

Trends in Consumer Issues

(1) 2002's Top Ten Issues in Consumer Advice

At the NCAC, we collect data on calls from all the consumer centers around Japan via the PIO-NET (Practical living Information Online NETwork). There were approximately 590,000 calls collated on the PIO-NET during the period from January to October 2002, (a 36% increase from the same period last year). Of these calls, we have chosen the topics that appeared most frequently, the topics that have shown the greatest rate of increase and the topics that have attracted the most attention, and designated them "2002's Top Ten Consumer Advice Issues".

1. Problems with Food Products

Problems that created anxiety regarding the safety of food products, such as those relating to the falsification of the origin or grade of beef and other meat products, use of chemical additives that have not been authorized for use in Japan, the discovery of agricultural chemicals exceeding allowable limits in imported vegetables, as well as problems relating to how food products are labeled, were numerous. In 2002, approximately 10,000 calls were received.

2. Financial Damage from Subscriptions Investments

There was an increase of incidents relating to the collection of money to subscribe to companies who made promises such as "become our agent and see your initial investment grow by several times within one year". In the case of one company under indictment, over 150 billion yen had been collected from subscriptions. These complaints registered a five-fold increase (approximately 500) over last year.

3. Deaths related to Weight-Reducing Health Foods

There were many health problems relating to liver function etc. from use of "health foods that promise weight loss" that had been imported from China - ostensibly for personal use. As of now, four deaths caused by these products have been confirmed. Calls for advice relating to health foods have been growing every year, and in 2002, 14,000 calls were recorded.

4. Sudden Increase in Calls Relating to Multiple Consumer Loans

There were 54,000 "Sara-kin" consumer loan-related calls in 2002. The problem of multiple loans (borrowing from several sources) was responsible for 35,000 requests for advice, and this problem continues to grow in severity.

5. Increase in Problems Involving the Elderly

There was a large increase in requests for help from elderly persons who having been sold a product were repeatedly targeted for subsequent sales; in 2002 approximately 3,500 such requests were received. There were also 400 calls relating to elderly care services.

6. Youth-related Problems

There has been an increase in the calls relating to "appointment-sales" where the victim is phoned and asked to come to a designated place, and on arriving is pressured to purchase some product or service; similarly in "catch-sales" victims are stopped on the street for the same purpose. About 20,000 complaints were received in 2002. Young people are especially vulnerable to these tactics.

7. Increasing Calls Regarding Telephone Services

Since 2001, calls relating to telephone services have seen a huge increase. These complaints include the "Wan-Giri" (whereby mobile phones ring once and when the user calls back he is connected to an expensive charge call), "spam-type" messages and

being charged for services that the user has no recollection of. 2002 saw about 98,000 complaints.

8. Sales Visits Regarding Housing Renovations

There have been increases on an annual basis regarding requests for advice about housing renovations, and in 2002, about 6,000 requests were received. Of these requests, about 80% concerned cases where a salesman would visit a house and push for a contract. The average amount of these contracts exceeded two million yen, and there are concerns about the number of victims aged over 60 years.

9. Problems with Financial Products

Requests for advice regarding financial products such as shares, investment trusts etc. and foreign exchange rates numbered about 78,000 in 2002. Many of the victims were elderly and agreed to contracts without fully understanding the details of the products.

10. Consumer Awareness of the Consumer Contract Act

In April of 2001, enforcement of the Consumer Contract Act began. In July of 2002, the first ruling under the Consumer Contract Act was made in a District Court. All over Japan, we are starting to see court cases based on the Consumer Contract Act.

(2) The Quality-of-Life Policy Council's Consumer Policy Committee published an interim report, "21st Century Consumer Policy", in December 2002.

The Quality-of-Life Policy Council's Consumer Policy Committee met in June 2002 and an interim report based on their considerations of a model for a 21st Century Consumer Policy was published in December of the same year.

The report consisted of the following six sections:

1. The Need to Consider a 21st Century Consumer Policy
2. The Basic Thinking Behind a 21st Century Consumer Policy
3. Development of Consumer Policy
4. Ensuring the Effectiveness of Consumer Policy
5. Reconsidering the Basic Consumer Protection Law
6. Further Topics for Consideration

Details on each section follow:

1. The Need to Consider a 21st Century Consumer Policy

It is absolutely necessary to make a drastic revision to our existing consumer policy, and to come up with a grand design for a consumer policy for the 21st Century, in order to cope with the changes in the consumer environment caused by, for example, "changes in the economic society", "increases in the number and complexity of consumer problems", "worsening corporate malpractice cases", etc.

2. The Basic Thinking Behind a 21st Century Consumer Policy

Although the purpose of a consumer policy is to lessen the gap between consumers and the commercial entities in terms of information and negotiation, the definition of a consumer and the execution of policies will change with time. Therefore, it is necessary to change the consumer policy. The key phrases are "from consumer protection to consumer independence", "shift the importance from legal codes to marketplace standards and rules", "transparency of information and corporate compliance". Further, the following key phrases reflect the necessity of protecting the rights and benefits of consumers: "ensuring safety", "the availability of critical information", "the ability to make the correct decisions", "help in cases of damage", "the availability of consumer education programs", and "the freedom to voice consumer's opinions". It is the responsibility of government bodies, corporations and consumers to make this thinking a reality. It is of the utmost importance that each group fulfils its tasks.

3. Development of Consumer Policy

In order to protect the safety of consumers, it is necessary to have a policy that will: (i) facilitate revision of the safety standards, (ii) strengthen recall procedures, (iii) collate and publicize dangers and defects, (iv) clarify the legal responsibilities of retailers, (v) effectively aid consumer victims.

In addition, for consumer contracts to be effective, it is necessary that they: (i) enforce the responsibility of the commercial entity to provide information, (ii) make the promotional activities appropriate, (iii) ensure compatibility with over-lapping policies, (iv) examine the rationale for the specified products or roles/services, (v) have the trust of consumers.

4. Ensuring the Effectiveness of Consumer Policy

In order to ensure that a consumer policy,

appropriate to the 21st Century, is powerful, yet able to proceed effectively, the government is considering: the establishment of a permanent agency that has the ability to inflict penalties; the unification of consumer protection agencies; and the planning, formulation and institution of an overall policy.

Also, in order to respond appropriately to the occurrence of different types of consumer problems, revisions should be made to ensure that consumers are able to receive benefits, quickly and consistently.

With local government bodies, the content of national and local government ordinances (for example: illegal commercial restriction) needs to be communicated, and the various agencies of both the national and local governments must ensure the flow of information regarding disreputable companies. By holding detailed discussions, national and local governments should clearly define their lines of responsibility. In addition, national and local governments, keeping in mind their responsibilities, should revise and make more effective the procedures used to handle complaints.

In view of the increasing complexity of consumer problems, the participation of the NCAC has become even more important in the dialogue seeking to delineate the roles of national and local government. In future, to advance a consumer policy that is both powerful and effective, it is desirable to establish a central node for the various networks.

In order to deter crimes and illegal behavior, it is necessary, within the guidelines laid down, that swift and strict penalties be imposed on those commercial entities who have broken the law. Also, it is important to reconsider whether the penalties such as the punishment guidelines and fines are effective deterrents to illegal behavior. In addition, the guidelines that cover the disclosure of the company name and its illegal activity should be looked at again, and the steps should be taken ensure aggressive reporting of company names and illegal activities. Further, with regard to the surveillance of companies after illegal activities have reported and sanctioned, government agencies should strengthen their subsequent monitoring and also fully utilize the surveillance capabilities possessed by consumers.

With regard to the incorporation and following of self-imposed standards, it is critical that top management personally take a leadership role to strengthen personnel education and introduce compliance management. Further, government and industry must cooperate in the setting of

standards. Also, the guidelines for the protection of whistle-blowers who report the wrongdoings of their companies should be reviewed.

5. Reconsidering the Basic Consumer Protection Law

In reconsidering the Basic Consumer Protection Law, the following points are to be taken into account: (1) the underlying principle of the consumer policy, (2) the clarification of the responsibilities of government and commercial entities, and roles of consumers, (3) the strengthening of ordinances affecting the policy, (4) the clarification of complaint handling procedures, (5) the stance of an alternative body for extra-judicial dispute resolution, (6) strengthening of the government position, (7) companies providing and following industry-set standards.

6. Further Topics for Consideration

In future council meetings we intend to: (1) place emphasis on consumer education, (2) consider consumer groups and their right to report infringements, (3) further discuss how consumer policy can effect the environment, for example, and conduct a deeper analysis of the issues in the interim report with a view to inclusion in our final report.

Activities of the NCAC

Product Testing

Safety of Food Products made with Ginkgo Leaf

The ability of ginkgo leaf extract to improve the circulation of blood to the brain is proven, and in Germany and France, it is used as a pharmaceutical product. Recently, in Japan, the number of food products that purportedly make you more intelligent are increasing. In addition to the active ingredients of ginkgo leaf, "terpenoid" and "flavonoid", the allergen "ginkgolic acid" is present in significant quantities. Therefore, when obtaining the extract from ginkgo leaves and using it for food products, it is necessary to remove the ginkgolic acid; otherwise it will remain in the product at a high level of concentration.

The number of calls regarding ginkgo leaf food products, as collated by PIO-NET is increasing every year. In addition to symptoms such as stomachache, eczema and diarrhea, calls regarding allergic symptoms have been received.

The NCAC has tested 20 ginkgo leaf product brands and the major results are as follows:

- There are brands with appreciable quantities of ginkgolic acid; in particular, this seems to involve those brands which use relatively large quantities of powdered leaf.
- The amount of terpenoid and flavonoid varied amongst the different brands, with some brands having almost none.
- With regard to the labeling, some brands did not comply with the legal labeling code regarding the product contents, shelf-life, etc.; and there were some brands that raised consumer expectations to an unrealistic degree.

In addition to making the test results public, the NCAC called on the makers and concerned groups to make improvements.



Passenger Car Safety

Among the variety of calls received regarding passenger cars, the NCAC placed emphasis on reports of accidents and troubles inside the cars. In order to carry out an investigation on the safety of passenger cars, the following tests were conducted on 18 different models of car: (1) the force with which a power window closes and whether it is equipped with a safety device, (2) whether the car allowed for easy installation of a child seat, (3) high temperatures inside the car, (4) the spring-back of the seat back and seat rail portion, (5) the odor in new cars, and what causes it.

The relevant results of the tests are as follows:

- (1) There were models where the force of the power window was too great to be controlled, even by an adult. Most cars had safety devices installed on the driver's side to prevent being trapped by the window.
- (2) Due to the incompatibility between the seatbelt and the child seat, there were some cases where it was not possible to fasten the seatbelt securely.
- (3) In sunny conditions, the inside temperatures in cars shot up dramatically, with a maximum recording of 60.3 degrees centigrade.

- (4) There was a model where the seat back suddenly shot up, and the seat rail, although partially enclosed in a resin cover, the rail itself was exposed.
- (5) The total concentration of the volatile organic compounds rose with increasing temperatures inside the car to exceed the maximum allowable levels designated by the "Ministry of Health, Labor and Welfare".

Due to the results of these tests, the NCAC provided information on the difficulties encountered in trying to attach the child seat securely to the car maker and the child seat maker, and called upon the industry and government to come up with guidelines.

Pedestrian Assistance Devices – Walkers

Pedestrian Assistance Devices or Walkers, are devices that assist those, such as the elderly, who have weakened lower body function, by providing support for walking, transporting luggage and for use as a seat when resting. In 2001, approximately 240,000 units were sold, and with the aging of the population, it is expected that sales will increase.

In the last ten years, PIO-NET collected reports of 38 accidents caused by walkers. The majority of these accidents fell into the category of "the walker tipped over while being pushed" and some accidents resulted in bone fractures. Therefore, the NCAC conducted a test on 10 models of walker to look at such areas as "how safe is it while being pushed?", "the strength and resilience of the handle" and "how safe is it while being sat on?". The outline of the results of the tests follows:

- In two models, the handle broke when a force was applied.
- One model tipped over when a force was applied to the seat.
- In four models, there was the possibility of tipping over if one of the wheels went into a rut.
- Two models were not equipped with a brake. In five models, the brake function weakened with use.
- We used 10 testers aged from 66 to 77 years who experienced difficulty in negotiating a 2cm level change in six of the models.

The NCAC called upon the makers and industrial associations to make changes to safety measures and instructions so that consumers could use the walkers correctly.

Surveys and Studies

The accident resulting in the death of a young girl in a "24-hour bath" (the bath being available for use at any time) equipped with water jets.

In the early part of November 2002, in the Kanto region, a five-year-old girl drowned while taking a bath in a 24-hour jet bath, and the NCAC received a request for assistance on November 19th. The girl died later in hospital as a result of being submerged in the bath. She was found by her family with her hair trapped in the water suction inlet located on the side of the bath. The family was unable to free her from the inlet and finally had to cut her hair with scissors.

NCAC is aware of three previous deaths by drowning in jet baths (a 7 year old girl in August 1992, two girls aged 6 and 7, both in September 2000) and all of these deaths involve young girls with long hair.

On receiving information of this latest incident, NCAC's staff member visited the scene of the accident and tested the actual unit, and in order to prevent a recurrence - publicized the accident widely and called upon consumers to be aware of the danger, and also made the following requests to the relevant industrial and governmental agencies:

- Makers and retailers should immediately ensure that there are no safety issues with their inlets and take any action necessary to prevent accidents.
- Makers and retailers should aggressively warn users to take precautionary measures to prevent accidents.
- Governmental agencies should immediately investigate whether there are problems relating to the safety of intake pipes of baths with water circulation, and require that makers and retailers take any necessary actions.

Sick House Syndrome as seen from incident reports

Causes being newly constructed houses, renovations, newly purchased furniture and termite extermination.

A large number of calls to consumer centers from all parts of the country have been received regarding Sick House Syndrome, whereby the symptoms of "headaches, dizziness, coughing, difficulty in breathing, spots in front of the eyes, etc.", have been experienced indoors in conjunction with the

purchase or renting of a new house, renovation work, newly purchased furniture, termite extermination, etc.

The majority of sick houses are due to the increase in new housing and renovated housing that incorporate a high degree of air-tightness for energy conservation reasons.

Further, there has been an increase in the number of calls from consumers that we believe is related to volatile chemicals from furniture, carpeting, mothballs, insecticides, termite extermination products, etc. being brought into housing that has a high degree of air-tightness.

These complaints have revealed serious problems such as residents experiencing symptoms shortly after moving into a new house, but being unable to find a solution and thus continuing to suffer from the symptoms for as long as they continued to live there and finally having to move out.

As public interest in sick houses is high, the NCAC has received many calls from the media as well as consumers, and while providing information on the problem, has called on consumers to be aware of the problem.

Visitors from Foreign Countries

- * Mr. Chung Chul, General Manager of Korea Alcohol & Liquor Industry Association, and Mr. Jung Jekarl, R&D Team Assistant Director/Senior Researcher of Korea Drinking Culture and Alcohol Research Foundation (Jan. 17)
- * Mr. Alan Carter & Mr. Peter Mumford, Assistant Director and Project Manager of Department of Trade and Industry of Britain Consumer and Competition Policy Division (Feb. 7)