



GUIDE TO CONSUMER PROTECTION

THANK YOU

KINGDOM OF CAMBODIA
NATION RELIGION KING

GUIDE TO CONSUMER PROTECTION I





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7.2 The Law on Consumer Protection

Khmer

<https://www.cfdg.gov.kh/laws-regulations/laws/>

English

<https://www.cfdg.gov.kh/en/laws-regulations/laws/>

7.3 Further Reading

TIP BOX: Curious to Learn More ?



The ASEAN Secretariat is working to promote consumer protection across the region.

Efforts at the ASEAN level are led by the ASEAN Committee on Consumer Protection (ACCP), founded in 2007.

The ASEAN Strategic Action Plan on Consumer Protection (ASAPCP) 2016-2025 charts the course of ACCP activities.

All ASEAN member states have committed to this plan, which aims to establish a common ASEAN Consumer Protection Framework.

Feel free to visit the ASEAN Consumer Official Site for updates on what each ASEAN member state is doing to improve their consumer protection measures: <http://aseanconsumer.org/>

To see the ASEAN High-Level Principles on Consumer Protection, which form the basis for Cambodia's own consumer rights, visit: <https://www.aseanconsumer.org/cterm-consumer-protection/consumer-rights-and-responsibilities>.

The ACCP Handbook on ASEAN Consumer Protection Laws and Regulations can be found here: <https://www.aseanconsumer.org/read-publication-handbook-on-asean-consumer-protection-laws-and-regulations>.

The efforts of the ACCP were influenced by the United Nations' Guidelines for Consumer Protection (UNGCP), which can be downloaded here: https://unctad.org/system/files/official-document/ditccplpmisc2016d1_en.pdf

7. KEY CONTACTS





If you spot any unfair conducts and unfair practices, you can contact the organisations below.

7.1 Government Entities

As a consumer in Cambodia, you have been protected by the Law on Consumer Protection and the competent authority in enforcing the law is the Consumer Protection Competition and Fraud Repression Directorate-General [CCF]







The Consumer Protection Competition and Fraud Repression Directorate-General [CCF].

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INTRODUCTION

The Royal Government of Cambodia enacted the Law on Consumer Protection [Consumer Protection Law] on November 2, 2019.

This law fundamentally changes the way Cambodian businesses and individuals must interact with their customers.

The law rules to guarantee the rights of consumers, and to ensure that businesses act fairly and ethically.



The Consumer Protection Law applies to any person who trades with consumers in Cambodia, regardless of whether the trading activities are for profit or not.

The law applies to the sale of all goods, services, and real rights over immovable property. The purpose of this booklet is to:

- A.** Explain the concept of consumer protection
- B.** Explain what your rights are as a consumer
- C.** Explain why consumer protection is important for you
- D.** Explain who to talk to if you have a complaint as a consumer

Implementing consumer protection measures is an important step towards the establishment of responsible, ethical, and safe business practices in Cambodia. It is also an important step towards a more integrated ASEAN Economic Community [AEC].

The objective of this booklet is to support all Cambodian consumers understand their rights. This is achieved in part through case studies that showcase why consumer protection is important.

Please share this booklet and its key messages with your family, customers, and the businesses you interact with.

7. Key Contacts



6. Examine and resolve complaints or cases initiated by the NCCP itself related to the consumer protection.

Issue a decision to publicise, re-publicise the information, and/or prohibit the management function of the individuals who violate the law, and impose other administrative sanctions at the request of the key authorities or the Consumer Protection Competition and Fraud Repression Directorate-General.



CASE STUDY 5: Role of the CCF During Covid-19

During the Covid-19 pandemic there was an urgent need for alcohol-based hand sanitiser. Many shops started to sell hand sanitiser at high prices.

Some companies attempted to increase the volume of their sanitiser stock by adding water or other ingredients. This weakened the sanitiser, and deceived consumers. A key role of the CCF was to inspect the hand sanitiser on sale to ensure it contained the minimum alcohol content of 60%.

This is a key example of how consumer protection measures, and the CCF can safeguard consumers.



1. What is Consumer Protection



1. WHAT IS CONSUMER PROTECTION?

Consumer protection is practice of safeguarding consumers of goods and services against unfair practices and unfair conducts in the marketplace. This in turn protects the physical and financial wellbeing of those consumers.

CONSUMER PROTECTION AFFECTS ALL GOODS AND SERVICES:



Consumer protection measures are often established by law. In Cambodia, they are established under the November 2, 2019 Law on Consumer Protection.

The Consumer Protection Competition and Fraud Repression Directorate-General (CCF) is responsible for implementing this law in Cambodia. CCF is part of the Ministry of Commerce.

1.1 What is a Consumer?

A consumer is any person who acquires a good or a service from a business or individual.

TIP BOX:
Have you ever bought anything from a business or seller?
If yes, you are a consumer of their good or service!

6.1 Consumer Protection Competition and Fraud Repression Directorate-General (CCF)

As a consumer in Cambodia, you are protected by the Law on Consumer Protection and its implementing body, the Consumer Protection Competition and Fraud Repression Directorate-General (CCF).

TIP BOX: Responsibilities of the CCF

1. Protect consumers and promote competition
2. Prevent and suppress trade fraud
3. Research and develop policies related to product quality and safety
4. Act on agreements and activities that suppress competition
5. Inspect goods and services within its jurisdiction
6. Ensure the quality, safety and compliance of products and protect the rights of consumers

6.2 National Commission for Consumer Protection (NCCP).

The government has also established a National Commission for Consumer Protection (NCCP).

The NCCP is the primary institution for receiving complaints and investigating consumer protection cases.

TIP BOX: Responsibilities of the National Commission for Consumer Protection

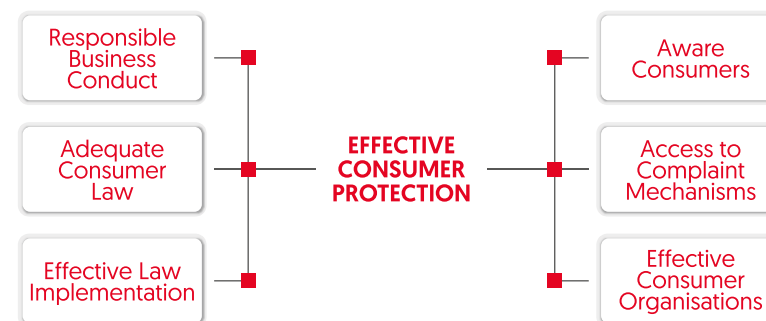
1. Develop and disseminate the policies and strategic plans related to consumer protection
2. Examine and find a solution in case the regulations prepared by one competent authority overlapping with the other competent authority.
3. Provide consultation to consumer association and non-profit organisations involved in the consumer protection.
4. Review and make decision on the rules and procedures that are necessary for the implementation of the law on consumer protection.

6. Who are the Key Authorities?



1.2 What Does Effective Consumer Protection Look Like?

Effective consumer protection measures involve six key factors and require ongoing collaboration between the government, consumers, and businesses.



Source: Adapted from the ASEAN Secretariat

TIP BOX: Roles to Play

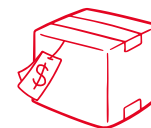
Government stakeholders establish and implement the legal framework for consumer protection.

Businesses should refrain from fraudulent or unfair conduct that negatively affects consumers.

Consumers should be informed about their rights and be able to proactively assert them. Globally, consumer associations play an important role in achieving this.

1.3 What is Fair Competition?

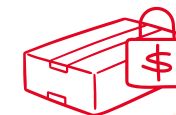
Consumer protection measures aim to promote fair competition in the marketplace.



Fair competition means competition based on fair pricing and good quality.



It means goods are priced based on the principle of long-term economic sustainability.



It means prices are not impacted by one company abusing a dominant position in the market.

TIP BOX: Did you see the price of facemasks rise during the Covid-19 pandemic?

If just one business owned all the facemasks in Cambodia, it could substantially raise their price.

Without fair competition, that company could abuse its position to charge an unfair price to its consumers. The price set would be based on the business's dominant position in the market, not the fair value of the facemask.

As a result, consumers would suffer by being overcharged.

In this case, not only would customers be overcharged, but the health of all consumers could be affected.

In a competitive market, consumers have choices regarding which seller to purchase from - for example, do you buy a Samsung, Huawei, Redmi, or an Apple phone?

In turn, fair competition pushes each seller to try their best to satisfy consumer preferences at reasonable prices. If they do not, consumers will simply choose their competitors product.

1.4 What is an Unfair Practice?

Consumer protection measures also aim to remove or limit unfair practices in the marketplace.

Unfair practices include:

- 1. Misleading Representation
- 2. Promise to Offer Gifts and Prizes
- 3. Bait Advertising
- 4. Referral Selling
- 5. Demanding or Accepting Payment with No Intention to Supply Goods or Services as Purchase Ordered.
- 6. Coercion by Force and Mental Threat
- 7. Pyramid Selling Scheme
- 8. Sale of Goods Bearing a False Trade Description
- 9. Unfair Sales
- 10. Other Unfair Practices

Ideally, consumer protection measures set the framework to reward good practices and punish unfair practices in the marketplace.

The Law on Consumer Protection specifically prohibits unfair conducts and unfair practices in the market.

A consumer association can be established by getting approval from the key authorities, then obtaining the registration at the Ministry of Interior.

Consumer associations play a pivotal role in defending consumer rights. They are created to represent the interests of consumers. They do this by sharing information and advocating for policy changes that protect against unfair practices.

Consumer associations in Cambodia may have the following goals:

- 1. Provide independent counselling to consumers and facilitate the resolution of consumer complaints.
- 2. Act as a representative on behalf of any consumer whose rights have been violated.
- 3. Represent the opinions and interests of consumers in public forums or press conferences.
- 4. Receive counselling from any competent regulator concerning the regulations or information standards to be provided to consumers.
- 5. Establish a working group for consumer protection in key sectors.
- 6. Implement other duties delegated by the National Commission for Consumer Protection.

5.3 ASEAN Consumer Associations

Currently, 7 of the 10 ASEAN Member States have a Consumer Association in place. Cambodia now aims to do the same!



5. WHAT ARE YOUR CONSUMER RIGHTS?

5.1 Consumer Rights

Knowing your consumer rights can help stop disreputable traders operating and can ensure that you get a fair deal. Consumer rights protect customers, and empower them to speak up when wronged.

As a consumer in Cambodia, your rights are laid out in the Law on Consumer Protection. You have:

- 1 The right to receive information and education to be able to identify the difference between goods or services and to be protected against false and misleading representation by advertisement.
- 2 The right to choose goods or services which are competing on price and on quality.
- 3 The right to be heard regarding consumer concerns and to receive settlements from the competent regulators and the government.
- 4 The right to demand compensation under the Law on Consumer Protection or by other laws.

5.2 Consumer Associations

Under the Law on Consumer Protection, consumers also have the right to establish their own consumer associations.

TIP BOX: Want to get Involved?

Use the contacts section at the end of this booklet to register your interest!

For example, a key next step in the establishment of effective consumer protection measures in Cambodia is the formation of Cambodia's first consumer association.

2. What is Unfair Conduct in Business?



2. WHAT IS UNFAIR CONDUCT IN BUSINESS?

2.1 What is Misleading Representation

Misleading representation refers to a person conducting any business activity that leads consumers to believe that something is true when it is actually untrue.

TIP BOX: Have you ever seen an advert that seems too good to be true?

Sometimes, unscrupulous companies can make false advertisements. These false advertisements promise benefits that either may not exist, are false, or that are exaggerated.

Examples may include a food advert that falsely promises health benefits, a medicine label that purposefully overexaggerates its effectiveness, or a website that entices you to subscribe based on false information.

As Advertised



In Reality



2.2 Example of Misleading Sales

Businesses may be rewarded in the short term for misleading representation but with effective consumer protection measures, they are usually punished in the long term. When consumers learn of their unscrupulous practises, they stop using the products of that business.

CASE STUDY 1: Classmates.com

An modern example of misleading representation came from Classmates.com. Classmates.com was an early American social media platform.

The platform aimed to connect people with their old high school friends. It sent emails to non-paying customers claiming that old friends were trying to contact them via the platform. Customers then had to pay a subscription to contact these friends.

However, when customers paid, they found that none of their friends had subscribed to the platform!

In the United States, this resulted in Classmates.com being sued for fraudulent practices. The company lost the trust of its customers, and its reputation never truly recovered.



5. What are Your Consumer Rights?



Choice



Right to be Informed



Right to be Heard



Safety



Those businesses that do not treat consumers fairly will in turn be punished by the market and the law. Their negative reputations will eventually result in decreased sales and competitiveness.

Consumer protection measures therefore contribute towards dynamic, effective, and innovative markets for businesses to grow.

4.4 Regional Integration

Consumer protection measures in Cambodia also contribute to increased regional integration at the ASEAN level.

As Cambodia trades more with its fellow ASEAN member states, cooperation on consumer protection becomes a necessity.

This is increasingly important with the emergence of digital trade and e-commerce.

4.5 What is in it for me?

All consumers benefit from consumer protection measures. They contribute towards:



Lower prices



Safer products



Consumer awareness



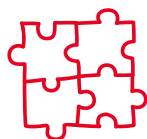
More choice



Responsible businesses



Complaints mechanisms



Regional integration

3. What is Unfair Practice in Business?



3. WHAT IS UNFAIR PRACTICE IN BUSINESS?

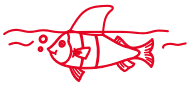
Unfair practice takes several forms. The Law on Consumer Protection defines unfair practice as any act “committed by a person or business which may mislead or deceive a consumer”.

- The Law states that it is illegal for a person or business to engage in unfair practice.
- Unfair practice is an intentional action.

It is therefore very important that any person or business thinks carefully about how their products are advertised.

There are now strict penalties for taking part in any form of unfair conduct. For the most serious breaches, these penalties include fines of up to 80,000,000 riels, by not encounter any other serious penalties.

The Law on Consumer Protection describes the following types of unfair conduct:



Unfair or Misleading Sales

A sale which misleads or deceives a consumer of a good or service. For example, by including very small text that is too small to read.



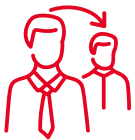
False Promises to Offer Gifts and Prizes

Promising to offer a certain gift or prize if a consumer makes a purchase, with no intention of honouring that gift or prize.



Bait Advertising

Advertising a good or service at a particular price, when there is no intention, or possibility to honour that price.



Referral Selling

Persuading a consumer to buy products or services through promises of a rebate, commission, or other benefit for supplying information that helps the business sell to other consumers, and where the consumer does not get the promised benefit unless some other event happens after the agreement is made.

4. WHY IS CONSUMER PROTECTION IMPORTANT?

Consumer protection measures will make Cambodia a safer place to live, trade, and do business.

As stated by the ASEAN, consumer protection measures “make markets work for both businesses and consumers.”

Four key reasons why consumer protection is important are detailed below:



4.1 Crime & Fraud Prevention

In Cambodia, the new consumer protection measures will contribute to a decrease in the number of cases of unfair conduct.

4.2 Consumer Awareness

Consumer protection measures help consumers obtain accurate, unbiased information about the goods and services they purchase. They enable consumers to make the best choices based on their needs, and with trust that they are not being misled by the seller.

4.3 Competitiveness

Consumer protection measures encourage businesses to treat consumers fairly and with respect, and they allow for consumer demands to drive good business practises and innovation.

Businesses that do so will gain a good reputation and their products will be more sought after. In turn, their businesses will be more profitable, competitive, and sustainable.

4. Why is Consumer Protection Important?



Demanding or Accepting Payment with no Intention to Supply the Goods or Services Purchased

Demanding or accepting payment from consumers with no intention of delivering the good or service. Or, with the intention of delivering a different, often lower quality good or service.



False or Misleading Representation about Business Activities

Making false or misleading representations related to the profits, investments, operations, or activities of a business. For example, exaggerating profits of a business to encourage investment or further sales.



Coercion of Consumers by Force or Mental Threat

Using physical or mental force or coercion on a consumer to encourage them to use a good or service.



Pyramid Scheme Selling

A pyramid scheme is a way of making money that cannot continue very long. It involves promising people payment, goods, or services, primarily for enrolling other people into the scheme or training them to take part. Money primarily comes from recruiting new people to the scheme, and so often does not supply any real sale of products or services to consumers.



Sale of Goods or Services Bearing False Trade Descriptions

Any false label or description given to a good or service. For example, sewing a false logo onto a non-branded shirt.



Other Unfair Practises as Determined by Competent Regulators

Other unfair practises shall be determined by Prakas of the competent regulators. Unfair practises will adapt over time to fit new and changing forms of unfair conduct.

Several case studies demonstrate here the effectiveness of strong consumer protection measures. They show how such measures prevent customers from being deceived, and how companies can be punished when breaking consumer protection laws.

3.1 Example of Unfair Sales

CASE STUDY 2: Car Emissions Scandal

Germany has some of the strongest consumer protection measures in the world. However, even here, a modern example of misleading sales was from automotive giant Volkswagen.

Volkswagen claimed its vehicles sold in America were able to burn clean, diesel fuel. Many customers purchased Volkswagen vehicles because they believed that the vehicle was better for the environment than some of its competitors.

In reality, Volkswagen had engineered a piece of software that allowed its vehicles to detect when they were being tested, and intentionally reduce harmful exhaust emissions as a temporary measure to deceive testers.

Although Volkswagen initially benefited from the deception, it was eventually discovered.

Angry consumers grouped together, and in 2016 the United States Federal Trade Commission (FTC) filed a lawsuit against Volkswagen. In the end, Volkswagen suffered a substantial hit to its international reputation. In two settlements, the automaker agreed to spend up to \$14.73 billion to settle allegations of deceiving customers.

Other car brands were also caught up in similar scandals, including Renault, Nissan, and Fiat.

3.2 Example Pyramid Scheme

CASE STUDY 3: Ultralife Pyramid Scheme

An example of a pyramid scheme is the 2008 Ultralife Club, set up by Canadian corporation Business in Motion International.

People were asked to invest in a scheme where they could purchase vacation packages, and then subsequently sell those vacation packages for a higher price. Advertisements promised customers a way to access cheap travel, and to profit from re-selling vacation packages. To join, people were asked to pay a \$3,200 subscription fee. They were then told they could re-sell the vacation packages for up to \$9,000 – receiving a generous profit for doing so.

In reality, those at the top of the pyramid scheme (the company owners) benefited from continually recruiting people onto the program. They made their money through the \$3,200 initial subscription fee. However, very few of those who signed up were able to re-sell the vacation packages for a higher value, and so simply lost their initial subscription.

Thanks to the strong consumer protection measures in Canada, this resulted in Business in Motion International.com being sued for fraudulent practices. A group of 2,000 investors people tricked by the company launched a class action lawsuit and were awarded \$6.5 million in compensation. The founder faced deportation to his home country

3.3 Example of Goods with Bearing False Trade Descriptions

CASE STUDY 4: Kellogg's

Kellogg's is an international consumer goods brand that is famous for selling cereal – a popular breakfast food. Kellogg's owns brands such as Corn Flakes, Crunchy Nut, Coco Pops, and Rice Krispies.

In 2010, Kellogg's began to advertise that its Rice Krispies had immune system boosting properties in the United States. The company claimed this because of the vitamins and minerals that the breakfast cereal was made with.

The claims were suspected as being misleading, and in 2011, the United States Federal Trade Commission (FTC) investigated the case.

It was found that the adverts were indeed misleading, and that the cereal had no immune system boosting properties.

Because of the false description, when the FTC settled the case, Kellogg's agreed to pay a \$2.5 million fine to customers. To repair its reputational damage, it also donated \$2.5 million worth of Kellogg's products to charity.