

Trends in Consumer Issues

Law Concerning the Protection of Personal Information

The Law Concerning the Protection of Personal Information was established in May 2003. The description of the background, history, and overview of this law is below.

○ Background behind the law

Computers, the Internet, and other telecommunications technologies are spreading quickly in society these days. In central government and companies, telecommunications technology is used to process large quantities of personal data. As a result, various services are beginning to be introduced. Such services include shopping online in consumers' homes and the provision of products and services through the analysis of customer information.

At the same time, citizens are highly concerned that at the inappropriate handling of highly personal information. When inappropriately handled, personal information could cause serious damage to the character and property of individuals. There have been some actual incidents, in which personal information contained in member lists were leaked in large quantities or personal information including medical histories were traded.

With the economy is globalized and digitalized, the international community, mainly that of European countries, is increasingly aware of the need to protect personal information. In 1980, the OECD presented "Directorate Report on Guidelines for the Protection of Privacy and the International Distribution of Personal Information." According to these Guidelines, 25 of the 30 OECD members have laws in both the governmental and the private sector. With e-commerce growing quickly, laws are now being

established on an international level. Under these circumstances, the establishment of laws for protecting personal information is becoming urgently necessary in Japan as well.

○ How the law was established

According to the OECD Guidelines, an "Act for Protection of Computer Processed Personal Data held by Administrative Organs" was established in Japan for administrative organs in 1988.

In recent years, with the growing need to protect personal information, certain conferences were held to consider the protection of personal information during and since 1999.

As a result of such conference discussions, a "Law Concerning the Protection of Personal Information" was established for both the governmental and private sectors on May 23, 2003 and promulgated on the 30th of the same month. Following this initial move, four related laws were established simultaneously.

○ Overview of the law

The Law Concerning the Protection of Personal Information aims to balance the protection of individual rights and profits against the usefulness of personal information. This law defines "personal information" as information with which one can identify a particular existing individual. The basic principle of the law is the appropriate handling of personal information.

The duties and policies of the central government and local authorities will be such that:

- The central government will prepare basic principles and implement comprehensive and integrated measures.
- Necessary measures will be taken to process grievances between operators and individuals appropriately and swiftly.

In Japan today, around two thirds of local governments have established regulations

concerning the protection of private information. Local governments are expected to review them appropriately and establish new regulations.

The obligations stipulated for private agencies handling personal information include:

- to handle private information within the scope of the objectives when such information is handled by operators.
- to obtain personal information appropriately and to notify the related authority of the objective when obtaining it.
- to ensure accuracy in personal data possessed and to disclose, correct, and suspend the use of, any such data upon request from the principal.

The law also regulates autonomous grievance disposal by operators and certified associations and the supervision of operators by the responsible minister.

○ Toward the enforcement of the law

This law is projected to come into effect in April 2005. In particular, operators are required to make significant preparations toward identifying the objectives, responses to billing the disclosure, and the establishment of internal resources.

Activities of the NCAC

Product Testing

● To use a microwave oven safely

The microwave oven has now become indispensable for everyday life. However, users must be on guard against the danger hidden behind its convenience. The NCAC has received more than 300 pieces of information about accidents caused by microwave ovens over the past five years. It then conducted safety tests on microwave ovens that may cause accidents when used the wrong way.

The tests revealed some foods (such as eggs) that burst when heated with microwave ovens. These ovens were thus revealed to have unexpected dangers. Based on the test results, The NCAC issued the following advices:

- Since boiled eggs are highly likely to burst when heated by a microwave oven, users need to watch the process.
- Heating and boiling a liquid with a microwave oven may scatter the liquid when heated. Prolonged heating is therefore dangerous.

- Polystyrene containers were proven to contain components related to hormone disruptors following heating. Do not therefore heat any such containers in a microwave oven.
- Microwave ovens should not be used for any purpose other than cooking.

The microwave ovens tested did not produce electromagnetic waves strong enough to affect the human body.

● Quality and hygiene of milk: Centering on the characteristics of types of milk disinfected differently

Milk comes roughly in four types depending on the means of disinfection. Of those, 95% of the milk distributed in Japan has been "disinfected instantaneously at very high temperatures." These days, an increasing number of milk brands "disinfected at low temperatures for long hours" claim to have the true taste of the milk. The NCAC has received 1,400 milk-related inquiries over the past five years (from 1998 to 2002). The NCAC tested 17 brands of milk disinfected differently for their characteristics for each quality, hygiene, and method of disinfection. Here are the results:

- Counting the microbes and E. coli bacteria in different milk samples on their use-by dates revealed two brands containing larger-than-standard counts of microbes and E. coli bacteria. The potential cause was judged to be imperfect temperature control during the logistic process.
- No brand showed any deterioration in quality immediately before the use-by date.
- No brand revealed any residue when measurements were taken of the residue content of medical-use antibiotics administered to milking cows.
- The different brands were issued with use-by dates as follows:
 - (1) for milk brands disinfected at low temperatures, the use-by date is displayed on the mainstream;
 - (2) the use-by date and the last date for good quality were marked together for milk brands disinfected at high temperatures for short periods and those disinfected at high temperatures for long hours;
and
 - (3) the last date for good quality is on the mainstream for milk brands disinfected

instantaneously at very high temperatures.

In response to the aforementioned test results, the NCAC issued the following advice to consumers:

- Store milk at the lowest possible temperature.
- Consume milk soon after opening cartons.
- On purchasing milk, check the type of disinfection and other label details.

● **Tests and surveys of foods that may contain buckwheat noodles (soba).**

(to provide persons allergic to buckwheat noodles with information)

Of all food allergies, allergy to buckwheat noodles may affect the respiratory functions or may, in some cases, cause strong symptoms resulting in crucial threats. Foods distributed in abundance include those for which the presence of buckwheat noodles is not easily ascertainable at a glance, meaning that they may be eaten without their true content being known. The NCAC tested 283 food brands that may contain buckwheat noodles. Here are the main results:

- Even if some foods carry no mention of "buckwheat noodles" in the raw material ingredients, it does not necessarily mean that they contain no buckwheat noodles. Manufacturers are not obligated to mention buckwheat noodles if their content is lower than the standard amount.
- Of the food brands not specifying any "buckwheat noodles," seven revealed protein at higher than normal levels. Also, 22 brands contained trace quantities of buckwheat noodle protein (lower than the standard). Many of the food items containing buckwheat noodle protein were wheat noodles (udon).
- In some noodle restaurants, buckwheat noodles and wheat noodles may be boiled in the same pot. In such cases, wheat noodles may contain the protein of buckwheat noodles.
- The contents of eggs, milk, wheat, and other substances provoking allergy were indicated on 129 brands. Additionally, 42 brands were led as follows: "The factories manufacturing this product make products containing buckwheat noodles." This indicates that, although the products themselves contained no buckwheat noodles, the products may contain trace quantities of buckwheat noodles produced during the manufacture of other products.

Surveys and Studies

● **Special survey: 'Present condition and problems with "product collection"'**

With the Product Liability Law coming into effect on July 1, 1995, many operators ensured product safety and made much progress in such areas as displays of precautions. However, some problems emerged about five years after the enforcement of the law. Mass media began to issue frequent safety updates, ranging from TV sets prone to fire and defects in motor vehicles to foods with impurities. With that, corporate notices (notices of apology and respectful announcements) notifying the recall of their products were posted up in newspapers every day. At a surprisingly high number of these companies, employees tried to hide their wrongdoings on a companywide level. That fact was brought to light by an in-house whistle-blower, meaning those companies were subject to severe criticism.

The counts in terms of corporate notices regarding safety and hygiene identified by the NCAC were 40 in fiscal year 1999 (5 food- and 35 non-food related reports), 126 in fiscal year 2000 (65 food- and 61 non-food related reports), 91 in fiscal year 2001 (35 food- and 56 non-food related reports), and 302 in fiscal year 2002 (229 food- and 73 non-food related reports) (as of August 2003).

Some corporate notices are problematic in terms of content, the means of product recall, or the follow-up after the corporate notices (response to unrecalled products). In some isolated cases, companies issue a notice and then appear to ignore further responsibilities. The NCAC also received some reports concerning fire and other accidents due to unrecalled products after such corporate notices were posted up.

Under such circumstances, the NCAC conducted a survey, focusing on the following:

- Are corporate notices on newspapers effective at all?
- How do the operators posting up such recall notices consider the issue?
- How do consumers regard such corporate notices?
- How are the products recalled?
- How are the consumers notified?
- What are the measures to make the recall more effective?

The survey was conducted centering on a questionnaire of consumers and operators. Here

is an overview of the survey findings:

- Some 28% of the consumers learned through corporate notices that the manufacturers intended to recall the products.
- Some 47% of the consumers replied that "the image of the company has improved" regarding operators who gave notices of the problem in the product and recalled it.
- Some 68% of the consumers responded that they read the corporate notices carefully.
- Some 80% of the companies posted up corporate notices only once. Some 5% of them issued such notices three or more times.
- Concerning the decision-making period that taken by such companies to make issue such corporate notices, 85% of the companies took "no more than a week" until they issued a corporate notice regarding foods. For non-food products, 50% of the companies took "one week to one month."
- Other ways the companies conveyed information to consumers included "publication on a homepage" for foods for 75% of the companies. For non-food products, 83% of the companies "installed a toll-free number."

● **Special survey: 'Reality of products claiming to produce "negative ions"'**

"Negative ions" have become a sudden craze because of their alleged health benefits. Negative ions are mentioned on various products, ranging from air-conditioners, hair dryers, and other consumer electronics to underwear and other clothes. In parallel with the craze, the NCAC received many inquiries "Are they really effective?" The PIO-NET (Practical living Information Online NETwork) run by the NCAC recorded more than 1,400 inquiries over the past six years, from fiscal year 1997 onwards. In fiscal year 2002, the network recorded more than 700 inquiries. Under these circumstances, the NCAC conducted a survey.

The NCAC's consumer questionnaire reveals that considerable numbers of consumers have heard of the term "negative ions" but do not have a clear idea of their effects.

A questionnaire for operators reveals that some 60% have manufactured negative ion-related products. Of the negative ion-related products manufactured, those claiming to be effective accounted for 87%. It was discovered that not all

related products claimed to have negative ion effects. Of the effects claimed, many were related to direct effects on the human body, such as "refreshing" and "recovery from fatigue." Regarding the validation of "negative ion effects," about 55% of them responded that they "validate them." On the other hand, nearly 30% "did not validate them." Concerning a question about the output of negative ions, about 55% "displayed it." About 44% "did not display it." It was discovered that output measurements conducted were difficult to compare on a homogeneous basis because the way and the conditions under which they were conducted varied.

When interviewed, two experts on the "effects of negative ions" commented "We do not yet know their working on a molecular level but many papers report that they are effective. Objectively speaking, they are thought to be useful" and "The cause-and-effect relationship between negative ions and the human body has not yet been established. It is irresponsible to sell products claiming to be effective when we do not even know how the negative ions are composed.

The NCAC gave the following conclusion based on the survey results:

- Consumers use the products, expecting effects from products claiming to produce negative ions. But no one knows if they will produce the expected effects.
- The output of negative ions may be displayed, but the relationship between the output and their effects on the human body is unclear.

The NCAC also requested industrial associations:

- to cause manufacturers of products claiming to produce negative ion effects to validate them and provide consumers with the relevant information
- to cause manufacturers displaying their outputs of negative ions to communicate this to consumers in an easily comprehensible manner with the grounds for numerical data and other information displayed.

● **Accidents concerning outdoor playing equipment as viewed from risk information**

Swings, slides, and other recreation equipment in parks and other facilities are widely used by children playing outside. However, the NACA has received many reports describing how such equipment has caused accidents. No national standards existed to govern the safety of such recreation equipment. In March 2002, the Ministry of Land, Infrastructure and Transport announced

guidelines on safety. In response, the Ministry of Health, Labor and Welfare and the Ministry of Education, Culture, Sports, Science and Technology instructed related establishments to take accident-prevention measures while referring to these guidelines.

In response to these trends, the NCAC analyzed accident information concerning playing equipment. The association also conducted a questionnaire of local governments and operators responsible for such playing equipment. Here are the main results:

- The NCAC received 1,799 items of information concerning accidents caused by playing equipment between fiscal years 1997 and 2002.
- Of the victims of such accidents, nearly 88% were less than ten years old. The majority age group involved was 4 year olds, accounting for 226 items.
- Concerning recreation equipment having caused such accidents, slides were the greatest culprit: 504 items. That was followed by swings (495 items) and horizontal bars (221 items).
- Of the 1,788 items where the status of injuries caused by accidents were monitored, 220 items led to states requiring hospitalization.
- Following the issuance of questionnaires to local governments and operators, the response "we provide safety standards" was made by about 10% of the local governments and 90% of the operators, thus marking a great disparity.
- In response to a question concerning the regular checkup of playing equipment, about 66% of the local governments responded that they "conduct regular checks."

Based on the above results, the NCAC requested local governments and operators to step up their safety control and other measures.

● **Surveys and studies of consumer-oriented information in investment transactions (a comparison of Britain, the USA, and Japan)**

Financial products for investors cannot be physically checked and inspected by hand. It is therefore important to set up an institutional framework to avoid consumer damage. It is also

vital to provide consumers with enough information. The NCAC surveyed the way one ought to provide information about investment transactions for consumers in Japan. Here is an overview:

- Grievances concerning investment transactions have been growing in number annually over the past four years. Fiscal year 2002 saw about 11,000 grievances recorded.
- The largest number of grievances concerned the "trading of product futures."
- Categorized by form of product sales, 80% came under the category of "visiting salesmanship" and "sales through telephone solicitation."
- Voluntary rules ensuring the conformity of sellers of financial products are abstract.
- High-risk investment transactions not subject to legal regulations and not linked to industrial associations (such as foreign exchange on margin) are also marketed to general consumers.
- In investment transactions with characteristics not present in other products or services, the following factors play an important role when selecting a product:
 - 1) the causes and mechanisms of risk generation
 - 2) information about whether a specific investment transaction meets consumer needs and the economic situation.

To prevent consumer damage, it is important to provide information as aforementioned.

- Consumers wishing to deal in investment transactions should actively obtain information about stocks, investment trusts, loan credits, and other investment products and learn how to control risks after specific transactions and other matters as well.

Visitors from Foreign Countries

* Four staff members of the Office of the Consumer Protection Board, Thailand (for the purpose of training by NCAC) (October 28 to November 4)

* Four staff members of the Ministry of Commerce of Islamic Republic of Iran and two

staff members of the Embassy of the Islamic Republic of Iran in Japan (October 22)

