Protection of the Consumers in Chile and the International Experience

Submitted by: Chile
PROTECTION OF THE CONSUMERS IN CHILE AND THE INTERNATIONAL EXPERIENCE

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AGENDA

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About SERNAC

- SERNAC is the National Consumer Service of Chile.
- We inform, educate and protect Chilean consumers
- 1997 was published law Nº 19.496’s Law Consumer’s Rights Protection Law. (LPC)
- 2004 law Nº 19.955, reformed LPC introducing a collective action procedure and enhancing the scope of the law, allowing us to bring action against violation of rights of consumers in any market, including those regulated, and even to seek redress for consumers in a competition law procedure.

Our Mission

- To Generate Information that allows customers to consume in a more rational way, overseeing the markets.
- To Promote market development, through diffusion and education on consumers rights and obligations.
- To Protect consumers affected by the failure to fulfill consumers protection standards
- To Develop and improve self education and rights defense instruments.
Consumer Protection Act (LPC)

- Establishes consumers basic rights
  - To receive truthful information about services & products
  - The right to choose freely
  - The right to consume safely & the protection of health & environment
  - To be compensated for any damages
- Fraud repression
- Deceptive advertising regulation
- Product safety regulation
- Abusive contracts
- Procedures
  - Individual & collective

About SERNAC and the Legal Framework

How we protect consumers

- **Alternative Dispute Resolution:**
  - Consumers file complaints before SERNAC
  - SERNAC provides a non mandatory administrative mediation process
  - SERNAC has legal powers to ask firms for commercial information.
- **Law Enforcement:**
- We can go to the Local Courts and obtain
  - Fines
  - Monetary equitable relief (restitution and rescission of contracts)
  - Barring certain damaging activities
- Collective Procedures
About SERNAC and the Legal Framework

**Strategic Products**

- **To inform**
  - Programs of information and education.
  - Information and media networking
- **To educate**
  - Economic analysis and market investigations (products, practices and advertising)
- **To protect**
  - Consumer Law and related statutes enforcement
  - Mediation
  - Individual and collective procedures (class actions)

We don’t work alone ... and we want to work as well as possible...

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Strategy

The strategy has been defined aiming the improvement of the Chilean system through:

• assess and implement the best practices internationally identified.
• implement international standards.
• observe and analyze issues of common markets.
• transferring the best practices to the region.

1. Related to the German Technical Cooperation (GTZ)
2. The triangulation with regional countries on the experience received with the German support.
3. Related to a dynamic observation of best practices and international standards and the redefinition and their use in Chile.
4. The fourth phase is to transfer the best practices and standards in the region (Latin America).

Stage 1

Improvement in the Consumer Protection System in Chile

International cooperation in Chile (GTZ) / Chile as beneficiary

Institutional Management

• STRATEGY
• PROCESS RE-ENGINEERING

Information Systems

• SERNAC’S NETWORK
• MUNICIPAL NETWORK (Local Administration)
• OTHER REGULATORS AND AGENCIES
• STAKEHOLDERS AND RELATIVE ACTIONS
• CITIZEN’S PARTICIPATION AND CONSUMER ASSOCIATIONS

Consumer Protection System (CPS)

• SERNAC FACILITA (“Sernac makes it easy”)

Consumer Law Modifications

Legal Modifications

• Adaption of faculties
• Citizen Empowerment
• Watch the markets
• Promote the solutions in the same markets
Stage 2

**Triangulation of International Cooperation**

Chile is no longer regarded as beneficiary;
Chile shares its experiences and its best practices

Some examples ....

- GUATEMALA
- EL SALVADOR
- COLOMBIA

- Bilateral agreement
- Financial intermediation from the international cooperation agencies (AgCl, GTZ, etc)
- Delimited Working Program (modules, internships, assessments, etc)

Stage 3

**Best practices and international working standards**

- OECD
- ICPEN
We can work better if our region works better...

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Regional Experiences

Cases of cross border solutions
1. AIR Madrid cases
2. Turism cases.
1. Description of the problem.

2. Mechanism of cooperation

3. Solution
Tourism problems

1. Description of the problem.

2. Mechanism of cooperation

3. Solution
... and all of us win

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- New challenge in issues of consumers protection, finding answer in the international networks with related agencies.

- In front of this:

A strategy of international relationships and international work that also responds to cross-border problems with effects in the local consumers.
• An integrated strategy of international relationships to the global strategy and the management of the organization.
  - Check international standards of work and application of better practices implemented.
  - International relations in every line of local work (ex. citizen participation, product security, etc)
  - Contact and permanent communication.

• A strategy that looks for synergy and collaboration between the parts (countries or forums).
  - Not to re-invent the wheel; to concentrate the energies in the important thing, adding value.
  - To exploit the wealth experiences of those countries than go steps ahead

• A strategy of international relationships supported in a strategy country aiming to the economy develop.
  - Consumers protection have a systemic character
  - The level of the economy development is very related with consumers protection level
  - All of that, should be in continuous process of improvement

• Today, in Chile, the consumers protection need to know “the pulse” of cross borders subjects space and then to promote a collaboration space between the agencies of the region.
  - The presidency of ICPEN, in charge of Chile also focuses in the integration of the region to these spaces.
  - The presidency of the FIAGC today in charge of Mexico and the integration of activities ICPEN in this Iberoamerican Fora.
  - Dynamics FIAGC like space of confluence of experiences from members OECD, OCPEN, APEC.

• The examples given, confirm us that the strategy applied is one of several options, which in our case, has been successful.
Thank you!