

THE OFFICE OF THE FEDERAL ATTORNEY GENERAL FOR CONSUMER PROTECTION
PROFECO OF MEXICO

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2002

COMMITTEE ON CONSUMER POLICY (CCP)
ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

During the year 2002, The Office of the Federal Attorney General for Consumer Protection (Profeco) of Mexico continued with its intense work aimed at improving the global functions of consumer's protection. In this annual report, the main aspects reviewed include: i) public opinion polls on the institution as well as consumers habits; ii) report of activities and, iii) pretended reforms to the Mexican Federal Law for Consumer Protection (LFPC);

I. Public Opinion Polls

Value, habits and the Mexican consumers' attitudes

Empiric investigation on the consumer's behavior is a valuable mean to guide and to define public policy tools or instruments as regards consumer protection.

Analyzing consumption habits and the way people perceive the consumption relationships allows identifying their relationship with those problems consumers face on a daily basis and the relative importance of each one of them. With this viewpoint, investigation is a valuable instrument for designing and developing Profeco's actions, being preventive or corrective.

To carry out a study in this matter, in late 2002 it was developed the Values, habits and the consumer's attitudes Survey. The questionnaire had the

objective of providing information to analyze the characteristics of Mexican consumers and the values they use like reference in its decisions, the purchase habits and the attitudes toward diverse aspects of the consumption (types of stores, offers and discounts, competition and new products), readiness of information and the difficulties that have experienced when purchasing goods and services.

The survey was applied in multiple cities of the country. The population objectives were adults, selected on a random basis. In next weeks, Profeco will publish the results of this important exercise.

Image and Opinion Survey 2002

In order to evaluate the execution of Profeco's institutional mission, in 2002 it was once again carried out a poll or Survey on Image and Opinion about Profeco as a public institution.

Measuring the opinion of the institutional services users and even that one of the open population on Profeco's performance constitutes an useful element to evaluate the efforts carried out. In this sense, the general objectives of the 2002 Survey were:

- To asses the open population's opinion about the image and the perception of the offered services
- To know the level of the users' satisfaction with the main services offered by the institution

One questionnaire was applied focused on those services and actions with a defined universe (users of the service i.e. complaints attention, defendant suppliers, verification and surveillance, calibration and measurements of instruments, consumers' organizations, the Consumer's Magazine and the Consumer's Telephone), and another directed to capture the open population's opinion.

It were applied a total of 22, 273 questionnaires in 41 cities and in Mexico City.

Results reinforce those obtained in the 2001. They demonstrate a high percentage of knowledge of Profeco among the population (77.9%). Some other found facts are:

A positive relationship was observed between the degree of knowledge about the Institution and the educational levels and of revenues; people with superior studies and with high budgets were those that had a bigger knowledge of Profeco.

The relationship among age of those interviewed and knowledge of the institution concentrated on those aged more than 35 but less than 60 years.

Preliminary results suggest that efforts should be increased in order to disseminate institutional actions and services to those population groups with the smallest budgets and the smallest educational levels, as well as to the youths and elderly people.

The reception of complaints and accusations (30.6%), prices information (16.1%) and the verification of commercial behavior (11.0%), were the services recognized with more frequency by interviewed people in a spontaneous way. They also highlighted the quality studies and the calibration of measurement instruments.

Within the open population, only 12.2% has had contact with the Attorney's office. Of those that have had contact, the great majority (89%) visited the headquarters, and the rest had phone contact or visited the web site.

In general (79.4%), people that have had contact with the institution evaluated the attention like "good" or "very good".

As for the qualification granted by the open population, 63.5% of those interviewed described Profeco services from 8 to 10, which indicates the good general image of the institution. The relationship between the degree of knowledge of Profeco and the general qualification to its services is positive.

It is, as people are aware of more institutional services and materials, better it is the perception they have.

a. Complaints attention

Two questionnaires were applied, one to the consumers that submitted complaints and another to the defendant providers.

i. Opinion of those complaining

Most of the people that submitted a complaint (83.7%) tried to solve their problem with the supplier before submitting a complaint in Profeco, while 16.1% went directly to Profeco to promote the solution.

It was perceived that the most common problems consumers faced were undue collections (20.7%), violation to the services contract (20.0%), product in bad conditions (14.1%) and non fulfillments of established delivery terms (11.0%), among the main ones.

76.1% of those interviewed were assisted in less than 30 minutes once they arrived at Profeco. Only 7.3% had to wait more than one and a half hour to be able to submit their complaints.

Most of the polled people (70.2%), had a good opinion of the treatment received at Profeco and only 5.4% considers that it was bad.

The majority (75.9%) were satisfied with the resolution of their case. Naturally, this result has a direct relationship with the good qualifications that people granted to the procedure used to solve complaints and to Profeco's staff.

ii. Opinions from defendant providers

The percentage of defendant providers satisfied with the resolution of their case is about 77%.

The sample of defendant providers was selected on a random basis. By category, the biggest number of defendants were concentrated on repair establishments, service and tinsmith's shop (16.6%); furniture and home devices (12.9%); car sales retailers (4.9%); automobile overhauls (4.2%); tapestry and carpentry (4.15%); real state, goods roots (3.7%) and hardware stores, paint shops (3.5%).

Interviewed suppliers had a positive opinion of the complaints procedure as well as of Profeco staff. 59.0% mentioned that the procedure is good and only 2.9% said it was bad. As regards the staff, 92% of defendant suppliers grants a good or regular qualification, with a qualification average of 8.5.

b. Verification and surveillance

Of the interviewed businesses, more than the half (51.3%) of the businesses where it was applied the survey, affirmed that the reason of Profeco's visit was the verification of the fulfillment of some Mexican Official Norms. Other reasons, as verification of measurements instruments and commercial behavior, had participations of 23.2% and 21.2%, respectively.

In the link between the mercantile sector and the reasons that motivated the visit, it was discovered that the clothes stores, footwear and accessories, and the self-service stores were visited with more frequency in order to verify the fulfillment of national standards; the small specialized groceries (milky products, sausage shops, dry chilis, fruits, vegetables, wines and liquors), occupied the first places in the verification of measurement instruments. On the other hand, as for commercial behavior the sector with more visits were clothes, footwear and accessories stores.

Only 3.9% of the interviewed businesses consider that the verification procedure is bad; this opinion was predominant in the sector of small and specialized foods, furniture and home devices retailers as well as office articles, among the main ones.

However, little more than the half (54.1%) said that the procedure is of regular quality; among them sectors like clothes, footwear and accessories,

small specialized retailers, and departmental self-service, among the main ones which, added to the percentage of those that said that the verification procedure is good (41.9%) (Clothes, footwear and accessories, and small and specialized foods retailers), represented 96.1% of the total interviewed.

Results showed a trend of good qualifications for Profeco's staff and a regular one for the procedure. It is, it is more appreciated the staff than the procedure.

c. Calibration of measurement instruments

The majority of the interviewed people (43.9%) have requested these services to Profeco. Additionally, 14.9% of the polled people mentioned that the calibration service was not requested; however, this was granted due to the programmed visits foreseen by the Verification and Surveillance department.

Most of those interviewed qualified the calibration procedure and the staff behavior as "good" with percentages of 74.9 and 88.1%, respectively.

The link between good qualifications for the procedure and for the staff was reflected in the conformity of those interviewed regarding the procedure: 91.4% of the total interviewed people were in agreement with the procedure.

d. The Consumer's Telephone

In accordance with the nature of the phone call, a vast majority of the interviewed people use the Consumer's Telephone to expose dissents with regard to certain consumption acts already carried out. With less frequency, they call in order to obtain prices information, ask about commercial behavior, quality tests and domestic technologies, all issues related with reasons previous to purchasing goods or services. This way, near 70% of the phone calls were related with corrective actions and 30% with preventive actions in the consumption relationships.

As for the specific reason of the phone call, 45.5% of those interviewed affirmed have done it in order to consult or receive legal orientation, 12.6% to

submit an accusation, and 11.4% to know procedure steps in order to submit a complaint. In a second level appear consultations for prices information, quality tests and domestic technologies.

89.8% of Consumers Telephone users among those that answered the questionnaire qualified Profeco's phone attention as "good". Only 10.1% mentioned to have experienced difficulty in its consultation and the main cause was the time of entrance of the phone call.

Most of interviewed consumers (91.1%) affirmed to be willing to once again make use of this service. The efficiency, kindness in the treatment and quick solution were the attributes that users value.

Qualifications obtained by Profeco's Staff while providing its service were good. 95.5% of the interviewed people mentioned that the treatment was kind and efficient.

Most of the phone calls (66.1%) are carried out by women, and of them, the biggest percentage (64.7) are married. Among the men, most (38.95%) have high school studies and university (82.0%) and are married (71.3%).

In general, the results show the necessity to reinforce the Consumer's Telephone promotion for information, education and diffusion actions.

e. **Consumer Magazine**

In general terms, subscribers of the Consumer's Magazine are satisfied with the product they receive: most of them (93.6%) agree with the current sections of the magazine. The magazine is focused to an educated middle class.

II **2002 Report of activities**

The Mexican Federal Law for Consumer Protection grants to Profeco preventive and corrective functions. Within the first ones, are the consumer's rights diffusion; information about goods and services offered in the market;

orientation services to businesses (trade and industry) with respect to consumer's necessities; training consumers to improve consumption habits; the performance as an expert consultant as regards quality of goods and services; the registration of adhesion contracts (accepted by one Party without negotiation) and the promotion and support for the constitution of consumers' organizations.

Regarding the corrective functions the Law points out the ability to represent the interests of consumers by means of collective or singular actions; to offer solutions for the differences between consumers and suppliers, according to administrative procedures pointed out by Law; to watch over the execution of the Mexican Official Norms (NOM) and of maximum or official prices, rates, quality and weight of the products, as well as the commercial and advertising practices; to denounce before the Public Prosecutor facts that can be constituent of crimes and to apply preventive measures and the sanctions settled down by the Law.

In 2002, Profeco continued with the project of institutional modernization that embraces the revamping of the legal framework; to plan and to evaluate working programs, and the modernization of the systems and the management, with the aim of achieving that the Institution responds to its new economic and social environment and provide better services for users.

The core functions of Profeco pertain to three big working slopes: services to consumers and providers; verification and surveillance; and education and information. Following paragraphs depict the main results of 2002, as well as the work carried out in the support areas.

A. Services to consumers and providers

Services to consumers and providers follow two big objectives:

- To protect and to defend consumers rights in order to avoid that their patrimony is damaged because of unfair commercial practices and abuses; and

- To educate providers with the purpose of diminishing the incidence of complaints and to create a client service culture.

Work includes:

- Attention to consumers' consultations;
- Reception of complaints and accusations;
- Resolve complaints through conciliation and arbitration mechanisms;
- Joint work with providers having the biggest number of complaints; and
- Administrative resolutions.

Arrange, Evaluation and Strategic Claim Diagnosis Program (PROCEDER)

Proceder was created in 2002 as a strategy for the integral solution of the complaints. PROCEDER Program seeks to reduce the number of complaints, attacking the behaviors that provoke them. Commitments of improvement are looked for in the supplier's performance to avoid raising complaints; causes originating complaints are also emphasized.

In a joint work with each provider, deep causes provoking complaints are studied, and terms and commitments settle down for their correction. Among those included are: the correction and registration of adhesion contracts, modification of advertising contents, transparency in the additional collections, commissions and in the commercial operations in general, installation of phone numbers for the direct attention to the clients, etc.

A first stage of the work with providers consists on checking their information with that one that Profeco possesses, in order to identify how many of those consumers that went to Profeco were assisted in first instance in the offices or attention telephones from the own suppliers. It is fundamental that

providers are aware of the importance to offer an efficient service of this type to avoid problems in the consumer-provider relationship.

Secondly, the institutions look for that providers create phone numbers 01-800 (long distance without cost), assisted by qualified personnel and with enough level of decision-making to assist the immediate conciliations, in those cases when differences could not be resolved directly through their clients attention service.

A third level of commitment is the elaboration of documents specifying and revealing providers' operations in connection with consumers, highlighting the most important aspects of those contracts, such as refund and cancellation policies, overcharges, moratory interests, guarantees, ways of payment, etc.

Also, is required the providers commitment in terms of publicity of its products, in order to be truthful regarding the nature and conditions of the transactions and product or services features.

In the case of services that require regular billing or in cases of credit sales, providers must inform consumers with opportunity about their bill states, unpaid balances, overcharges, collection expenses, etc.

It is important to say that, when the authority is considering possible sanctions and fines for providers, it should be taken into account, in order to reduce and to condone sanctions, the disposition shown by suppliers to complete their commitments and to solve the roots of the problem that damage consumers.

Annually, two documents will be elaborated:

- Black list. - It is a list with the name of those providers whose behaviors are prejudicial to consumers and that they have not completed the improvement commitments assumed in PROCEDER. It will be directed to the general public.

- List of providers. – It will be given, to each provider, a list of suppliers in their same sector, indicating the position that keeps each one of them as for claims received at Profeco, pending, resolved and concluded matters, and work of orchestrated improvement.

These two publications are aimed at diffusing, among consumers, that independently of working for the individual solution of their complaints, there is a strategy to protect the collective consumers from undue providers practices.

1. Work 2002

a) Counseling and consultations

Profeco lends counseling and assists consumers' consultations, through the consumer's telephone or in a personal way in its offices, on a variety of topics: prices information, quality of products and services, companies' references, procedure for submitting complaints and reception of accusations that affect consumers as a whole.

The consumer's telephone offers its service in Mexico City and in 43 cities of the country through local numbers and a free national phone number for consumers (01-800-9031300).

b) Complaints and accusations

Attending complaints or objections were the services that gave origin to Profeco and the most appreciated by the population, as demonstrated by the before explained Image and Opinion 2002 Survey. It is the main mechanism by means of which consumers make be worth theirs rights and search repair of the damage in case of harmful practices.

Complaints or objections are submitted by those consumers considering that a provider or services lender, don't respect prices, quantities, terms, deliveries, conditions, modalities, features, guarantees, interests and other commitments settled down in the purchase-sale contract or of services benefit.

For the attention and resolution of complaints, it is followed a procedure settled down in the Law, which includes three alternative mechanisms of dispute resolution: immediate conciliation, personal conciliation and arbitration. The solution of a complaint can pass through one or several stages, depending on the complexity of the matter to solve and on the will of the Parts in conflict to arrive to a satisfactory arrangement.

In 2002 were received more than 155 thousand complaints (8.5% more than the previous year), while the total amount recovered by the complainants was around 124 million EUA dollars, 3.4% more than the quantity recovered in 2001, and 77% of the total amount claimed through their complaints.

The local offices network play an important role while attending complaints, because the proximity is very important so that time and transport costs do not dishearten consumers for presenting their complaints. The new mobile offices will allow offering this service in smaller towns that at the moment are not assisted.

The immediate conciliation looks for an agreement between consumers and providers in a direct way, in order to speed up the solution of the conflict. A conciliatory Profeco's lawyer contacts the supplier, by telephone or visiting at his address, approaching both Parts with the idea of obtaining a result in a maximum lapse of five days. Simplest matters are usually solved by this means.

If the matter is not solved in the immediate conciliation or because of the claims nature it is not feasible its solution by this means, it begins the personal conciliation procedure. In this procedure, with a bigger legal formality, Profeco gives notice to the Parts in order to celebrate an audience. In this case, Profeco is authorized to require to the Parts all those conviction elements deemed necessary for the claim solution, as well as to impose the correspond compulsory process before the negative on the part of those that should complete them.

In case the complaint is not solved in the previous stages, Profeco offers to the Parts the possibility to undergo the arbitration (procedure used when the

Parts, by mutual agreement, designate an arbitrator to solve the controversy between them), although it is also possible for consumers and providers to initiate an arbitration process without previous complaint or reclamation.

When complaints are not resolved through conciliation or arbitration, Profeco can begin the procedure due to law infractions (breaches) to determine if there was or not a violation to the Federal Law for Consumer Protection and, in its case, to impose the corresponding sanctions.

When listing the main providers with problems, it is possible to mention, in first place, the state companies providing public services like electricity, as well as the big private telephone company. Although these three suppliers contributed in 2002 with 26 of each 100 complaints received by Profeco, it is a relatively small number in relation with the number of users each one has: 11 complaints for each ten thousand invoices in the case of the electricity companies and 9 in the case of telephones.

Besides these entities, providers with more complaints were the following ones: furniture and appliances; cable television; long distance telephony; internet supplier; cellular telephony; alarms; products to lose weight; sale and computers service; credit for bona mobilia; kitchen furniture; office furniture car sales retailers; mechanical shops; tourist services; services for appliances repair; tourist services (shared times, hotels and travel agencies).

The main reasons for claims are non fulfillment of guarantees, non fulfillment of deliveries and undue collections.

C. Education

The present administration seeks that a preventive focus characterizes all Profeco actions. The starting point is consumption education, continuing with the diffusion of enough and opportune information, disseminated through institutional means and with the daily operation of the institution and culminating within the work done with consumer's organizations.

1. Major axis: consumers education

During 2002, the institution worked in the definition of a new conceptual platform around the consumption phenomenon, incorporating the concept of “consumer’s power” and “citizen’s power” and defining the Mexican consumer's profile that Profeco looks for to impel starting from the following axes:

- Increasing awareness;
- Solidarity with other consumers;
- Responsibility with the environment;
- Freedom of decision before the mass media;
- Attitude of active participation in problems solution;
- Disposition to be informed;
- Capacity to be organized to take advantage of the markets dynamics.

The emphasis of the educational work that the law assigns to Profeco moved, from a traditionally paternalistic posture, to the promotion of the intelligent consumption centered in the power of the consumer's decision and having at any time, help from the institution.

Before the publicity’s influence and the information avalanche given by mass media, Profeco faces the challenge to make available its educational action to the majority of the population, which demands a new strategy able to multiply the number of “consumption educators.”

Without neglecting the possibilities of a massive presence—in the publications production as well as in the radio and television programs broadcasted by Profeco, as well as constantly participating through interviews in the commercial channels—the institutions keeps working on the design of a strategy as well as in the development of punctual actions for specific groups. This new strategy includes as well the formal education as the informal one.

Formal education in being worked in close coordination with the Ministry of Education. Based on preliminary agreements with this entity, consumption subjects in educational primary and secondary books were revised, and there is an analysis process designed to identify topics to offer courses and support material for teachers in service.

As regards informal education, there were held several meetings with the diverse institutional areas to raise awareness and commitment around the preventive-educational focus.

2. Results 2002

a) Publications

Besides the improvement in design, impression and paper, the Consumer's Magazine has continued its process of streamlining its editorial structure and its contents around the preventive focus, fundamentally to diminish information asymmetries between consumers and providers. In this sense, during 2002 it was conformed a central section, as "notebook" or organized dossier around the Lab studies, with additional information on commercial practices, prices, habits and consumption attitudes.

The copies number also had an important growth: monthly, there are 100,000 copies.

In another project, the possible success key for the Consumer's Newspaper, directed to the popular classes, relies on its effective and appropriate distribution. To assure it, several alternatives were explored, including distribution in the Mexico's City Metro.

Radio and TV

Technological advances within the mass media represent a challenge for Profeco's broadcasting. To be up dated with the maximum quality and in order to compete favorably in the commercial segments, the institution continued its process aimed at improving its radio and TV broadcasting, by acquiring technological tools and with the production of promotional with the

necessary additional supports, hired in specific basis for each case. This way, production maintains high levels of technical quality at costs really below the average ones in the market.

Also, It was accomplished, on time, the commitment to produce the necessary material for seasonal campaigns and to transmit 52 brand new programs in radio and television. To reinforce the preventive vision of the Attorney's office and to impact in the impulse of a new consumption culture, simultaneously the design of a new television program began.

Considering the strong budgetary restrictions, it is necessary to explore joint partnership outlines with other institutions and with commercial companies, to arrive to wide groups of population without sacrificing Profeco's independence. There are on the way possible agreements with several TV Channels.

b) Prices Information

i. Who is who in prices

Through the program Who is Who in Prices, prices information of more than 3,000 products in 24 cities of the country it is captured and spread. During the year 2002, it continued the process to improve the quality of the information, their relevancy and diffusion.

- In March 2002, it was inaugurated the interactive prices consultation system in the institutional web site. This system allows consumers to consult the information of all products in all the stores, as well as to build product baskets to compare its costs in different commercial establishments. The information is up dated weekly. In the first phase of the project, it informed Mexico City prices. Early December 2002, Monterrey was incorporated into the system and during year 2003 it is foreseen to integrate all the cities where the program has a presence.
- Special prices investigations were carried out during Lent seasons (fish), Classes return (useful scholars, uniforms and text books) and End of

Year (toys and Christmas articles). The idea is to provide consumers with excellent and opportune information.

ii. Who is who delivering money

The program Who is Who delivering Money from the United States of America to Mexico spreads information of 22 companies settled down in 8 cities of United States of America on the costs that Mexican workers have to pay in order to deliver the money to their families in Mexico. The information considers the commission's amounts charged by companies for the delivery service, as well as the implicit cost for the difference between the exchange rate to which the remittances are paid in Mexico and that of effective change in the market.

During 2002, the institution worked in close cooperation with the American authorities in the design of the mechanisms to enlarge the information covering, in the number of companies, cities, as well as to guarantee the validity of the data. At the moment, the American Part is analyzing several possibilities in this respect.

c) Consumption Studies

As refers to the consumption, they were carried out the following activities:

- For the Consumer's Magazine the institution carried out 12 prices monitoring and two about services. The services studies were about cellular telephony and auto financing.
- It was executed the 2002 Profeco's Image and Opinion Survey.
- It was done the Consumer Values, Habits and Attitudes Survey with the aim of generating information in order to analyze the profile of the Mexican consumers and the values used as reference in their decisions, the purchase habits and attitudes toward diverse consumption aspects as the stores' types, offers and discounts, competition and new products, the readiness of information and the difficulties that have experienced in their consumption relationships.

- Additionally, they were carried out polls among users' of the clients' attention services desks within public services providers' offices (mainly electricity).

d) Consumers' organizations

After an exhaustive study of the working methods, the scope focusing in recognizing the capacity of the organizations to detect and to solve their own consumption necessities was completed. It has been held a national Meeting of Consumers' Organizations, with the participation and training of all promoters nationwide.

It is expected to be arisen new modalities of organizations (articulated around their objective, with variants as for their permanency, member's number, outreach and geographical presence) and to initiate the formation of a national consumers' network as an embryo of an autonomous consumer's movement in our country to become our partners and able enough to supplement the authority action.

The diverse types of organizations were distinguished and classified. It is important to highlight the work carried out with special groups: indigenous, prisoners, women and people with limitations.

Among the concrete actions carried out in 2002, it's important to mention the following ones:

- The International Consumers Day. – In response to Profeco's convocation in order to commemorate this date, they were received and analyzed 185 reports. They are in process of being published in the web site.
- Football World Cup (Korea-Japan) and the V Visit from the Pope to Mexico. - With the aim to guide and to educate the organizations in the very same place where their necessities arise and in the moment when they require the information in order to establish fair consumption relationships, Profeco carried out more than three thousand

training actions as part of two campaigns designed to face both phenomenon's of massive consumption, not recurrent and with particular characteristics.

- Attending population groups with special necessities. – During 2002, Profeco settled down direct contact with 915 organizations for attending population groups with special necessities and carried out a virtual national Forum with the participation of about 115 panelists (individuals or in group), contributing with their peculiar vision about consumption within that sector. They were distributed, among public sector entities and offices, the suggestions and petitions related with their respective area of responsibility.

- Linking with social organizations. - During year 2002, Profeco consolidated its ties with the social organizations, offering them the possibility to work in co-ordination for the identification of the training necessities for the consumption of their units, as well as for designing and executing joint programs. Besides, it continued assisting hard core population's groups with high influence on the consumption behavior in Mexico, as the chairman's of health institutions and groups working in the national educational sector: students, parents and teachers.

D. Legal

One of the challenges assumed by the present administration is the invigoration of Profeco's performance, in accordance with law. For it, there were implemented different tools in order to achieve bigger transparency within acts carried out by the authority. Also, the idea is to enhance that the institutional acts are always strictly legal, particularly when they encumbrance of third Parties rights. In this sense, the legal area modernized its approaches and performance formulas to defend better the Institution.

For the execution of the previous purposes it was reinforced the coordination and the exchange of information and opinions with the diverse core institutional areas, with the aim of endow them with more juridical elements

for the execution of their acts and to reduce objections, as much as possible, due to bad procedure habits or because competence problems.

Within this context, it was held a Training Workshop about Legal Revamping in all the regional and local offices.

Adhesion Contracts

As regards adhesion contracts, there were held several working meetings during the year with Chambers and trade associations.

The adhesion contracts have particular features because they are documents elaborated unilaterally by providers, without the option for consumers of negotiating its terms and conditions. For it, their revision and registration by Profeco are fundamentals to avoid that they include clauses attempting against consumers rights.

For the year 2002, it was registered thousands of contracts (of obligatory and voluntary nature). Among the obligatory ones, it is important to mention those of dry cleaner's and laundry services, repair of vehicles, social events services and retail sale of vehicles. Among the voluntary, those related with security and surveillance services.

With the purpose that those providers forced to register their contracts, really do it, as well as to encourage the inscription of voluntary nature contracts, were held several campaigns and meetings with diverse chambers and managerial associations; besides, promotion visits were held nationwide.

Among other, it is important to highlight those meetings in order to inform the registration obligation of adhesion contracts derived from Mexican Official Norms, as well as the elaboration of type contract models and the revision of some Official Norms, with the National Laundry Industry Chamber, National Load Transportation Chamber, National Association of Automobiles and New and Used Trucks Merchants, National Association of Renting Vehicles Providers, Mexico City National Trade Chamber, National Association of Private Hospitals and lenders of funeral services.

As for the registration procedure, it was elaborated a new Procedures Manual that will allow to accurately establish guidelines to follow on the reception, analysis and registration of this type of contracts, for achieving bigger efficiency in the response time and quality in the service. Also, they were defined internal standards for the obligatory and voluntary registration of contracts.

Also, it is important to point out that the legal area participated in the revision and elaboration of several documents that have been presented before international organisms and fora, such as the International Consumers Protection Enforcement Network (ICPEN), the Governmental Latin American Agencies Forum for Consumers Protection, the U.S.A. Federal Trade Commission (FTC), and the Organization for Economic Co-operation and Development (OECD).

1. Participation in Standards committees

During the year 2002, the Ministry of Economy summoned for participating in the revision meetings of the following Mexican Official Norms:

- NOM-111-SCFI-1995 Social Events
- NOM-117-SCFI-1995 sale of furniture and on
measure
- NOM-110-SCFI-1995. physical beauty

The institution also participated in the meetings aimed at designing the elaboration of Mexican Official Norms for the commercialization of new vehicles, and works began for the revision of the norm NOM-036-SCFI-2000 funeral services

B. Institutional Development

The present Administration is committed with the modernization of Profeco including, among other aspects, the adaptation of the institutional structure to the new environment and necessities; revision and planning of its processes; access to new information technologies and infrastructure modernization;

training and staff promotions; administrative modernization; and restructuring the offices network. During 2002, work on these aspects continued, in accordance with the readiness of economic resources, always looking for the staff's specialization, a more efficient and effective service and the appropriate handling of the change toward the inside and outside the Institution.

Information technologies

In the year 2002, the institution continued its computer and telecommunications equipments modernization with the purpose of creating a base for the institutional operation and the settlement of an Integral Information and Processes System (SIIP). The SIIP will be an integral system in the following four dimensions:

- Geographical. The system will have a national covering and will allow connection among all Profeco's offices nationwide.
- Core. It will cover all the core institutional processes, although in the first phase it will only be included the module of complaints and solutions.
- Administrative. The whole administration of human resources, budgetary, accountant, financial and of warehouse handling will be carried out through the system.
- Core-administrative linking. The system will allow matching all the information of the administrative modules with that produced by the core areas. This linking is essential to make the institution acting, to determine costs, to identify and to diffuse best practices, to identify staff lacks or excesses in specific processes, as well as to identify processes for which the staff is insufficiently qualified.
- Technological. It will take advantage of all the derived advantages of the convergence of the technologies of communications and information.

In global terms, the SIIP will bring the following benefits:

- Bigger effectiveness and efficiency in the service
- Transparency in the processes
- Strategic assignment of the resources and materials
- Modernized information on the state of the processes
- High reliable operation
- Generation of strategic information for the decision making and evaluation.

III. Eventual Reforms to the Mexican Federal Law for Consumer Protection.

As part of the effort aimed at modernizing and strengthening the functions of The Office of the Federal Attorney General for Consumer Protection (Profeco) and due to the need of relying on an agile Federal Law for Consumer Protection (LFPC) that represents an effective instrument reflecting the country's economic and social reality, and being of real utility for consumers as well as suppliers, the current Administration considered necessary to make an integral revision of the consumer protection legal framework.

The proposed amendments included the modification of 70 articles and 62 additions, what shows its relevance in comparison with previous amendments.

The intended changes tried to recognize a world characterized by the speed of the technological change, the worsening of the contexts for competition and the companies' global action, which constitutes a challenge for the consumer protection public policy.

Globalization and a growing world trade have been translated in a bigger diversity of products and suppliers within national markets, as well as in the increase of the competition of sales to final consumers. On the other hand, the technological advances and the reduction of the information systems costs have modified the production and distribution methods, as well as the nature of the products.

In principle, it could be thought that, due to a better competition context, it has diminished the necessity of governmental intervention on markets for protecting consumers. However, the existence of more products and providers also imply an increase in the information consumers' demand and it hinders the identification of the implicit products risks.

In a market oriented economy, the main objective of the public policy for consumer protection is to adapt consumer's expectations with the result of their commercial transactions. In other words, that consumers could satisfy their expectations when acquiring a product or service. In this sense, it is important that such expectations are completed at the same moment of the transaction. An out of time intervention don't always return the things to their original state where they were before celebrating the transaction and are expensive for providers, consumers, and for the State. In this sense, prevention becomes a fundamental element of the public policy for consumer protection. To that task should contribute all Profeco's actions aimed at resolving conflicts, verification (surveillance and oversight) and education and information.

The continuous innovation and the increment in the variety of available products have exacerbated the informative differences between consumers and suppliers. The more and more aggressive advertising practices cause lack of information among consumers or induce the consumption of certain products independently of their quality and price. This is accentuated due to the spectacular changes in the global exchange of information that passes through national frontiers and due to the possibility of having an effective cross border jurisdiction.

Due to the high costs implied when investigating quality and security features of an unknown product before acquiring it, it is not surprising that consumers assume that the available products in the markets are acceptably safe and of good quality. For this reason, rules as regards product security and quality as well as deep actions of information, education, and verification and surveillance play a fundamental paper in the consumer protection policy, because through these tools it is possible to diminish the gap between consumer's expectations and the reality of the products.

With this in mind, the amendments were projected around two big objectives:

- To strengthen consumers rights and its protection;
- To strengthen and transparent authority actions.

The proposed changes were mainly in the following topics: intermediate consumers, financial institutions mercantile acts, information privacy, class action, patrimony protection, information, allowances, suppliers, other benefits, transparency in the authority actions, verification procedure and surveillance, preventive measures, sanction.

Profeco sent the proposed amendments to the Mexican Congress. It is important to mention that the Lower Chamber (Deputies) voted supporting the proposal. Nonetheless, the Upper Chamber (Senators) did not. With this negative vote it was not possible to achieve the changes. In the near future, Profeco will try again to push the amendments, seen as vital for achieving a truly consumer protection public policy.