

## Japan-Korea Consumers Forum held with Internet Theme

The Second Japan-Korea Consumers Forum was held in Tokyo on May 23, 2001 under the co-sponsorship of the NCAC and the Korea Consumer Protection Board (KCPB). The theme was "Consumer Issues in an Internet-oriented Society".

The First Japan-Korea Consumers Forum was held in Seoul, Korea on December 2nd, 1999 with the "Direction of Consumer Policy in the 21st Century" as the main theme. The Japan-Korea Consumers Forum is held for the purpose of cooperation and information exchange for consumer protection in both Japan and Korea.

At the forum, addresses were given by Mr. Shinpei Nukaya, President of NCAC and Mr. Seung Ho, President of KCPB, followed by the presentation of two Keynote Lectures and a Panel Discussion. The Keynote Lectures were delivered by Mr. Tsuneo Matsumoto, Professor of Law at Hitotsubashi University and Dr. Sung-Jin Kang, Director of the KCPB Cyber Consumer Center, on the issues of the an



Internet-oriented society in Japan and Korea,

respectively.

Professor Matsumoto discussed the following points concerning issues on Internet-commerce in Japan:

- In e-commerce, which allows parties to communicate with each other through a monitor screen alone, it is necessary to have information on the identity of the entrepreneur and the conditions of the contract positively disclosed. For measures to prevent entrepreneurial fraud, electronic signature and electronic certification systems are available. A trust mark system exists where a third-party authority grants a mark based on a certain standard after an examination has proved effective. In Japan for example, the "On-line Shopping Trust Mark" system was implemented in June, 2000.
- Unsavory businesses that abuse the Internet are likely to emerge. Since transmission of information requires little cost and the subject of the transmission is difficult to find, damage can spread rapidly. Although there is a regulation law, it is difficult to enforce.
- Mistaken orders due to the mishandling of computers are likely to occur. In such cases, remedies based on Article 95 of the Civil Law, "Invalidity due to an error", have been sought, but as entrepreneurs can refute that the mishandling is due to the "gross negligence" of the consumer, there is a possibility that the invalidity of a contract is not admitted. Therefore, a bill on the "Law concerning the Exception of the Civil Law with regard to Electronic Consumer Contract and Electronic Approval Notification" is currently under deliberation at the National Diet. When this law has been approved, even if there is gross negligence on the consumer side, the contract can be made invalid if the entrepreneur has not taken measures (such as preparing a page

on the screen to confirm the order) to prevent mishandling.

- Safety of the method of payment has not been secured yet. As for credit cards, the problem of forgery exists. Under the current Criminal Law, mere possession of a forged credit card does not constitute a crime, but a bill for an amendment of the Law is now under deliberation. According to the amended Criminal Law, possession of a forged credit card, as well as illegal acquisition of card data will constitute a crime.
- Private information is not adequately protected. In Japan, to date, mere guidelines, which do not have legal binding power, have been the core part of measurements. Although a system such as the privacy mark exists, only a small number of entrepreneurs are using it. A bill on the "Law Concerning the Protection of Personal Information" which will provide a comprehensive regulation of privately owned personal information is now under deliberation.
- Protection of consumers in the global market is now required. There are issues on whether the nation's law is applicable to unsavory acts of the business of an overseas entrepreneur and how far the administrative power can extend. Both laws and courts are unable to cross the boundaries easily. Therefore, international cooperation by organizations for dispute resolution and regulatory authorities is desired. Voluntary regulation by entrepreneurs is also necessary. The International Standard Organization, ISO, is positively addressing this point. The annual general assembly of ISO - COPOLCO (Committee on Consumer Policy) was held in Oslo, Norway in May 2001, and adopted the resolution that an "International Standard for Alternative Dispute Resolution (ADR) Concentrated to the Industry" and an "International Standard for the Protection of Consumers in E-commerce" should be established.



Dr. Sun-Jin Kang mentioned that Korea has established its own legislation, "Guidelines for Consumer Protection in E-commerce", that the Cyber Consumer Center is implementing supervisory monitoring in cooperation with the Fair Trade Commission, that the "Joint Declaration for Korean E-commerce" has been issued, and so on.

After the lectures, the Forum held a Panel Discussion in which the importance of Japan-Korea or international cooperation was verified.

## Trends in Consumer Issues

### ● National Congress held on Consumer Issues

As the Consumer Protection Fundamental Act was promoted in May 1968, May is now designated as "Consumers Month" and various special events are held. For a Governmental event, the National Congress on Consumer Issues is held. Each year, the Consumers Month has its own theme, and this year's theme is "Living wisely in the new century - Let's make the best of the Consumer Contract Law". To coincide with this theme, the Central Meeting was held in Tokyo on May 15th, and Local Meetings were held in Kagoshima on the 29th and in Nagano on the 31st.

### ● Information Disclosure Law

The Information Disclosure Law was enforced on April 2nd. Consumer and citizen groups started to submit requests for disclosure simultaneously in order to obtain the Government-retained information the disclosure of which had been rejected till then.

The number of requests for disclosure submitted to the windows of the various Governmental agencies on April 2nd (Mon.) through 6th (Fri.) totaled 4,769. Among the agencies, Financial Services Agency received 1,199 requests, Ministry of Foreign Affairs, 784, and Ministry of Health, Labor and Welfare, 389.

### ● Two laws for consumer protection enforced

The Consumer Contract Law and Law on Sales of Financial Products, which are expected to play an important role in the protection of consumers in consumer trades, have been enforced since April 1st. The Consumer

Contract Law is a civil law that comprehensively regulates consumer trades, and provides invalidity of unreasonable contractual provisions and revocation of contracts where an entrepreneur made a consumer misunderstand, or feel embarrassed, in the process of the conclusion of a contract. The Law on Sales of Financial Products is to impose on financial companies the obligation to explain the important particulars to consumers in the course of financial trade. It admits the right to claim compensation for damage in case of a violation. In other words, both laws are enforced to protect consumers: by invalidity and revocation of a contract in the former, and by admitting the right to claim compensation for damage in the latter.

## **Activities of the NCAC**

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### **Product Testing**

#### **● Electric rice cooker (Tashikana Me [Critical Eyes], April 2001)**

The Japanese society has a main diet of rice, and many people are likely to be fastidious about the quality of rice. In order to eat tasty boiled rice, it is important to select a high-performance rice cooker as well as high-quality rice. To make tasty boiled rice with an electric rice cooker requires high-temperature cooking. Therefore, IH (induction heating) rice cookers have spread recently, in addition to those with micro-computer-controlled heaters. We tested two brands of the heater-type rice cookers and four brands of the IH-type.

It was found that tastier boiled rice could be made by an IH-type rice cooker than by a heater-type cooker when a popular brand of rice is used. However, there was no difference when ordinary rice was used.

#### **● DVD players (Tashikana Me, May 2001)**

Since the product was put on the market in 1996, the number of DVD players delivered from manufacturers has been on the increase every year. In addition to the conventional desktop type, portable types with compact and lightweight features as well as personal computers with a DVD replay function are available on the market. In March 2000, a TV game with a DVD replay function was placed on the market, with 3 million units sold in the first five months. We tested six brands of these

machines.

- When replayed using a TV set, all machines except a note PC type showed high resolution.
- As far as usability is concerned, the machine specializing in replay was the best.
- Resolution differed widely depending on the type of connection cord used. The use of an S-terminal cord or a component reflection cord provided better resolution.

#### **● Food processors and mixers (Tashikana Me, June 2001)**

Food processors invoke the image that users can easily and speedily prepare Hamburger steaks, soups and fruit juices. However, the result of our questionnaire showed that 40% of food processor owners did not use them. . We tested food processors to find how convenient they are and whether they are more convenient than a regular cooking knife.

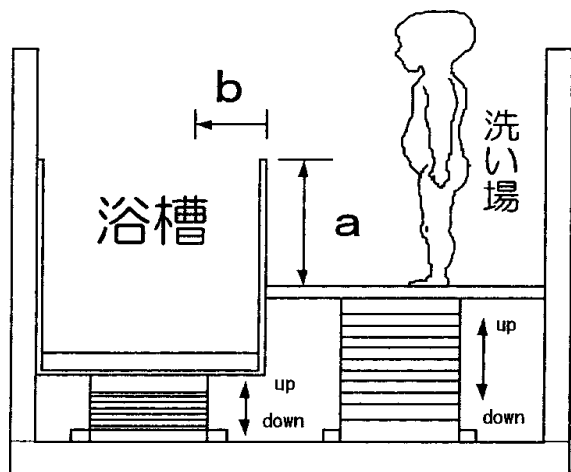
Though cooking time can be shortened when adding preparation and cleaning time, the machines are likely to take more time than when cooking knives are used. Some food processors require troublesome cleaning after use, the power was easily switched on during cleaning.

### **Surveys and studies**

#### **● Accidental falls of infants in bath tubs**

It is said that the Japanese Society like baths. Japanese bathtubs are deeper than in Western countries and the hot water is not drawn off each time a person uses the tub. In other words, the same bath water is commonly used (there is sufficient space in a Japanese bathroom to wash first before getting into the bath). Therefore, bathtubs are likely to be filled with hot water even when nobody is using the bathroom.

NCAC has built up a Consumer Injury Information System that is linked with cooperative hospitals. Nineteen accidents that occurred in the bathroom were reported by these hospitals in the period from 1993 to 2000, 6 of which resulted in death and 13 that resulted in critical injury.



80% of infants' accidents in bathtubs resulting in death are those involving infants under the age of two. In cooperation with a university, the NCAC has investigated the influence of height and width of bathtub rims on falling accidents (refer to Figure 1). In Figure 1, "a" indicates the height of the rim of the bathtub and varies between 25 and 56 cm, and "b" shows the width of the rim and varies between 7 and 21 cm. We investigated the occurrence rate of accidents using a dummy human body. The results showed that there the rim width had no effect on these accidents. As for height, however, it was found that a 50 cm-high rim could prevent most accidents involving infants under the age of two.

Recently, as a result of the movement towards making barrier-free facilities, bathrooms with lowered bathtub rims by setting the bath under the floor level are now often seen. However, they still create problems of possible accidents involving infants.

### ● Survey of people's livelihood

NCAC has carried out the 31st Survey of Trends in People's Livelihood. This survey comprises the Time-series Theme, which is made every year, and Specific Theme, which varies from one year to the next. In the survey with the Time-series Theme, NCAC has continued to carry out a survey of actual conditions of dissatisfaction and damage related to products and services for more than 30 years. The Specific Theme of this year is "IT and Consumers' Awareness", and a survey has been carried out to find a way of gathering information on commodity purchasing and its relationship with the Internet and people's livelihood.

57.6% of housewives replied that they were interested in the Internet, but 51.9% said the handling of it was difficult. 24.9% have never

used the Internet, and 4.1% had had experience in Internet shopping while 29.1% wanted to use it. However, 71.0% were afraid of possible violation of personal information.

### ● Damage from esthetic services

Annually, about 500 consultations concerning physical damages incurred from receiving esthetic services are filed with the nationwide Consumer Advice Centers (at 450 locations). These services are different from cosmetic surgery and depilation performed by physicians or hairdressing and beauty culture performed by barbers and beauty artists. There are no official qualifications but some private qualifications with regard to esthetic services. There are many cases where amateurs perform these services, and in some cases, they perform acts that cannot be done unless they are qualified as physicians, and therefore these services often result in trouble. Esthetic services include facial esthetics, depilatory esthetics, body esthetics (fat reducing), and other services (enlarging bust, correcting bowlegs, curling eyelashes, etc.). Of the consultations, 41.0% are related to facial esthetic services, 32.7% depilatory services, 18.4% body esthetic services, and 1.3% others.

NCAC has requested that the administrations introduce an official qualification system and disclose the persons who perform any medical service without a physician's license.

## Visitors from foreign countries

\* Ms. Trudy Lieberman, Director, Center for Consumer Health Choices and Health Policy, USA (March 22)

\* 4 participants of the East-Asia Consumer Policy Symposium held by the Japanese Government. Prof. Ohseung Kwon, Seoul National Univ, Mr. Sung-Cheon Kim, Korea Consumer Protection Board, Dr. Hiao-qiang Chen, China Consumers' Association, Mr. Viroj Na Bangchang, Consumer Association of Thailand. (March 22)

\* Mr. Seung Ho, President, and 2 members of Korea Consumer Protection Board. Mr. Hyung-Wook Kang, Ministry of Finance and Economy, Korea. (May 22)