bodies was completed as of 1 January 1999, and the boards started their work in all counties and the Budapest in 1999. There have been 336 procedures at the Arbitration Boards in the first year of their work.

The Government supports the establishment and operation of these bodies with 20 million HUF in 1999 and in 2000. They got 20 million HUF from the central budget and 40 million HUF from the Ministry of Economic Affairs.

The development of the operation of the Arbitration Boards is closely related to the transposition of the *acquis communautaire*.

VI. Consumer Issues Related to Other Policy Areas

1. General Inspectorate for Consumer Protection and the County Inspectorates

a.) Inspection of the legality of economic advertising activity

In the course of inspecting public areas and written media – in contrast with the illegal tobacco, alcohol and medicine advertising of the previous year – primarily inspectorates received complaints about the moral content of the advertisements. Legislators have recognized the increasing tendency of sexual presentations and hints. The Parliament passed the amendment of the Economic Advertising Act, and it came into force in March 2001. This piece of legislation regulates the issue in detail.

In electronic media mainly, the advertisements of medicines and medicinal products (not considered as medicines) did not comply with the legislative requirements, though the illegal advertisements of such types showed decreasing tendency.

The observance of the Act XLII of 1999 on the protection of non-smokers and certain regulations of consumption and distribution of tobacco products was checked in the frame of national inspections and special inspections on their own initiative by the county/capital city inspectorates. In line with the legislation, the inspectorates, co-operating with partner authorities, checked the selling of tobacco products in public education and health institutions to under-age teenagers, the marketing of tobacco products as product samples, the separate

selling of these products and the presence of warnings on the package and hung in the shop. The most frequent infringement was the breach of this latter obligation. The inspectors concluded -- with the involvement of under-age teenagers – that the youngsters could buy tobacco products without any reservation in the outlets. However, it was generally seen that in the shops, notes call to attention that under-age teenagers are not served, though legal regulations do not stipulate it. The number of offences related to packaging decreased continuously and, at the end of the year, the inspectors did not find tobacco product sold in inappropriate packaging. The county inspectorates inspected a total of 6084 catering and retail trade outlets, and in 118 cases took actions and conducted state administration proceedings.

b.) Authority-legal activity

Act LXIX of 1999 on minor offences and Gov. Decree 218/1999 (XII.28.) on certain minor offences came into force on 1 March 2000. They changed the authority of legal remedies against decisions of first instance, thus concerning the authority activity of the GICP. Several pieces of legislation related to consumer protection were amended, in accordance with the EU directives and, in parallel with it, the authority of consumer protection inspectorates and the General Inspectorate was expanded.

In the course of authority activity of the second instance, proceedings of minor offences were conducted. In 87% of the cases, the decisions of the first instance were upheld. This proportion was the same as that of the previous year. The proceedings of the first instance were generally justified; therefore, only 3 proceedings were set aside (obliging to conduct new proceedings). GICP concluded in one case that the calling to account was unjustified.

In public administration cases, 236% more decisions were made than in the year 1999. One of the reasons is that at the authorities of first instance, the number of the public administration cases also increased. It also should be mentioned that during the inspections carried out within the frame of the annual work plan, the inspectorates revealed infringements, as a result of which consumer protection or quality protection fines were imposed. The sum of the fines significantly increased, which resulted in more appeals. The GICP and county inspectorates in a total of 1400 cases imposed quality protection fines in the year 2000, which is twice more than in 1999. The sum of the quality protection fine was 433.000 EURO, twice more than in the previous year. The number of the consumer protection fines was 1190 in the year 2000, while it was 252 in the year 1999. The sum of consumer protection fine was 941.000 EURO, four times more than a year before.

In the year 2000, the number of public administration decisions sued at court increased. Formerly, the supervisions performed by court were initiated mainly in cases regarding decisions referring to advertisement surveillance, but the situation has changed recently and 80% of the decisions sued at court were related to decisions imposing quality protection and consumer protection fines. The proportion of successfully terminated suits was similar to those of the previous year, i.e. out of 108 terminated suits, 78 were successful for the GICP.

c.) Co-operation with partner authorities and civil organizations

For the GICP to work efficiently, good relationships with the partner authorities, civil organizations and chambers are essential. Under co-operation agreements, they help in each other's activities. The inspections in accordance with the National Inspection Program are carried out in collaboration with the representatives of National Finance and Customs Guard, Public Health Medicinal Officers Service, Veterinary and Food Inspection Station, Gambling Inspectorate, Telecommunication Inspectorate, the police, Taxation and Finance Control Office and municipalities. Co-operation is particularly important in those inspections when the partner authority is the competent authority and its presence is one of the basic conditions of the successful inspection.

GICP is a member of the Consumer Protection Working Group of the Hungarian Chamber of Trade and Industry, and it has helpful, good contacts with the Chamber of Trade and Industry of Budapest Capital. Last year, it set up the Consumer Protection Section of the Hungarian Finance and Economic Auditors Society. The GICP gave professional and financial support to the National Association of Consumer Protection, the representative of the Hungarian civil consumer protection organizations. GICP is a member of the Hungarian Standardization Board and, within the Board, it takes part in the work of Consumer Protection Committee. Last year, proposals of two consumer protection standards were drafted.

2. Civil organisations (NGO's)

In 2000, in the EU candidate countries, with respect to the development of their civil consumer protection, an important period came to an end. Namely, the multilateral PHARE-programme was terminated. This was the first whole year when -- in the capacity of associated member of BEUC, the European Consumers' Organisation -- the NACP could obtain all the information necessary for the Association's standing the test both on national and international level. It has still been maintaining professional and human contacts to partner organisations in Germany, Poland, Estonia, Slovakia, Romania and other countries.

3. Legal activity

The Hungarian regulation relating to electronic commerce and electronic signature is currently under preparation. Point 8 of the Government Decision No 1161/1998. (XII. 17.) Korm. on the medium term strategy on development of micro-, small- and medium-sized enterprises lays down that the ensuring of business information improving the competitiveness of micro-, small- and medium-sized enterprises and the electronic treatment of information should be supported. The outstanding role of the conditions-system of electronic commerce should be ensured.

There is a Bill on electronic signatures adopted by the Government and presently discussed by the Parliament. This Bill has been prepared with regard to the Directive of the European Parliament and of the Council on a Community framework for electronic signatures.