

Public debate on Trade Law and Draft Consumer Protection Law

Hotel Villa Zora - **Veles**
18 March 2004

Public presentation of the new Trade Law and the Draft Consumer Protection Law

The public presentation was held in order to inform the attendees about the contents of the new Trade Law and Consumer Protection Draft Law under the aspect of rights and obligations of traders and consumers.

At the presentation, speeches were held by Hans Jurgen Zahorka, EU Expert, Krum Efremov, Head of WTO and Trade Sector in the Ministry of Economy, who was also moderator, Epaminona Glavinac as a representative of the Consumer Organization and Ljubica Simonovska as a representative of the Economic Chamber.

The presentation was attended by representatives of the municipality of Veles, the Economic Chamber, the Consumer Protection Organizations, enterprises as well as the Market Inspectorate.

Petre Najdov from the Council of the municipality of Veles thanked the Ministry of Economy for choosing precisely Veles as the first city in which a presentation of the Trade Law and the Consumer Protection Draft Law is held. He pointed out that it is of great importance that, apart from Skopje, a Consumer Protection Council has also been established in Veles.

Hans Jurgen Zahorka praised the Ministry of Economy and the Macedonian Parliament, which enacted the Trade Law some days ago:

"The Trade Law contributes towards growth of competition, has a regulative function and protects everybody, not only the state, but also traders and consumers alike. The enactment of the law is only phase one. The moment it finishes, the next phase of law enforcement shall begin".

In his words, the Trade Law comes closer to EU demands and regulations. But when Macedonia enters the EU, the Law will again have to be amended. He reminded that it is a basis for an experiment in merging foreign and domestic trade in the same law, which he finds very interesting. Zahorka then also explained the deregulation which, he pointed out, is all the trend in the EU and constitutive for the Single Market, but he said that it ends at a certain degree and must not disharmonise public order.

He explained that Macedonia will have to adopt the EU trading system to its trade system, since the matter at hand is a market of 500 million consumers, and there will be no limitations for Macedonian manufacturers that enter a market of such magnitude.

"On the other hand, the entry of foreign products is a challenge that increases competition and will improve export product quality."

He also stressed the relation to the rules of EU state aid that is being granted to certain regions, sectors and companies, as well as to the Competition Law. The Trade and Consumer Protection laws are another movement forward towards the European Union and a step that should fit the country in global economic system development.

Krum Efremov informed that the Ministry of Economy has already started drawing up preliminary bylaws and, very soon the Trade Law is expected to be published in Official Gazette, which will mean effectiveness of the law, i.e. it will enter into force.

Epaminona Glavinac highlighted that Skopje and Veles are first municipalities to have Consumer Protection Organizations. He emphasized that consumer protection is one of the rights of a citizen. As a positive example, he said the fact that the Ministry of Economy, in the course of the drafting of the Consumer Protection Draft Law, considered all suggestions from the Macedonian Consumer Protection Organization and that it included this organization in all preparatory phases of the law.

"That is a good example of public and civil sector cooperation."

Ljubica Simonovska of Macedonian Economic Chamber said that it is essential to emphasize on inciting improvement of product standards and pointed out that bad competition ruins a product. She emphasized that the new laws offer protection both to manufacturer and consumer, and that these laws merge with other law regulations.

Simonovska also stated that, during the law-making process, all remarks of the Economic Chamber business society have been accepted and implemented.

The Demos organization representative talked about the Minister's discretionary right and pointed out that in the past public officials had been substantially influential. He asked whether the laws restrain their discretion rights since they are used by public officials to sway economic policies.

Krum Efremov replied that, according to these laws, the Minister of Economy has no discretionary rights.

"These laws do not give any discretionary rights to the Minister".

Sonja Arsova from Sako Trade Veles pointed at Article 13 of the Trade Law which tackles green market trade, and stated that there had been no changes in regulation, reminding that the municipality council will have free reign to choose goods for selling at green markets.

"In this way, we will again have grey economy and it will be possible to sell everything at the green markets."

Efremov replied that, on the contrary, there are major changes regarding the trade on green markets. Green markets will be used for mass and retail trade of goods according to conditions determined by law and other regulations. At specially designated areas in green markets, mass and retail trade of miscellaneous goods will be possible, the choice of which will be up to the municipality.

"The goal is to start regulating grey economy, so even though it is merely a counter we are talking about, a name will have to be printed and a fiscal bill issued. Grey economy can not be vanquished with one law only and in a short stretch of time. We are constantly working on resolving this issue."

Hans Jurgen Zahorka said that the EU recommends a gradual approach in combating grey economy. In his opinion, Macedonia is on the right track.

"Unlike a situation when an economy transforms into grey economy as it used to be in Italy, and then stabilizes, in Germany there is clear danger of increasing grey economy".

Saying once more that Macedonia is on the right track, Zahorka said that invisible GDP which is achieved by the grey economy gradually should decrease by a few percent each year and that visible GDP should increase equivalently.

Orce Pavlov from Pavor - Veles gave a situation assessment. In his view, Macedonia is afraid of liberalization. He pointed out that in his trade of secondary raw materials processing works, the general goal is to break through the monopoly of separate economic subjects. Pavlov pointed out that liberalization is key to break up monopolies. However, he asked whether the manufacturer can bear the burden of price and quality.

"After a long war, we liberalized export and import of secondary raw materials. I was always a champion of liberal import and export and stimulating low-quality goods companies to restructure at the market itself."

Pavlov informed that his company has been successful in exporting to European Union countries for two years already. They cooperate with Germany and Italy and have adopted EU-imposed rules, which means quality and stock market value during operation. He pointed out that they have offered some of the monopoly companies to restructure or shut down. In his view, the only company that has adopted a new approach of work is Makstil, which operates within European standards and stock market prices.

"Liberalization means making room in the economic sector, leaving out companies that are capable of working within European standards. If it weren't for liberalization, Macedonia wouldn't have had the EUR2 million from waste export. In the area of import, Macedonia should not fear import of higher quality goods and lower prices, because that would be a long-term challenge for Macedonian economy."

On the subject of grey economy, Pavlov said that it exists without any doubt. He reminded that there is a law that prohibits grey economy, but the problem lies in the failure to enforce the law and the inertness of administrative bodies. Pavlov said that his company's export is regulated by the European Union, and stated that there are companies that illegally export to neighbouring countries. Reports for these occurrences are filed each day, but responsible ministries, administration and customs keep silent.

"Not a single body regulates this field. Grey economy grows in our segment of secondary raw material."

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Pavlov mentioned that the Ministry of Environment and Physical Planning adopts a new Law for Waste without consulting the Economic Chamber and members of its branch. According to him, certain export and import is prohibited without stating the reasons. He recommended that the Ministry of Economy should call up a meeting and assess the problems in that law through the Economic Chamber, because EUR10 million will be wasted and welfare expenses for the 200.000 unemployed will increase.

Krum Efremov replied that the Law for Waste is not a responsibility of the Ministry of Economy, but he will do his best to get a copy and assess it.

Hans Jurgen Zahorka pointed out that EU monopoly policy is quite clear, all traces of it must disappear within a given time limit, which happened already or will happen also within the 10 countries that will become European Union members. He said that each country has its own historical examples of monopoly, such as French Electric Power Industry or German Post.

Zahorka mentioned finally on lawmaking that *government will change into governance*, which is en vogue in the European Union. This means that the government should primarily not see its role as oppressive, but a new role should be introduced with which it will become a consultant that assists traders in adhering to the law.

"We now have techniques for governance towards all involved parties in the country: all involved parties participate in drawing up laws, laws can be accessed over the Internet, everybody is given a chance to participate. The smaller the country, the smaller the public administration and the more vital a dialogue can be held which is a must in the preparation of laws."