

JAPAN CONSUMER INFORMATION CENTER

# JCIC NEWS

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## Trend of Consumer Policy

### **The Consumer Contract Law was enacted**

It has been pointed out that the consumer policy largely depends on administrative laws and regulations. This means that the promotion of consumer interests are more often left in the hands of administration and in the design of administrative laws and regulations than in the structure of civil laws. This is to provide consumers themselves with necessary rights so that they can advance their own benefits by enforcing said rights. As the diversity of consumer demands and the drawbacks of the overgrown administration system come into focus, however, preference for civil law control began to prevail over administrative control in the midst of calls for deregulation.

For advancement in the sector of consumer laws, the Product Liability Law was enacted in 1994, which was the first instance of the establishment of general civil rules to ensure product safety in Japan. A critical issue to follow the enforcement of this law was the establishment of comprehensive civil rules related to consumer transactions.

The Social Policy Council together with the Economic Planning Agency, the government administrative body in charge of planning and coordination of the general consumer administration, acting as the executive office, has been studying the question of how overall

civil rules concerning consumer transactions should be for several years now. The council filed an interim legislative plan in October 1998 but was forced to step back its efforts for the advancement of consumer interest in the face of strong objections from commercial groups. The council finally prepared and presented the bill to the diet after resolution by the cabinet in 2000. The draft consisted of regulations on contract and transaction processes, proposing that contracts made of illegal provisions or by assertive solicitation shall be repudiated or terminated. The government emphasized the characteristic features of the law as:

- (1) explicit recognition that the consumer's position is more vulnerable than the seller in terms of the amount of available information and the negotiating power,
- (2) no exception will be made with respect to the applicability of the law, and
- (3) the general conditions and terms of illegal contracts are described in addition to the presentation of individual conditions of illegality of a contract.

Although a similar draft was presented by the main opposition Democratic Party, the draft presented by the government was passed through the Diet without any modification and to come into force in April 2001.

## **General Meeting of ISO COPOLCO held in Kyoto**

The 2000 General Meeting of COPOLCO (Consumer Policy Committee), established for the purpose of reflecting consumer benefits on the preparation of ISO standards, was held on May 23 and 24 in Kyoto. A workshop was held with 170 participants from 25 countries on May 22 preceding the General Meeting. The workshop is held every year along with COPOLCO with the participation of a wide range of consumer groups, collecting their opinions on the selected agenda of the consumers great concern with the intention to reflect the results of the workshop on the preparation of international standards. The fast diffusion of the Internet leads to the growth of international transactions by general consumers to purchase products and/or services directly from overseas shops and traders, thus increasing the importance of consumer protection. Therefore, the "Consumer Protection in the Global Marketplace - using standards as a safeguard" was selected as the key subject of this year's General Meeting.

"COPOLCO in Kyoto" sponsored by a Japanese Consumer Group was held as "Consumer Participation in International Standardization Work" on May 21, a day preceding the Workshop, to which five representing delegates of consumer groups from Thailand, Malaysia, India, the Philippines, and Indonesia were invited. These delegates were invited from the consumer groups of Asian countries that had difficulty sending representatives to the COPOLCO General Meeting and to the Workshop due to economical reasons in view of the small number of Asian countries. The consumer group's efforts were highly evaluated in the General Meeting and opinions were voiced that such efforts for supporting the

participation of consumer groups would be hoped for.

## **Consumers will be given the right to claim injunction by the revision of the Antimonopoly Act.**

Fifty years have passed since the establishment of the Antimonopoly Act in the days occupied by the U.S.A. immediately after the end of the World War II in an effort to implement economic democracy into Japan. The law was said to reflect the philosophy of the Federal Trade Commission Act, the Sherman Act, and the Clay Act of the U.S.A. but the injunction against the violation of the law was allowed only through the Fair Trade Commission of Japan (JFTC). The government presented a bill for revising the law to allow a private person the right to claim injunction against an unfair practice by private enterprises on March 21, 2000, which was eventually issued on May 19 of the same year.

### **Revised Law, Article 24**

A consumer or a business enterprise that has received or is threatened to receive material loss or damage by an unfair practice committed by another enterprise may file a lawsuit to a competent court and claim a restrictive injunction against the unfair practice.

### **Revised Law, Article 83-3**

Upon receipt of a claim for injunction, the court may notify JFTC and request the opinion of JFTC on the application of the Law in connection with the case. JFTC may be allowed to present an opinion, by permission of the court, on the application of the law on the case of the unfair trade practice in question.

## **JCIC's activities**

### **Product test**

#### **•Testing of beverage contained in a 500ml PET bottle. [Product testing magazine "Tashikaname" (Critical Eyes) May 2000]**

The use of beverages contained in small PET bottles in which you can take a gulp or two at a time and put the lid back on for later consumption is becoming highly popular. A drink called "Near water" containing a very small amount of sweetener, in particular, has become a big seller to fit the taste of consumers in the prevailing dietary boom and health-oriented trend. According to our opinion survey, many of the consumers said they take the drink despite some environmental concerns. We have tested 18 brands of such drink on the aspects of nutrition, quality, and sanitation.



#### **•Testing of food products containing polyphenol (Tashikaname - June 2000)**

Wine and cocoa consumption boomed after magazines recognized them as healthy foodstuffs several years ago. An antioxidant substance called polyphenol contained in them was introduced as effective for reducing active oxygen in the human body and,

therefore, work against diseases arising from life habits such as cancer and arteriosclerosis or stress. Not only wine and cocoa but a number of other food products are now sold which contain polyphenol. It has not been clearly determined how effective polyphenol would be to one's health since the substance is contained in many other foodstuff including vegetables, fruits, tea, etc. as well and regularly taken. Chocolate bars tested contained a large dose of polyphenol but to keep on taking such food may result in an excessive supply of energy. Being preoccupied with the thought of polyphenol is capable of giving the opposite effect of impairing one's health.

#### **•Wide screen television good for BS digital broadcasting (Tashikaname July 2000)**

BS digital broadcasting service will come on air in Japan from December this year. The key programs are said to be transmitted by "Hi-Vision" television service. Attentions are, therefore, focused on a wide screen television that can be coupled with the BS digital tuner to enjoy the service. We have considered whether it is the right time to buy the set now or wait until later.

### **Survey**

#### **•The 30th Survey of Trends in People's Livelihood**

It has been 30 years since JCIC started to run the titled survey every year. The subject of the survey is divided into a category of time series surveys run over the past 30 years such as "dissatisfactions related to and

damage incurred by the product or service" and "public knowledge of JCIC and local consumer advice centers" and other specific categories varying from year to year. This year's subject is "Housewives' buying activities and the green purchase". Concerning this specific subject, the survey was focused on certain points that housewives paid attention to when they shopped. These included what and how much they know about the green consumer activity, what considerations they made in order to live an environment-friendly life, and the type and extent of efforts made for reducing domestic waste. The survey was targeted at housewives between 20 and 69 years of age who lived in urban areas and maintained a household account book.

#### •Survey on consumption and economy awareness

Because of the protracted depression of the Japanese economy, the household income remains slow in growth and employment sluggish. Thrifty, therefore, has become the name of the game in every aspect of the household economy. In view of the situation, the survey was run based on consumer activities and the awareness of "thrifty" with housewives targeted. People who think their lives have become more comfortable account for only 10% but those who think it has become worse account for more than half. In addition, about 30% of the respondents were "indefinable." Asked whether they are satisfied with their lives, over half answered "life has become worse", while 20% answered "satisfied." About 90% of the respondents answered that they feel the need to "save" and 70% are actually trying to save. More than half of the surveyed housewives keep a household account book.

#### •Fact finding survey on accidents in the scene of nursing of elders and the prevention of such accidents.

What accidents occur in the nursing of elders, what actions do the providers of such services take in such instances, and were service users compensated for loss and damage incurred by them? Investigations have been made on accidents related to home nursing services run by professional providers to clarify actual situations since 1996. The objective of our investigation this time was to find issues related to the prevention of and remedy for such accidents. Investigated items included the details and characteristics of nursing accidents, actions take by users after the accident, investigations into why the accidents occurred, measures against such accidents, and the actual compensation of damages at homes for the aged. The investigation has disclosed that only a few of such facilities recognize loss and damage they caused to the users by their carelessness.

#### •Data Bank "Basic Understanding of New Payment System"

JCIC has prepared a new service users' guidebook as the "Services Related Data Bank" every year. The one prepared this year was the summery of informative materials related to the settlement system for electronic trading, e.g. cybermoney and debit card, their mechanism, and issues concerning consumer protection.

## Visitors from foreign countries

\*Mr. Theo Jonker, Economist, Agricultural Economics Research Institute, Netherland (April 11)

\*H.E. Mr. Jurin Laksanavisit, Minister to the Prime Minister's Office, Thailand, Mr. Anuwat Dharamadhaj, Secretary-General of the Consumer Protection Board, Thailand and 4 members of the Consumer Protection Board (April 21) (picture)



\*Dr. Juhwen Hwang, Advisor, Ministry of Transportation, Taiwan and 3 researchers (April 27)

\*Prof. Dr. Liu Chun-Tang, Secretary General, Consumer Protection Commission, Executive Yuan, Taiwan (May 12)

\*Mr. Jan Bertoft, Editor in Chief, Rad & Ron (Advice & Results), Swedish Consumer Agency (May 25)

*The Japan Consumer Information Center (Kokumin Seikatsu Center) is a government-affiliated organization for consumer protection, which has 130 staff members. The main activities are consumer education, consumer consultation, research and product testing.*

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