Standard Summary Project Fiche for the Transition Facility

1. Basic Information
   1.1 CRIS Number: 2004/006-270.02.01
   Twinning EE04-IB-OT-01

   1.2 Title:
   Strengthening the administrative capacity of the Consumer Protection Board for the full implementation and enforcement of the *acquis communautaire*

   1.3 Sector: Internal market

   1.4 Location: Estonia

2. Objectives

   2.1 Overall Objective(s):

   Increased protection of Estonian consumers’ interests

   2.2 Project purpose:

   Improved consumer protection administrative capacity and increased public awareness to manage further enforcement of consumer protection *acquis* and policy.

   2.3 Justification

   Commission comprehensive monitoring report (November 2003), chapter 23:
   *As regards non-safety related measures, with the adoption of the Law on Obligations Estonia has made further steps to complete transposition. However, the Consumer Protection Act needs to be brought into line with the acquis on injunctions for the protection of consumers’ interests and on indication of the prices of products offered to consumers. The relevant administrative framework is in place. The Consumer Protection Board is working effectively to settle consumer complaints and to inform and advise consumers. Of the 1 763 consumer complaints submitted to the Board in 2002, 94% were resolved by the body. However, it should be further strengthened both in terms of human and financial resources.*

   *With regard to consumer organisations, the development of an effective consumer movement in Estonia needs greater support. There is one umbrella consumer organisation in place, which groups together ten legal entities. Activities in areas such as representation of consumer interests, testing of products, publications on consumer issues and consumer education should be further developed. Improvements are also necessary to increase the level of consumers’ and businesses’ awareness of their rights and responsibilities.*
3. Description

3.1 Background and justification:

Legal and administrative framework
At the moment the general level of consumer protection in Estonia is good. Basic legislation is enforced and main institutions have been formed and are working. The main principles of consumer protection policy in Estonia are stated in the Consumer Protection Act of Estonia (CPA), adopted on 15 December 1993, and entered into force on 1 January 1994.

The Estonian Consumer Protection Act contains a detailed consumer protection system involving several parties. These parties are the state and national consumer protection as well as the non-governmental organisations.

Estonian consumer policy is mainly focusing on prevention of conflicts through consumer information, education, and market surveillance. Both informal and fair handling of complaints, as well as formal means of consumer redress are taken into account. Cooperation between all parties - public and voluntary consumer bodies, as well as the business circle - is thereby being emphasized.

The Consumer Protection Board (CPB) was founded in May 1994 and according to the Consumer Protection Act belongs under the jurisdiction of the Ministry of Economic Affairs and Communications.

The main functions of the Consumer Protection Board are:
- to supervise the consumer market
- to settle consumer complaints
- to inform and advise consumers.

The Board is entitled to impose administrative fines and prescriptive orders in case of violations of the CPA and other regulations. Together with other state and local government institutions the Board also monitors the following fields: product safety, misleading advertising, consumer contracts, public services, product labeling, etc.

Some data concerning the results of work in 2000-2002 are presented in the table below.

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<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
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<tbody>
<tr>
<td>No. of enterprises</td>
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<td>submitted</td>
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<tr>
<td>No. pieces of advice</td>
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<tr>
<td>given by the</td>
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<tr>
<td>information telephone</td>
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According to § 14 of the CPA the consumer shall be entitled, when his/her rights are violated, to submit a claim or complaint to:

- Consumer Protection Board;
- Local government (a town or parish administration);
- Court

The main out-of-court body for solving individual consumer disputes is the CPB. The Board has a right and obligation to handle complaints concerning consumer goods and services. However, according to the § 2.2 the CPA is applied in banking and insurance services and immovable property only when the other legislation does not regulate these services. There is a special legislation in the field of banking and insurance services and there are special supervision bodies. However these bodies do not solve individual consumer complaints. For that reason the Board settles also these claims, but before making the decision asks the opinion from the Banking or Insurance Inspectorate.

The CPB constitutes an inexpensive alternative to the civil courts and the decisions of the Board serve as guidelines for trade enterprises.

The CPB is a mediation body. In the solving of cases both parties are invited at the same time to the hearing to the CPB. This is the main way an agreement between the parties is achieved in the Board.

If the Board considers that the consumers' claim is justified, the Board can make a decision in accordance with the substantive rules of civil law. The decisions are recommendatory, not binding, but in case the trader does not comply with them, the only possibility to get redress is to take a legal action in a court. The Board has a right to impose administrative sanctions, but only in order to protect consumers' collective interests, not in cases where a trader refuses to rectify in individual complaints.

There are no complaint fees and the acceptance of complaints does not depend on the price of a product or a service. This is a very important aspect for protecting consumers' economical interests, since cases starting from the value of 200-300 EEK (~15 EURO) may have great impact to the consumers' economic situation.

In 2002, 1763 complaints were received from consumers. Half of them touched upon the trade problems and the other services (mostly water, heating, rent, etc). The most frequent problems in trade were in connection with footwear and home appliances - lacking usage guidelines or the guidelines were not correctly translated.

According to the CPA the consumers are entitled to assemble in consumer societies, establish unions and central federations of consumers.

The Estonian Consumer Union (CPU) was established in Tallinn on May 1994. At the moment the CPU is an umbrella organization that has 10 member organizations with approximately 180 individual members from all over Estonia.

Considering the nature of the project, the Consumer Protection Union has been consulted in the preparation of the project.
The Consumer Protection Union has the same role as similar non-governmental organizations in EU Member States have. They have right to participate in making consumer policy (they participated actively in process for renewing Consumer Protection Act) and its implementation. They have organized and organize in local level training for voluntary consumer protection activists and provide in some extent consumer advice. They make constructive co-operation with Consumer Protection Board in training the consumer protection activists, providing consumer information i.e. in Tallinn, Jõgevamaa and Tartu. They also have right to represent consumers in courts and other agencies.

Justification for the project/Gaps

For Estonia as a new member state it is important to be on the same level as current Member States in order to have good functioning consumer protection all over EU. In addition to well functioning system of consumer protection, market surveillance, awareness of consumers information and education. The Consumer protection acquis includes some important new legislation. In order to fully implement the acquis some changes have to be enforced in Estonia.


The CPB currently fulfills, according to the CPA, the role of alternative inexpensive out-of-court body by solving consumer complaints. But the CPB can’t cover all requirements foreseen for the ADR.

A new (renewed) Consumer Protection Act is adopted. It will enter into force from April 15, 2004.

The new act is as a modernised version of the existing Act in force since 1994, but does not foresee any substantial changes concerning consumer protection matters.

The most essential amendments are:
- The new Act will establish the legislative bases and rules for the creation of a consumer complaint committee as Alternative Dispute Resolution Body (ADR). (Transposing the Commission Recommendation 2001/310/EC on the body responsible for out-of-court settlement of consumer disputes)
- The new act harmonises fully the unit price directive (98/6/EC) and the directive 98/27/EC on injunctions for the protection of consumers' interests
- The new system will give a better balance between all the parties involved - consumers, suppliers, and judicial systems - while offering consumers the option of out-of-court complaints settlement.

The consumer complaint committee, as Alternative Dispute Resolution Body (ADR), will be an independent institution under jurisdiction of the Ministry of Economics and Communications. The CPB will be responsible for the smooth functioning of this institution (providing administrative services - preparing consumer complaints and other
materials for the committee meetings and organizing the reporting of the committees’ work). (For additional information, please see the draft English version of the renewed CPA in Annex 5.)

The complaint committee consists of a judge (paid by the state) and on an equal basis of the representatives from business representing associations and consumer organizations.

According to the renewed CPA (§ 24), for the hearing of each individual dispute, the director general of the Consumer Protection Board or a person authorised by him or her shall approve the composition of the committee consisting of at least three members, one of whom is the chairman (every organisation covers the costs of its representative).

The complaint handling is free of charge. The committee has an obligation to settle consumer complaint within two months upon reception of a complaint. The committee calls for both parties (consumer and businessman) to the hearing, but missing one or other part does not hinder the case handling. The decisions of the committee are not binding. The decisions of the committee will be published in Consumer Protection Board’ website www.tka.riik.ee

In order to ensure the smooth functioning of the newly established ADR system the high level knowledge and skills of persons who will be responsible for complaint handling (members of the complaint committees and the staff of the CPB) are essential. Therefore the training on every-day operation of the members of the consumer complaint committee and on specific issues of consumer protection are planned in the framework of the project (workshops and study visit to the Member State). As the future members and the CPB’s staff have only few knowledge on the consumer protection issues related to financial services (how to deal with interest rates in case of consumer credit, fees for different bank transmissions), training in this field is necessary. Additionally, in Estonia the introduction of the Euro is planned as soon as possible. Therefore, knowledge on the relevant consumer protection issues is also useful. Further, training on consumer protection issues related to the sales promotion and e-commerce is also necessary. As most of the relevant EU legal acts are not adopted yet, a follow-up project under the transition facility might be presented in 2005/6 to deal with these subjects (please see Annex 4 for the information on the relevant legal acts and documents for this and follow-up project).

It is also important to inform the public about new opportunities for solving consumer complaints. For that, consumer education programs and media campaigns are widely used in the EU Member States. In the case of Estonia, the outcomes of the surveys ordered by the CPB in 2002 indicate that 44 % of respondents consider TV as the best channels for consumer information and education (other media channels 36% respectively). In case of advertising campaign on consumer protection issues formerly organised by the CPB (TV and out-door campaign), 48% of respondents noticed the campaign and 51% of these answered that the campaign changed their behaviour.

Regarding consumer education as whole in Estonia, the Internet can be considered as one of the most important channels of the knowledge transfer. Firstly, the outcomes of the annual survey ordered by the CPB in January 2004, refer that 70 % of respondents prefer to gain consumer information from the Internet. Respectively, 77% and 88% of respondents consider the Internet and Televison as a very important channel for consumer information. Secondly, based on discussions between CPB officials, Estonian school-teachers and
consumer educators abroad (Sweden, Norway, etc) and their experience, it can be argued that a web based interactive program has great possibility to provide important information on consumer protection matters and raise consumers’ awareness in Estonia. In addition, it can be considered to be useful as supportive teaching material at schools.

Although the using of the Internet is very popular in Estonia, effective consumer education cannot be done only web based as a certain part of consumers does not use the Internet. Therefore, it is necessary to consider whether other supplementary means/media would be recommendable for educating consumers. If there is need for such means, recommendations for follow-up activities are to be elaborated.

For benefiting from awareness campaigns, professional advertising offices and media channels should be involved. Nevertheless, in the CPB there are no officials with sufficient experience of preparing consumer education programs and media campaigns. Therefore, it is important to train the staff members of the CPB on these subjects in order to ensure the necessary awareness among consumers and producers on the consumer protection issues.

In order to integrate consumer NGOs in implementation of the consumer protection acquis and in preparing of the current project, they have been consulted on the content and activities of the project during a product safety seminar on 20.10.2003 organised by the MoEAC.

3.2 Linked activities:

- Project No: ES99/IB/OT-02. Consumer Protection
  Amount: 320 000 EUR
  Duration: 22.06.2000 – 21.07.2002

The stated purpose of the project can be summarized as the general improvement of the organizational efficiency and effectiveness of the Consumer Protection Board (CPB), giving special emphasis to the strengthening of market surveillance functions, as required by the European Union internal market legislation.

The twinning project assisted the CPB in the following:
- adaptation and introduction of new Estonian legislation and regulations to implement the acquis communautaire;
- training CPB staff in how to ensure that consumer legislation is enforced;
- co-operation between market surveillance bodies and enhancement of CPB as co-ordinator of market supervisors;
- elaboration of a consumer information strategy for CPB;
- developing education and advisory programmes;
- analysis and further development of existing information systems;
- technical support in newly identified areas for consumer protection;
- elaboration of a medium-term consumer protection policy program in accordance with EU practices.

In the end of the project it has been confirmed that Estonian consumer protection had made substantial progress. The CPB is an active and operative authority with a potential to undertake further tasks and responsibilities. Nevertheless there are areas where the CPB
needs to develop further in order to carry out an active policy to the benefit of consumers at national level and in particular, to meet all the obligations of membership of the EU.

- Consumer Protection Board has also benefited from different programmes (CICPP, TAIEX, etc.) and from small bilateral projects or events with EU Member States.
- Phare CICPP II and III program (consumer institution consumer policy program), carried out during 1998-2000. The officials of the Board participated in different seminars, workshops, conferences etc on consumer policy, product testing, consumer credit etc.

### 3.3 Results:

3.3.1 Successful operation of consumer complaint committee as ADR in Estonia:
- Management plan, administrative procedures, etc. for the functioning of the ADR elaborated;
- The members of the consumer complaint committee and CPB staff are fully qualified, in particular on issues related to financial services, introduction of the Euro and preparation of media campaigns etc.
- The ADR system is known by general public.

3.3.2 Development and implementation of a consumer education program

3.3.3 Provision of an information campaign on ADR system and consumer contracts

### 3.3. Activities:

3.4.1. Twinning (TF: 346 400 EUR, 12 consecutive months)

3.4.1.1. Resident Twinning Advisor to contribute, ensure and support the completion of results 3.3.1-3.3.3 (TF: 180 000 EUR, 12 consecutive months)

Main tasks of the RTA:
- elaboration of Twinning covenant
- co-ordination and supervision of the implementation of the whole project (incl. the subcontracts) and short term experts’ input;
- Based on the input of individual experts, compiling of final reports;
- Carrying out of the analysis and comparison of the consumer complaint solving systems in Estonia and in the Member States;
- Elaborating the management plan, administrative procedures, etc. for the ADR based on the new Consumer Protection Act and knowledge of similar structures in the Member States (result 3.3.1.1);
- Providing a workshop on the principles and practical work of consumer complaint committees;
- Providing a workshop about handling the cross-border disputes (core activity 3.4.2.3);
- Providing a seminar in order to increase the consumers and entrepreneurs awareness on work principles of the consumer complaint committees etc (core activity 3.4.2.7 in cooperation with STE 6).

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1 For the indicators please see Annex 1 – Logical Framework Matrix.
- Organising a 3-days study visits for 6 Estonian experts (ADR system) (together with STE1 and STE2);
- Organising a 3-days study visits for 3 experts (consumer information and education) (together with STE5 and STE6);
- Compiling the Terms of References for service components under the Twinning (core activities 3.4.2.10 and 3.4.2.12)
- Writing inception, quarterly and final reports.

Profile:

- At least 5 years experience in practical work of consumer complaint systems and ADR;
- Experience in elaborating and implementing training programmes;
- Professional experience in project management;
- Broad knowledge of governance and EU-related aspects and the *acquis communautaire*;
- Academic and research background would be an advantage;
- Personal requirements: excellent knowledge of English, computer skills, flexible and good communication skills, hands-on approach to work, team-work orientation, capacity for generalization and good analytical skills.

*3.4.1.2 RTA Assistant to assist RTA and STEs throughout the project (TF: 16 000 EUR, 12 consecutive months)*

**Main Tasks:**
Assisting RTA in coordinating project activities, general office work, translation etc

**Profile:**
- Experience in assistance;
- Organisational skills;
- Good command of English and Estonian;
- Good communication and computer skills are required.

*3.4.1.3 MS Project Leader to ensure and support the completion of the results 3.3.1-3.3.3 (TF 16 000 EUR, 1-2 working days per month over 12 consecutive months)*

**Main Tasks:**
- Overall co-ordination of the project;
- Leading project activities.

**Profile:**
- Long-term civil servant from the EU Member State consumer protection administration with necessary experience in consumer complaint handling;
- Project management experience would be an advantage;
- Good leadership skills;
- Fluent in English;
- Computer skills.

*Short term experts* for the assistance to the CPB (and to contribute the results 3.3.1-3.3.3) it
is foreseen that 6 short term experts will be involved in the project, for a total of 89 days over the 12 month project period.

3.4.1.4 STE 1 on ADR to contribute the completion of result 3.3.1.2 (TF: 7000 EUR, 11 working-days)

Main Tasks:
- Analysing and comparing the consumer complaint solving system in Estonia and in the Member States and consulting local experts.
- Providing a two-days workshop on the role and day-to-day functioning of consumer complaint committees and handling consumer complaints (consumer goods and services incl. financial and insurance complaints) by ADR (core activity 3.4.2.2, in cooperation with RTA);
- Providing a one-day workshop on handling the cross-border disputes (core activity 3.4.2.3, in cooperation with RTA)
- Organising a 3-days study visit for 6 Estonian experts for studying consumer complaints settlement by ADR in a Member State (core activity 3.4.2.5, in co-operation with the RTA and STE 2)
- Report writing.

Profile:
- At least 5 years experience in practical work of consumer complaint systems and ADR (complaints handling on insurance and financial services);
- Experience in elaborating and implementing training programmes;
- Excellent knowledge of the relevant acquis communautaire;
- Excellent written and verbal English.
- Computer skills.

3.4.1.5 STE 2 on ADR and judiciary to contribute the completion of result 3.3.1.2 (TF: 4500 EUR, 7 working-days)

Main Tasks:
- Analyse and compare the consumer complaint solving system in Estonia and the Member States and consulting of local experts.
- Providing 1-day workshop on practical work and principles for judges of consumer complaint committee (core activity 3.4.2.4).
- Assistance to STE1 in organising the 3-day study visit for 6 Estonian experts for studying consumer complaints settlement by ADR in a Member State mentioned in section 3.4.1.4 (core activity 3.4.2.5, in co-operation with the RTA and STE 1)
- Report writing.

Profile:
- Masters degree in law
- At least 5 years experience in practical work as a judge and preferably in ADR;
- Experience in staff training;
- Excellent knowledge of the relevant acquis communautaire;
- Experience in elaborating and implementing training programmes;
- Excellent written and verbal English;
• Computer skills.

3.4.1.6  **STE 3 on financial services to contribute the completion of result 3.3.1.2** *(TF: 8500 EUR 14 working-days)*

**Main Tasks:**

- Screening of Estonian situation on financial services (how to deal with interest rates in case of consumer credit, fees for different bank transmissions), examining the strengths and weaknesses of Estonian system.
- Based on the outcomes of the screening and the knowledge of Member States’ practices, provide **2-days workshop** for introducing the MS experience on issues of financial services compared to those in Estonia. In addition, the forthcoming Consumer Credit Directive amendments will be introduced (core activity 3.4.2.6).
- Analyses, evaluation and writing of a report

**Profile:**

- Experts involved have to have at least 5-year experience in working with financial services;
- Excellent knowledge of the relevant *acquis communautaire*;
- Experience in elaborating and implementing training programmes;
- Excellent written and verbal English;
- Computer skills

3.4.1.7  **STE 4 on introduction of the Euro to contribute the completion of result 3.3.1.2** *(TF: 4500 EUR 7 working-days)*

**Main Tasks:**

- In the frames of the workshop (core activity 3.4.2.6) on financial services to give an overview on the consumer protection issues related to introduction of the Euro instead of national currency (based on MS’ practices);
- Analyses, evaluation and writing of a report.

**Profile:**

- Experts involved have to have at least 5-year experience of consumer protection in appropriate field of;
- Knowledge and experience in consumer protection issues related to introduction of Euro (incl. awareness rising activities);
- Excellent knowledge of the relevant *acquis communautaire*;
- Experience in elaborating and implementing training programmes;
- Excellent written and verbal English;
- Computer skills.

3.4.1.8  **STE 5 on consumer education to contribute the completion of results 3.3.1.2 and 3.3.2** *(TF: 17 000 EUR, 28 working-days)*

**Main Tasks:**

- Analysing existent educational materials for consumers in Estonia and based on the knowledge of consumer education interactive programs made in other Member States, finding out the best solutions for Estonia (core activity 3.4.2.9);
• Developing proposals for the Estonian web based consumer education program (in cooperation with Estonian experts); considering and recommending supplementary means/media in addition to the web based consumer education programme (core activity 3.4.2.9);
• Coordinating the producing of the program with the subcontractor under the core activity 3.4.2.10;
• Preparing 3-days study visit for three Estonian experts to the Member State for studying practices of consumer education and information campaigns (in cooperation with RTA and STE 6);
• Analyses, evaluation and writing of a report

Profile:
• At least 5 years experience on field of the consumer protection and consumer education;
• Experience in elaborating and implementing training programmes;
• Pedagogical experience in the secondary school would be an advantage;
• Excellent written and verbal English;
• Computer skills.

3.4.1.9. **STE 6 on information campaigns** to contribute the completion of results 3.3.1.2, 3.3.1.3 and 3.3.3 (TF: 13 000 EUR, 22 working-days)

Main Tasks:
• Screening of possible information campaigns carried out in the Member States (core activity 3.4.2.11);
• Developing proposals for the Estonian campaign (in cooperation with Estonian experts) (core activity 3.4.2.11);
• Coordinating of the production of the campaign with the subcontractor under core activity 3.4.2.12;
• Providing a 1-day seminar for informing consumers and business representing associations about the newly created Estonian consumer complaint system (together with RTA);
• Organising a 3-days study visit for three Estonian experts to study the experience and work concerning consumer education and information (together with RTA and STE 5);
• Analyses, evaluation and writing of a report

Profile:
• At least 5-year experience in with the field of advertising and media relations related to consumer protection and consumer information;
• Experience in elaborating and implementing training programmes;
• Excellent written and verbal English;
• Computer skills.

3.4.2. **A summary of core activities of the Twinning**

• Activities necessary for successful operation of consumer complaint committees as ADR
Establishing institutional framework for ADR (Result 3.3.1.1)

3.4.2.1 Elaborating the management plan, administrative procedures, etc. for the ADR based on the new Consumer Protection Act and knowledge of similar structures in the Member States. (RTA)

Training activities for the members of the consumer complaint committees and the staff of the CPB (Result 3.3.1.2)

3.4.2.2 2-days workshop (for 40 participants) on the role and functioning of consumer complaint committees and handling of consumer complaints (consumer goods and services incl. financial and insurance complaints) by ADR (RTA and STE 1, fully co-financed by Estonia)

3.4.2.3 1-day workshop (for 25 participants) on handling the cross-border disputes. (STE 1 and RTA, fully co-financed by Estonia)

3.4.2.4 1-day workshop on handing consumer complaints (targeted primarily for potential judges (10 persons) who will be involved in the work of the consumer complaint committees). (STE 2, fully co-financed by Estonia)

3.4.2.5 3-days study-visit for 6 persons in total to the Member State (TF: 5000 EUR, travel expenses will be financed by Estonia) for studying consumer complaints settlement by ADR in a Member State. (RTA; STE1; STE 2)

The study visit under the core activity 3.4.2.5 is foreseen for the persons who will be directly involved in the working process of the consumer complaints committee as the members of the committee (representatives of the CPB, voluntary consumer protection organisations, and business representing organisations, altogether 6 persons). The aim of the visit is to learn from the practical experiences of similar committees in Member State. The more concrete criteria for selecting of the participants will be settled during the elaboration of the Covenant. Each MS expert (RTA; STE1; STE 2) is responsible for preparation of concrete part of the study visit according to their profiles and responsibilities in the frames of current project.

3.4.2.6 Screening of Estonian situation on financial services (how to deal with interest rates in case of consumer credit, fees for different bank transmissions), examining the strengths and weaknesses of Estonian system. Based on the outcomes of the screening and the knowledge of Member Sates` practices, provide 2-days workshop (for 25 participants, fully co-financed by Estonia) for introducing the MS experience on issues of financial services compared to those in Estonia. Further, the forthcoming Consumer Credit Directive amendments will be introduced.(STE 3).

In addition, the consumer protection issues related to introduction of the Euro instead of national currency (based on the Member States` practices) will be presented (STE 4).
Awareness rising activities for wider public (Result 3.3.1.3)

3.4.2.7 1-day seminar for informing consumers and business representing associations about the newly created Estonian consumer complaint system. (RTA; STE 6, fully co-financed by Estonia)

- Activities for developing consumer education program(s) and information campaign

Training activities for the staff of the CPB (Results 3.3.2 and 3.3.3)

3.4.2.8 3-days study visit for 3 Estonian experts (CPB) to the Member State (TF: 2400 EUR, travel expenses will be covered by Estonia) for studying the practices of consumer education and information campaigns. (STE 5 and STE 6) The study visit is a necessary precondition for Estonian experts in order to be well prepared for elaboration of the consumer education program and campaign together with STE 5 and STE 6, and to obtain necessary knowledge and contacts for guaranteeing the sustainability of the CPB concerning these activities.

Preparation of the consumer education program (Result 3.3.2)

- 3.4.2.9 Analyzing existent educational materials for consumers in Estonia and based on the knowledge of consumer education interactive programs made in other Member States, finding out the best solutions for Estonia. Developing proposals for the Estonian consumer education program (in cooperation with Estonian experts); considering and recommending supplementary means/media in addition to the web based consumer education programme and coordinating the producing of the program with the subcontractor under the core activity 3.4.2.10 (STE 5).

3.4.2.10. Service contract under the twinning for the producing of the consumer education program (TF 15 000 EUR)

- A Separate service contract is needed for producing of the interactive web based consumer education program. The Terms of Reference for this will be compiled by the RTA (based on the input from the STE 5 and Estonian experts).

New consumer education program (interactive and web based) will be developed in co-operation with the EU Member State’s and Estonian experts.
The program introduces in interactive way to consumers their rights and responsibilities in buying goods and services, incl.
  - how to choose the goods and services;
  - to whom to turn in case of problems with consumer goods and services;
  - how to make a complaint;
  - the role of the consumer complaint committee;
  - how to deal with loans and credit cards;
  - e-commerce and possible risks.

The program should consist of several different parts (i.e. theoretical part, game, test etc) and be accessible through the CPB’s homepage www.tka.riik.ee and other possible channels.
The CPB will be responsible for further regular updating of the program

Preparation of the media campaign (Result 3.3.3)
An information campaign will be carried out in order to introduce and promote the new system for solving consumer complaints and work of consumer complaint committees and how to avoid risks with consumer contracts (media campaign in TV, radio and/or other media channels).

3.4.2.11 Screening of possible information campaigns carried out in the Member States. Developing proposals for the Estonian media campaign (in cooperation with Estonian experts) and coordinating the producing of the campaign with the subcontractor under the core activity 3.4.1.12 (STE 6).

3.4.2.12. Service contract under the twinning for the producing of media campaign on ADR system and consumer contracts (TF 30 000 EUR)

A separate service contract is needed for the production of media campaign in TV, radio and/or other media channels. The Terms of Reference for this will be compiled by the RTA (based on the input from the STE 6 and Estonian experts).

3.5 Lessons learned:

The CPBs' experience from previous Phare projects (Twinning) implementation (considering the lessons learned) has shown that the most important is to compile a logical project proposal (identifying the problems, set realistic objectives, results, activities, management organisation, objectively verifiable indicators, monitoring). After the proposal has been considered acceptable, the tendering should be as smooth as possible. In conclusion, the project implementation process should not be hindered anyway. Therefore the preparatory work (as drafting tender documents) should be done on time. It is important that local and external experts work very closely from the beginning including the phase of covenant drafting.

Lessons learned have been incorporated in project management, implementation arrangement and monitoring. The incorporation of lessons learned has been executed as follows:

- Project implementation and management has been arranged according to the requirements (all the necessary institutions are involved in project implementation).
- Finding of relevant and experienced experts is very important
- Co-operation and communication between all involved parties has essential impact
- The project gave opportunity to learn Member State’s good practices and make direct contacts with MS experts for future work.
- Knowledge on making public campaign
- Understanding that communication with other state agencies take time (CFCU, Tax Board).
- Ensuring the preparation of project documentation in specific time-frames;
- Ensuring effective co-operation and communication between all involved parties;
- Full commitment of both MS and Estonian experts is necessary for effective implementation of the project.
4. Institutional Framework

The implementing agency is the Ministry of Finance, the Central Financing and Contracting Unit (CFCU). The CFCU will be responsible for tendering and contracting.

The Ministry of Economic Affairs and Communications (MEAC) is responsible for the programming of the project. The Ministry also provides resources for the coordination, consolidation and monitoring of the project (within the International Co-operation Projects Division of the EU and International Co-operation Department of the MEAC and Trade Department).

The Consumer Protection Board is the main beneficiary, but also the CPU and the managing directors of different businesses are involved in the project.

In the CPB the Director General is the responsible person for the technical implementation of the project. The project is being prepared and co-ordinated in the Consumer policy and public relations department.

5. Detailed Budget

<table>
<thead>
<tr>
<th>TF Support (EUR)</th>
<th>National Cofinancing</th>
<th>IFI</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Support¹</td>
<td>Institution Building²</td>
<td>Total TF (I+IB)³</td>
<td></td>
</tr>
<tr>
<td><strong>Twinning</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preparation of twinning covenant</td>
<td>15 000</td>
<td>15 000</td>
<td></td>
</tr>
<tr>
<td>RTA for</td>
<td>180 000</td>
<td>180 000</td>
<td></td>
</tr>
<tr>
<td>RTA assistant</td>
<td>16 000</td>
<td>16 000</td>
<td></td>
</tr>
<tr>
<td>Project leader</td>
<td>16 000</td>
<td>16 000</td>
<td></td>
</tr>
<tr>
<td>STE 1 (workshop on handling consumer complaints in consumer complaint committees; workshop on handling the cross-border disputes, etc.) 11 days</td>
<td>7 000</td>
<td>7 000</td>
<td></td>
</tr>
<tr>
<td>STE 2 (workshop for judges, etc.) 7 days</td>
<td>4 500</td>
<td>4 500</td>
<td></td>
</tr>
<tr>
<td>STE 3 (screening Estonian situation on financial services; workshop on financial services, etc.) 14 days</td>
<td>8500</td>
<td>8500</td>
<td></td>
</tr>
<tr>
<td>STE 4 (workshop on consumer protection issues related to introduction of Euro) 7 days</td>
<td>4500</td>
<td>4500</td>
<td></td>
</tr>
<tr>
<td>STE 5 (developing proposals for Estonian consumer education program, etc.) 28 days</td>
<td>17 000</td>
<td>17 000</td>
<td></td>
</tr>
</tbody>
</table>
STE 6 (Developing proposals for media campaign, etc.) 22 days

<table>
<thead>
<tr>
<th>Service contract under activity 3.4.1.10: Consumer education programs</th>
<th>13 000</th>
<th>13 000</th>
<th>13 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Study visit (3 days for 6 persons): consumer complaint settlement by ADR</td>
<td>5 000</td>
<td>5 000</td>
<td>4000</td>
</tr>
<tr>
<td>Study visit (3 days for 3 persons): consumer information and education</td>
<td>2500</td>
<td>2500</td>
<td>2000</td>
</tr>
<tr>
<td>Project management, training materials, seminar premises, translation and interpretation, local transport etc (foreseen for the workshops in Estonia).</td>
<td></td>
<td></td>
<td>19 300</td>
</tr>
<tr>
<td>Service contract under activity 3.4.1.12: Information campaign</td>
<td>15 000</td>
<td>15 000</td>
<td>3700</td>
</tr>
<tr>
<td>Audit</td>
<td>30 000</td>
<td>30 000</td>
<td>30 000</td>
</tr>
<tr>
<td>Contingencies (2.5 %)</td>
<td>8 000</td>
<td>8 000</td>
<td>8 000</td>
</tr>
<tr>
<td>Total</td>
<td>347 000</td>
<td>347 000</td>
<td>29 000</td>
</tr>
</tbody>
</table>

The amounts for co-financing indicated in the table correspond to joint cash co-financing. In addition, in-kind contributions from the Estonian administration for effective implementation of the twinning/TA may be further detailed in the twinning covenant/Terms of references.

The co-financing is planned from the 2005 budget of CPB as follows:

| National Co-financing (MEUR) |
|---|---|---|---|---|
| | State Budget | Local Governments | IFI | Other |
| | 2004 | 2005 | 2006 | 2004 | 2005 | 2006 | Total |
| 1. contract | 29 000 |
| Total | 29 000 |

The co-financing expenses will be monitored by the beneficiary and the NAO. For the earmarked co-finance, a clear and verifiable set of costs will be provided. The beneficiary will define which budget lines are the source for co-financing. Flow and stock data on co-finance will be submitted quarterly for steering committees, twice a year to the Sector Monitoring Working Group.

The beneficiary, together with the NAO commits to sound financial management and financial control.

The cost figures of Service subcontract under activity 3.4.1.10 (Consumer education programs) are based on market prices.
The cost figures of Service subcontract under activity 3.4.1.12 (Information campaign) are based on the experiences of the Phare 1999 and 2000 Twinning projects.

### 6. Implementation Arrangements

#### 6.1 Implementing Agency

The implementing agency is the Ministry of Finance, the Central Financing and Contracting Unit (CFCU). The CFCU will be responsible for tendering and contracting. The responsibility for project preparation, implementation and control will remain in the recipient institution.

**Programme Authorizing Officer:**
- **Name:** Mr Renaldo Mändmets
- **Title:** Deputy Secretary General for Foreign Affairs
- **Institution:** Ministry of Finance
- **Address:** Suur-Ameerika 1, Tallinn 15006
- **Phone:** +372 6113545
- **Fax:** +372 6966810
- **E-mail:** renaldo.mandmets@fin.ee

**Programme Officer:**
- **Name:** Mrs Signe Ratso
- **Title:** Deputy Secretary General
- **Institution:** Ministry of Economic Affairs and Communications
- **Address:** Harju 9, Tallinn 15072
- **Phone:** +372 6256 310
- **Fax:** +372 6313 660
- **E-mail:** signe.ratso@mkm.ee

**Project manager:**
- To be recruited before the start of the project

The Project Steering Committee will be established with the representatives from the Ministry of Finance, Ministry of Economic Affairs and Communications, Consumer Protection Board, representative from the European Commission as appropriate, Consumer Protection Union (CPU - consumers’ umbrella organisation). The Steering Committee has the overall managerial responsibility as well as co-ordination function and it meets once in a quarter to summarize and evaluate the results, to approve courses and twinning activities.

To secure smooth development of the project and assure relevant links with local national officials the national Project co-ordinator will be appointed by the CPB before the start of the project. The National Project Manager will be responsible on a daily basis for the implementation of the whole project (technical assistance + supply). The CPB also prepares the working space to MS team leader, the project short-term experts and the seminars as well as all necessary office support. Estonian Project Manager provides everyday management and assists the MS team leader with her/his technical aid and supply responsibilities. Estonian Project Manager also establishes special project team. The realization of the project will be the responsibility of the CPB in co-operation with the MS
team leader. For the realisation of the technical assistance, a special short-term experts team shall be established and the MS team leader is going to chair the Team.

The project requires full commitment of the beneficiary organizations. The management must be fully involved in the development and implementation to deliver the project results. The direct beneficiaries advice to the MS team leader will be the Director General of the CPB and Head of the Departments of the CPB. It is expected that the team leader establishes contacts with all organizations and in particular with the officials of the Ministry of Economic Affairs and Communications responsible for the development of consumer protection area.

6.2 Twinning

A Member State RTA in close co-operation with the CPB will elaborate the twinning covenant. The twinning assistant will carry out daily assistance.

<table>
<thead>
<tr>
<th>Beneficiary institution:</th>
<th>Consumer Protection Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact person:</td>
<td>Mrs Helle Aruniit</td>
</tr>
<tr>
<td>Title:</td>
<td>Director General</td>
</tr>
<tr>
<td>Address:</td>
<td>Kiriku 4, 15071 Tallinn, Estonia</td>
</tr>
<tr>
<td>Phone:</td>
<td>+372 6201 702</td>
</tr>
<tr>
<td>Fax:</td>
<td>+372 6201 700</td>
</tr>
<tr>
<td>E-mail:</td>
<td><a href="mailto:helle.aruniit@consumer.ee">helle.aruniit@consumer.ee</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beneficiary institution:</th>
<th>Consumer Protection Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact person:</td>
<td>Ms. Hanna Turetski</td>
</tr>
<tr>
<td>Title:</td>
<td>Head of consumer policy and public relation department</td>
</tr>
<tr>
<td>Address:</td>
<td>Kiriku 4, 15071 Tallinn, Estonia</td>
</tr>
<tr>
<td>Phone:</td>
<td>+372 6201 706</td>
</tr>
<tr>
<td>Fax:</td>
<td>+372 6201 700</td>
</tr>
<tr>
<td>E-mail:</td>
<td><a href="mailto:hanna.turetski@consumer.ee">hanna.turetski@consumer.ee</a></td>
</tr>
</tbody>
</table>

6.3 Non-standard aspects

No non-standard aspects are foreseen

6.4 Contracts

It is expected that TF funds finance a total of 1 contract, incl. 2 subcontracts:

Twinning = 376 000 EUR (347 000EUR TF + 29 000 EUR co-financing), incl:

Service subcontract under activity 3.4.1.10 = 18 700 EUR (15 000 EUR TF + 3700 EUR joint co-financing)

Service subcontract under activity 3.4.1.12 = 30 000 EUR TF.
7. Implementation Schedule

7.1 Start of tendering/call for proposals
August 2004

7.2 Start of project activity
January 2005

7.3 Project Completion
December 2005

8 Equal Opportunity

Opportunity both for men and women to participate in this project will be guaranteed on equal basis and will be measured by recording the experts and consultants employed. The Estonian laws and regulations concerning the equal opportunities for women, men and minorities will strictly be followed.

9 Environment

• N/A.

10 Sustainability

Adequate maintenance and operating costs of project leading on behalf of the CPB (administrative costs, officials salary) will be covered by the State budget (CPB) after completion of the project. The CPB has at least two officials dealing with the same questions and the project in its different phases will be introduced to all staff.

The CPB will be responsible for further regular updating of the consumer education program.

*The CPB envisages a follow up project that is now under development.*

The follow-up project to this one should be dedicated to protection of consumer economic interests. The first ideas (short description) are sent to the Ministry of Finance. This project should focus the topics such as e-commerce, financial services, advertising and sales promotion and commercial practices. It is planned as separate project because, at EU level some relevant directives are not adopted yet (i.e sales promotion, commercial practices) but are planned to adopt in nearest future. (For more information, please see the list of above mentioned directives in the Annex 4.) Although the directive on advertising is in force, it is reasonable to cover this topic in the frames of follow-up project because its close links with the issues of sales promotion and commercial practices.

11 Conditionality and sequencing

The following conditionalities shall be fulfilled before the project starts:
- The New Consumer Protection Act is adopted and secondary legislation is drawn up and made available for the experts.
- A National Project Manager is recruited by the CPB before the start of the project.

Sequences of the project activities are the following:

- Project Manager from the CPB must introduce the work of the CPB and the work plan draft to the Project Leader from the Member State to start with the actual work as soon as possible.
- The preparation of creation of the consumer complaint committees should start as soon as possible.
- The preparation of consumer education and information activities should start as soon as possible parallel with other activities.
- At the end of the project the consumer complaint system can work adequately and at professional level.

**ANNEXES TO PROJECT FICHE**

1. Logical framework matrix
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)
4. List of relevant EU legal acts and documents to the current and follow-up project
**ANNEX 1**

**TF logframe**

<table>
<thead>
<tr>
<th>LOGFRAME PLANNING MATRIX FOR Project</th>
<th>Programme name and number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthening the administrative capacity of the Consumer Protection Board for the full implementation and enforcement of the <strong>acquis communautaire</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contracting period expires: 15/12/2006</th>
<th>Disbursement period expires: 15/12/2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total budget: 376 000EUR</td>
<td>TF budget: 347 000 EUR</td>
</tr>
</tbody>
</table>

### Overall objective

**Increased protection of Estonian consumers’ interests**

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
</tr>
</thead>
</table>
| Complete implementation of the Consumer protection acquis and EU standards | 1. CPB’s Annual Report  
2. Surveys of the CPB |

### Project purpose

**Improved consumer protection administrative capacity and increased public awareness to manage further enforcement of consumer protection acquis and policy.**

<table>
<thead>
<tr>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| 1. Compliance to EC recommendations on the consumer protection administrative capacity confirmed by the EC in 2006  
2. By 2006, public awareness on their rights and responsibilities is increased 10 % compared to situation in 2004. Consumers are aware about the consumer complaint committee.  
3. By 2006, the maximum duration of the complaint handling procedure is 2 months. (In 2004, the | 1. CPB’s Annual Report  
2. Surveys of the CPB  
3. Reports of the MoEAC  
4. Statistics on work results of the CPB and complaint committee  
5. EU reports on Estonia’s progress |
| | | |
The duration of civil procedure in the court is 6-30 months. According to the new Consumer Protection Act, the complaint committee will have to settle consumer complaint within 2 months.

<table>
<thead>
<tr>
<th>Results</th>
<th>Objectively verifiable indicators</th>
<th>Sources of Verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3.1 Successful operation of consumer complaint committees as ADR in Estonia:</td>
<td>1. ADR as consumer complaint committees established and functions smoothly.</td>
<td>1. project report 2. visit report 3. CPB’s Annual report 4. statistics and surveys</td>
<td>- Effective co-operation and communication between all involved parties; - Full commitment of both MS and Estonian experts is necessary for effective implementation of the project.</td>
</tr>
<tr>
<td>3.3.1.1 Management plan, administrative procedures, etc. for the functioning of the ADR elaborated;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.1.2. The members of the consumer complaint committee and CPB staff are fully qualified, in particular on issues related to financial services, introduction of the Euro and preparation of media campaigns etc;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.1.3. The ADR system is known by general public.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.2 Development and implementation of a web based consumer education program.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.3 Provision of an information campaign on ADR system and consumer contracts.</td>
<td>2. developed consumer education and better educated consumers 3. Increased public awareness</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.4.1.1. **Resident Twinning Advisor to contribute ensure and support the completion of results 3.3.1 3.3.3 (TF: 180 000EUR, 12 consecutive months)**

**Main tasks of the RTA:**

- elaborating of Twinning covenant
- co-ordinating and supervising of the implementation of the whole project (incl. the subcontracts) and short term experts’ input;
- Based on the input of individual experts, compiling of final reports;
- Carrying out of the analysis and comparison of the consumer complaint solving systems in Estonia and in the Member States;
- Elaborating the management plan, administrative procedures, etc. for the ADR based on the new Consumer Protection Act and knowledge of similar structures in the Member States;
- Providing a workshop on the principles and practical work of consumer complaint committees;
- Providing a workshop about handling the cross-border disputes (core activity 3.4.2.3);
- Providing a seminar in order to increase the consumers and entrepreneurs awareness on work principles of the consumer complaint committees etc (core activity 3.4.2.7 in cooperation with STE 6);
- Organising a 3-days study visits for 6

<table>
<thead>
<tr>
<th>Activities</th>
<th>Means</th>
<th>Cost (EUR)</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract 1: Twinning</strong></td>
<td><strong>Contract 1: Twinning</strong></td>
<td>TF 346 400</td>
<td>Estonia 29 000</td>
</tr>
<tr>
<td>Preparation of twinning covenant</td>
<td>15 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RTA for 12 consecutive months</td>
<td>180 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>RTA assistant</strong> for 12 consecutive months</td>
<td>16 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Project leader</strong> for 1-2 working days</td>
<td>16 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>per month over 12 consecutive months</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STE 1</strong> for 11 working-days</td>
<td>7000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STE 2</strong> for 7 working-days</td>
<td>4500</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STE 3</strong> for 14 working-days</td>
<td>8500</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STE 4</strong> for 7 working-days</td>
<td>4500</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STE 5</strong> for 28 working days</td>
<td>17 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>STE 6</strong> for 22 working days</td>
<td>13 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Study visit</strong> (3 day for 6 persons)</td>
<td>5000</td>
<td>4000</td>
<td></td>
</tr>
<tr>
<td><strong>Study visit</strong> (3 days for 3 persons)</td>
<td>2500</td>
<td>2000</td>
<td></td>
</tr>
<tr>
<td>Project management, training materials, seminar premises, interpretation (foreseen for the workshops in Estonia).</td>
<td></td>
<td>19300</td>
<td></td>
</tr>
<tr>
<td><strong>Service contract under the Twinning</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer education program(s)</td>
<td>15 000</td>
<td>3700</td>
<td></td>
</tr>
</tbody>
</table>
Estonian experts (ADR system) (together with STE1 and STE3);

- Organising a 3-days study visits for 3 experts (consumer information and education) (together with STE5 and STE6);
- Complying the Terms of References for service components under the Twinning (core activities 3.4.2.10 and 3.4.2.12)
- Writing inception, quarterly and final reports.

3.4.1.2 **RTA Assistant** to assist RTA and STEs throughout the project (TF: 16 000 EUR, 12 consecutive months)

**Main Tasks:**
Assisting RTA in coordinating project activities, general office work, translation etc.

3.4.1.3 **MS Project Leader** to ensure and support the completion of the results 3.3.1-3.3.3 (TF 21 600 EUR, 1-2 working days per month over 12 consecutive months)

**Main Tasks:**

- Overall co-ordination of the project;
- Leading project activities.

**Short term experts** for the assistance to the CPE (and to contribute the results 3.3.1-3.3.3) it is foreseen that 6 short term experts will be involved in the project, for a total of 89 days over the 12 months.
month project period.

3.4.1.4 **STE 1** to contribute the completion of result 3.3.1.2 (TF: 6600 EUR, 11 working-days)

**Main Tasks:**

- Analysing and comparing the consumer complaint solving system in Estonia and the Member States and consulting of local experts.
- Providing a two-days workshop on the role and day-to-day functioning of consumer complaint committees and handling consumer complaints (consumer goods and services incl. financial and insurance complaints) by ADR (core activity 3.4.2.2, in cooperation with RTA);
- Providing a one-day workshop on handling the cross-border disputes (core activity 3.4.2.3, in cooperation with RTA)
- Organising a 3-days study visit for 6 Estonian experts for studying consumer complaints settlement by ADR in a Member State (core activity 3.4.2.5, in cooperation with the RTA and STE 3)
- Report writing.

3.4.1.5 **STE 2** to contribute the completion of result 3.3.1.2 (TF: 4200 EUR, 7 working-days)

**Main Tasks:**

- Analyse and compare the consumer complaint solving system in Estonia and the Member States and consulting of local experts.
• Providing 1-day workshop on practical work and principles for judges of consumer complaint committee (core activity 3.4.2.4).
• Organising a 3-day study visit for 6 Estonian experts for studying consumer complaints settlement by ADR in a Member State (core activity 3.4.2.5, in co-operation with the RTA and STE 2).
• Report writing.

3.4.1.6. STE 3 to contribute the completion of result 3.3.1.2 (TF: 8 400 EUR 14 working-days)

Main Tasks:
• Screening of Estonian situation on financial services (how to deal with interest rates in case of consumer credit, fees for different bank transmissions), examining the strengths and weaknesses of Estonian system.
• Based on the outcomes of the screening and the knowledge of Member Sates’ practices, provide 2-days workshop for introducing the MS experience on issues of financial services compared to those in Estonia. In addition, the forthcoming Consumer Credit Directive amendments will be introduced (core activity 3.4.2.6).
• Analyses, evaluation and writing of a report

3.4.1.7 STE 4 to contribute the completion of result 3.3.1.2 (TF: 4 200 EUR 7 working-days)

Main Tasks:
- In the frames of the workshop (core activity 3.4.2.6) on financial services to give an overview on the consumer protection issues related to introduction of the Euro instead of national currency (based on MS’ practices);
- Analyses, evaluation and writing of a report.

3.4.1.8 **STE 5** to contribute the completion of results 3.3.1.2 and 3.3.2 (TF: 16 800 EUR, 28 working-days)

**Main Tasks:**

- Analysing existent educational materials for consumers in Estonia and based on the knowledge of consumer education interactive programs made in other Member States, finding out the best solutions for Estonia (core activity 3.4.2.9);
- Developing proposals for the Estonian web based consumer education program (in cooperation with Estonian experts); considering and recommend supplementary means/media in addition to the web based consumer education programme (core activity 3.4.2.9);
- Coordinating the producing of the program with the subcontractor under the core activity 3.4.2.10;
- Preparing 3-days study visit for three Estonian experts to the Member State for studying practices of consumer education and information campaigns (in...
• Analyses, evaluation and writing of a report

3.4.1.9. **STE 6 to contribute the completion of results 3.3.1.2, 3.3.1.3 and 3.3.3**

**Main Tasks:**
• Screening of possible information campaigns carried out in the Member States (core activity 3.4.2.11);
• Developing proposals for the Estonian campaign (in cooperation with Estonian experts) (core activity 3.4.2.11);
• Coordinating of the producing of the campaign with the subcontractor under core activity 3.4.2.12;
• Providing a 1-day seminar for informing consumers and business representing associations about the newly created Estonian consumer complaint system (together with RTA);
• Organising a 3-days study visit for three Estonian experts to study the experience and work concerning consumer education and information (together with RTA and STE 5);
• Analyses, evaluation and writing of a report

3.4.2. A summary of core activities of the Twinning

• Activities necessary for successful operation of consumer complaint
committees as ADR

*Establishing institutional framework for ADR (Result 3.3.1.1)*

3.4.2.1 Elaborating the management plan, administrative procedures, etc. for the ADR based on the new Consumer Protection Act and knowledge of similar structures in the Member States. (RTA)

*Training activities for the members of the consumer complaint committees and the staff of the CPB (Result 3.3.1.2)*

3.4.2.2 2-days workshop (for 40 participants) on the role and functioning of consumer complaint committees and handling of consumer complaints (consumer goods and services incl. financial and insurance complaints) by ADR (RTA and STE 1, fully co-financed by Estonia)

3.4.2.3 1-day workshop (for 25 participants) on handling the cross-border disputes. (STE 1 and RTA, fully co-financed by Estonia)

3.4.2.4 1-day workshop on handling consumer complaints (targeted primarily for potential judges (10 persons) who will be involved in the work of the consumer complaint committees). (STE 2, fully co-financed by Estonia)

3.4.2.5 3-days study-visit for 6 persons in total for studying consumer complaints settlement by ADR in a Member State. (RTA; STE1; STE 3).

3.4.2.6 Screening of Estonian situation on financial services (how to deal with interest rates in case of...
Based on the outcomes of the screening and the knowledge of Member States’ practices, provide **2-days workshop** (for 25 participants, fully co-financed by Estonia) for introducing the MS experience on issues of financial services compared to those in Estonia. Further, the forthcoming Consumer Credit Directive amendments will be introduced (STE 3). In addition, the consumer protection issues related to introduction of the Euro instead of national currency (based on the Member States’ practices) will be presented (STE 4).

**Awareness rising activities for wider public (Result 3.3.1.3)**

**3.4.2.7 1-day seminar** for informing consumers and business representing associations about the newly created Estonian consumer complaint system. (RTA; STE 6, fully co-financed by Estonia)

- Activities for developing consumer education program(s) and information campaign

**Training activities for the staff of the CPB (Results 3.3.2 and 3.3.3)**

**3.4.2.8 3-days study visit for 3 Estonian experts** (CPB) to the Member State for studying the practices of consumer education and information campaigns. (STE 5 and STE 6)

**Preparation of the consumer education program (Result 3.3.2)**
3.4.2.9 Analyzing existent educational materials for consumers in Estonia and based on the knowledge of consumer education interactive programs made in other Member States, finding out the best solutions for Estonia. **Developing proposals for the Estonian consumer education program** (in cooperation with Estonian experts); considering and recommending supplementary means/media in addition to the web based consumer education programme, and coordinating the producing of the program with the subcontractor under the core activity 3.4.2.10 (STE 5).

3.4.2.10 **Service contract under the twinning** for the producing of the interactive web based consumer education program

*Preparation of the media campaign (Result 3.3.3)*

3.4.2.11 Screening of possible information campaigns carried out in the Member States. **Developing proposals for the Estonian media campaign** (in cooperation with Estonian experts) and coordinating the producing of the campaign with the subcontractor under the core activity 3.4.1.12 (STE 6).

3.4.2.12 **Service contract under the twinning** for the producing of media campaign on ADR system and consumer contracts

<table>
<thead>
<tr>
<th>Total</th>
<th>Total</th>
<th>Preconditions</th>
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<tbody>
<tr>
<td>347 000</td>
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ANNEX 2
Time Implementation Chart

Project No:
Project Title: Strengthening the administrative capacity of the Consumer Protection Board for the full implementation and enforcement of the *acquis communautaire*

<table>
<thead>
<tr>
<th>Twinning</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
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</thead>
<tbody>
<tr>
<td>1.1 Elaborating management plan, administrative procedures etc. for the ADR</td>
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<td>1.2 Two days workshop (creating the consumer complaint committee and handling consumer complaints)</td>
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<tr>
<td>1.3 One day workshop on handling the cross-border disputes</td>
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<tr>
<td>1.4 One day workshop for judges</td>
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1.5 Three days study visit (consumer complaint handling)

1.6 Screening of Estonian situation on financial services and two days seminar on different financial services

1.7 One day workshop for informing consumers and business representing associations about the newly created Estonian consumer complaint system

1.8 Three days study visit (consumer information and education)

1.9 Analysing consumer education materials
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<thead>
<tr>
<th>1.10 Service contract under the twinning for the producing of the interactive web based consumer education program</th>
<th>T</th>
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<th>T</th>
<th>C</th>
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<th>I</th>
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<th>I</th>
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</tr>
</thead>
<tbody>
<tr>
<td>1.11 Screening of possible information campaign</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
<td>I</td>
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<tr>
<td>1.12 Service subcontract under the twinning for the producing of media campaign on ADR system and consumer contracts</td>
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<td>T</td>
<td>C</td>
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</tbody>
</table>
ANNEX 3 A
Cumulative Contracting Schedule

**Project No:**
**Project Title:** Strengthening the administrative capacity of the Consumer Protection Board for the full implementation and enforcement of the *acquis communautaire*

<table>
<thead>
<tr>
<th></th>
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<th>2006</th>
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<tbody>
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<td>30.06</td>
<td>30.09</td>
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<tr>
<td>Twinning</td>
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<tr>
<td>Service subcontract</td>
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<tr>
<td>under activity 3.4.1.10</td>
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<tr>
<td>Service subcontract</td>
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<td></td>
<td></td>
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<tr>
<td>under activity 3.4.1.12: Information campaign</td>
<td></td>
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<tr>
<td><strong>TOTAL</strong></td>
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## ANNEX 3 B

### 5.4 Cumulative Disbursement Schedule

**Project No:**
**Project Title:** Strengthening the administrative capacity of the Consumer Protection Board for the full implementation and enforcement of the *acquis communautaire*

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<th>2006</th>
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<tbody>
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<td></td>
<td>31.03</td>
<td>30.06</td>
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<tr>
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<tr>
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<td>180 000</td>
<td>220 500</td>
<td>220 500</td>
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</table>
ANNEX 4
List of relevant EU legal acts and documents to the current project

1. Treaty of Amsterdam (2nd of October 1997), Charter XIV Consumer Protection, article 153 indicates the importance to strengthen consumer protection, but also indicates the fights of consumers on information and education and the fight to associate to protect their fights.


5. 98/257/EC: Commission Recommendation of 30 March 1998 on the principles applicable to the bodies responsible out-of-court settlement of consumer disputes


List of relevant EU legal acts for follow-up project


Consumer Protection Act
Chapter 1
General Provisions

§ 1. Scope of application of Act
(1) The purpose of this Act is to safeguard consumer rights.
(2) This Act regulates the offering, sale and marketing in any other manner of goods or services to consumers by traders, determines the rights of the consumer as the purchaser or user of goods or services, provides for the organisation and supervision over consumer protection, and the liability for violation of this Act.
(3) This Act applies also if a trader arranges for the transfer of goods or provision of services to a consumer.
(4) This Act, the Law of Obligations Act (RT I 2001, 81, 487; 2002, 53, 336), Product Safety Act (RT I 1998, 40, 613; 1999, 82, 753; 2000, 86, 546; 2002, 47, 297; 61, 375; 63, 387) and other Acts apply to offering, sale and marketing in any other manner of goods or services to consumers.
(5) The provisions of the Administrative Procedure Act (RT I 2001, 58, 354; 2002, 53, 336; 61, 375) apply to administrative proceedings prescribed in this Act, taking account of the specifications provided for in this Act. Settlement of a dispute between a consumer and a trader is not an administrative proceeding within the meaning of the Administrative Procedure Act.

§ 2. Definitions
For the purposes of this Act:
1) “consumer” means a natural person to whom goods or services are offered or who acquires or uses goods or services for purposes not directly related to his or her business or professional activities;
2) “trader” means a person who offers, sells or markets in any other manner goods or provides services to consumers within the scope of the person’s business or professional activities;
3) “goods” means products within the meaning of the Product Safety Act which a trader offers, sells or markets in any other manner;
4) “service” means a service offered or provided by a trader;
5) “producer” means a person specified in the Product Safety Act;
6) “universal service” means a service provided in the public interest and used by the overwhelming majority of the population of the state or a certain region, such as gas, electricity, heating, water, sewerage, waste handling, communications and other similar services.

§ 3. Fundamental consumer rights
Consumers have the right to:
1) demand and receive goods and services which are in compliance with the requirements currently in force, are harmless to the life, health and property of the consumer, and are not prohibited to be owned or used;
2) receive necessary and truthful information on the offered goods and services in order to make a conscious choice, and timely information on the risks relating to the goods or services;
3) receive information on consumer law and other issues relating to consumption;
4) receive consultation and assistance if their rights are violated;
5) demand compensation for the proprietary or non-patrimonial damage caused to them;
6) request that their interests be taken into account, and be represented through consumers' federations and associations in decision-making on issues regarding consumer policy.

Chapter 2
Informing Consumers
§ 4. Right of consumers to receive information
(1) Consumers have the right to receive information on offered goods and services as regards the safety, health, property and protection of the economic interests of the consumers.
(2) Traders and producers are required to provide consumers with detailed information concerning the characteristics and conditions of use of goods or services and, if a warranty specified in § 10 of this Act applies, concerning such warranty, and concerning the price, conditions of payment, performance of the contract, and the rights, obligations and liability arising from the contract, including opportunities for submitting complaints regarding the goods or services taking into account the provisions of subsection (1) of this section, before the consumer acquires the goods or uses the services.

(3) In addition to the information specified in subsection (2) of this section, consumers have the right to receive other information concerning the goods or services offered.

(4) Information provided to consumers shall be truthful, understandable and in Estonian.

(5) Information provided to consumers concerning goods or services shall not attribute to the goods or services any characteristics which they do not have and shall not imply that the goods or services have any special characteristics if actually all goods or services of the same type possess such characteristics.

(6) Upon payment for goods or services, the trader shall provide the consumer with a document certifying the purchase of the goods or services and setting out at least:

1) the name or business name of the trader;
2) the date of the sale;
3) the price of each individual product or service and the total amount paid.

(7) If the total amount to be paid by a consumer is less than 300 kroons, the document specified in subsection (6) of this section shall be submitted to the consumer at the request thereof.

(8) If necessary, the Government of the Republic or a minister authorised thereby may establish requirements for provision of information to consumers concerning certain goods or services.

§ 5. General requirements for markings on goods

(1) The markings on the goods, the packaging of goods or the label attached to the goods offered or sold to consumers shall be legible, understandable, unambiguous and
in compliance with all the requirements established for the markings of the given goods.

(2) If the requirements for markings on goods are not established by legislation, the markings shall set out at least the following information:
1) the trade name of the goods if the absence thereof may mislead the consumer;
2) the business name, name or trade mark of the producer;
3) the name of the home country of the producer.

(3) A fixed expression used for designating a product in the general practice, accompanied if necessary, by a reference to the intended use or the materials used in manufacturing the product, or any other name necessary for identifying a product may be used as the trade name specified in clause (2) 1) of this section. A trade name shall not be replaced by a trade mark or an invented name.

(4) Taking into account the type, characteristics and intended purpose of goods, the information listed in subsection (2) of this section shall be accompanied by the following information:
1) the quantity or dimensions of the goods in relevant units of measurement according to the international system of units;
2) the composition of the goods and the quantities of the components;
3) instructions for washing, cleaning and maintenance of the goods;
4) instructions for using the goods, and the storage conditions;
5) warnings and precautions for preventing risks relating to the use or destruction of the goods;
6) the storage life of the goods, or
7) the main technical information concerning the goods.

(5) The information specified in subsection (4) of this section may be presented among the markings on the goods, a label attached to the goods or the instruction manual accompanying the goods. The information presented shall enable safe use of the goods for their intended purpose.

(6) The information specified in subsections (2) and (4) of this section shall be presented in writing and in Estonian. Internationally well-known instruction or warning signs and symbols may also be used. In the case of markings in a foreign language, information in Estonian and in compliance with the requirements shall be affixed to the goods unless otherwise provided by law. The translation of the
markings from the foreign language shall correspond to the original markings on the goods.

(7) The original information presented among the markings on goods shall not be covered up by additional information, pictures or stickers.

(8) The general requirements provided for in this section do not apply to second-hand goods unless warnings and precautions relating to the use or destruction of the goods are necessary for ensuring the safety of the consumers and protection of their health and property.

§ 6. Instruction manual

(1) Goods which are technically complicated, contain hazardous substances or require special skills for operation shall be accompanied by an instruction manual from the producer.

(2) An instruction manual shall contain information necessary for the consumer for the correct and economical use of the goods for their intended purpose and for the correct assembly, installation, connection, maintenance or storage and, if necessary, destruction of the goods. If the goods consist of several parts, the instruction manual shall also contain a list of the parts constituting the goods (the components of the set).

(3) An instruction manual in a foreign language shall be translated into Estonian at least to the extent specified in subsection (2) of this section and be unambiguous.

§ 7. Indication of price of goods

(1) When offering, including on shop windows, or selling goods, a trader shall indicate the selling price and unit price of the goods to the consumer unless otherwise provided with regard to the unit price by legislation established on the basis of subsection (9) of this section.

(2) “Selling price” means the final price to be paid by the consumer for a unit of goods or a given quantity of goods.

(3) “Unit price” means the final price for one kilogram, one litre, one metre, one square metre or one cubic metre of goods. If the goods are not measured in the units specified above, the price for any other single unit of goods may be considered as the unit price.
(4) The selling price and unit price of goods in Estonian kroons shall be indicated in writing and be clearly legible, unambiguous and easily identifiable by the consumers.

(5) The selling price and unit price shall be indicated on the goods or their sales packaging or displayed in close proximity to the goods. It must be possible to remove the price indicated on the goods without damaging the goods.

(6) The unit price need not be indicated:
1) if it is identical to the selling price of the goods;
2) for goods offered in the course of provision of a service;
3) for antiques and works of art;
4) for goods offered by auction.

(7) In the case of goods sold in bulk according to quantity, volume or dimension pursuant to the request of the consumer, the unit price shall be indicated before measuring. The selling price shall be indicated after measuring.

(8) If an advertisement addressed to consumers contains information concerning the selling price of goods, the advertisement shall also set out the unit price of the goods unless otherwise provided by legislation.

(9) If necessary, the Minister of Economic Affairs and Communications may establish specific requirements for indicating the prices of goods or services.

§ 8. Indication of prices and rates for services
(1) When offering a service or immediately before providing a service to a consumer, the trader shall notify the consumer of the price of the service and the charges or rates added to the price of the service.

(2) Upon offering a service, the price list of the services offered or any other document stating the bases for calculating the price of the service shall be displayed at a place visible to the consumers. If a service is offered or provided outside the business premises, the price list of the services or any other document stating the bases for calculating the price of the service shall be submitted to the consumer.

(3) If indication of all the prices or the bases for their calculation in a price list is not expedient due to the large number of the services offered or any other similar reason, indication of the more general prices or the bases for their calculation is sufficient. In such case, the complete list of the prices or the bases for their calculation
shall also be available to the consumers and reference to the complete list shall be
made in the price list.

(4) A price list or any other document stating the bases for calculating the prices
shall be confirmed by the signature of a competent person of the undertaking and
contain the date of the confirmation.

Chapter 3
Offering and Sale of Goods or Services to Consumers

Division 1
Safety and Quality of Goods and Services

§ 9. General requirements
(1) Goods and services shall be in compliance with the established requirements
and harmless to the life, health and property of the consumer if used for their intended
purpose and have the characteristics ordinarily reasonably presumed by consumers.
The goods sold or services provided to consumers shall conform to the contract in
accordance with the provisions of the Law of Obligations Act.
(2) Requirements for the safety of goods and services and the obligations and
liability of producers and traders regarding safety are provided for in the Product
Safety Act and other legislation.
(3) If a trader receives information that goods or services have proved to be
harmful to the life, health or property of a consumer when used for their intended
purpose, the trader shall immediately notify the competent supervisory authority
thereof.

§ 10. Warranty on goods or services
The word “garantii” [warranty] or any other word with the same meaning shall not be
used in any form or any word combination upon offering goods or services unless the
meaning of the word is in compliance with the provisions of §§ 230–231 of the Law
of Obligations Act concerning warranty against defects or the provisions of § 650 of
the Law of Obligations Act concerning contractor’s guarantee.

§ 11. Defective goods
Goods are defective if they do not meet the requirements established by legislation or other technical conditions. Goods are defective also if the minimum durability period, including the “best before” date, indicated on the goods has expired.

Defective goods may be offered or sold to consumers only if such goods are harmless to the life, health and property and the consumers are notified of the defects of the goods beforehand.

The provisions of subsection (2) of this section apply also to second-hand goods.

Defective or second-hand goods shall be displayed separately from new goods which are in conformity with the requirements, and corresponding information shall be displayed in the place of sale of the defective or second-hand goods. Information concerning reduction of the price of goods is not deemed to be information concerning the defects of the goods.

Division 2
Marketing and Sales Methods Directed to Consumers

§ 12. Marketing methods

Goods and services shall be offered and sold to consumers in accordance with good trade practice and honestly with regard to the consumers. Offering of goods or services shall be planned and carried out in a manner clearly indicating the commercial purpose of the offer to the consumers.

When offering goods for sale, the trader shall not set the purchasing of any other goods as a precondition for the sale unless the producer has pre-packaged such goods in the same sales packaging.

A trader shall not illegally restrict or favour the sale of goods or provision of services or influence consumers by misleading advertising. Advertising addressed to consumers shall be in compliance with the provisions of the Advertising Act (RT I 1997, 52, 835; 1999, 27,388; 1999, 30, 415; 2001, 23,127; 50, 284; 53, 336; 61, 375; 63, 387).

A trader may give notification of an offer of goods or services at reduced prices only if the price of the goods or services has actually been reduced, whereas both the former and the new price shall be indicated to the consumers unless otherwise provided by law.
§ 13. Contract negotiated away from business premises

(1) Upon entry into a contract negotiated away from business premises provided for in §§ 46–51 of the Law of Obligations Act, a trader shall submit an information note in the format approved by the Minister of Economic Affairs and Communications to the consumer.

(2) In the event of sale of goods, the information note specified in subsection (1) of this section shall be submitted to the consumer not later than when the consumer receives the goods or the first part of the goods. In other cases, the information note shall be submitted to the consumer not later than when the consumer makes an offer or accepts the offer of the trader.

(3) The information note specified in subsection (1) of this section need not be submitted if goods or services are offered:
   1) outside the business premises of the trader at a place where goods or services are ordinarily offered or sold, or
   2) at a place to which consumers have been publicly invited in the media or by other means to purchase goods or services, or
   3) at a place to which the trader has come at the clearly expressed request of the consumer in order to offer goods or services requested by the consumer.

§ 14. Distance contracts

Offering and sale of goods or services to consumers through a marketing system organised by the trader where contracts are entered into and the offers preceding the contracts are made only through means of communication without the simultaneous physical presence of the parties shall be carried out in accordance with the provisions of §§ 52–621 of the Law of Obligations Act.

Chapter 4
Organisation of Consumer Protection
Division 1
Non-governmental Consumer Associations

§ 15. Consumer associations

(1) A consumer association is a voluntary association of persons the objective of whose activities is to protect and promote the interests and rights of the consumers and which is founded and registered pursuant to the Non-profit Associations Act (RT

(2) A consumer association has the right to:
1) participate in the development and implementation of consumer protection policy;
2) organise dissemination of information, consultation and training relating to consumer protection;
3) provide consultation and assistance to consumers;
4) represent a consumer on the basis of an unattested authorisation document in court and other state authorities and in relationships with traders or producers;
5) represent a consumer on the basis of an unattested authorisation document in the settlement of extra-judicial disputes;
6) organise surveys relating to consumer protection;
7) co-operate with supervisory authorities engaging in consumer protection.

(3) For the purposes of this Act, a consumer association is deemed to be representing the collective interests of consumers if the association has at least fifty members and a federation of associations is deemed to be representing the collective interests of consumers if the associations which are the members of the federation have a total of at least fifty members, and such association or federation:
1) represents the interests of the consumers at the local or national level;
2) is independent of undertakings and political parties.

(4) In addition to the rights specified in subsection (2) of this section, a consumer association or federation of associations representing the collective interests of consumers has the right to:
1) in the cases provided for in the Law of Obligations Act, demand termination of or refraining from application of standard terms unfair to consumers or any other violation in court in order to protect the collective interests of consumers;
2) participate in negotiations concerning the standard terms of contracts between the providers of universal services and the consumers, including on issues relating to price formation.

(5) The activities relating to consumer protection carried out by a consumer association or federation of associations representing the collective interests of consumers may be financed from the state budget pursuant to the procedure established by the Minister of Economic Affairs and Communications.
Division 2
Consumer Protection at Local Government Level
§ 16. Consumer protection activities of local governments
(1) Local governments shall organise provision of consultation and assistance relating to consumer protection to consumers within their administrative territories. A local government is required to provide consultation and assistance to consumers in issues relating to the services organised by the local government pursuant to law.
(2) In order to perform the duties specified in subsection (1) of this section, a local government may form a consumer protection unit, authorise an official to engage in consumer protection or enter into a corresponding contract under public law with a consumer association specified in subsection 15 (1) of this Act in accordance with the Administrative Co-operation Act (RT I 2003, 20, 117).

Division 3
State Consumer Protection
§ 17. Consumer Protection Board
(1) The Consumer Protection Board is a government agency within the area of government of the Ministry of Economic Affairs and Communications.
(2) The primary duty of the Consumer Protection Board is to protect the rights and interests of consumers in accordance with this Act and other legislation. The Consumer Protection Board is competent to:
1) exercise supervision over compliance with the requirements provided for the protection of consumer rights in this Act, legislation established on the basis of this Act, and other legislation;
1) make proposals for amending or establishing legislation relating to consumer protection;
2) settle or forward for settlement to relevant institutions petitions and complaints submitted to the Board concerning violation of consumer rights;
3) inform the public of the activities of a trader or producer which violate consumer rights or damage the legitimate interests of consumers;
4) provide consultation to consumers, consumer associations and traders and assist in increasing their awareness of consumer protection issues;
5) conduct negotiations with undertakings and business organisations, including providers of universal services dominating the market concerning issues relating to the quality of the service and provision of reasonable prices to consumers;
6) enter into co-operation agreements with other supervisory authorities and local governments;
7) demand in county and city courts prohibition of application of standard terms unfair to the collective interests of consumers and termination of any other activities violating consumer rights.

§ 18. Maintenance of business secrets
Officials competent to engage in consumer protection and representatives of consumer associations and federations of associations are required to maintain the business secrets which become known to them in the course of performing duties related to consumer protection. Information relating to the violations of law committed by a trader or information subject to communication pursuant to law is not deemed to be a business secret.

Chapter 5
Settlement of Consumer Complaints

Division 1
General Procedure for Settlement of Consumer Complaints

§ 19. Submission of complaints to traders
(1) A consumer may submit a complaint arising from breach of contract to a trader in any form. The consumer may submit the complaint himself or herself or through a representative.
(2) If possible, a dispute between a consumer and a trader is settled by agreement between the consumer and the trader.
(3) If settlement of a dispute on the basis of an oral complaint is not possible, the consumer shall submit the complaint in writing or in a format which can be reproduced in writing and set out:
1) his or her name and address or other details;
2) the date of submission of the complaint;
3) the defects of the goods or services;
4) the claim addressed to the trader.

(4) A written complaint shall contain a reference to a document certifying performance of the transaction or existence of a warranty against defects or contractor’s guarantee or have the corresponding document or a copy thereof annexed to the complaint.

(5) If the complaint of a consumer is submitted in writing or in a format which can be reproduced in writing, the trader shall confirm receipt of the complaint in the same format.

(6) A trader is required to review a complaint submitted by a consumer in writing or in a format which can be reproduced in writing within fifteen days as of receipt of the complaint and notify the consumer of the probable solution to the complaint. If settlement of the complaint within fifteen days is not possible, the trader is required to justify why it is impossible, give corresponding written notification to the consumer and grant a new reasonable term.

(7) If a trader finds that the claim of a consumer is unfounded or unjustified and an agreement with the consumer is not reached or is reached only partially, corresponding written notification shall be given to the consumer within the term specified in subsection (6) of this section. The trader is required to justify refusal to satisfy or partial satisfaction of the claim of the consumer.

(8) If a trader fails to fulfil a promise to settle a complaint within the term specified in subsection (6) of this section, the trader is deemed to refuse to settle the complaint.

§ 20. Customer service
The provider of a universal service shall ensure a relevant customer service for settling consumer complaints and providing information to consumers without charge.

§ 21. Consumer’s right to protection
If a trader refuses to settle the complaint of a consumer or the consumer does not consent to the solution proposed by the trader and finds that his or her rights have been violated or his or her interests have been damaged, the consumer may submit a complaint to the person or institution settling the corresponding disputes, to the consumer complaints committee through the Consumer Protection Board or to the
court. The consumer may submit the complaint himself or herself or through a representative.

Division 2
Competence, Formation and Rules of Procedure of Consumer Complaints Committee

§ 22. Competence of consumer complaints committee
(1) The consumer complaints committee (hereinafter committee) is an independent institution for settling disputes between consumers and traders.
(2) The committee is competent to settle disputes arising from contracts between consumers and traders if the parties have not been able to settle such disputes by agreement and the value of the goods or services subject to dispute is at least 300 kroons.
(3) The committee shall not settle a dispute if the claim arises from an event of death, physical injury or health damage or if the amount of the claim exceeds 40 000 kroons. Such disputes shall be settled in court.
(4) The committee shall not settle disputes relating to provision of health services or legal services or transfer of immovables or buildings, or disputes for which the procedure for settlement is prescribed by other Acts. Such disputes shall be settled by the competent institution or court.
(5) The committee shall not hear a complaint if settlement of the dispute is outside the competence of the committee due to circumstances arising from subsection (2), (3) or (4).

§ 23. Status and members of committee
(1) The committee operates at the Consumer Protection Board within the area of government of the Ministry of Economic Affairs and Communications and makes decisions independently pursuant to Acts and other legislation.
(2) The committee consists of the chairman of the committee and the representatives appointed by business organisations, professional associations, the Consumer Protection Board and the consumer associations or the federation of consumer associations specified in subsection 15 (3) of this Act as members of the committee.
(3) A person who has completed academic education in law and is proficient in consumer law may be appointed chairman of the committee. A list of the chairmen of the committee shall be approved by the Minister of Economic Affairs and Communications in co-ordination with the Minister of Justice.

(4) Business organisations, professional associations and the consumer associations or the federation of consumer associations specified in subsection 15 (3) of this section submit proposals for entering their representatives in the list of the members of the committee to the Consumer Protection Board in writing. The representatives of the Consumer Protection Board to be entered in the list of the members of the committee shall be appointed by a directive of the director general of the Board. A member of the committee is excluded from the list at the request of the organisation which nominated the member or at the member’s own request.

§ 24. Composition of committee
(1) For the hearing of each individual dispute, the director general of the Consumer Protection Board or a person authorised by him or her shall approve the composition of the committee consisting of at least three members, one of whom is the chairman. The composition of the committee shall comprise an equal number of the representatives of undertakings and consumers.

(2) The procedure for approving the composition of the committee, and the rules of procedure of the committee shall be established by the Minister of Economic Affairs and Communications.

§ 25. Working conditions and expenses related to work of committee
(1) The hearing of a complaint by the committee shall be free of charge for the parties.

(2) The Consumer Protection Board shall ensure the administration, session rooms, taking of minutes of the sessions and publication of the decisions of the committee.

(3) The limits of remuneration for the work of the chairman of the committee shall be established by the Minister of Economic Affairs and Communications.

(4) The expenses relating to the activities of the committee shall be covered from the state budget out of the funds allocated to the Consumer Protection Board for that purpose.
Division 3
Settlement of Complaints by Committee

§ 26. Submission of complaints
(1) A consumer or his or her representative submits a written complaint to the committee through the Consumer Protection Board if a trader has refused to settle the complaint of the consumer or the consumer does not consent to the solution proposed by the trader.
(2) If the representative of a consumer submits a complaint on behalf of the consumer, the unattested authorisation document of the representative shall be annexed to the complaint.
(3) A complaint shall set out:
   1) the name, residence and other details of the consumer;
   2) the business name or name and seat of the trader;
   3) the content of the complaint, the clearly expressed claim of the consumer submitting the complaint, and the circumstances substantiating the claim.
(4) Documentary evidence, including a copy of the document certifying the purchase and, if possible, copies of the complaint submitted to the trader and of the reply received shall be annexed to a complaint.
(5) The Consumer Protection Board shall keep records of the complaints received.

§ 27. Refusal to forward complaint to committee
(1) A complaint is not forwarded to the committee if:
   1) settlement of the dispute is not within the competence of the committee, or
   2) a dispute on the same grounds and between the same parties is subject to proceeding by the court, or
   3) a court judgment concerning the same matter has entered into force.
(2) A consumer shall be notified of refusal to forward the complaint of the consumer to the committee and the reason for such refusal in writing within three working days as of the date of receipt of the complaint.
(3) If a complaint does not meet the requirements provided for in subsections 26 (3) and (4), the Consumer Protection Board shall grant a term for eliminating the deficiencies. If the consumer who submitted the complaint fails to eliminate the
deficiencies within the term granted, the complaint shall not be forwarded to the committee and the consumer shall be notified of the refusal in writing.

§ 28. Preparations for hearing complaints
(1) The Consumer Protection Board shall ascertain the circumstances relevant to the settlement of a complaint and has the right to contact the consumer who submitted the complaint and the trader specified in the complaint in order to achieve an agreement between the parties.
(2) Within three working days as of the date of receipt of a complaint submitted by a consumer, a copy of the complaint shall be sent to the trader concerned who shall reply to the complaint in writing within ten working days as of the receipt of the copy.
(3) A copy of a written reply of a trader shall be sent to the consumer within three working days as of the date of receipt of the reply.
(4) If the written reply of a trader proposes a solution acceptable to the consumer, the complaint is deemed to be settled.
(5) If the reply of a trader offers a solution unacceptable to the consumer, the consumer shall notify the Consumer Protection Board thereof and the consumer’s complaint together with a written explanation of the trader and the position of the consumer shall be forwarded to the committee. If necessary, the position of a competent supervisory authority concerning issues relevant to the settlement of the complaint shall also be forwarded to the committee. The complaint of the consumer together with the materials annexed to the complaint shall be forwarded to the committee not later than within thirty working days as of the date of receipt of the complaint.
(6) If a trader does not submit a written reply, the matter shall be heard on the basis of the complaint of the consumer.

§ 29. Termination of proceedings concerning complaint
(1) The committee has the right to terminate proceedings concerning a complaint if it becomes evident in the hearing of the complaint that settlement of the complaint does not fall within the competence of the committee or that settlement of the complaint on the basis of the proof submitted is not possible as it requires thorough investigation and hearing of witnesses.
(2) Termination of proceedings concerning a complaint shall be decided by the 
chairman of the committee. The consumer shall be immediately notified of 
termination of the proceedings and the reasons for the termination in writing.

§ 30. Term for hearing complaints
(1) A complaint submitted to the committee shall be heard at a session of the 
committee not later than within two months as of the date following the date of 
forwarding the complaint to the committee.
(2) The chairman of the committee shall determine the time and place of the 
session of the committee and arrange for the delivery of summonses to the parties to 
the dispute.
(3) The term specified in subsection (1) of this section may be extended at the 
reasoned request of a party or for any other good reason.

§ 31. Sessions of committee
(1) The committee shall hear a complaint at a session in the presence of the parties 
to the dispute or their representatives.
(2) Failure of the parties to a dispute or their representatives to appear at a session 
does not hinder the hearing of the complaint.
(3) The sessions of the committee shall be chaired by the chairman who shall 
ascertain the nature of the complaint of the consumer and the relevant provisions of 
law at the session.
(4) The consumer shall present his or her claim and the bases therefor. A 
consumer may supplement the claim submitted in his or her written complaint at the 
session.
(5) A trader against whom a claim has been submitted shall either accept or 
contest the claim. The trader has the right to submit additional evidence.
(6) The persons concerned shall be heard and the documents and other evidence 
shall be examined and evaluated at a session.

§ 32. Expert opinion
(1) If necessary, the committee has the right to order an expert assessment of the 
goods or services subject to a dispute with the consent of the parties to a dispute. The 
committee appoints an expert taking into consideration the opinions of the parties.
The term for conducting the expert assessment shall be determined by the committee by agreement with the expert.

(2) An expert opinion shall be sent to both parties to the dispute. The expenses relating to the assessment of goods or services by an expert shall be paid by the party who lost the dispute according to the decision of the committee.

(3) The committee has the right to divide the expenses relating to the assessment of goods or services by an expert between the consumer and the trader if it is not possible to exclusively determine which of the parties lost the dispute.

(4) The committee has the right to order an expert assessment of goods or services subject to a dispute also if the expert opinion is requested by one of the parties to the dispute and the party agrees to pay the expenses relating thereto.

§ 33. Minutes of sessions of committee
(1) Minutes shall be taken of the sessions of the committee by an official of the Consumer Protection Board who is not a member of the committee.

(2) The minutes of a session of the committee shall contain information relevant to the dispute.

(3) The minutes of a session of the committee shall set out:
1) the date and place of the session;
2) the time of the beginning and end of the session;
3) the names of the members of the committee, the person chairing the session and the person taking the minutes;
4) the names of the parties to the dispute;
5) information on whether the parties appeared at the session;
6) the essential content of the explanations, claims and objections of the parties;
7) information concerning presentation of documentary evidence;
8) the date of signature of the minutes.

(4) Minutes shall be signed by the chairman of the committee and the person who took the minutes.

Division 4
Decisions and Execution of Decisions of Committee

§ 34. Decision making
(1) The committee shall make a decision not later within five working days as of the date of hearing the complaint. Only members of the committee shall be present while a decision is made.

(2) The decisions of the committee shall be reasoned and be based on Acts and other legislation. The committee shall evaluate all evidence from all perspectives, thoroughly and objectively when making a decision.

(3) Decisions shall be made by majority vote. Members of the committee who maintain a minority position have the right to dissent.

(4) Members of the committee do not have the right to remain undecided.

§ 35. Preparation of decisions
(1) Decisions shall be prepared in writing and consist of an introduction, descriptive part, the statement of reasons of the committee and a conclusion. Decisions shall be signed by all the members of the committee.

(2) The introduction of a decision shall set out the time of making the decision and the names of the parties.

(3) The descriptive part of a decision shall set out the claim of the consumer and the objections of the other party.

(4) The statement of reasons of a decision shall set out the facts and evidence established by the committee, the conclusions reached by the committee on the basis thereof, and the legal acts applied by the committee.

(5) The conclusion of a decision shall set out the position of the committee concerning satisfaction, partial satisfaction or dismissal of the complaint.

§ 36. Disclosure of decisions
(1) The decisions of the committee are public.

(2) A copy of a decision shall be sent to the parties by registered mail with advice of delivery within two working days as of the date of making the decision.

(3) The decisions of the committee shall be published on the web site of the Consumer Protection Board.

§ 37. Compliance with decisions
(1) The decisions of the committee are advisory to the parties.
(2) A decision of the committee is complied with within one month as of the date following the date of receipt of a copy of the decision unless a different term is specified in the decision.

(3) A trader shall notify the Consumer Protection Board of compliance with a decision in writing.

(4) A list of the traders who have failed to comply with a decision of the committee shall be published on the web site of the Consumer Protection Board.

(5) If a party to a dispute does not consent to the decision of the committee or fails to comply with the decision, the parties have the right to file an action with the county or city court for the hearing of the same dispute.

(6) In the event of failure to comply with a decision of the committee, the Consumer Protection Board has the right to file an action with the county or city court for the hearing of the same dispute as the representative of the consumer with the consent of the consumer if the dispute is relevant to the application of an Act or other legislation or to the general interests of the consumers.

Chapter 6
Supervision

§ 38. Supervisory authorities for consumer protection
Officials of the Consumer Protection Board, Health Protection Inspectorate, Police Board and local governments who have supervisory competence (hereinafter supervisory officials) shall exercise supervision pursuant to law and within the limits of their competence over safeguarding of the rights granted to consumers on the basis of this Act or other legislation.

§ 39. Rights of supervisory officials
(1) In order to perform their duties, the supervisory officials have the right to:
1) verify whether the goods and services offered to consumers comply with the requirements and, if necessary, purchase goods or services for such purpose;
2) have free access to the offices, sales premises and warehouses of traders and open transport facilities transporting goods in the presence of the trader, a representative of the trader or impartial observers of the investigative activity;
3) require submission of relevant documents, materials, explanations and other relevant information by traders and producers;
4) suspend the offering and sale of goods or services harmful to consumers by affixing a seal, if necessary;
5) issue oral warnings to traders and draw their attention to failure to comply with the requirements relating to consumer protection;
6) make proposals to competent persons and institutions for suspending or terminating the activities of a trader pursuant to the procedure prescribed by law if the trader fails to comply with the requirements established for activities in the given area of activity;
7) issue precepts within the limits of his or her competence.

(2) In the performance of their duties, officials exercising supervision are required to present identification.

§ 40. Precepts of supervisory officials
(1) Upon detection of an offence, a supervisory official may issue a precept in which he or she:
1) demands termination of the offence and, if possible, restoration of the initial situation, or
2) requires suspension of the offering or sale of goods or services which are not in compliance with the requirements, and prescribes a term for bringing the goods or services into compliance with the requirements.

(2) A precept shall set out:
1) the name and position of the person issuing the precept;
2) the date of issue of the precept;
3) the name and address of the recipient of the precept;
4) the factual basis for issuing the precept;
5) a clearly expressed demand together with references to the provisions of the relevant Acts;
6) the term for compliance with the precept;
7) the amount of the penalty payment to be imposed upon failure to comply with the precept;
8) the procedure for appeal against the precept.
(3) A precept shall be submitted to the representative of a trader immediately against signature or sent by registered mail with advice of delivery.

(4) Compliance with precepts is mandatory for traders. Contestation of a precept shall not release the trader from compliance with the precept unless the court decides otherwise.

(5) Upon failure to comply with a precept specified in subsection (1) of this section, a penalty payment may be imposed pursuant to the procedure provided for in the Substitutive Enforcement and Penalty Payment Act (RT I 2001, 50, 283; 94, 580). The maximum amount of a penalty payment is 10 000 kroons.

§ 41. Termination of activities harmful to collective interests of consumers

(1) The director general of the Consumer Protection Board and the persons authorised by him or her may issue precepts requiring termination of or refraining from activities harmful to the collective interests of consumers.

(2) Any act which concerns the common interests of an undefined number of consumers and is in conflict with the provisions of this Act, the Law of Obligations Act or any other Act is an activity harmful to collective interests.

(3) The director general of the Consumer Protection Board or a person authorised by him or her may issue a precept to a trader and require termination of application of standard conditions unfair to consumers, or require that a trader who has violated the provisions of §§ 46–51 of the Law of Obligations Act concerning contracts negotiated away from business premises, §§ 52–62 concerning distance contracts, §§ 208–237 concerning sales contracts, §§ 379–388 concerning contracts relating to the purchase of a right to use a building on a timeshare basis, §§ 402–421 concerning consumer credit contracts and contracts linked thereto, §§ 635–657 concerning employment contracts or §§ 866–882 concerning package travel contracts terminate the violation and refrain from further violation of the provisions.

(4) A precept shall be communicated to a trader and delivered against signature or sent by registered mail with advice of delivery within two working days as of the date of issue of the precept.

(5) Compliance with a precept issued to a trader pursuant to subsection 40 (2) of this Act by the director general of the Consumer Protection Board or a person authorised by him or her is mandatory for the trader. Contestation of the precept shall
not release the trader from compliance with the precept unless the court decides otherwise.

(6) Upon failure to comply with a precept, a penalty payment may be imposed pursuant to the procedure provided for in the Substitutive Enforcement and Penalty Payment Act. The maximum amount of a penalty payment is 10,000 kroons.

§ 42. Termination of cross-border activities harmful to collective interests of consumers
(1) The provisions of this section apply if the activities of a trader operating in one of the Member States of the European Union are in conflict with the provisions of a directive as transposed into the legislation applicable in such Member State and the consequences of the infringement appear in another Member State.
(2) A list of the directives specified in subsection (1) of this section shall be established by a regulation of the Minister of Economic Affairs and Communications.
(3) The bodies and organisations of the Member States published in the Official Journal of the European Union have the right to apply for a precept to be issued for termination of such activities of a trader operating in Estonia which are in conflict with the provisions of a directive specified in subsection (2) of this section as transposed into the legislation applicable in Estonia and which are harmful to the collective interests of the consumers of the Member State concerned.
(4) The Minister of Economic Affairs and Communications in co-ordination with the relevant ministers shall appoint the Estonian bodies and organisations which have the right to apply for termination of such activities of a trader operating in a Member State of the European Union which are in conflict with the provisions of a directive specified in subsection (2) of this section as transposed into the legislation applicable in the Member State and which are harmful to the collective interests of consumers in Estonia.

Chapter 7
Liability

§ 43. Offering or sale of harmful goods or provision of harmful services
(1) Offering or sale of goods or offering or provision of services by a trader if the goods or services are not in compliance with the requirements and cause a threat to
the life, health or property of a consumer when used for their intended purpose is punishable by a fine of up to 300 fine units.

(2) The same act, if committed by a legal person, is punishable by a fine of up to 50 000 kroons.

§ 44. Failure to give notification or delayed notification of goods or services harmful to life, health or property of consumers
(1) Failure to give notification or delayed notification, by a trader, of goods or services harmful to the life, health or property of consumers when used for their intended purpose is punishable by a fine of up to 200 fine units.
(2) The same act, if committed by a legal person, is punishable by a fine of up to 30 000 kroons.

§ 45. Violation of requirements for provision of information concerning characteristics, conditions of use or warranty of goods or services or for indication of prices
(1) Violation, by a trader, of the requirements for provision of information concerning the characteristics, conditions of use or warranty of goods or services or for indication of prices is punishable by a fine of up to 100 fine units.
(2) The same act, if committed by a legal person, is punishable by a fine of up to 30 000 kroons.

§ 46. Violation of requirements for goods, sale of goods or provision of services
(1) Violation, by a trader, of the requirements for the expiry dates, markings or instruction manuals of goods or for the warranty applicable to goods or services or any other requirements for goods or services or the sale of goods is punishable by a fine of up to 200 fine units.
(2) The same act, if committed by a legal person, is punishable by a fine of up to 40 000 kroons.

§ 47. Deception of consumers
(1) Commission of the following acts by a trader upon the sale of goods or provision of services to a consumer:
1) inaccurate weighing, inaccurate measuring, or miscalculation;
2) failure to adhere to the approved rates or the prices agreed upon or indicated, or
3) failure to provide or concealment of truthful information in Estonian concerning the characteristics, prices or origin of goods or services, is punishable by a fine of up to 100 fine units.

(2) The same act, if committed by a legal person, is punishable by a fine of up to 30 000 kroons.

§ 48. Proceedings


(2) The following bodies shall conduct extra-judicial proceedings concerning the misdemeanours provided for in § 43 of this Act:

1) Consumer Protection Board;
2) Health Protection Inspectorate;
3) police prefectures;
4) rural municipality and city governments.

(3) The following bodies shall conduct extra-judicial proceedings concerning the misdemeanours provided for in § 44 of this Act:

1) Consumer Protection Board;
2) Health Protection Inspectorate.

(4) The following bodies shall conduct extra-judicial proceedings concerning the misdemeanours provided for in §§ 45–47 of this Act:

1) Consumer Protection Board;
2) Health Protection Inspectorate;
3) rural municipality and city governments.

(5) A police prefecture or a court may apply confiscation pursuant to § 83 of the Penal Code of the direct object of commission of a misdemeanour provided for in § 43 of this Act.

Chapter 8
Implementing Provisions
§ 49. Repeal of earlier Act

§ 50. Amendment of Law of Obligations Act
The Law of Obligations Act (RT I 2001, 81, 487; 2002, 53, 336) is amended as follows:
1) in subsection 46 (2), the words “60 euro” are replaced by the words “15 euro”;
2) in subsection 49 (1), the words “seven days” are replaced by the words “fourteen days”;
3) subsection (4) is added to § 49 worded as follows:
“If a consumer withdraws from a contract, the sums paid by the consumer shall be refunded to him or her immediately but not later than within thirty days as of the withdrawal from the contract.”
4) in subsection 56 (1), the words “eleven days” are replaced by the words “fourteen days”;
5) Chapter 2 is amended by adding Division 5 worded as follows:
“Division 5
Contracts Entered Into Through Computer Network

§ 621. Specifications concerning entry into contracts through computer network
(1) A person engaging in business or professional activities who enters into contracts through a computer network when selling goods or providing services, shall make available to the customers suitable, efficient and accessible technical means by which the customers are able to identify and correct typing errors before transmitting their orders.
(2) Before transmission of an order specified in subsection (1) of this section, the supplier shall notify the customer of:
1) the technical stages of entry into the contract;
2) whether the supplier will preserve the text of the contract after entry into the contract and whether the text will remain available to the customer;
3) the technical means for identifying and correcting typing errors;
4) the languages in which the contract may be entered into;
5) the rules adhered to by the supplier, and the electronic means for examining the rules.
(3) A supplier shall confirm receipt of an order immediately in electronic form.
(4) An order or confirmation of receipt of the order are deemed to be received when the person to whom the order or confirmation is addressed has had the opportunity to examine it.
(5) The terms of a contract, including standard terms, shall be presented to the customer in a manner which enables saving and reproduction of the terms.
(6) The provisions of subsections (1)–(3) do not apply if a contract is entered into by electronic mail or any other similar personal means of communication.
(7) Agreements derogating from the provisions of subsections (1)–(5) may be entered into only by persons engaging in business or professional activities. Derogating agreements do not affect the validity of the contract entered into.
(8) The provisions of this section do not preclude or restrict any obligations of the suppliers to provide customers with any other information provided by law.”

§ 51. Entry into force of Act
(1) This Act enters into force on 15 January 2004.
(2) Section 42 of this Act enters into force by a separate Act as of Estonia's accession to the European Union.