

Implementation of the Japanese Product Safety Pledge (Summary)

- Annual Report 2023 -

June 2024

Consumer Affairs Agency

Product Safety Pledge Introduction

Based on the provisions of "Guidance for Businesses V: Key Performance Indicators (KPI)", the Consumer Affairs Agency (hereafter "CAA") has compiled the annual report on the Japanese Product Safety Pledge implementation status (the overall status in Japan) in consultation with regulatory authorities and signatory online marketplace (hereafter "OM") operators. The report is now available to the public.

This paper is a summary of the report.

1. Subject Period

from October 1 to December 31, 2023

(note) If the number of cases implemented is systematically calculated from the signing date (June 29, 2023), such number is included.

2. Participating signatory OM operators

Amazon Japan G.K., eBay Japan G.K., au Commerce & Life, Inc., Mercari, Inc., Mobaoku Co., Ltd, LY Corporation, Rakuten Group, Inc.

(note) Signatories include both BtoC and CtoC OM operators.

3. Participating regulatory authorities

Consumer Affairs Agency (Consumer Product Safety Act)

Fire and Disaster Management Agency of the Ministry of Internal Affairs and Communications (Fire Service Act)

Ministry of Health, Labour and Welfare (Act on Control of Household Products Containing Harmful Substances)

Ministry of Economy, Trade and Industry (Consumer Product Safety Act, Electrical Appliances and Materials

Safety Act, Gas Business Act, Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas, High Pressure Gas Safety Act)

Ministry of Land, Infrastructure, Transport and Tourism (Road Vehicle Act)

4. Others

The data is based on the results of the implementation submitted by signatory OM operators and materials published on the CAA website.

Product Safety Pledge

Key Performance Indicator (Quantitative KPI)

○ Quantitative KPIs Status

- Regarding quantitative KPIs, OM operators who have signed the Japanese Product Safety Pledge (hereafter “the pledge”) **removed** recalled or unsafe products (hereafter “recalled products, etc.”) **(1) 1,927 listings voluntarily by referring to designated websites**, and **(2) 161 listings in response to regulatory authorities requests**. All (100%) of the 2,088 listings (1,927 + 161) were removed within two business days of product identification.
- Additional, signatory OM operators (hereafter “signatories”) **removed** recalled products, etc. **(3) 76 listings based on consumer requests**, and **(4) 14 listings based on voluntarily collected information from manufacturers, etc.**, in addition to listings of (1) and (2) above.

1. Voluntary listing removals with reference to designated websites 【Subject to quantitative KPI calculation】

- Calculation: Number of recalled products, etc. listings identified on operating OM to be removed, by referring to relevant websites, etc. : **1,927 (A)**
Number of listings removed within 2 business days starting from the business day following the date identified: **1,927 (B)**
- Reference sites: Consumer Affairs Agency “Recall Information Site”, Ministry of Economy, Trade and Industry “Recall Information”
Signatories check the model number, lot number, etc. and the risk to life and/or health of relevant products whether they are not listed on their OM.

**100%
removal**
(%):
(B)/(A)

2. Listing removal in response to regulatory authorities requests 【Subject to quantitative KPI calculation】

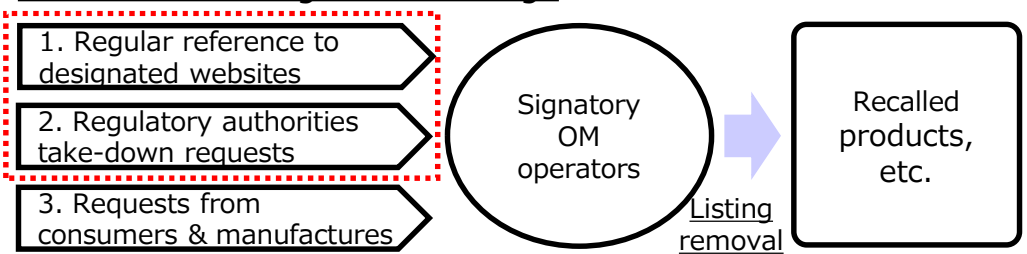
- Calculation: Number of recalled products, etc. listings identified to be removed by regulatory authorities take-down requests: **161 (A)**
Number of listings removed within 2 business days starting from the business day following the date identified: **161 (B)**
- Products breakdown: Portable laser application devices (61), Riding helmets (43), Oil heaters/stoves (13), Baby beds (13),
DC Power Supply Units (10), Others (21)
- Others: The CAA publishes the status of listing removal in response to regulatory authorities take-down requests once a month.

**100%
removal**
(%):
(B)/(A)

3. Other listing removal status 【Reference】

- Signatories received inquiries from consumers regarding recalled products, etc. applicability, and after analyzing inquiries, those products confirmed as recalled products, etc., **76** listings were removed.
- In addition, signatories received information from manufactures, etc., and after confirming recalled products, etc., **14** listings were removed.

【Reference】 Listing removal image (subject to quantitative KPI)



● While legal obligations are imposed on manufactures, importers and distributors to list safe products and to respond to recalled products, etc. on OM, signatories have gone beyond the legal framework for product safety (i.e., substituted those business operators) and have removed all 2,088 listings. Considering this, the CAA thinks the Japanese Product Safety Pledge is fully functioning as a mechanism to provide consumers with greater protection against the risks to their lives and/or health posed by recalled products, etc.

○ Qualitative KPIs Status

- Regarding qualitative KPI (activity reports), signatories have established workflows, such as **formulating a procedural documents and setting a department in charge**, and have **built systems necessary** to implement all 12 commitments stipulated in the pledge. They also implement **creative measures based on their scale and characteristics**. Given that the regulatory authorities have also implemented the required measures, such as providing explanatory materials for sellers, etc., the CAA thinks that the necessary responses have been taken during the subject period.
- On the other hand, operational issues have been identified through the 2023 efforts. These issues will be appropriately addressed in the future.

1. Product safety measures conducted based on information from regulatory authorities (Commitments 1 – 5)

- Signatories have established workflows, such as formulating a procedural documents and setting a department in charge, have conducted voluntary listing removal with reference to designated websites and listing removal in response to regulatory authorities requests, and have set up communication system with regulatory authorities. Some signatories have been working on quality control and improvement through **performance review with legal staff** and **performance report to management**. On the other hand, about 30% of the sellers of products listing removed in response to regulatory authorities requests are overseas residents, and action is needed from perspective of informing sellers.

2. Product safety measures conducted based on information from consumers (Commitment 6)

- Signatories have prepared means (tools), such as e-mail and chat, to receive information from consumers about recalled products, etc., have established workflows that determine response, including listing removal, within 5 business days after receiving the information. In addition, some signatories **collaborate with the National Institute of Technology and Evaluation (NITE) on information received**, and conduct **safety analysis by aggregating the reasons for returns**. On the other hand, there have been comments from consumers that it is difficult to find out contact information (tools), which needs to be addressed from the perspective of easier consumer contacts to OMs.

3. Measures to provide information on product safety to sellers and consumers (Commitments 7 & 8)

- Signatories provide sellers with explanations of product listing rules, including banned products, and information on recalled products, etc., as well as providing consumers with information on recalled products, etc., and how to use products, etc. In addition, some signatories **provide information** to sellers **via multiple channels**, hold information sessions for sellers living overseas, **provide information** to consumers (identifying the purchaser) **in collaboration with multiple companies**, and **provide information on the National Consumer Affairs Center of Japan's warnings**.

○ Qualitative KPIs Status

4. Measures to prevent detriment and technological innovation on product safety (Commitments 9 – 12)

• Signatories have implemented processes to review listings and prevent re-listing of recalled products, etc., based on the terms and conditions, measures to take actions against malicious sellers, and consider introduction of new technologies. In addition, signatories are conducting **empirical experiments** regarding **warning pop-ups when listing products** and **detection of recalled products, etc., using AI**. Based on the request from the Ministry of Economy, Trade and Industry, signatories conduct pre-sales screening for 4 products, such as lithium-ion batteries. On the other hand, the CAA's survey has confirmed re-listing of products that were previously removed from listing, so action is needed from perspective of prevention.

○ Summary and future challenges

- Based on the implementation status of quantitative and qualitative KPIs (activity reports), various measures conducted by signatories and regulatory authorities are thorough and demonstrate strong commitments to the pledge. The pledge is an initiative that only started in June 2023, so it is essential that signatories and regulatory authorities continue to be committed to the pledge in the future.
- On the other hand, **in the short term**, it is essential to strengthen the dissemination of information to sellers living overseas as well as to publish OM contact information (tools) for easier consumer contacts to OMs on the CAA website, and to strengthen measures to prevent re-listing of products that were previously removed from listing. **In the long term**, it is essential to increase the number of participating OM operators and regulatory authorities from perspective of strengthening consumer protection.

【Reference】 Japanese Product Safety Pledge Overview

- The Japanese Product Safety Pledge is a response to (1) the OECD's "Communiqué on Product Safety Pledges" and (2) the changing environment where the market size of BtoC and CtoC product sales on online marketplaces (hereafter "OM") is increasing, while the ratio of serious product accidents is also increasing. It is a **"public-private collaborative voluntary initiative"** by the Consumer Affairs Agency (hereafter "CAA") and other relevant ministries and agencies for consumer products and OM operators **that goes beyond the legal framework for product safety**, and **key performance indicators (KPI) have been calculated**.
- Signatory OM operators (hereafter "signatories") **declare 12 commitments, such as removing recalled or unsafe products (hereafter "recalled products, etc.") from the market**, either voluntarily or in response to regulatory authorities requests.
- Signatories **establish and maintain systems to prevent the re-listing of recalled products, etc.**, and regulatory authorities provide **explanatory materials for sellers**, etc.
- The discipline of signatories is based on both (1) unified discipline (e.g., signatories are requested to remove recalled products, etc. listings within 2 business days) and (2) autonomous discipline based on their scale and characteristics.

Japanese Product Safety Pledge Highlights

(1. Annual performance confirmation by signatories)

Quality control by annual follow-up using Key Performance Indicator (KPI) **<New>**

(2. Expansion and enhancement of existing approach)

Educational material for sellers and exhibitors **<Expansion and enhancement>**

Extensive and exhaustive removal of recalled/unsafe product listings **<Expansion and enhancement>**

System improvement against re-listing recalled/unsafe products and malicious sellers **<Expansion and enhancement>**

(3. Japan original approach *new measures)

Added "actual workflow" and other items related to consumers to KPI **<Japan original>**

CAA analyzes listing removal status in cooperation with regulatory authorities **<Japan original>**

CAA publishes listing removal in its website as breaking news **<Japan original>**

【Reference】 Japanese Product Safety Pledge Overview

○ Regulatory authorities participating the Japanese Product Safety Pledge *as of May/end, 2024

Name of ministry and agency	Laws and regulations
Consumer Affairs Agency (CAA)	Consumer Product Safety Act
Fire and Disaster Management Agency (FDMA) Ministry of Internal Affairs and Communications (MIC)	Fire Service Act
Ministry of Health, Labour and Welfare (MHLW)	Act on Control of Household Products Containing Harmful Substances
Ministry of Economy, Trade and Industry (METI)	Consumer Product Safety Act Electrical Appliances and Materials Safety Act Gas Business Act Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas High Pressure Gas Safety Act
Ministry of Land, Infrastructure, Transport and Tourism (MLIT)	Road Vehicle Act

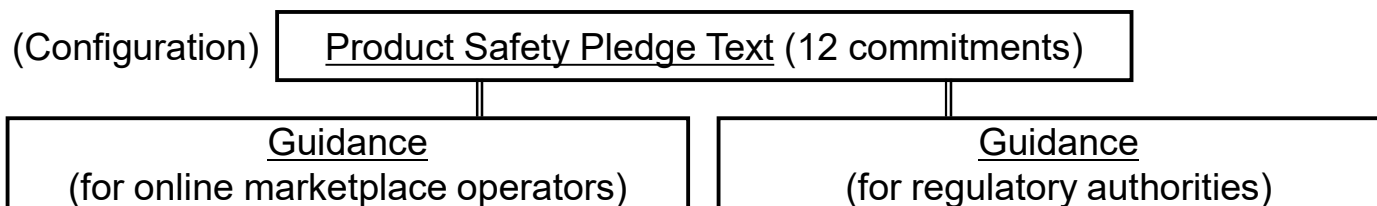
○ OM operators who signed the Japanese Product Safety Pledge *as of May/end, 2024

OM Operators	Online Marketplace
Amazon Japan G.K.	Amazon.co.jp
eBay Japan G.K.	Qoo10
au Commerce & Life, Inc.	au PAY Market
Mercari, Inc.	Mercari (CtoC) Mercari Shops
Mobaoku Co., Ltd.	Mobaoku (CtoC)
LY Corporation	Yahoo! JAPAN Shopping Yahoo! JAPAN Auction (CtoC) Yahoo! JAPAN Flea Market (CtoC) LINE Gift
Rakuten Group, Inc.	Rakuten Ichiba Rakuten Rakuma (CtoC)

【Reference】 Japanese Product Safety Pledge 12 Commitments

- **The Japanese Product Safety Pledge (text) consists of 12 commitments in total.**
- In addition, it consists of a **“Guidance for Businesses”** that serves as a reference for signatories to understand 12 commitments, and a **“Guidance for Regulatory Staff”** that summarizes the thinking of the relevant ministries and agencies in charge of consumer products regarding “unsafe products” and other issues, as well as specific measures.

1. **Regularly consult regulatory authorities’ and other relevant websites** for information on recalled/unsafe products and **take appropriate actions** on these products **once they are identified**.
2. Provide a **dedicated contact point** for regulatory authorities to notify information on recalled/unsafe products and/or request take-downs of these products.
3. **Remove** requested recalled/unsafe product listings **within two business days of receiving a take-down request from the regulatory authorities**. **Inform** the regulatory authorities **on the action that has been taken and any relevant outcomes**.
4. When requested by regulatory authorities to provide information, **make reasonable efforts to identify, the supply chain** of recalled/unsafe products **and respond** to the take-down request.
5. **Establish and/or maintain an internal control system** to respond to information requests from regulatory authorities and to implement the removal of recalled/unsafe product listings.
6. **Provide a means for consumers to notify the pledge signatories directly** of recalled/unsafe product listings. Upon notification, **take appropriate actions within five business days** based on the signatories' established process.
7. In order for sellers to implement measures to comply with Japanese product safety-related laws and regulations, **provide** them **reasonable opportunities to acquire knowledge pertaining to such laws and regulations by sharing information related to product safety provided by regulatory authorities and others**.
8. Cooperate with regulatory authorities and sellers to **inform consumers about actions taken by concerned business operators and regulatory authorities** related to recalled/unsafe products.
9. **Establish and/or maintain systems aimed at preventing or restricting the sale** of prohibited, recalled/unsafe products, as appropriate.
10. Work with regulatory authorities to **take appropriate actions against malicious sellers**, such as those who intentionally repeat selling recalled/unsafe products.
11. **Take appropriate measures aimed at preventing the reappearance** of recalled/unsafe product listings already removed.
12. **Proactively consider the use of new technologies and innovation** to improve the detection and removal of recalled/unsafe product listings.



【Reference】 Products subject to Japanese Product Safety Pledge

- The CAA and other regulatory authorities for consumer products formulated “the Japanese Product Safety Pledge – a Guidance for Relevant Government Ministries and Agencies Staff –” for each law, which defines “unsafe products” based on the products and standards under their jurisdiction, had consultation with signatories and participated the pledge.
- Products subject to the pledge are **products specified by a total of eight laws**, including the Consumer Product Safety Act (general law for consumer products).
- If any of those products sold on OM are recalled or unsafe products, signatories remove such listings voluntarily or in response to regulatory authorities requests.

List of products subject to Japanese Product Safety Pledge

Four Product Safety Acts (METI)

1. Specified products regulated by the Consumer Product Safety Act
 - baby beds, oil heaters/stoves, etc. required to affix PSC mark
2. Electrical Appliances regulated by the Electrical Appliances and Materials Safety Act
 - lithium-ion batteries (including mobile batteries), AC/DC power supply units (AC adaptors), etc. required to affix PSE mark
3. Gas Equipment regulated by the Gas Business Act
 - Instantaneous gas water heater, gas cooking stoves, etc. required to affix PSTG mark
4. LPG products regulated by the Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas
 - LP gas cooking stoves, instantaneous LP gas water heater, etc. required to affix PSLPG mark

(note 1) The term “four product safety acts” refers to the Consumer Product Safety Act, the Electrical Appliances and Materials Safety Act, the Gas Business Act and the Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas.

(note 2) The Consumer Product Safety Act is jointly administered by the CAA, in charge of receiving serious product accident reports.

High Pressure Gas Safety Act (METI)

- Containers (accessories) for filling with high pressure gas in Japan that have been inspected, stamped, notified, etc. as required by the High Pressure Gas Safety Act
- scuba diving tanks, carbon dioxide cylinder, etc.

Fire Service Act (FDMA, MIC)

1. Flame retardant goods
 - curtains, blinds using cloth, carpets, etc. (limited to goods sold as flame retardant)
2. Machine or tool, etc. subject to inspection
 - fire extinguishers, residential fire alarms, etc.
3. Machine or tool, etc. subject to self-labeling
 - aerosol type disposable fire extinguishers, etc.

Act on Control of Household Products Containing Harmful Substances (MHLW)

- Household products with the standards of harmful substances in accordance with the Act
- diaper, textile products such as underwear (specified with the content of formaldehyde, etc.), household aerosol products (specified with the content of trichlorethylene), etc.

Road Vehicle Act (MLIT)

1. Child restraint systems
 - child seats
2. Specified small motorized bicycles
 - electric scooters, etc.

● As of December 31, 2023, five (eight laws) “Guidance for Relevant Government Ministries and Agencies Staff” have been formulated.