

**NATIONAL ACTIVITIES IN THE NETHERLANDS TO PROMOTE THE OBJECTIVES OF
CONSUMER POLICY STRATEGY (2002-2006)**

Report on the implementation of the strategy

This template follows the structure of the ongoing Consumer Policy Strategy 2002-2006 (COM (2002) 208 final)

OBJECTIVE 1: A HIGH COMMON LEVEL OF CONSUMER PROTECTION

Action	Description	Time-frame/current situation
[Area]		
1. Purchase of houses and flats.	<p>The Netherlands has introduced new legal rules for the purchase of houses and flats. These new provisions strengthen the position of (housing) consumers in the following ways:</p> <ul style="list-style-type: none"> • Henceforth, if the buyer is a consumer, the purchase must be agreed in writing. • The buyer has a three-day reflection period after receiving the purchase contract or a copy thereof. Within this period, he is free to pull out of the purchase. • The purchase contract can now be entered in the public register, thus better protecting the buyer against, for example, gazumping or the bankruptcy of the seller. • Buyers of newly built houses are now entitled to withhold part of the final payment: consumers having a house built (e.g. in the context of a purchase/building contract) can now withhold 5% of the last instalment, depositing it with a notary in order to cover any faults. Not until three months after completion does the consumer have to demonstrate that the property has unremedied faults if he wishes to keep the deposit. • The new law also bans advance payments on the purchase amount from consumers: instead, it may be agreed that the buyer will deposit up to 10% of the purchase or contract price with a notary to ensure that his obligations are met. 	<p>The new provisions are part of the law complementing part 7.1 (Purchase and Exchange) of the new Civil Code, with provisions relating to the purchase of real estate and creating and introducing a part 7.12 (Contracting of work). The proposal (23 095) was passed by Parliament on 3 June 2003 (Bulletin of Acts and Decrees 230, 17 June 2003). The law came into force on 1 September 2003.</p>
2. Tenancy law	New tenancy law has come into force in the Netherlands.	Integrating the rules on the letting

	<p>This new legislation constitutes an improvement for consumers (of housing) in the following areas, amongst others:</p> <ul style="list-style-type: none"> • rectification of faults by the tenant at the landlord's cost; • facilities added by the tenant; • delivery of the property at the end of the tenancy period; • renovation of a housing complex; • subletting; • service charges and reducing the amount of the damage deposit; • obligatory sharing of maintenance between the tenant and the landlord. 	<p>of accommodation from the Civil Code, the <i>Huurprijzenwet Woonruimte</i> (Accommodation Rental Pricing Act) and the <i>Wet op de Huurcommissies</i> (Rent Tribunal Act). Provisions on renting in general, renting accommodation and renting commercial space are now included in the Civil Code (part 7:4). The law came into force on 1 August 2003.</p>
<p>3. General provisions on consultation with the Socio-Economic Council (SER)</p>	<p>Encouraging desirable developments in industry is one of the statutory tasks of the SER. Part of this is the open framework offered by the SER's coordination group for self-regulation to businesses and consumer organisations for consultation on balanced general terms and conditions applicable to the purchase of goods and services by consumers. (In 1996, it took over this task from the SER's consumer affairs committee.) See: http://www.ser.nl/overdeser/default.asp?desc=overdeser_consumentenvoorwaarden</p> <p>These terms and conditions often include schemes relating to arbitration by an SGC arbitration board.</p>	<p>Over the period in question, this consultation led to a number of new sets of general terms and conditions, e.g. in the postal, installation, textile, tourism, conference and DIY sectors.</p>
<p>4. Purchase warranties (Implementation of the European Directive on certain aspects of the sale of consumer goods and associated guarantees)</p>	<p>This concerns the purchase of moveable items (products) sold by commercial undertakings for private use, including consumer goods, foods, plants and animals, but not including services.</p> <p>The matters governed by the Act include:</p> <p><u>The seller's obligations</u></p> <p>The seller must supply a product that delivers all the promised features and is fit for its normal purpose.</p>	<p>The Act came into force on 1 May 2003 (Act of 6 March 2003, Bulletin of Acts and Decrees 110)</p>

	<p><u>Defects and shortcomings</u></p> <p>If, after purchase, a product displays defects or shortcomings that the buyer should not have expected, the buyer can claim against the seller for these defects/shortcomings. The defect must have already been present at the moment of supply, but it may have manifested itself only later (e.g. rust on a car). If the defect appears within six months of purchase, it can be assumed that it is the result of a defect that already existed at the time of supply, unless the seller can demonstrate otherwise.</p> <p><u>What to do</u></p> <p>The buyer has two months from the moment of discovering the defect or shortcoming to complain to the seller and lay down conditions. After two months, the buyer forfeits this right.</p>	
5. Implementation of the general product safety Directive	<p>This Directive protects consumers by prohibiting the placing on the EU market of dangerous products. It replaces the first general product safety Directive (92/59/EC). The new Directive differs from Directive 92/59/EC in the following ways:</p> <ul style="list-style-type: none"> • It has a broader scope and now also applies to products suitable for use by consumers without being specifically intended for them. It also applies to products supplied to consumers in the context of services. • It introduces the obligation on businesses to notify the authorities of any unsafe products. • It gives a legal status to European standards that have been designated by the European Commission as standards whose observance is considered equivalent to compliance with the Directive. • It introduces the obligation on the enforcement agencies to cooperate more closely, e.g. in the area of information exchange. 	The Directive will be transposed by amending the <i>Warenwet</i> (Goods Act) and the <i>Warenwetbesluit algemene productveiligheid</i> (Goods Act Decree on General Product Safety). Completion expected early in 2004.
6. Implementation of various amendments to	The (amended) Directive is intended to protect consumers	a. The Directive was implemented

<p>Council Directive 76/769/EEC of 27 July 1976 on the approximation of the laws, regulations and administrative provisions of the Member States relating to restrictions on the marketing and use of certain dangerous substances and preparations</p> <p>a. Azo colourants guidelines b. various CRM guidelines</p>	<p>against certain dangerous substances and preparations to which they may be exposed.</p> <p>a. These amendments prohibit certain carcinogenic dyes in leather or textile consumer products that come into direct contact with the skin. b. These guidelines ban certain substances considered to be carcinogenic, reprotoxic or mutagenous (CRM substances) which are supplied to consumers.</p>	<p>by amending the <i>Warenwetbesluit AZO-kleurstoffen</i> (Goods Act Decree on AZO Colorants)</p> <p>b. The CRM guidelines were implemented by (a dynamic reference to) the <i>Warenwetregeling algemene chemische productveiligheid</i> (Goods Act Regulation on General Chemical Product Safety)</p>
<p>7. Fire safety of clothing</p>	<p>Legislation to ban (extremely) inflammable consumer clothing is being prepared. It sets standards with regard to combustion, fire spread and drops of melted material and is a response to the New Year's Eve fire in Volendam (2000-2001).</p>	<p>A draft regulation based on the <i>Warenwet</i> has been prepared. It is hoped that it will come into force at the start of the first quarter of 2004.</p>
<p>8. Softeners (phthalates) in toys and children's articles</p>	<p>a. Legislation based on the <i>Warenwet</i> (Goods Act) was extended on several occasions last year in order to implement the Commission's temporary decision to ban the sale of toys and articles containing softeners (phthalates) intended to be placed in the mouths of children aged under three. These softeners have carcinogenic properties. b. The Commission intends to definitively regulate the use of softeners in toys and children's articles by an amendment to Directives 76/769/EEC (Prohibitory Directive) and 88/378/EEC (Toy Directive). No progress has been made so far. National legislation is therefore being prepared to ban the sale of certain products containing phthalates if they are intended for children under three years of age, whether or not they are intended for placing in children's mouths.</p>	<p>a. An extension to the <i>Warenwet</i> regulation on phthalates in toys and children's articles is in force. b. A draft <i>Warenwet</i> Decree on phthalates in toys and children's articles is being prepared. The aim is to announce this regulation at the end of this year and for it to come into force in the first quarter of 2004.</p>
<p>9. Dyes intended for tattooing</p>	<p>Research conducted by the <i>Keuringsdienst van Waren</i> has shown that many tattooing dyes contain carcinogenic substances or are microbiologically contaminated. This year's <i>Warenwetbesluit tatoeagekleurstoffen</i> (Goods Act Decree on Tattoo Dyes) bans the sale and use of dyes which contain dangerous substances or are contaminated.</p>	<p>A <i>Warenwet</i> Decree on Tattoo Dyes will be coming into force soon (October).</p>
<p>10. Hygiene conditions for tattooing and piercing</p>	<p>The risk of infection associated with tattooing or piercing is very real. Tattooing and piercing have become very popular, with around one million people in the Netherlands having a</p>	<p>A <i>Warenwet</i> Regulation on hygiene conditions for tattooing and piercing will be implemented at the end of</p>

	tattoo and thousands of piercings taking place every day. It has been found that, in many cases, they are not carried out under hygienic conditions. A regulation based on the <i>Warenwet</i> is currently being developed to lay down hygiene rules.	2004.
11. Safety of fairground rides and games	The <i>Besluit veiligheid van attractie- en speeltoestellen</i> (BVAS - Decree on the Safety of Fairground Rides and Games) has been in force since 1997 to regulate the safety of these products. It was a response to the large number of accidents associated with these products involving young children recorded in the register of injuries. As a result of this year's evaluation, the Decree is to be improved on a number of points in order to improve protection for children.	A proposal to amend and update the BVAS will be drawn up and discussed with the stakeholders in early 2004. The updated BVAS will come into force at the start of 2005.
12. Product Handling Strategy (PHS)	The PHS is a new national policy for handling substances, which was drawn up by the Government in 2001. At its core is the obligation on industry to handle chemical substances more safely with regard to working conditions, the environment and consumer products, and to provide information. In 2002, two implementation memos were sent to the Netherlands Parliament in which the Government stated that the implementation of the PHS and the new substances policy had been taken up energetically by the relevant departments. A cooperation agreement is currently being prepared in order to give these projects a clear framework for the coming years. The aim is for it to be signed by the Ministers concerned and the industry umbrella organisations in the second half of 2003, and for an action plan including PHS implementation projects to be linked to it by November 2004.	Various departments and businesses are working on projects to support the PHS policy. The Ministry of Public Health, Welfare and Sport (VWS) is starting projects in collaboration with the Food and Goods Authority in the area of toys, cleaning products and paints. The aim of these projects is to encourage businesses, sectors and chains to handle chemicals more safely and state how they ensure that consumer products are safe.
Mainstreaming of consumer interests in other policies: policy initiatives that take consumer interests into account (e.g. environment, transport, energy, financial services, information society)		
1. <i>Wet financiële dienstverlening</i> (Financial Services Act)	The Netherlands is currently preparing legislation to protect consumers when they enter into an agreement for a financial product. This Act implements, inter alia, the Consumer Credit Directive, the Insurance Agency Directive and the Financial Directive on the Distance Marketing of Consumer Financial Services. Its guiding principles are cross-sector and distribution consistency.	Expected to come into force in April 2004.

	<p>The Financial Services Act (Wfd) applies to providers (suppliers, agents and certain consultants) of all financial products. It covers, amongst other things:</p> <ul style="list-style-type: none"> • a licence obligation for financial services providers, with an associated test of expertise and reliability; • an information provision obligation before and at the conclusion of the contract and in all advertising; • the know-your-customer obligation for consultancy services and • the obligation to deal appropriately with complaints. 	
2. Switching costs	<p>Switching costs arise when a consumer of a product or service switches to another supplier (of that product or service). An MDL working group (Market operation, Deregulation and Legislative quality) has made recommendations on cutting such costs, which distort the market. The report looks at the markets for insurance, banking services, electricity and telephony. The MDL working group makes recommendations for each sector. For the banking sector, it recommends making it obligatory to allow customers to keep their account numbers when they switch banks.</p>	<p>This project began in June 2001. The report from the project group was sent to the Netherlands Parliament in June 2002.</p>
3. Payment traffic	<p>Many direct agreements with the banking sector on payment traffic have been concluded in the Netherlands, regulating matters such as:</p> <ul style="list-style-type: none"> • the introduction of a 'removal service' to reduce the costs of switching banks; • improving the accessibility of payment services; • providing transparency about value dating for fund transfers; • regular checks on the security of payment products and • shortening the clearance period to 3 days for domestic (i.e. not international) transactions. 	<p>These agreements are soon to be evaluated.</p>
4. Implementation of EU telecoms directives	<p>In particular, protecting consumers against parties with considerable power on the retail markets, contractual terms and conditions, transparency, arbitration, number portability</p>	<p>Proposal currently before the Dutch Parliament. Implementation expected at the end of 2003.</p>

	and the protection of personal data.	
5. Guarantee regulations for life insurance policies	The Netherlands recently introduced an emergency scheme for life insurance policies, providing for the full or partial transfer of the portfolio to an emergency fund if a life insurance company gets into financial difficulties. It also offers the possibility of collecting monies from life insurance companies in order to limit the loss to the consumer.	Published on 13 December 2003 (Bulletin of Acts and Decrees 622).
6. European Internet Security Agency	The Agency will work on making the Internet more secure and encourage Europe-wide cooperation to tackle and eliminate viruses.	It is hoped that the Agency will be up and running by 1 January 2004.
7. Implementation of e-commerce Directive	The Directive is not concerned with goods as such or with the supply of goods or services in the traditional way. It applies to the on-line purchase of goods, but not to their off-line delivery. However, it does apply to the on-line supply of software and data files. It lays down no additional rules in the area of international private law (determining which courts in which country rule on private law disputes in accordance with which law). It does not affect the law applicable to contractual obligations derived from consumer agreements, which means that consumers can still invoke protection provisions from their own country.	The legislative proposal to implement this Directive is currently before the Dutch Parliament.

OBJECTIVE 2: EFFECTIVE ENFORCEMENT OF CONSUMER PROTECTION RULES

Action	Description	Time-frame/current situation
[Area]:		
1. Food and Goods Authority	<p>The creation of the Food and Goods Authority (VWA) is the most important development so far in a process to improve food safety for consumers.</p> <p>This new and independent authority combines monitoring and enforcement, which used to be performed by different services. It is also responsible for (commissioning) risk assessments, can advise the Agriculture Ministry and the Public Health Ministry (bidden or unbidden) about food safety matters and provides a risk communication channel to consumers.</p> <p>It has set itself the task of achieving a 'visible reduction in risks'.</p> <p>The Government's monitoring responsibilities for non-food products are also realised by the VWA.</p>	<p>Created in June 2002.</p> <p>In June 2003, it was decided to bring it under the Ministry of Agriculture, Nature and Food Quality.</p>
2. Consumer portal	<p>The Netherlands Government believes in the maturity of its citizens, which it accompanies and supports, amongst other things by providing a sound legal basis in the Civil Code, which contains all the (general) consumer rights and obligations. The Ministry of Economic Affairs provides consumer support on the Internet in order to achieve the desired result and enforce consumer law. Since early 2003, the Netherlands has had a portal where consumers can find information about their rights and obligations:</p> <p>www.staikstark.nl. Using case studies and short discussions subdivided into subjects which are recognisable to consumers, consumers' rights and obligations are explained in plain language.</p>	<p>First phase launched by Joop Wijn, State Secretary for Economic Affairs, on 20.01.2003 (rights and obligations from the Civil Code).</p> <p>Second phase, extended to include subjects such as transport, travel and care, planned for October 2003.</p>
3. Establishment of a Netherlands clearing house for the EEJ Network	<p>The Consumer Information Point (CIP) foundation was created for consumers in dispute with businesses abroad. It is part of the European Extra-Judicial Network, EEJ-Net, set</p>	<p>The CIP was created on 19 May 2003.</p>

	up by the European Commission to solve cross-border disputes using extra-judicial bodies meeting its specific standards. See www.consumenteninformatiepunt.nl	
4. Authority for the Financial Markets	<p>The Authority for the Financial Markets (AFM), a financial markets watchdog, was created in 2002. The AFM supervises the conduct of providers of financial services towards customers, including enforcement of the Financial Services Act (Wfd).</p> <p>Its powers include:</p> <ul style="list-style-type: none"> • issuing warnings, • imposing an administrative penalty or fine, • publicising (under certain conditions) details of offences and offenders, and • excluding offenders from the market by withdrawing their licence to trade. 	The Wfd should come into force in April 2004.
5. Creation of the dg TP telecommunications arbitration board	The <i>Geschillencommissie Telecommunicatie</i> (telecommunications arbitration board) was launched officially in 1999. In 2002, some 1150 complaints, mainly about mobile telephone services, were submitted. In 35 % of cases, the decision was totally or partially justified. In around 17 % of cases, the board negotiated a settlement between the parties.	
6. Surf op Safe campaign (including website www.surfopsafe.nl)	This project is the result of the Safer Use of the Internet action plan and contains an awareness-raising information campaign on safe surfing; the website has many practical hints and tips to help consumers to protect themselves.	Part of the SafeBorders EU project (running until mid 2004).
6. Consumer information (general)	All the Ministries and watchdogs provide information to consumers in different ways. For instance, the Ministry of Justice actively informs consumers about new consumer protection legislation via press reports, fact sheets (on paper and on the Net), by informing the relevant organisations, encouraging experts such as estate agents to inform consumers of their rights (e.g. cooling-off periods), etc. On 1 August 2002, OPTA (the post and telecommunications	

	<p>watchdog) launched a website with information about the charges levied by various local telephony suppliers. This website was very popular. It also provides concrete information to consumers, for example on privacy.</p>	
<p>7. OPTA (post and telecommunications watchdog)</p>	<p>In addition to dealing with telephone, written and e-mail complaints from end users, OPTA draws up guidelines and consultation documents for end users/consumers, e.g.</p> <ul style="list-style-type: none"> • Policy guidelines Article 24 Decree on public telephony and rented lines (Boht). Supervision of telephony suppliers' observance of recognisability obligations for access to and the use of telephone networks and services. N.B. this provision has still to be brought under the new Telecoms Act by ministerial order. • Modifying the policy guidelines on number portability as of 1 October 2003, to make sure that number portability is possible, regardless of whether there are ongoing contractual obligations. The contractual obligations still have to be observed and can, if necessary, be enforced under civil law. A maximum period of 10 working days for transferring the number is also laid down. • Consultation on the quality of fixed telephony (Article 27 Boht). Fixed telephony providers should issue annual quality reports. OPTA has consulted with providers in order to make these reports comparable and publishable. Publication was not a suitable option in the past because of a lack of comparability. • In 2003, OPTA, together with the consumer organisations, organised a number of round table meetings on the recognisability of SMS subscriptions for which the end user has to pay per message. As a result, a code of conduct for providers of telephony and SMS services is now in force, in order to protect consumers' interests, in particular when it comes to providing correct information on SMS services. 	
<p>8. Tackling Interference Foundation; Consumer</p>	<p>This Foundation was created in 2001 to provide advice and</p>	

protection in the event of interference to digital broadcasting services (by cable)	practical assistance in solving problems relating to the reception of television and the new digital broadcasting services DVBT and TDAB. It encourages cooperation between Digitenne and the local cable company in this area. A government initiative, it was created out of public funds.	
9.Information Service Code Foundation; consumer protection regarding information numbers and 0800/090X numbers	In 2001, this Foundation was recognised by the Minister as responsible for the code of conduct for the recognisability and reliability of information numbers and the services offered through them (0800/090X). Self-regulation policy is currently being considered.	
10. Transparency in mobile telephony	In 2002, a cooperative venture of providers, user organisations and the government was created to provide consumers with better information on quality developments in the mobile telephone sector. It reported back in January 2003. Strong competition meant that providers had to end this venture in March 2003, and alternative ways of providing better consumer information are currently being studied.	Reporting in 2003 by consumer organisations

OBJECTIVE 3: INVOLVEMENT OF CONSUMER ORGANISATIONS IN EU POLICIES

Action	Description	Time-frame/current situation
[Area]:		
1. Consulting consumer organisations	The various ministries each consult in their own way the Consumentenbond, the Ombudsman or one of the sectoral consumer organisations, such as the <i>Vereniging Eigen Huis</i> (Own House Association) or Rover, from time to time. This consultation can range from formally requesting a response to policy proposals to co-supporting investigations.	
2. The Socio-Economic Council's Consumer Affairs Committee	Employers, employees and the Consumentenbond sit on the Socio-Economic Council's Consumer Affairs Committee. It is customary for the Committee to be asked for its opinion on new EU policy proposals.	Not on the agenda over this period. To be consulted in autumn 2003 about proposals concerning unfair trading practices and administrative cooperation.

MEASURES TO IMPROVE THE QUALITY OF CONSUMER POLICY

Action	Description	Time-frame/current situation
Impact assessment		
1. Evaluation of conciliation boards.	In 2002, the Ministry of Justice had the system of conciliation boards evaluated. It was found that the system was operating well.	Concluded in July 2003.
2. Investigation of watchdogs	<p>The project 'Supervising consumers' interests' showed whether and how watchdogs take consumer interests specifically into account.</p> <p>This investigation was prompted by the perception that there is sometimes tension between consumer policy and competition policy. Watchdogs (such as NMa, OPTA and DTE) do not always act solely in the interests of consumers, and sometimes do not even have the tools to serve these interests. Although it is generally the case that good competition works in the interests of consumers (certainly in the long term), it does not always work satisfactorily for everyone.</p> <p>The existing tools that can be used to intervene directly in the supplier/consumer relationship were mapped, and an initial evaluation was made of their effectiveness. Not only watchdogs in the Netherlands, but also those in other countries were investigated, with the aim of identifying the consumer protection tools available to watchdogs in Denmark, the UK, the USA, Australia, France and Italy.</p> <p>Results: This investigation showed that some of the Dutch watchdogs studied were less well equipped than others to protect the interests of consumers directly. For this reason, the investigation will be brought to the attention of the most closely involved departments.</p> <p>It was found that protecting consumers was almost never an</p>	Research was concluded in the spring of 2003. A check was carried out in the summer, which was then enclosed with a letter dated xx-xx-2003 to the TK.

	<p><i>explicit</i> task of the Dutch watchdogs. The legal instruments available are not generally intended for protecting consumer interests, which is usually a secondary result of the statutory role. The watchdogs investigated have a wide range of tools available with which they <i>can</i> protect consumers' interests. Some watchdogs have all the types of tools available, but they are not used exclusively for monitoring consumer interests but for other purposes, too. However, many watchdogs have included specific attention to consumer interests in their work programme.</p> <p>One subject not investigated was which tool or which watchdog was the most effective in protecting consumer interests. It is difficult to make comparisons between different watchdogs, although it can be stated which watchdogs do not have tools to protect the four consumer interests and therefore where improvements need to be made.</p>	
Knowledge policy		
<p>1. Consumer platform of the Ministry of Agriculture, Nature and Food Quality</p>	<p>The aim of the Consumer platform is to better define the consumer aspects of the Ministry's policies to ensure that they are taken on board in its policy-making.</p> <p>Presided over by an independent chairman, it comprises twenty prominent members who are experts in food and/or consumer behaviour and meets three times per year to discuss one of the policy themes. The meetings are based on thorough preparation, using market research and research in the trade literature, surveys and discussions with specific groups of consumers.</p> <p>Since its creation, the Consumer platform has met five times, to discuss the following policy themes:</p> <ul style="list-style-type: none"> • Where does my meat come from? (April 2002) • Selecting fruit and vegetables (September 2002) • Genetically modified foods. Do you know what that is? (November 2002) • Responsible fishing (March 2003) • The price of sustainable food production (June 2003). 	<p>The consumer platform was created on 18 April 2002.</p>

	<p>As the aim of platform meetings is not to work towards consensus, meetings lead each time to a wide range of diverse policy suggestions. The Agriculture Ministry decides, on the basis of established criteria, which suggestions are to be turned into policy proposals.</p> <p>Transparency is an important condition for the operation of the Consumer platform. All preparatory documents, the minutes of the meetings and information about the progress of the associated activities are available on the Agriculture Ministry's website at: www.minlnv.nl/consumentenplatform</p>	
<p>2. Consumer Market Test (CMT)</p>	<p>The CMT was developed in 2000 to find out whether and how consumers are (un)happy with certain aspects of a particular consumer market. The Economic Affairs Ministry can thus use the CMT to monitor markets from a consumer perspective.</p> <p>The markets studied are chosen using the Scorecard for the Risk of Market failure (SRM), which ranks more than a hundred national consumer markets on the basis of the risk of market failure using the following nine indicators: market growth, margin, market dynamism, concentration of suppliers, separation between choosing, using and paying, customer complaints, entry obstacles, level of cooperation and consumer involvement.</p> <p>In 2002, seven national markets were studied: cinemas¹, nursing home services, smoking materials and large domestic appliances; financial services agencies were investigated in consultation with the Finance Ministry, together with two markets which have a low risk of market failure: compulsory education and house maintenance work. These low-risk markets were included in the study to find out more about the relationship between market failure in practice and customer satisfaction.</p> <p>General results of CMT 2002</p>	<p>In 2002, the research was performed by KPMG Bea, with the participation of the NIPO (Dutch Institute for Public Opinion Survey and Market Research). The results of the consumer survey were discussed with market experts, such as sector organisations and watchdogs. The Consumentenbond also contributed to the research, via its register of complaints and notifications, amongst other things. The reports were also submitted to the VNO-NCW and MKB Nederland for perusal and comments.</p> <p>The results were submitted to the Netherlands Parliament on 13 December 2002.</p>

¹ Translator's note: Could also mean 'projectors'.

	<p>The study showed that the assumption that consumers are generally satisfied in markets with a low risk of failure and unsatisfied in high-risk markets does not necessarily hold true. In itself, this is not surprising: a risk of market failure does not necessarily mean that the market is really failing and/or that consumers are unhappy. It does demonstrate though that the Scorecard for the Risk of Market failure has only limited use as a selection tool for markets where consumers are unhappy.</p> <p>Although the exact scores per market differ, consumers were positive about the general situation on all the markets that the Ministry of Economic Affairs had had studied. This applied to both the high-risk and low-risk markets.</p> <p>However, a high level of general satisfaction is not accompanied everywhere by a high level of satisfaction over individual aspects of the market. In other words, the general picture is often more positive than specific opinions on particular aspects of the same market. On average, consumers in all the markets studied appeared to be most unhappy about price, reputation and the choice of suppliers, and least unhappy about the choice of products, customer-friendliness and product quality.</p> <p>It is also interesting that the results of the study suggest that consumers appear to be less happy (about certain aspects) as government intervention increases, for example, the markets for nursing homes, education and smoking products. Consumers were relatively unhappy about reputation, freedom of choice, switching costs and transparency in these sectors. A quarter of respondents were unhappy about the quality of service in two semi-public sectors (nursing homes, compulsory education). However, consumer dissatisfaction is not necessarily undesirable in all markets where the government intervenes. For example, the deterrent strategy pursued by the Public Health Ministry in the smoking products market was intended precisely to make consumers dissatisfied about the price and reputation of these products, to discourage them from smoking.</p>	
<p>3. Transparency studies</p> <p>a. Transparency (Telecommunications and Post Directorate-General (DGTP)/Consumentenbond)</p> <p>b. Transparency and e-rating Internet (DGTP/ Consumentenbond)</p>	<p>Study of consumer perceptions and the actual situation in the area of the transparency of the telecommunications market.</p> <p>Study of tools that consumers need and use for increasing transparency (Internet and telephony). Comparison sites for mobile telephones are rated and assessed using the European e-rating method.</p>	<p>- final report March 2003</p> <p>- final report January 2004</p>

<p>4. Transparency project conducted by the Market Operation and General Economic Policy directorates of the Ministry of Economic Affairs</p>	<p>The project has led to the creation of an assessment framework for deciding when the government has to intervene. The main conclusions are the following:</p> <ul style="list-style-type: none"> • Transparency plays an important role in policy discussions, and is probably set to become even more important in the future. This is why developing an assessment framework for government intervention in this area is particularly relevant. • Increasing transparency means giving consumers more insight into the suppliers, price, quality, process characteristics or contractual terms and conditions of goods or services. • The free operation of the market does not always lead to the optimum level of transparency. • Increasing transparency can have both positive and negative effects. In the development of measures, account needs to be taken of the potential negative effects. If this happens, negative effects can be almost always kept under control. • The government has various options for increasing transparency, all of which have associated advantages and disadvantages. The best type of intervention depends, inter alia, on the support of the market players (suppliers, consumers, others), the implementation costs, the enforcement possibilities and the number of committed parties in a particular market. • The assessment framework is an aid to determining whether government interventions in favour of transparency are suitable and how best to structure them. The starting point for the framework is the impact of the intervention on society. The framework asks the relevant questions but does not provide a blueprint. Answering these questions is not always easy, but it 	<p>The assessment framework was completed on 1 October 2002.</p>
---	--	--

is often possible to make a rough guess. It also makes comparing alternatives easier and offers concrete points for improving proposed measures.

The assessment framework

The above principles are incorporated in the assessment framework for government intervention in the area of transparency, which has five steps:

Step 1

The question of whether there is a lack of transparency on the market is asked, on the basis of consumer complaints and the level of search costs.

Step 2

If a transparency problem is found, the next step is to ask about its nature. A lack of information about suppliers, price, quality, process characteristics or contractual terms and conditions can be the result of a poor accessibility, comprehensibility, reliability or comparability of information.

Step 3

In step 3, the central question is: what can the government do to solve this transparency problem? The choice of measures must link up with the incentives that market players have to achieve an optimum level of transparency, i.e. the costs and benefits that market players can expect from an increase in transparency.

Step 3 is followed by an intermediate step, which is optional and serves to make a pre-selection for steps 4 and 5. The question

	<p>here is the extent to which transparency will be increased by the measure and the associated costs. Measures that achieve a relatively high transparency increase at a relatively low cost are then chosen.</p> <p><i>Step 4</i> The focus in this step is the impact on society. It includes an estimate of the likely positive (encouraging a better price/quality ratio, disappearance of markets where low quality is offered) and negative (greater likelihood of anti-competitive behaviour, administrative and other running costs, privacy problems, supplier demotivation and greater consumer dissatisfaction) effects on society.</p> <p><i>Step 5</i> As measures to increase transparency do not exist in a vacuum, step 5 looks at other forms of market or government failure. The question is whether the contribution to society could be greater if other instruments were used (in different ways). This question is relevant for two reasons: firstly, synergies can be created between transparency measures and measures for another form of market failure, e.g. switching costs. Secondly, a 'crowbar' effect is possible.</p>	
--	---	--