

## **Trends in Consumer Issues**

### **The Quality-of-Life Policy Council's Consumer Policy Committee prepared and announced "Considerations of a model for 21st century consumer policy" in May 2003**

The final report on the "Considerations of a model for 21st century consumer policy," which has been deliberated on for over a year, has been released.

The report consists of the following 5 chapters:

Chapter 1- Background to the deliberations on a consumer policy for the 21st-century

Chapter 2 - Model for a 21st-century consumer policy

Chapter 3 - Development of consumer policy

Chapter 4 - Ensuring effectiveness of consumer policy

Chapter 5 - Revision of the Consumer Protection Fundamental Act

The final report clearly stated the roles to be played by the National Consumer Affairs Center of Japan (NCAC), and the following are excerpts from the report.

#### **Dispute settlement by prefectures and the NCAC**

The consumer centers, in addition to providing advice and information, mediate the settlement of complaints that are hard to be resolved by ordinary counseling. Although there are consumer grievance conciliation committees established in prefectures (under local ordinances) as organs for mediation and intervention in consumer problems, not many consumer problems are in fact referred to these committees. To ensure that these problems are managed and resolved smoothly, it is necessary to establish flexible operational systems by setting up councils composed of a small number of committee members, and to do positive operation of the consumer grievance conciliation committees by

practically loosening the public-interest requirements for the referral of issues to the committee.

The NCAC must endeavor to improve its effectiveness in resolving consumer-related issues by making positive use of the consumer grievance conciliation committees.

#### **Coordination of troubleshooting organizations and provision of comprehensive window functions**

Making troubleshooting organizations more accessible to consumers requires that consumer centers provide comprehensive window functions in addition to the efforts of individual organizations to raise their visibility. For this reason, consumer centers must push ahead with the coordination of their activities with those of troubleshooting organizations, including the private sector, introduce appropriate and reliable organizations to consumers that are responsive to consumer needs, and follow up the results of settlement. In addition to fulfilling these comprehensive window functions, the NCAC on its part should perform its functions of providing comprehensive information on product or service grievances and dispute settlement.

#### **Improvement of information service and consumer education**

Although utilization of IT brings immense benefits to consumers with enhanced convenience, consumers are well advised to make use of it only after gaining a clear understanding of the characteristics and risks of IT.

However, as IT-related technology is making rapid advances, it is not easy for many consumers to keep up with these advances and it is difficult to address the illegal business practices that have been spawned using the new technology. To deal with this situation, it is necessary to improve information services and consumer education, such as the IT courses offered by the NCAC and consumer centers for general consumers. Because there are

significant variations among consumers regarding their knowledge of IT, it is necessary to implement policies that address the information gap, or the so-called digital divide, that separates those who have access to IT from those who do not, or those who are skilled in using IT and those who are not. This last situation is particularly applicable to the elderly.

### **Roles of the NCAC**

- The NCAC has been playing the role of a core institution in the consumer centers by supporting consultancy services and the settlement of complains filed at the centers and holding seminars for local administration officials and consultants and conducting tests on products or services brought to its attention, in addition to operating the PIO-NET (Practical living Information Online NETwork). This is an information network linking the consumer centers across the nation, and offers information in response to consumer complaints.

The complaints about companies that are collected in the PIO-NET have been used to prevent consumer damage from occurring or spreading both on the national and local levels. The NCAC should strive for closer information exchange among ministries and agencies, such as the Ministry of Economy, Trade and Industry and the Fair Trade Commission, which are responsible for cracking down on illegal and unlawful activities that adversely impact on consumers or undermine their interests.

It is important that the NCAC, while ensuring cooperation among the national and local governments and the NCAC itself, should support national and local government's consumer-oriented policy by collecting and providing information on consumer complaints, improving conciliation and making use of grievance reconciliation committees.

- When solving consumer problems or disputes, coordination with consumer groups and trade associations is also important. As NPOs are becoming more aggressive in areas related to consumer affairs in response to a broad range of social needs, information exchange with these organizations is now becoming increasingly important. The NCAC needs to beef up its functions as a core institution involved in the areas of information provision, dispute settlement and consumer education, as these organizations are offering services in all these areas.

## **Activities of the NCAC**

### **Product Testing**

#### **Hygiene of the "soft contact lens"**

It is believed that about 13 million people wear contact lenses in Japan. Furthermore, the number of people who wear soft contact lenses has been increasing. Meanwhile, a survey reports 7.4 percent of contact lens wearers suffer eye problems or injuries each year that force them to stop wearing the contact lenses for several days at a time. The NCAC's Injury Information System has been notified of 700 cases of eye pain and bloodshot eyes caused by soft contact lenses in the past decade. The NCAC, therefore, collected a sample of the lenses in use and tested them for the presence of bacteria and impurities that could lead to eye problems.

The test results showed that bacteria were present on 18 percent of disposable soft contact lenses and 27 percent of non-disposable soft contact lenses with a rated life of about 2 years. With both types of lenses, the bacterial counts were lower when the wearer took good care of the lenses. When the impurities found on the lenses (body lipids and proteins, and traces of cosmetics) were analyzed, 20 percent of the disposable lenses and 40 percent of non-disposable lenses were contaminated with impurities that could be linked to eye problems. Only a few contact lens wearers were aware of the contamination of their lenses.

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## Safety of electric kettles

About 5.4 million electric kettles are sold in the Japanese market, and they are a commonly used household appliance. The NCAC's Injury Information System was notified of 450 cases of injuries caused by electric kettles for the period from April 1997 to November 2002. 98 percent of these accidents involved scalds, and more than half of the victims were children under 10 years of age. The precise nature of the accidents included the venting of hot water when shutting the lid and spilling of hot water when the pot fell or was tilted. Based on their findings and after checking the structure and mechanism of the electric kettles, the NCAC provided consumers with relevant information on how to prevent these kinds of accidents.

The test results for 18 brands of electric kettles are as follows:

- 9 brands were found to vent hot water from the spout when the lid was shut forcefully.
- When the kettles fell, 3 brands were found to spill an amount of hot water that exceeded the standard value set in the JIS, while there were 4 brands which hot water spill was negligible.
- When the kettles were tilted forward or backward, hot water flowed out of the spout or steam vent of all brands.
- When the user connected the magnetic plug to the kettle without being aware that a metal object such as a paper clip was attached to the plug, the user ran the risk of creating a short circuit.
- The annual power consumption of an electric kettle is high and almost equals that of a refrigerator.

The NCAC provided consumers with the above information and asked the industry to improve the products.



## Surveys and Studies

### The 33rd Survey of Trends in People's Lives - Descriptive Labeling of Food and Buying Behavior of Consumers

In addition to a chronological subjects regarding consumer complaints and damage caused by merchandise and services, this survey has established "descriptive labeling of food and the buying behavior of consumers" as a specific theme and carried out a study on consumer awareness when a series of scandals erupted over false food labeling. The survey received answers from 2,121 housewives.

[Time-series theme]

According to the survey results, 46.9 percent (45.8 percent in the previous survey) of the respondents had complaints or had suffered damage related to goods and services they had purchased in the previous year. Among the goods and services, "foodstuffs" was in first place at 16.6 percent (11.1 percent in the previous survey) followed by "medical care" in second place at 8.0 percent (6.9 percent in the previous survey).

When respondents, who reported complaints or damage, were asked whether they had filed complaints or not, 46.9 percent said "they had," down from 49.0 percent in the previous survey. Among the parties to which they filed complaints, "shops and salesmen" received most complaints (28.0 percent) while 3.7 percent of them complained to the "counseling desks of public bodies such as the consumer centers."

[Specific theme]

The results of consumer awareness on this survey were as follows:

- There are widespread complaints about the descriptions found on food labeling (91.2 percent) and deep-seated distrust of the information provided on food content (62.3 percent).
- Consumers' distrust is not limited to the "country of origin" and "use-by-date."
- Complaints and distrust of food additives are high at 90.3 percent.
- The series of the food-related scandals changed consumer-buying behavior.
- Many younger people think "food policy does not reflect consumer opinion" or "they do not trust it."
- With respect to the measures and programs to ensure that the contents of foodstuffs are

indicated accurately, consumers have great hopes that the authorities will have the ability to "strengthen administrative functions in monitoring and inspection," "promptly announce company names in cases of fraudulent labeling" and "impose stiffer penalties against companies involved in fraudulent labeling."

#### **"A hefty bill for what was supposed to be free" - Fraudulent sales cases on the rise**

The number of complaints concerning sales techniques using the catch phrase "free of charge," such as "cost-free service" and "cost-free period," (hereinafter referred to as "free of charge marketing"), in which the seller in reality forces the consumer to sign a purchasing contract for an expensive item or service, is on the rise. There were 5,537 cases in 1997, but they increased to 14,618 cases, or a 2.6-fold increase, in 2002 (as of February 6, 2002). The merchandise and services most involved in these cases are "esthetic services." There are numerous examples of fraudulent sales cases involving dating services. Usually, a person intent on using the dating service is later charged a hefty bill after calling the service. The NCAC warned consumers about the trouble they could find themselves in after being forced to purchase expensive merchandise or services by falling for the misleading catch phrase "free of charge".

#### **Problems involving "power-saving equipment and small transformers" on the increase**

90 percent of victims are individual business owners, and the consumer contracts law does not apply

90% of consultation cases concerning "power-saving equipment and small transformers" involve storeowners and business owners running stores who equipped their stores or offices with the equipment. At present, as business owners are not protected by the "law concerning specified commercial transactions and other regulations" and the "consumer contract law," which regulate specific business transactions and protects ordinary consumers in such areas as door-to-door sales and the mail-order business. This means that business owners do not have the right to a cooling-off period after signing a contract that would allow them to cancel the contract within a specified period.

Although the power-saving equipment is promoted as an energy-saving device, most of the buyers say "it has no power-saving effect and does not help reduce electricity bills as claimed at the time of sale." Concerning the small transformer, users complain that "they were put to considerable trouble as the power company asks them to remove the device as it was illegal."

In view of the fact that problems involving power-saving equipment did not decrease, the NCAC asked the related organizations to take preventive measures.

#### **Accidents caused by cigarette lighters as noted in the hazard report - lighters suddenly flared up or victims suffered burns**

According to the NCAC's PIO-NET, there were 369 reports of hazards involving lighters during the period from April 1992 to December 2002. The accidents were mainly caused by "lighters suddenly flaring up" or "exploding and bursting out causing burns." Among them, there was a serious case in which flames from the lighter ignited the clothes of the victim leading to a death." As serious accidents requiring hospitalization and accidents involving children have continued, the NCAC asked the industry to take the following action:

Improve safety and quality and develop products that reduce the risk of accidents

Improve safety standards by making it mandatory for the lighter to require plural operations to effect ignition.



#### **Visitors from Foreign Countries**

\* **Ms. Vasana Chinvarakorn, Editor of Bangkok Post (Jan 17th)**