

Trends in Consumer Issues

(1) Trends in information disclosure

What is the Freedom of Information Act?

On October 1, 2002, the Law Concerning Access to Information Held by Independent Administrative Institution, etc came into effect. The information disclosure process allows any individual to request the disclosure of information held by Independent Administrative Institution, etc, in order to learn what they are doing. Being subject to this law, the NCAC on October 1, 2002 set up an information disclosure contact facility, and began accepting requests.

Information subject to requests for disclosure includes documents, drawings, and electromagnetic records which have been professionally prepared or obtained by NCAC employees and which are held by the NCAC for organizational use by employees. The Freedom of Information Act also applies to information accumulated on PIO-NET (Practical living Information Online NETwork).

Information disclosure process at the NCAC

A request for disclosure is made by submitting to the contact person an application specifying the name and address of the applicant and the contents of the document requested, together with other details. The NCAC decides whether or not to disclose the information - usually within 30 days of the date of receipt of the application. That decision is made according to NCAC-determined standards for examination related to decisions. As a rule, all requested documents are disclosed. If a file or document contains any information which should not be disclosed, then NCAC will release all information except for that portion. The following are examples of information that the Freedom of Information Act requires to be kept undisclosed:

- Information with which particular individuals can be identified

- Information that might adversely affect the lawful profits of a corporation or other entity
- Information which concerns deliberation, consideration, or similar aspects, and which may unlawfully affect the neutrality of decision-making or similar
- Information that affects the proper implementation of clerical work and other activities at the NCAC.

Information disclosure by the NCAC

The Law Concerning Access to Information Held by Independent Administrative Institution, etc stipulates that Independent Administrative Institution, etc shall voluntarily and positively disclose the information that they hold in order to fulfill their "accountability to the citizens", which is the purpose of information disclosure. Information that the law requires to be disclosed includes:

- Basic information about the organization, its operations, and financial affairs
- Information about the evaluation and auditing of the organization, its operations, and financial affairs.

The NCAC provides such information, together with a guide to the procedure for information disclosure on its homepage (<http://www.kokusen.go.jp/index.html>). A database (in Japanese only) concerning consultation about consumer affairs has also been accessible on the homepage since August 2002. Through this database, anyone can access such information as "how many problems there are with what products", and "how many accidents have occurred with a particular product".

By positively disclosing and providing information, the NCAC is meeting its obligation to be accountable to the public, and enhancing its efforts to prevent harm to consumers.

*The homepage for information disclosure provided by the Ministry of Public Management, Home Affairs, Posts and Telecommunications provides an English translation of the Freedom of Information Act.

<http://www.soumu.go.jp/gyoukan/kanri/translation3.htm>

(2) Considering the ideal shape of 21st century consumer policy

The Cabinet Office Quality-of-Life Policy Bureau is considering a new framework of consumer administration under the title: "Considering the Way 21st Century Consumer Policy Ought to Be."

The following is a summary of reasons for re-examining the policy, the basic policy, specific issues, and other considerations.

Why consumer administration needs to be reviewed at this time

In the three decades that have passed since the Basic Consumer Protection Law was established, the socio-economic environment surrounding consumers has changed dramatically.

In contrast to the early years following enactment of the Basic Law, we have seen the rise to pre-eminence of "the market", and globalization of the economy, whilst Internet trading has grown rapidly. In terms of consumption patterns, there has been a significant shift from daily necessities to upmarket goods, and a growing emphasis on service. At the same time, forms of trading have become more diverse and complex (e.g. mail-order service and electronic commerce), as have methods of payment (e.g. increasing popularity of the credit card), and other aspects. As a result, there is a growing information and negotiation "capability gap" between consumers and business operators.

As consumption habits become more sophisticated and convenience increases, the difficulties that consumers face have shifted from past problems of product pricing, quality, capacity, and other relatively simple problems, to issues concerning service, agreements, and cancellations. Problems are becoming more complex.

The scope of consumer issues has also expanded in the public's thinking. Consumer problems range widely from those involving pure trading activities to issues with financial investments, from the investor's viewpoint, and difficulties related to entrepreneurial home businesses and license courses. In recent years, the role of the consumer in environmental issues has also begun to be emphasized. The "green consumer" movement is

now an important pillar of the overall consumer movement. On the other hand, partly because the interests of individual consumers are now so diverse, it has become rare for consumers to join forces and act in concert. This has meant that it is becoming virtually impossible for consumers' views to be organized simply into a single set of views and conveyed to government and business operators in the way that was possible with consumer group activism. Therefore, consumer group activism has arrived at a turning point.

Reflecting the changes in the socio-economic situation, the way of administration has been changing greatly in the meantime. It is high time a shift was made from what is called "advance regulation" to the establishment of market rules and post-event checking procedures. Under these circumstances, consumers, as well as business operators, are now expected to assume responsibility for their own actions.

However, there are also many disadvantages to consumers, such as "asymmetry of information" between consumers and business operators; insufficient development of a fair and transparent market, as viewed by consumers; and under-development of remedial programs with a small amount of damage. Therefore, it is necessary to improve the transparency of information and corporate management on the part of business operators, make the market mechanism function effectively by correcting the asymmetry of information, and build up a mechanism of equitable conflict resolution in an effort to smooth the way for consumers to make appropriate decisions.

For the above reasons, consumer affairs administration should now be reviewed.

Basic directions for reviewing consumer policy

Promote the establishment of rules so as to provide a system that is transparent and easy for consumers to understand; train good business operators in market principles; and work the market functions that exclude malicious business operators.

Ensure safety in consumption and use, and construct a stricter penalty system for serious offences against consumers' rights.

Set up a system that provides for fair and speedy resolution of conflicts.

Create an environment for adequate education, training and information provision, in order to enhance consumers' abilities to

assume responsibility for their own decisions and actions.

Specific considerations

Purpose of consumer policy

Given the new diversity and complexity of consumer issues, how should we regard both the concept and the benefits of consumers? Should we perhaps view consumers as agents responsible for realizing their own rights, rather than regarding them as the weak to be protected?

Development of a fair market, as perceived by consumers

Shouldn't we also clarify the promotion of consumer policy even more directly, and try to develop a fair market, as viewed by consumers, instead of merely attempting to promote consumer "profit" as a reflective profit in the competition policy?

Positioning of voluntary action standards and other regulations

Shouldn't we be clarifying the positioning of voluntary action standards in order to promote the establishment and observance of such standards, in addition to laws? If such positioning is desirable, how do we go about it?

Consumer rights

An increasing number of consumer laws in various countries specify "consumer rights". Should Japan define such rights, as other countries do, at least to the extent of drafting a "declaration of consumer rights"?

Roles of administrators, business operators, and consumers

- Should consumers be more self-reliant and active in exercising their rights?
- Should business operators practice more responsible management and disclose relevant information?
- Should administrators better fulfill their duty to promote the causes of both consumers and business operators?
- Should we focus more on how those parties relate to each other?

In respect of the above principles and issues, administrators are scheduled to examine them on an interim basis in December 2002, and to prepare a report in the spring of 2003.

Activities of the NCAC

Product Testing

Safety and comfort of heaters

A heater is indispensable during the cold season.

The NCAC tested a variety of electric, petroleum, gas and hot-water heaters. Test criteria included safety, comfort, heating capacity, and running costs. The following is a summary of the test results:

- Touching the hot jet outlet of any kind of heater is likely to cause burning.
- If a person remains in the same position for too long even under-floor heating, it may cause low-temperature burns.
- Gas and hot water heaters warm a room faster.
- Floor heating is more effective in maintaining a comfortable temperature.
- Indoor air gets more polluted with gas and petroleum types.
- Heating costs are lowest with petroleum followed by electricity. Floor heating is the most expensive.

Safety of EMS belts

EMS (Electrical Muscle Stimulation) belts attained instant popularity in Japan, as elsewhere in the world, with ads proclaiming: "Ten minutes with this belt is as effective as 600 abdominal exercises!". These belts are characterized by their electrical stimulation of muscles, ostensibly producing the same effect as regular exercise. However, users of these belts contacted the NCAC with complaints of burns, blisters, skin spasms, and other symptoms caused by the belts. In response, the NCAC tested four brands of EMS belts available on the market. Here are the test results, and cautions on use, resulting from the tests:

- It was demonstrated that an EMS belt affected muscle cells.
- An EMS belt places a heavier load on the muscles than occurs when the subject exercises on his or her own.
- Wearing an EMS belt in an incorrect position reduces the area of contact with the skin, resulting in a rise in the current per unit area, which may cause skin disorders.
- An inappropriate description was found in the operating manual where it described how to use the belt.

The above results were released to the news media and produced a strong public response.



Considering the safety of self-propelled manual wheelchairs

For persons with disabled or otherwise challenged mobility, "wheelchairs are important equipment that support freedom of action". Meanwhile, out on the streets, the environment is being developed and enhanced to provide greater accessibility, for wheelchair users. In view of this, the NCAC tested the safety of wheelchairs from the viewpoint of wheelchair users. These tests were conducted on six brands of equipment. Here are the results:

- A wheelchair user maneuvering inside a house needs at least 78cm in corridor width to make turns easily.
- If a wheelchair user stops abruptly while reversing, he or she may topple backwards.
- Low air pressure in the tires can reduce braking efficiency.
- Users of brands of wheelchairs which run on small-diameter tires run the risk of their wheels getting caught in rail grooves when negotiating a crossing, or in a gutter grating.
- A wheelchair that is inappropriate for the user's body shape can increase the potential for accidents.
- There is a high possibility of the chair toppling, or the user falling when a user gets on or off the wheelchair.
- A durability test, in which a constant load was imposed on the product, revealed one case of

a damaged frame, and other defects.

The NCAC made requests based on the test results to industrial associations and administrators.



Surveys and Studies

Products claiming to produce negative ions

The October issue of the NCAC's magazine

"Tashikana Me (Critical Eyes)" raised the subject of negative ions. Here is a summary of the article:

Comments and questions posted on PIO-NET concerning negative ions include: "I purchased a futon claiming to produce negative ions, but it's expensive. I want to cancel the order", and: "I bought an air purifier claiming to produce negative ions. Is it really healthy?"

There is a wide variety of products on the market claiming to produce negative ions, ranging from air-conditioners, cleaners, hair driers, and other consumer electronics to underwear, towels and other textile products, and even cosmetics, necklaces and other personal accessories.

"Negative ions" refers to negative air ions as found under electrostatic and certain meteorological conditions. However, the chemical composition of the negative ion (or what it consists of) has not been defined. That is, no one knows yet "whether negative ions are good or bad for the human body and how they affect it", and "even if negative ions do exercise some kind of psychological or physiological influence on humans, what the mechanism of such an influence is". Despite the facts that the existence of negative ions is difficult to monitor, and that no-one has yet made a compelling case for their influence on human health, many manufacturers turn out products claiming to produce negative ions, and many consumers

use them.

The NCAC is scheduled to conduct a special survey on negative ions, and to provide consumers with more reliable information.

Special survey - "Providing Special Continuous Service: Concerns About Inapplicable Services"

"Continuous service" is any service purchased under contract for a specified period. Complaints and inquiries accumulated on PIO-NET about continuous services include many cases where consumers have entered into expensive contracts. During a long contract period, it may happen that some people no longer need or wish to receive the service, due to illness, injury, unemployment, relocation or some other reason. However, in many cases when consumers do request termination of the contract, they come up against "termination rejected" and/or "high termination fees" responses.

Of all continuous services, aesthetic services, language courses, home tutoring, and "cram schools", are regulated under the Specified Commercial Transactions Law. To resolve issues with transactions related to these services, consumer centers employ cooling-off periods, right to early withdrawal, and other provisions of the Specified Commercial Transactions Law.

However, personal computer courses, match-making services, sports courses, and hair restoration services currently are not regulated under the Specified Commercial Transactions Law. PIO-NET provides evidence of growing numbers of complaints and inquiries concerning these four services. Here are some common cases:

There are many problems with early withdrawal. Cancellations entail high cancellation fees.

Many solicitations for transactions at shops are problem-ridden.

The cancellation of "related products" is not permitted.

Problems with the four services in question are increasing and becoming serious. The NCAC has asked the Ministry of Economy, Trade and Industry to regulate these four segments of business under the Specified Commercial Transactions Law.

Skyrocketing problems with "the business practice of soliciting purchases based on the pretext of conducting checkups"

Since Fiscal Year 1997, there has been a steady escalation in the number of complaints and inquiries concerning the business practice of

salespeople visiting consumer residences on the pretext of "check-ups". Visiting salespeople say such things as "I have come to check your futon for ticks", and "The space under the floor seems wet. If you don't do something, you'll get into big trouble. Let me examine it.". They then say "It's beyond repair", or "It's dangerous if you don't do something at once", and other false "scare statements" designed to help them sell new products to consumers. PIO-NET shows 2,125 complaints and inquiries in FY 1997, rising to 7,384 in FY 2001. It's a nationwide problem.

The breakdown of scam victims by age group indicates that 66.0% are people aged 50-plus. By gender, women represent 70.5% of victims. By profession, housewives and other people engaged in household affairs account for 42.4%, while the unemployed comprise 31.4% of victims. The average contract purchase price was about 475,000 yen in FY 1997, rising year-by-year to 668,000 yen in FY 2001.

Top-ranking products and services in numbers of complaints were futons, under-floor ventilators, water purifiers, fire extinguishers, white ant extermination, roofing works, solar water heaters, and repairs to water taps. Leading complaints were: "I want a cooling-off period.", "The contract price is too high. I want to cancel it.", "I turned it down, but they forced me to sign up.", and "They gave me misleading explanations."

The NCAC's advice to consumers:

When a salesperson calls on you under the pretext of a check-up, you must be wary.

If you do sign up with a visiting salesperson, you are entitled to a cooling-off period of eight days.

Visitors from Foreign Countries

- * Four staff members of the Office of the Consumer Protection Board, Thailand (for the purpose of training by NCAC) (Oct. 1 through 11)
- * Ms. Maria Olsson, IKEA Japan KK (Oct. 31)
- * Ms. Whachun Yoo, Korea Health Industry Development Institute (Nov. 13)
- * Mr. Jin-Myung Lee, Maeil Business Newspaper Reporter and Mr. Young-Sik Lee, Manager & Planning Officer at SAMSUNG CAPITAL CO.LTD (Nov. 14)
- * Twenty staff members of the Ministry of Industry and Resource of Korea and its affiliated entities (Dec. 13)