

NORWAY
Annual Report on Consumer Policy Issues
2000

1. Institutional developments

A White Paper presented by the Government on consumer policy and the organisation of the consumer institutions, was discussed by the Parliament in October 2000. The Parliament supported the main conclusions of the Paper, mainly maintaining the structure of organisation of work within the consumer policy field.

2. Electronic commerce

The Norwegian Government shares the opinion that building consumer trust is essential in order to stimulate the development of e-commerce.

Consumers have been sceptical to make use of e-commerce, partly because of uncertainty about their rights and the methods of payment in the electronic marketplace. It is therefore important to secure, as far as possible, consumers in the electronic marketplace the same level of protection as they have in traditional commerce, and to create awareness of applicable regulation.

The Government launched the eNorway Action Plan in 2000 outlining its general ICT policy. eNorway is an operative plan that describes what has already been done, what remains, who is responsible and when actions are to be implemented. It is to be revised every six months.

In a dynamic market, policy built on self-regulation is an important supplement to the regulatory framework. In 1999 Norway, the national Consumer Council and representatives of businesses established a voluntary and independent label that guarantees consumers in the electronic marketplace a certain standard of protection.

The amendments to the Norwegian legislation necessary to implement the EC Directive on Distance Selling were adopted by the Parliament in December 2000, giving the consumers improved protection also when shopping on the Internet.

3. Advertising and marketing practices

The Consumer Ombudsman (CO) <http://www.forbrukerombudet.no/> is an independent administrative body with the responsibility of supervising the Marketing Control Act as well as certain parts of the regulatory framework governing advertising in broadcasting.

In 2000, the CO has given the supervision of marketing practices as well as contract terms on the Internet high priority. A survey of marketing practises on a number of Internet sites showed that none of the sites complied with the requirements of the Marketing Control Act. Partly as a result of this, the CO sent a letter with a set of guidelines on marketing and trade via the Internet to all online shops. The websites were asked to review their marketing and contract terms against the principles outlined in the letter and implement necessary changes. (The letter is available in English: <http://www.forbrukerombudet.no/html/siste/FO-praksis/Letter-websites.doc>)

Issues related to advertising directed at children and young people is another issue which was given high priority in 2000 by the CO. "Hidden" advertising is of particular concern when it

appears in TV-programmes, films or web pages meant for children, as they do not have the same ability as adults when it comes to distinguishing between editorial content and commercial communication. The CO also dealt with the tendency to ask children and young people more frequently to submit personal information, in particular in relation to web sites. Providing personal information is often required to participate in games, competitions or other activities. The CO has, applying the general clause in the MCA, decided that obtaining information from children below the age of 15 requires consent from the child's guardian.

Another recurring problem is misleading advertising in the form of mail order scams where people are led to believe that they may win large amounts of money if they order certain products. The existing system of sanctions, including economical ones, was used to its full extent.

Prices on dwellings have increased sharply in the last few years especially in the most densely populated areas. The media have focused strongly on the role of the estate agents. The CO has negotiated with the organisation of estate agents to obtain agreement on among other things more satisfactory bidding routines.

The CO held the presidency of the International Marketing Supervision Network until summer 2000, and organised a IMSN conference in Bergen in the spring of 2000. The CO also held the presidency of the IMSN-Europe.

4. Consumer education

A European conference called "Home Economics in the New Millennium" was organised in Oslo with 140 participants from 23 countries. The main issue of the conference was consumer education, and in a separate session 90 participants discussed European co-operation in this field. In connection with the conference, several meetings regarding various Nordic/European projects were held.

5. Complaints and redress handling

Most complaints and disputes in connection with purchase of goods and services are handled by the local offices of the Consumer Council, which seek to arrive at an amicable settlement between the parties. The Consumer Council received approximately 138.000 inquiries from consumers in 2000, an increase of 2% compared to 1999. The category for which the number of inquiries increased the most was cable and telecommunication services. Also the number of inquiries about insurance increased. Both categories are related to markets where the consumers have a much wider choice than before.

Disputes that are not solved through the mediation of the Consumer Council, may be brought before the Consumer Purchase Disputes Committee. The decisions of this committee are binding for the parties, unless they are appealed to the ordinary law courts. The competence of the Committee is, however, restricted to goods, services related to goods, craftsmen's services and disputes concerning to the right of withdrawal (cooling off period).

Complaint committees established by agreements between the Consumer Council and trade organisations also plays an important role in resolving consumer disputes and giving advice to consumers on rights.

In 2000 complaint committees dealing with the following goods and services were operative:

- banking services
- insurance services
- services of real estate agents
- erection of dwellings
- supply of electricity
- photography work
- burial services
- painting and wallpaperhanging services
- package tours
- laundry and cleaning services
- the valuation of dwellings
- telephone bills

An EEA-state, Norway takes part in the establishment of the framework for European co-operation on out-of-court settlement of consumer disputes initiated by the European Commission. Representatives from the Ministry of Children and Family Affairs and the Consumer Council participates in this European Extra-Judicial Network (EEJ-net). In 2000 the preparation of the establishment of a Norwegian "Clearing House" under this system started.

6. Commercialisation and children

In 1999 the Norwegian government appointed a public committee to survey measures to reduce commercial pressure on children and young people, and to strengthen knowledge and develop critical attitudes among minors towards marketing gimmicks. The committee's report was presented in February 2001. (In March 2001 the Ministry of Children and Family Affairs sent the Committee's report for consultation to interested organisations and organs, with deadline of the hearing in June 2001. The Ministry is now (September 2001) in the process of deciding appropriate measures to follow up the report.)

In short the Committee's main considerations and proposals are:

- *To counteract commercial influence on children and young people, legislation must play an important role, also in the future. In spite of the limitations this tool represents in the digital age, legislation can be important in order to set limits and influence attitudes and values*

The Committee proposes to strengthen the existing restrictions on advertising in radio and television targeting children under 12 in particular.

The Committee has considered a general ban on advertising directed at children under 12 years of age. However, does not draw any conclusion in this respect, and states that such a ban needs further deliberation.

- *Children, youngsters and parents should be educated to develop skills to face the increasing flow of commercial information and pressure*

The Committee states that information about the increasing commercial pressure on children and adolescents should be systemised in schools. Children and youngsters can be taught to

identify commercial practices and to see through marketing gimmicks and tricks. Through this, they should also develop a broader perspective on values and environmental consequences of consumption. Consumer education should therefore be strengthened as a subject in schools.

- *The schools should be secured as zones free of commercial pressure*

Stuck between a global youth culture and expectations of parents and society, children and young people need zones where they are protected from commercial pressure. The Committee suggests a ban on advertisement in schoolbooks. It also recommends that guidelines are elaborated and control mechanisms set up in regard to sponsorship activities.

- *In a modern society public authorities have limited possibilities to regulate commercial influence and reduce commercial pressure on children and youngsters. Parents, business, advertisers and organisations should therefore take responsibility for the children and adolescents as fragile groups in society.*

All influential actors in a market economy must consider their role, and admit their responsibility to children and the young people. The Committee particular stresses the need for business, companies and society to focus more on ethical aspects of marketing practices.

The Committee emphasises the need for international co-operation in the field of children and commercialisation. Commercial pressure on children and youngsters can only be reduced efficiently by common international regulation and guidelines.

The Committee describes a wide range of areas where there is a need for more research. This includes in particular areas such as the scope and effects of marketing and advertising directed at children and young people, and consequences of such commercialisation for children and youngsters in the modern society.

7. International developments

As a member of the European Economic Area (EEA), Norway is part of the internal market and implements EC legislation that made part of the EEA Agreement. Norway has since 2000 participated in the EU General Framework for Community Activities in favour of consumers.

8. Research

The National Institute for Consumer Research (SIFO) <http://www.sifo.no/english/> is the only institute in Norway solely concerned with consumer research, and is as such responsible for developing national expertise in this field. Its activities focus upon important issues concerning the consumer and consumer policy. Importance is attached to applied research, and dissemination of information to various consumer groups is another important function.

Among other issues, SIFO has been working with several projects concerning economic aspects of debt arrangements and problems of debt and repayments as a general problem in society. The area of consumption and the environment is also a major field of interest at SIFO.

Through a multidisciplinary approach SIFO has established itself in recent years as a centre of expertise on research concerning the distribution of food. Research on the distribution process includes evaluation of those consequences arising from change in the structure and form of the distribution channels. Central projects at SIFO also include consumer conception of food and health risks, assumption for consumer confidence in products and producers, and a comparative study of food customs in the Nordic countries.