

Middle East News Analysis

Sound Consumer Protection-A Serious Issue in the UAE and GCC?

LNB News 13/05/2014 29

Published Date

9 May 2014

Jurisdiction

Bahrain; Kuwait; Oman; Qatar; Saudi Arabia; United Arab Emirates

Relevant Companies

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Abstract

Mamoon Ashraf of Bin Shabib & Associates examines a growing trend towards greater consumer protection in the Gulf Cooperation Council countries and wider region.

Analysis

Overview

'75 Million'. This figure represents the total number of visitors to one of the many shopping malls in Dubai last year (you can hazard a guess as to which one). Unsurprisingly, according to reports, the Middle East has the highest per capita spending on luxury goods in the world at about EUR 1,400 (USD 1,928) per year. Whilst countries like Dubai may boast the creation of global benchmarks in mall operations, the question many of us curiously ask is whether a similar benchmark exists legally in the UAE and the Gulf Cooperation Council (GCC) region more generally, for the protection of our rights as consumers who are the end users of the products and services we purchase and whether or not there are effective safeguards in place for when things go wrong with a sale.

A lot of us have had enjoyable and happy experiences when purchasing items from the plethora of retail destinations in the UAE and the GCC, but for some shoppers this may be far from the truth because of issues like bad customer service, no refunds, the supply of defective or faulty goods or even well-made counterfeits thought to be genuine at the time of sale. Unfortunately, given the boom in trade movement and thriving activity in the market, these instances of mis-selling are not uncommon in the UAE and the GCC. In Qatar for example, the Consumer Protection Department of the Business and Trade Ministry-the state run consumer rights watchdog has carried out over 3,000 raids on retail stores in the last three months to ensure retailers are complying with the country's relevant consumer protection legislation. Many of the complaints received related to retailers replacing product labels, failing to provide receipts to customers and not observing Qatari standards and specifications.

Recent developments in the GCC

Many commentators think the GCC is strongly poised towards implementing effective processes to clamp down on selling malpractices and, securing a well regulated, fair and sound consumer environment. In fact, given the expansion of trade and the increasing number of foreign companies operating in the region, there have been calls for a unified consumer protection system in the GCC-including the enactment of a unified law to control products in the common market and protect consumers. Much is being done in the GCC to intensify efforts to enact legislation which protects consumer rights.

Bahrain

In Bahrain, for example, a new consumer protection law was passed in 2012 empowering Bahrain's Industry and Commerce Ministry to assign inspectors to scrutinise documents provided by retailers on the release of new products in the market. The law also provides for the routine inspection of shops and businesses to inspect existing products. Inspectors with judiciary authorities are also empowered to take action on violations committed by businesses.

Kuwait

In Kuwait, the 4th GCC Consumer Protection Committee Meeting was held on 15 March and attended by all the undersecretaries from the relevant ministries of the GCC member states, as well as heads of the relevant consumer protection agencies in the region. The aim of the meeting and focal point of discussion was to unify the GCC's efforts and translate them so as to promote and safeguard the rights and responsibilities of consumers. The UAE delegation highlighted the GCC Supreme Council's decision regarding the passage of a unified consumer protection system for the GCC countries. It was revealed work was underway for establishing a special technical committee to oversee the preparation of executive regulations and appropriate legal framework for consumer protection.

UAE

There is no doubt the UAE Government has taken positive steps in addressing consumer rights as a serious issue. Recently, the Economy Ministry marked the 9th Gulf Consumer Protection Day with the theme 'Shop Consciously....Protect Yourself'. In a speech given by the undersecretary, HE Engineer Mohammed Ahmed Bin Abdul Aziz Al Shehhi, Al Shehhi spoke about the efforts made by the country's Economy Ministry in accomplishing milestones in raising consumer awareness about various goods and services and educating customers on their rights and how to enforce them.

Recent initiatives on consumer protection by authorities in the UAE include:

(i) Smart Board Initiative

The Economy Ministry has announced the 'Smart Board Initiative' which is expected to be used across many retail outlets in the near future. Essentially, this technology will enable consumers, if they so wish, to lodge a complaint via the 'smart board' is a touch screen device integrated with the Ministry's website and consumer protection call centre. Such a system will ensure for a streamlined process for the investigation of a complaint from a complaint site.

(ii) Seminar on Counterfeit Products

The Dubai Chamber of Commerce and Industry is also taking its own initiatives to protect consumers, recently, it teamed up with the Brand Owner's Protection Group to organise a seminar on consumer protection against counterfeiting. The seminar stressed the importance of raising self-awareness amongst customers to prevent them from purchasing fake or replica products. It also urged companies and retailers to find solutions in combating counterfeiting and its overall negative impact on the market.

(iii) Launch of 'Manaa' Product Recall System

In Abu Dhabi last year, the Quality and Conformity Council announced the launch of an interactive product recall system named 'Manaa' to promote, control and monitor consumer safety and encourage feedback on unsafe products. This system allows consumers to view and identify products have been seized or retracted from the market due to non-compliance with UAE safety standards. Such a system is intended to raise awareness on what not to buy.

Consumer Protection Laws in the UAE

The UAE has passed Federal Law No. 24/2006 (Law No. 24) which sets out to safeguard consumer's rights

and their respective interests. Law No. 24 establishes a Consumer Protection Department is charged with the implementation of the consumer general protection policy and spreading consumer awareness about products and services.

Some of the prohibitions are covered in Law No. 24 relate to unfair trade practices, the curbing of unreasonable market manipulation, the sale of substandard or counterfeit products and a monitoring of prices to instill confidence in consumers. Importantly, manufacturers and retailers should be aware of the obligations imposed upon them by Law No. 24 as follows:

- (i) to return or replace a defective product sold to a consumer;
- (ii) not to display, present, promote or advertise misleading products may ultimately harm a consumer;
- (iii) affix descriptive labels on products detailing, the type, nature and ingredients of the commodity, the product name, production or packing date, net weight, the country of origin, the manner of use and expiry date thereof;
- (iv) affix a price to the product and issue a dated bill to the consumer; and
- (v) provide a guarantee the product or service supplied to the consumer conforms to the approved standard as advertised.

With regard to the rights afforded to consumers, under Law No. 24, a purchaser is entitled to compensation for any personal or material damage has been caused by a retailer breaching its obligations under Law No. 24.

Contraventions and Applicable Penalties

A potential breach of any of the above obligations by a retailer may result in a fine of no less than AED 1,000, where a retailer fails to indicate the directions or hazards of using the product then the penalty may increase to AED 10,000. Apart from the imposition of a fine, the court may make an order for seizing the offending goods and the destruction of the materials or tools used for its production. It is also important to note a retailer who fails to remedy its breach within a period of one week may run the risk of being permanently shut down by the UAE authorities.

GCC-wide

It is interesting to note during the Consumer Protection Meeting, there was considerable discussion about the creation and launch of a unified consumer protection website which would serve all GCC citizens. The website's management would be divided among the GCC countries and each country would bear responsibility for entering its own data on commodity prices as well as other relevant information.

Conclusion

It is evident consumer protection is considered by authorities across the GCC to be a serious issue and it is encouraging to see there have been many initiatives taken by them to educate consumers regarding abusive consumer practices. Many are of the view that it is the pace of change which represents the main challenge, given trade in the region is experiencing a surge in activity with many foreign companies now operating in the region. Dubai's Economic Development Department has called on all consumer development departments of the six nations within the GCC to exchange information and reports and work collaboratively on developing programmes designed to secure an adequate level of protection for consumers. A unified consumer protection system is likely to protect consumers more effectively - when problems are encountered, consumers want redress, recall and corrective action and such a unified code would address this.

Source

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