

## COUNTRY REPORT OF JAPAN FOR 2002

### I . BUDGETS FOR CONSUMER-RELATED POLICIES

The budgets for consumer policy for the fiscal years 2001 and 2002 are shown in Table 1.

Table 1-- Japan: Outline of Central Government budget for consumer policy  
( Unit: 1,000 yen )

Item	Fiscal 2001	Fiscal 2002
Prevention of injury	10,580,255	9,857,302
Accurate weight measurement	1,935	1,020
Standardization	1,219,711	1,421,763
Proper labeling	573,314	405,268
Securing of fair competition	630,643	728,081
Proper and fair contract terms	382,471	361,756
Consumer education	3,267,696	3,406,651
Reflection of consumer opinions	206,332	499,113
Improvement of test and inspection facilities	3,691	3,691
Improvement of complaint handling system	816,131	672,200
Organizing of consumers	95,377	35,000
Other	9,315,839	5,695,077
The National Consumer Affairs Center of Japan (NCAC)	(2,815,076)	(2,743,959)
Promotion of consumer policies at local level	(78,151)	(70,245)
TOTAL	27,093,395	23,086,922

### II . PHYSICAL PROTECTION (PRODUCT SAFETY)

#### Product Liability

The Product Liability Act came into force on July 1, 1995. Various measures are being currently promoted, including improvement of an alternative dispute resolution system, preparation of a cause investigation system, strengthening of the gathering and providing of information related to product accidents, and improvement of product safety education to make effective the protection and relief from consumer injury and harm.

## Food Products

To ensure food safety, the regulations concerning the following matters are established, based on the Food Sanitation Law: 1) the control of the selling and manufacturing of food products and food additives, 2) the establishment of standards, specifications, and labelling requirements for these products, and 3) the control of business facilities, such as restaurants. Also, appropriate measures are taken concerning examinations and inspections necessary for the implementation of these regulations.

To ensure the safe production of agricultural products, forestry products, livestock products, and marine products, agricultural chemicals and feed are regulated.

The government of Japan has implemented the following measures to prevent food-borne diseases: 1) the provision of information on precautionary measure via the Internet and government official reports, 2) the implementation of the hygiene management of food business facilities, 3) the preparation and dissemination of manuals for hygienic management at mass food catering facilities and for the prevention of food poisoning at home.

Based on the Food Sanitation Law, the Ministry of Health, Labor and Welfare (MHLW), formerly named the Ministry of Health and Welfare (MHW), has established specifications for microorganisms in foods, standards for methods of manufacturing and preserving foods, and residue standards (maximum residue limits: MRLs) for agricultural chemicals in crops and for veterinary drugs in foods derived from animals. As of April 2003 there are 35 individual foods for which compositional specifications and standards for processing and manufacturing, and preserving are established. Also, MRLs are set for 229 agricultural chemicals on approximately 130 crops and for 26 veterinary drugs on foods derived from animals. Any food must not contain antibiotics or synthetic antibacterial agents that have no MRLs. The Agricultural Chemicals Regulation Law sets standards for withholding registration on crops for 356 (March 2002) agricultural chemicals. The Agricultural Chemicals Regulation Law also sets direction for safe use of agricultural chemical on residue of 191 (December 2002) of the agricultural chemicals whose maximum residue limits are fixed by the Food Sanitation Law and registered in Japan.

The MHLW has made mandatory safety assessment of foods and food additives produced by recombinant DNA techniques, based on the “Standards for Safety Assessment of Foods and Food Additives Produced by Recombinant DNA Techniques”. As of March 2003, 44 types of foods and 10 types of food additives were completed safety assessment.

The MHLW has implemented research to identify food allergies and to develop foods from which allergens have been removed.

To promote effective measures for dioxins in food, the MHLW has conducted

research programs on dietary exposure assessment, including information disclosure.

In September 2001, the first BSE case was confirmed in Japan. The Japanese government started BSE test program including BSE screening tests in local meat inspection centers and BSE confirmatory tests (Immunohistochemistry and Western blotting) in national reference laboratories for all age of cattle slaughtered from October 18, 2001. The obligatory removal and incineration for SRMs were implemented under the Abattoir Law Enforcement Regulation in October 18, 2001. A system of distributing only safe beef from slaughter houses was established.

Pharmaceutical Products etc.

To ensure the quality, efficacy, and safety of drugs, quasi-drugs, cosmetics, and medical devices, manufacturing (import) and selling are regulated by the Pharmaceutical Affairs Law.

Manufacturing and import of drugs and medical devices etc. are approved after rigorous examination of efficacy and safety of them. Basically, six years after the approval of a new drug, the efficacy and safety of the drug is re-examined and then re-evaluated.

For drugs and medical devices etc., MHLW has established GMP (Good Manufacturing Practice) regulation to secure the quality of the products.

MHLW makes efforts to collect adverse reaction reports from many sources and systems, such as: 1) an adverse reaction reporting system, 2) WHO International Drug Monitoring Program, and 3) reports from manufacturers, and makes information available to medical personnel after evaluation of the reports.

In June 1994, provisions related to medical devices in the Pharmaceutical Affairs Law were amended to enhance post-marketing measures, to promote appropriate use, and to establish the GMP regulation.

Consumer Products

The Consumer Product Safety Law, which implements safety measures for consumer products, regulates manufacturers, importers and sales person to prevent injury to general consumers caused by consumer products with the mandatory PSC-mark system. And the Consumer Product Safety Association manages the SG-mark voluntary system which combines the confirmation of the conformity to their standards and the insurance measures awarded for the damage, and which promotes private-sector voluntary efforts to ensure and improve product safety. The number of specified products by the SG-mark system was 127 as of March 2003.

The Consumer Product Safety Law was amended in August 1999. The amendment included transferring to self-confirmation, self-maintenance, third-party certification and self declaration from inspections and certifications carried out by government. It entered into force in October 2000.

## Recall Systems

In Japan, five product safety laws provide for obligatory recall on the orders of the relevant ministers: the Consumer Products Safety Law, Electrical Appliance and Material Safety Law, Gas Utility Industry Law, Law Concerning the Securing of Safety and Optimization of Transaction of Liquefied Petroleum Gas and the Law for the Control of Household Products Containing Harmful Substances. Two recalls have been ordered under the Consumer Products Safety Law. Voluntary recalls, moreover, have been implemented by both manufacturers and distributors.

The Ministry of Land, Infrastructure and Transport (MLIT), in accordance with the Road Vehicle Act, sets technical standards both to ensure the safety of road vehicles and to protect the environment. Moreover, as for the recall system for road vehicles introduced in 1969, new requirements were stipulated in 1995 under the revised Road Vehicle Act. That is, that motor vehicle manufacturers, etc. are obliged to give prior notice to MLIT. MLIT can urge them to implement recalls if necessary, and if no corrective actions are taken, penalties pursuant to the Law are imposed on the violator. MLIT plans to continue to be substantial in this recall system, and it helps to promote greater safety and environmental protection by preventing accidents and other situations.

## III. PROTECTION OF CONSUMER ECONOMIC INTEREST

### The Consumer Contract Act

Passed on April 28, 2000, the Consumer Contract Act was enforced from April 1, 2001. In order to solve troubles concerning the contracts between consumers and businesses, the Act enables consumers to avoid their declarations of intention to offer or accept contracts when they are mistaken about the contents of the said contracts or distressed by certain acts of businesses, and nullifies, in part or in whole, clauses that unfairly impair the interests of consumers.

Cabinet Office implemented the promotion to use it and education to understand it through various media since May 2000 in order to prevent and rescue the consumers' damage. In addition with promotions and education, they may collect and make public the typical cases.

### Electronic Commerce etc.

With regard to door-to-door sales, mail order sales, telemarketing sales, "continuous services" offers, multilevel marketing and "work-at-home" transactions, the Ministry of Economy, Trade and Industry (METI) has strictly enforced Specified Commercial Transactions Law. Specified Commercial Transactions Law was amended

to regulate unsolicited commercial e-mail messages and was enforced in July 2002. The law requires the businesses such as of mail order sales, multilevel marketing and “work-at-home” transactions to keep opt-out rule.

In order to cope with the problem of Spam E-mail, the law on Regulation of Transmission of Specified Electronic Mail was legislated in April 2002. In order to regulate Spam E-mail, this new law requires the businesses to observe the opt-out rule and the prohibition of the mail transmission using the software that generates fictitious e-mail addresses. In addition, the law requires telecommunication service operators to make effort to develop and introduce new technology that can contribute to prevent the transmission of Spam E-mail. The law came into force in summer of 2002.

In addition, The Law concerning Exceptions of the Civil Code related to Electronic Consumer Contract and Electronic Notice of Acceptance was promulgated on June 29 2001. The law enables the consumer who has expressed his intention to enter into a contract by mistake in electronic transaction to nullify such contract, unless the business engaging in e-commerce has taken appropriate measures to confirm the consumer’s intention of entering into contract. It also provides that, where the notice of acceptance is sent by electronic means in a contract inter absentees, the contract comes into existence at the time when the notice of acceptance arrives at the offeror, whereas, in other cases, the contract inter absentees comes into existence at the time of dispatch of the notice of acceptance. This law came into force on December 25, 2001.

From the viewpoint of ensuring a sound development of business-to-consumer electronic commerce and more appropriate consumer transactions, the Japan Fair Trade Commission (JFTC), in June 2002, has identified problems concerning representations in B to C electronic commerce under the Premiums and Representations Act and made public the points which should be respected by Businesses in making representations. Further, in August 2002, the JFTC started the operation of a B to C electronic commerce surveillance system entrusting consumers with surveillance of online B to C transactions.

JFTC and MLIT had conducted a Web survey “Internet Surf Days” until February 2003, as part of “Internet Sweep Days” in which 31 countries participated. This survey was conducted, in particular, to increase awareness and compliance with related legislation such as Act against Unjustifiable Premiums and Misleading Representations and Travel Agency Law, 2003 Sweep targeted misleading advertising in relation to travel products and services. These two ministries surfed and checked 208 web sites.

## Financial Transactions

Considering the consistency with “the Bill on the Protection of Personal

Information”, the Financial System Council and the Industrial Structure Council are examining the protection of personal information in financial transactions.

The Financial Service Dispute Resolution Liaison Group organized by consumer affairs agencies, consumer groups, self-regulatory organizations, industry groups, bar associations, and the Financial Services Agency, made the standard model of systematic rules and procedures for self-regulatory organizations and industry groups to deal with complaints and disputes for the purpose of strengthening and facilitating the alternative dispute resolution (ADR) in April 2002.

#### Other

To protect consumers from fraudulent commercial practices, the crackdown has been strengthened throughout the country in settled period every year. Also, educational activities that are effective in preventing consumers from being damaged by such practices take effort.

In the telecommunications sector, the Ministry of Posts and Telecommunications (present the Ministry of Public Management, Home Affairs, Posts and Telecommunications) formulated “Guidelines on the Protection of Sender Personal Date with the use of Sender” in November 1996, and “Guidelines on the Protection of Personal Date in Telecommunications Business” in December 1998 to promote the protection of personal data by telecommunications service operators.

In December 2002, the partial amendment of the wire telecommunications law was enacted. Wangiri (a large quantity of nuisance calls) is now prohibited. This measure, together with the measures of telecommunication carriers has resulted in a dynamic drop in the number of Wangiri victims. Wangiri is a conduct of business for profit by transmitting codes to called parties on business not with the purpose of commencing communications but with the purpose of having called parties receive only codes, using equipment that has function that commences the utilization of wire telecommunication and terminates the utilization of wire telecommunication immediately without commencing communications, automatically and without a break.

## IV. CONSUMER INFORMATION AND EDUCATION

### Standardization

As for related activities for consumers, Japanese Industrial Standards Committee implemented the following five actions.

(i) JISC (Japan Industrial Standards Committee) was established the Special Committee on Consumer Policy under its Council to reflect consumer’s viewpoints in the national and international standardization. After discussions in the committee, the

Recommendations on Consumer Policy related to Standardization was finalized in August 2001, in which the committee identified 7 areas (Addressing needs of the elderly and people with disabilities, Consumer protection etc.) of interest to consumers for standardization process, and to take an active part in ISO/COPOLCO (International Organization for Standardization / Committee on Consumer Policy) activities.

(ii) In October 2002, as JISC's activities for consumer's awareness promotion, the Working Group under the Special Committee on Consumer Policy published a leaflet which introduces how Japanese Industrial Standards reflect on consumer's lives. The Working Group also set the web-site in relation to the promotion leaflet and showing more details on standardization policy.

(iii) JISC established Asia-Pacific COPOLCO Member's Network with Asia Pacific district including Australia, China, Indonesia, Korea, Malaysia, Philippine, Singapore, and Thai COPOLCO representative in July 2002. Until now, the AP COPOLCO Member's Network issued newsletters on October 2002, and January 2003, it is also planning to held 5 - 6 days seminar on consumer policy in relation to COPOLCO activities.

(iv) The nonprofit organization NCOS (Nippon Consumer Voice for Better Standards) started its activity from January 2003. Its main role is to reflect consumers' opinions to new policy on standardization areas.

(v) The Industrial Standardization Law aims to improve the quality of mineral and industrial products, to raise production efficiency, and to ensure fair and simplified trade through the establishment of common standards that unify form, dimension and quality, and methods of manufacturing, using, testing, and inspecting. To achieve these aims, Japan Industrial Standards (JIS) have been established and JIS Mark system is being conducted based on this law. In JIS Mark system, the contents, such as quality, are concretely decided in JIS and the products conformed can bear the specific mark; JIS Mark. As of March 2002, 146 consumer goods are covered by JIS Mark system.

## Labelling

A mandatory quality labelling standards system and a voluntary Japanese Agricultural Standards (JAS) system are being implemented under the Law concerning Standardization and Proper Labelling of Agricultural and Forestry Products (JAS Law). As of March 2003, there were a total of 299 JAS standards.

To help consumers select products, Japan revised the JAS Law in July 1999, with a view to requiring that all items of foods and beverages supplied for general consumers be subject to the quality labelling standards. And also under the revised JAS Law, organically produced agricultural products and their processed foods, which are produced by certified farmer or manufacturer and are checked to be in compliance

with the JAS standard by a fair third party, are only allowed to be labelled "organic."

Regarding GM food products for which safety has been confirmed, in order to provide product choice to consumers and to protect their interests, the Ministry of Agriculture, Forestry, and Fisheries (MAFF) has applied a new labelling standard and has applied it since April 1, 2001 under the JAS Law. MHLW also introduced obligation to have labelling from the viewpoint of public health on the same day. MAFF has decided to revise about the items to be subject to mandatory labelling of "GM" every year, based on the situation of new commercialization of the GM food and the new knowledge about the detection method. Processed potato products were also added to the item list for mandatory labelling in February 2002 by MAFF and in March 2002 by MHLW respectively and will be subject to mandatory labelling from January 2003. No more items were added to the list in 2002. MAFF has further implemented mandatory labelling since January 2002, regardless of existence of recombinant DNAs after processing, for foods which differ significantly from conventional ones in composition or nutritional value, etc. (high oleic acid soy bean and its products).

MHLW introduced mandatory labelling system for food products and food additives that are made from allergic substances (eggs, milk, wheat, buck wheat and peanuts) by the Ministerial Ordinance as of April 1<sup>st</sup> 2001. In addition to this, foods that contain 19 ingredients\*, mentioned below are encouraged to be labeled by the Notification. \*common abalones, cuttle fishes, Ikura (salmon roe), shrimp/prawn, oranges, crabs, Chinese gooseberries, beef and veal, walnuts, salmons, mackerels, soybeans, chicken and broiler, pork and boar meat, "Matsutake" mushrooms, peaches, yams, apples and gelatin

The standard of food labelling used to be decided so far by the each council etc. of MHLW and MAFF independently. With the successive incidents rising concerned inappropriate food labelling after January 2002, both MHLW and MAFF renewed the previous independent standard making system of food labelling and set up the working group for the food labelling. The whole standard about food labelling under the both Food Sanitation Law and JAS Law will be revised in this working group in about 2 years.

The Household Goods Quality Labelling Law regulates the labelling of the quality of household goods. The labelling helps consumers in choosing goods and using them. The law aims to protect consumers by fair labelling. The regulated goods are designated in consideration of consumers' difficulties and the necessity of knowing the quality of the goods. As of March 2003, 90 goods have been designated.

The "Online Trustmark" system, which indicates the reliability of the companies, was started by The Japan Direct Marketing Association and The Japan Chamber of Commerce and Industry in May 2000. As of March 2003, about 640 businesses have the Trustmarks. In addition, international cooperation on the Trustmark is

progressing. Japan has established Asia Trustmark Alliance with Korea, Singapore and Taiwan, in which the four countries will closely cooperate on the Trustmark in January 2003. Furthermore, we are engaged on the preparation of establishing Global Trustmark Alliance with the U.S. and Europe.

The "Privacy Marks Award System," in which companies adequately handling personal data based on the METI guidelines, has been granted the right to use the "Privacy Marks," and was started by the Japan Information Processing Development Center in April 1998. This system helps consumers to easily distinguish the companies' level of protection of personal data.

Under the Housing Quality Assurance Act, which was enacted on the April 1, 2000, all contractors and sellers of new houses are enforced to take 10 years liability for major defects.

In addition, under the law a common criteria for evaluating and indicating the performance of houses was established; evaluating bodies that conducted the evaluation in accordance with the criteria will be designated by MLIT. Alternative dispute resolution system for houses evaluated by these bodies was also established.

#### Products Testing

The National Consumer Affairs Center of Japan (NCAC) conducted complaints procedure tests in FY 2002 on 12 products, including health food made from leaves of maidenhair trees. Results of these tests were published in the Center's publication *Tashikana Me* (Critical Eyes).

The Japan Consumers' Association conducted comparative tests on the quality and performance of 10 products, including electric washing machine, in FY 2002. It also conducted simple tests on new products. The results were published in *Gekkan Shohisha* (the monthly consumer magazine) and other publications.

Since 1996 MLIT in cooperation with the National Organization for Automotive Safety and Victims' Aid (OSA), has conducted comparative safety tests for automobiles, including the frontal impact and other tests, and has published both the results of tests and the right use of safety devices as "New Car Assessment Japan" to automobile users. Since 2001, MLIT and OSA also have conducted comparative tests for Child Restraint System (CRS) and have published the results of tests as "Child Seat Assessment".

#### Advisory Services

At the central government level, MAFF has 64 offices at its headquarters as well as local branches that handle complaints and consultations; METI has 10 such offices; MLIT has 11 such offices; Consumer Advisory Center for Telecommunication Services has 12 such offices. In FY 2001, MAFF handled 18,559 complaints; METI handled 11,249 complaints; MLIT handled 5,255 complaints; Consumer Advisory Center for

Telecommunication Services handled 13,581 complaints. And it has also provided administrative consultation services nationwide.

Consumer centers are operated by local governments for the purpose of handling consumer complaints, educating consumers, and testing products. As of April 1, 2002, there were a total of 463 consumer centers in Japan (167 at the prefectural level and 296 at the municipal level). These centers have contributed to the implementation of consumer policy at the local level.

With the consumers' rising concern for food labelling and from the viewpoint of ensuring proper food labelling, MAFF set up telephone hotlines to accept information on inappropriate food labelling and inquiry about food labelling system in 65 offices all over Japan, and this service started on February 15, 2002. They have accepted 5,606 calling by February 2003.

#### Other Information Activities

NCAC and the local consumer centers provide information to consumers, with a view to improving quality of life, through various means, including periodicals, exhibitions, lectures, Internet, and the mass media.

METI provides information to consumers on the safety of goods, quality of goods and services and contract terms through newspapers, videos and pamphlets, so that consumers can make informed choices with regard to goods and consumer services and thus improve their living standards. And MPHPT provides information on telecommunications services and its points of concern through pamphlets so that consumers can use telecommunications services at ease.

In 1988, on the twentieth anniversary of the enactment of the Consumer Protection Fundamental Act, the Japanese government decided to designate May as "Consumer Month." The Cabinet Office (CAO), formerly known as the Economic Planning Agency (EPA), carries out various activities for Consumer Month, using a different theme each year. Activities include the National Conference on Consumer Problems, distribution of posters and handbooks, and publicity activities using newspapers, television, and other media.

Moreover, local governments hold lecture meetings, symposiums and exhibitions, and distribute various leaflets to educate consumers.

As described in The Basic Environmental Plan, the government informs citizens about specific things they can do to protect and improve the environment and gives appropriate advice to the body that operates the environmental label program. In addition, the government promotes green purchasing and implements efforts to increase government purchase of green products and services. Through these policies, the government encourages consumers to incorporate environmental considerations into their purchasing decisions.

## Consumer Education

In accordance with the Courses of Study, consumer education has been carried out throughout the elementary, lower secondary, and upper secondary school levels mainly in subjects like social studies and home economics in such ways that are appropriate to children's stages of development. In 1998 and 1999, the Ministry of Education, Culture, Sports, Science and Technology (MEXT), formerly known as the Ministry of Education, Science, Sports and Culture (MESSC), revised the Courses of Study with a view to adapting educational systems and contents to changes in society. As a result, the content of consumer education was improved. The new Courses of Education will be implemented in the year 2002 at the elementary and lower secondary levels and phased in from the year 2003 at the upper secondary level.

Consumer leaders play leading roles in local consumer activities and consumer education; these roles have become more important as society has developed. Consequently, local governments and NCAC have been making efforts to train consumer leaders by offering instruction and further education.

To promote consumer education, the National Institute on Consumer Education was established in February 1990 under the joint auspices of CAO and MESSC. The activities of the Center include research, conducting seminars and symposia, designing instructor manuals and teaching materials, and establishing international and domestic information networks.

## V. REDRESS AND COMPLAINT PROCEDURES

Most consumer complaints regarding goods and services are handled through negotiations between consumers and enterprises, such as shops, selling agencies, and distributors. NCAC and local consumer centers handled 624,762 complaints in FY 2001.

The Consumer Product Safety Association gives approval to affix the SG-mark on a product when the product conforms to the standard. When an accident is caused by a defective product bearing the SG-mark, the consumer is entitled to compensation under the remedy system. 37 cases in FY 2001 received compensation. As of March 2003, 127 kinds of products carry the SG-mark.

Internet Shopping Dispute Resolution Office established by the Electronic Commerce Promotion Council of Japan (ECOM) in November 2001 to address disputes that arise from online transactions has assisted consumers and businesses resolve their disputes on a neutral and impartial ground through its escalating programs; Advice, Mediation and Arbitration. As of March 2003, the center handled about 700 complaints.

## VI. RELATIONS BETWEEN CONSUMER POLICY AND OTHER ASPECTS OF GOVERNMENTAL POLICY

### Competition Policy

JFTC has been making the best efforts to enforce strictly the Anti-monopoly Act to maintain and promote fair and free competition. When violations of the Anti-monopoly Act occur, JFTC takes legal actions such as recommendation to cease-and-desist illegal activities. In FY 2002 (as of March 2003), 37 legal measures were handed down.

JFTC has taken action, such as cease-and-desist orders and warnings against excessive premium offers or misleading representations pursuant to the Act against Unjustifiable Premiums and Misleading Representations. In FY 2002 (as of March 2003), cease-and-desist orders related to representations was 22. In FY 2002 (as of March 2003), 105 warnings related to premiums were issued; the number related to representations was 297.

The Fair Competition Code, a set of voluntary rules that regulates excessive premiums and false representations in business circles, has been established and operated in the interest of consumers. As of March 2003, 39 codes on premiums and 62 codes on representation have been approved by JFTC.