

Report on Consumer Problems and Policy (FY 2009-2011)

Summary

Consumer Affairs Agency

Table of Contents

Introduction

1. Who are consumers, and why do consumer problems occur?
2. History of efforts to address consumer problems
3. Paradigm shift in consumer administration

Part 1 Today's consumer problems

- Chapter 1 Consumer-related socioeconomic trends and consumers' behavior/attitude**
- Section 1 Consumer-related socioeconomic trends**
- Section 2 Consumers' behavior and attitude**
- Chapter 2 Trends in consumer accidents and troubles**
- Section 1 Overview of consumer accidents and troubles**
- Section 2 Consumer accidents related to life and health**
- Section 3 Property-related consumer troubles**
- (1) Trends in property-related consumer troubles, by product and by sales scheme**
- (2) Trends in property-related consumer troubles, by age group**
- (3) Trouble-prone business methods and Recent malicious business methods**
- (4) Amounts paid by victims and their behavior**
- Section 4 Consumer affairs consultations related to the Great East Japan Earthquake Consumer**

[Columns]

- Consumer rights
- What is the cooling-off period under the Act on Specified Commercial Transactions?
- What is the law enforcement conducted by the Consumer Affairs Agency under the Act against Unjustifiable Premiums and Misleading Representations?
- Overseas shopping troubles

Part 2 Implementation of consumer policy

Chapter 1 Basic framework for Japan's consumer policy

- Section 1 Basic framework for consumer administration**
- Section 2 Collaboration with consumer organizations**
- Section 3 Civil rules, remedies for victims, etc.**

Chapter 2 Consumer policy trends in different sectors

- Section 1 Ensuring consumer safety and security**
- (1) Product safety**
- (2) Food safety**
- Section 2 Ensuring appropriate transactions**
- Section 3 Ensuring appropriate labeling**
- (1) General labeling (non-food labeling)**
- (2) Food labeling**
- Section 4 Consumer education and awareness raising**
- Section 5 Meeting socioeconomic changes**
- (1) Meeting the development of advanced information and communications society**
- (2) Addressing the development of internationalization**
- (3) Environmental awareness**
- Section 6 Efforts to help consumers after the Great East Japan Earthquake**

Chapter 3 Local consumer administration at the consumer "frontline"

- Section 1 Today's local consumer administration**
- Section 2 Cooperation with local governments**

Summary

Introduction

Who are consumers, and why do consumer problems occur?

Every individual is a consumer and remains so since birth till death.

Unfortunately, people's activities as consumers do not always go well.

First, consumers are real humans (natural persons). They are susceptible to hazards such as poison and heat. Once their lives or bodies are damaged seriously, it is irreversible. In addition, their decision-making ability to choose goods and services can be affected by their health and feelings at the time.

Second, consumers are unable to obtain by themselves all the quality and price information needed when choosing goods and services. They have smaller amounts of information than companies producing and selling goods or services.

Third, consumers' negotiating power is generally weaker than that of companies. Consumers may be driven to unexpected consumption behavior by sophisticated sales talks and aggressive solicitation.

[Consumer rights]

With various problems facing consumers in mind, the government should aim to protect consumer safety; ensure consumers opportunities to make independent and reasonable choices of goods and services; give them access to necessary information and education; and ensure that consumers are given remedies appropriately and quickly should any damage be caused. And these must be achieved on the precondition that basic demand is met in consumer life and that a sound living environment is secured to consumers. These policies must reflect consumers' opinions. Considering these as “consumer rights,” the government is making extensive efforts, with various regulations and rules in place to protect these “consumer rights.”

Part 1 Today's consumer problems

Chapter 1 Consumer-related socioeconomic trends and consumers' behavior/attitude

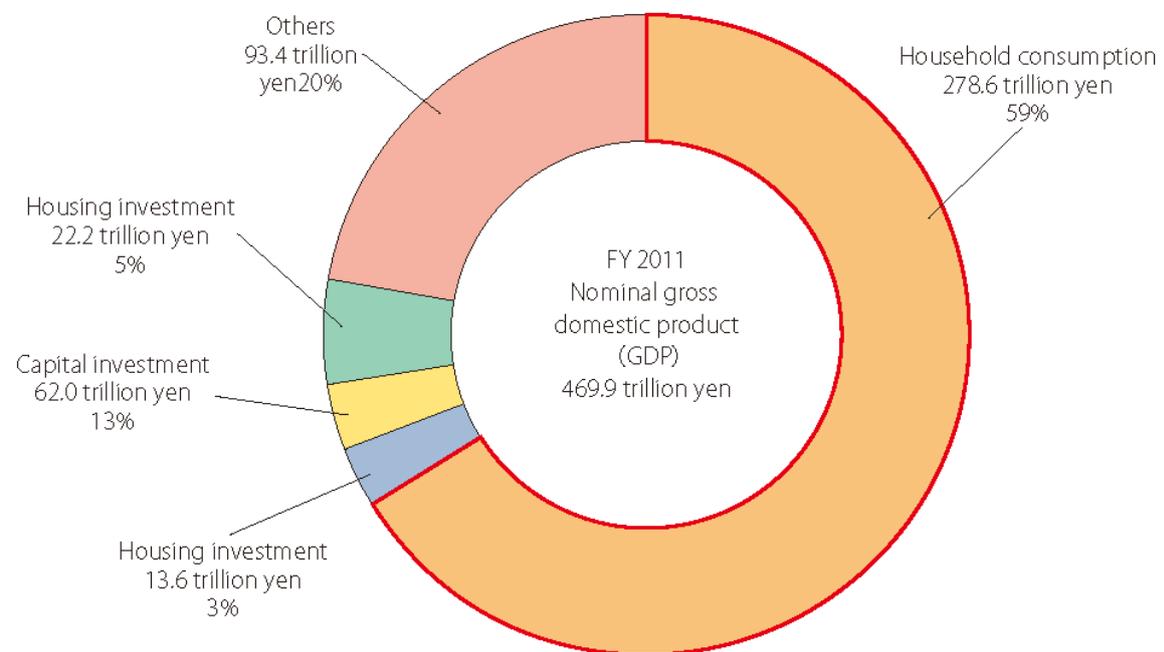
Section 1 Consumer-related socioeconomic trends (1)

Consumer activities account for a large part of socioeconomic activities

Consumer spending totaled 279 trillion yen in FY 2011, accounting for approximately 60% of the Japanese economy. Consumer activities have a large impact on Japan's economy and society at large. Therefore, to achieve sustainable economic development, it is essential to create a market where consumers can engage in consumption with peace of mind.

[Figure 1-1-1-1]

Household consumption accounts for about 60% of Japan's GDP



(Sources) 1. Cabinet Office, "National Accounts of Japan."

2. "Others" refers to the sum of final consumption expenditure of the private non-profit institutions serving households, government final consumption expenditure, increase in inventories, and net export.

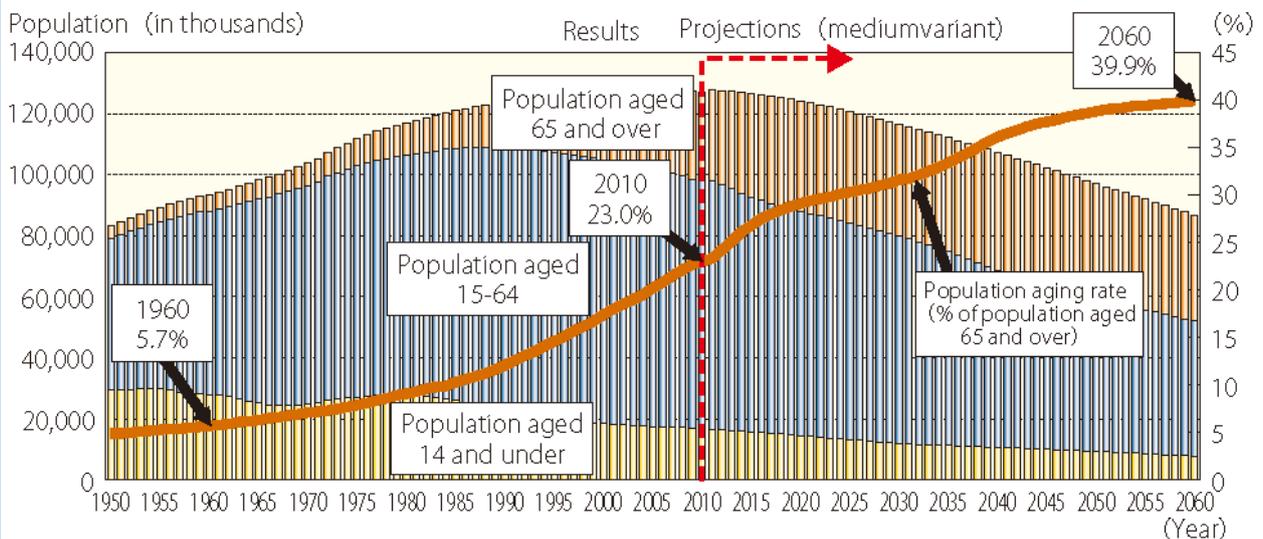
Section 1 Consumer-related socioeconomic trends (2)

Aging Japanese society: Increasing population aging rate

As people grow older, their risk of being involved in consumer troubles is believed to increase due to weakened physical abilities and decision-making ability. The population aging rate increased to 23.0% in 2010 from 5.7% in 1960 and is expected to reach as high as 39.9% in 2060, suggesting the steady aging of the Japanese society.

[Figure 1-1-1-4]

Steadily aging population



(Sources) 1. Data from the National Institute of Population and Social Security Research, "Population Projection for Japan " (January 2012).
2. Data in and after 2010 are medium variant projections.

Section 1 Consumer-related socioeconomic trends (3)

Highly informatized society: Increasing use of the Internet

The number of Internet users in Japan was 96.1 million in 2011, accounting for approximately 80% of the total population. Internet shopping benefits consumers in many ways, including giving them access to stores anytime they like, allowing them to compare product/service prices while staying home, and requiring no travel time and costs.

The size of the e-commerce market more than doubled in five years, from 3.5 trillion yen 2005 to 7.8 trillion yen in 2010. The purchase of goods and services via the Internet has been soaring.

[Figure 1-1-1-6]

Internet users account for approximately 80% of Japan's population



- (Sources) 1. Data from the Ministry of Internal Affairs and Communications, "Communications Usage Trend Survey " and other sources.
2. The numbers of Internet users are estimates. The devices used for Internet access include all kinds, such as the personal computer, mobile/PHS phone, mobile information terminal and game console (regardless of the ownership of the device). The purpose of Internet use is also unrestricted, including personal uses, business uses, and educational uses.
3. The ages covered are 15 to 69 years for data through the end of 1999, 15 to 79 years for the end of 2000, and 6 years and over from the end of 2001.

Chapter 1 Consumer-related socioeconomic trends and consumers' behavior and attitude

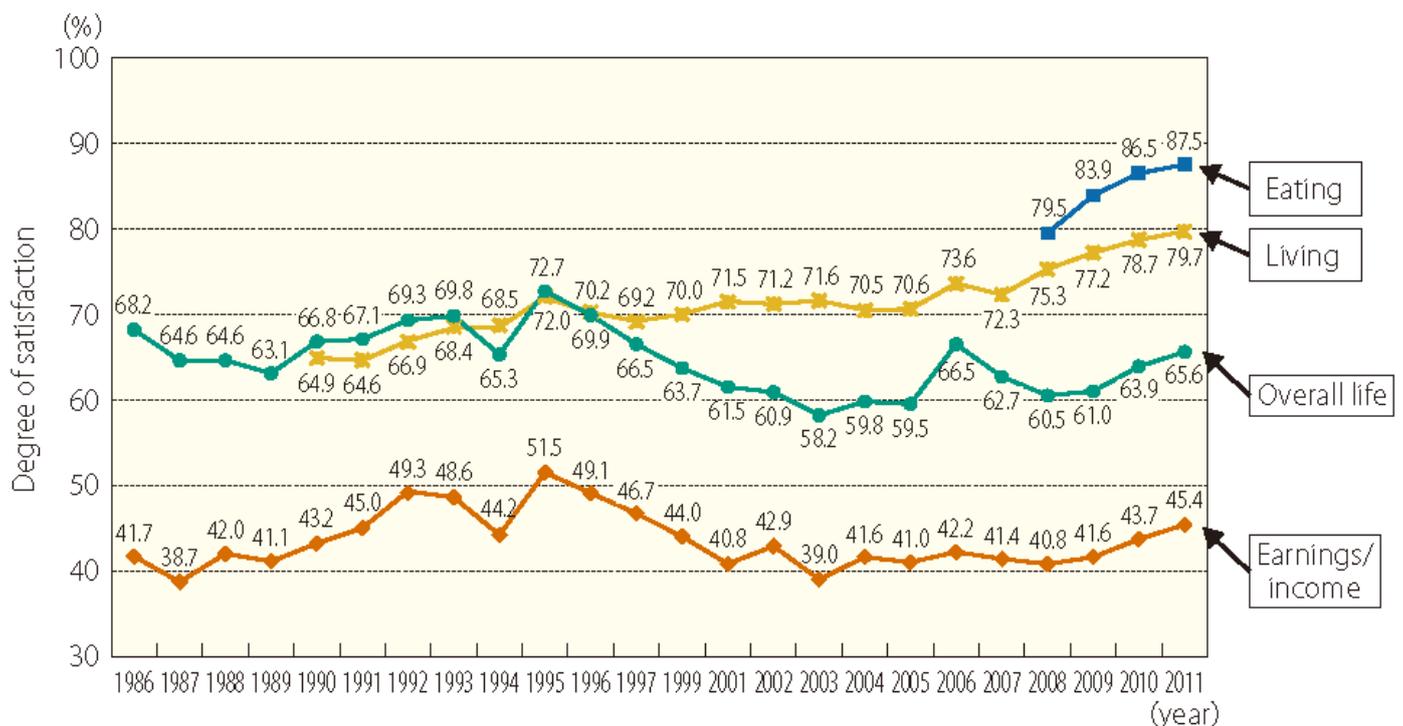
Section 2 Consumers' behavior and attitude (1)

Generally satisfied with current life, but anxious about future health and income

In the Public Opinion Survey on the Life of the People conducted by the Cabinet Office in 2011, 65.6% of the respondents said they were satisfied with their lives in general. By contrast, those who were satisfied with their “earnings/income” remained less than half the respondents. The percentage of those satisfied was smaller among those in their forties and fifties than in other age groups. Meanwhile, about 60% indicated anxiety about their future life in relation to their “own and spouse's health and sickness” and “income for living.”

[Figure 1-1-2-1(1)]

Degree of satisfaction with daily life



(Sources) 1. Cabinet Office, "Public Opinion Survey on the Life of the People."

2. The percentages indicating the degree of satisfaction are the sum of those "fully satisfied" and those "somewhat satisfied" until 1991 and the sum of those "satisfied" and those "fairly satisfied" since 1992.

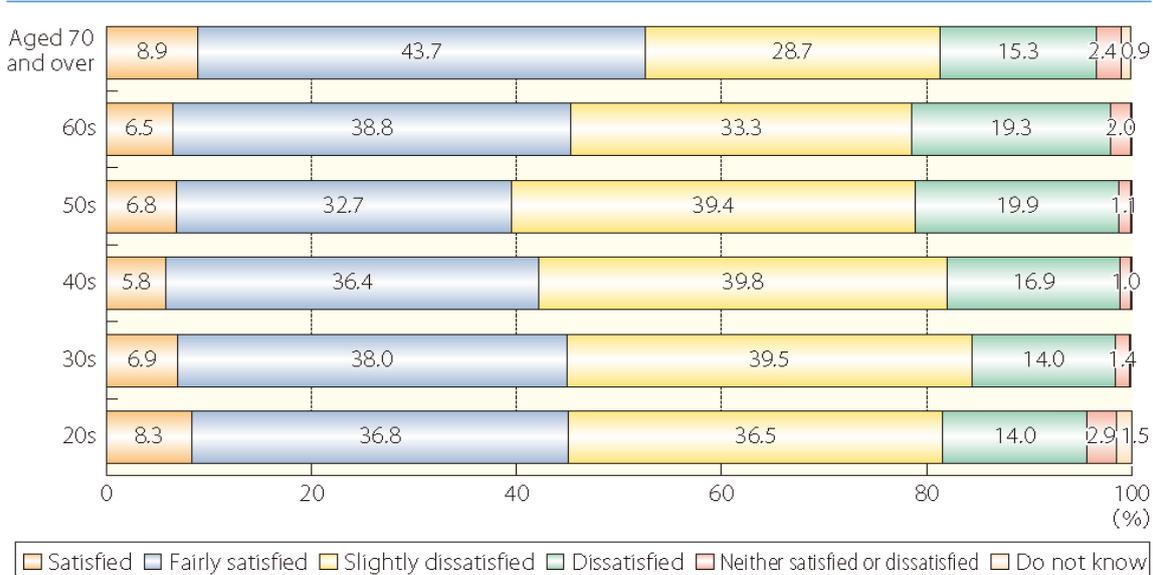
Chapter 1 Consumer-related socioeconomic trends and consumers' behavior and attitude

Section 2 Consumers' behavior and attitude (1)

Generally satisfied with current life, but anxious about future health and income

[Figure 1-1-2-1(2)]

More than half the people in their 70s and over are satisfied with their “earnings/income,” but those in their 40s and 50s are less satisfied

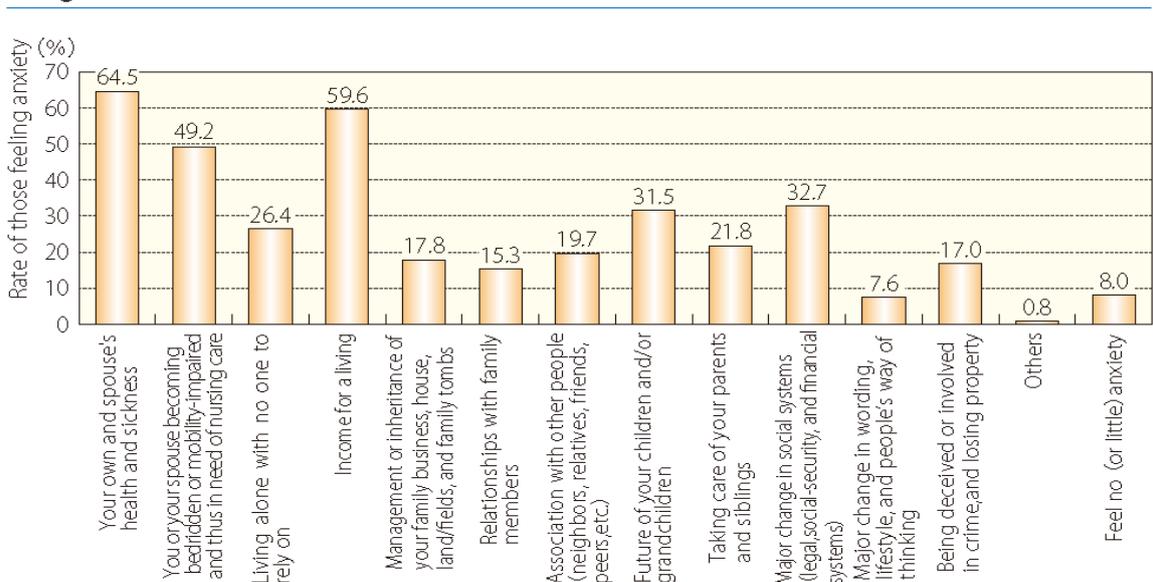


(Sources) 1. Cabinet Office, "Public Opinion Survey on the Life of the People" (2011).

2. The breakdown of the answers to the question, "How much are you satisfied with your life in the following aspects? - (earnings/income)."

[Figure 1-1-2-2]

Major sources of anxiety about future life are “health and sickness” and “income for a living”



(Sources) 1. Consumer Affairs Agency, "Opinion Survey on Consumer Life" (FY 2011).

2. Respondents who provided affirmative answers to the question, "Do you feel anxiety about the following aspects of your future life in general? (Circle all those apply.)"

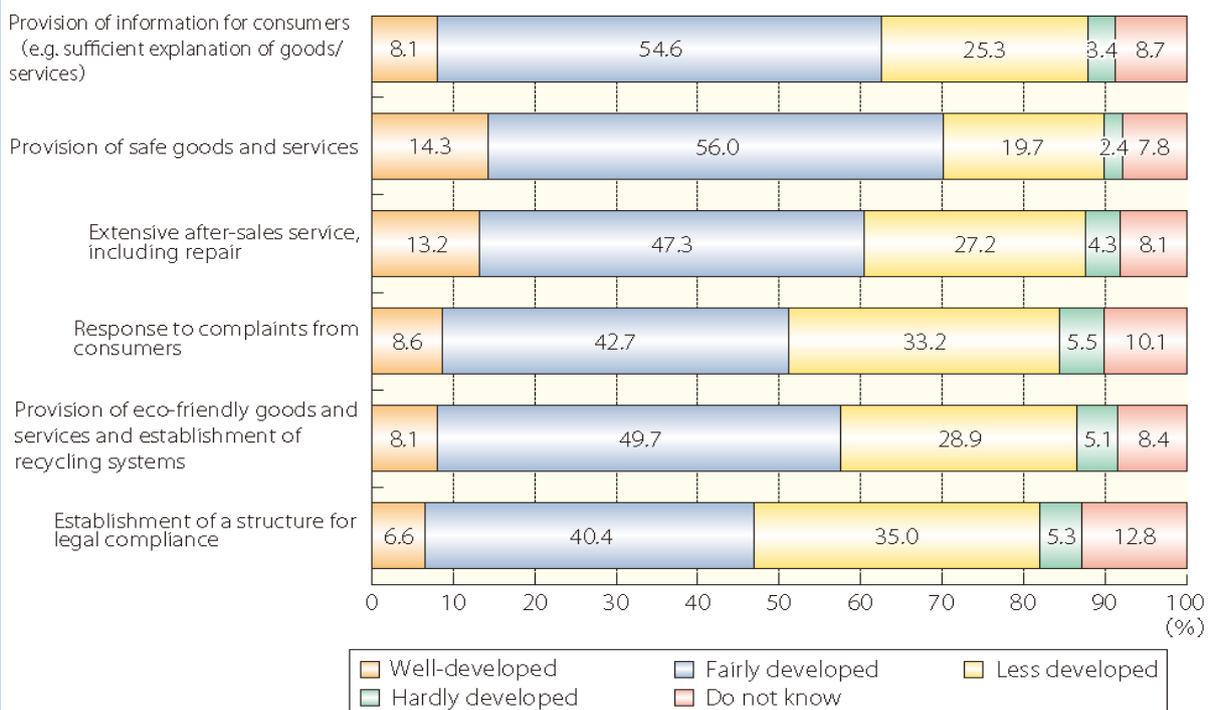
Section 2 Consumers' behavior and attitude (2)

Consumers generally approve of companies' interactions with them

Surveys regarding how consumers view companies' interactions with them show that more than 70% of consumers think that they “provide safe goods and services.” More than 60% also positively view companies' “provision of information for consumers (e.g. sufficient explanation of goods/services)” and “extensive after-sales service, including repair,” indicating that consumers generally approve of the way companies interact with them. However, the fact that no more than half the consumers are satisfied with “establishment of a structure for legal compliance” urges companies to make further efforts.

[Figure 1-1-2-7]

Consumers generally approve of companies' interactions with them



(Sources) 1. Consumer Affairs Agency, "Opinion Survey on Consumer Life" (FY 2011).

2. The breakdown of the answers to the question, "How much do you think are the following aspects of the companies' interactions with consumers developed? (Circle one.)"

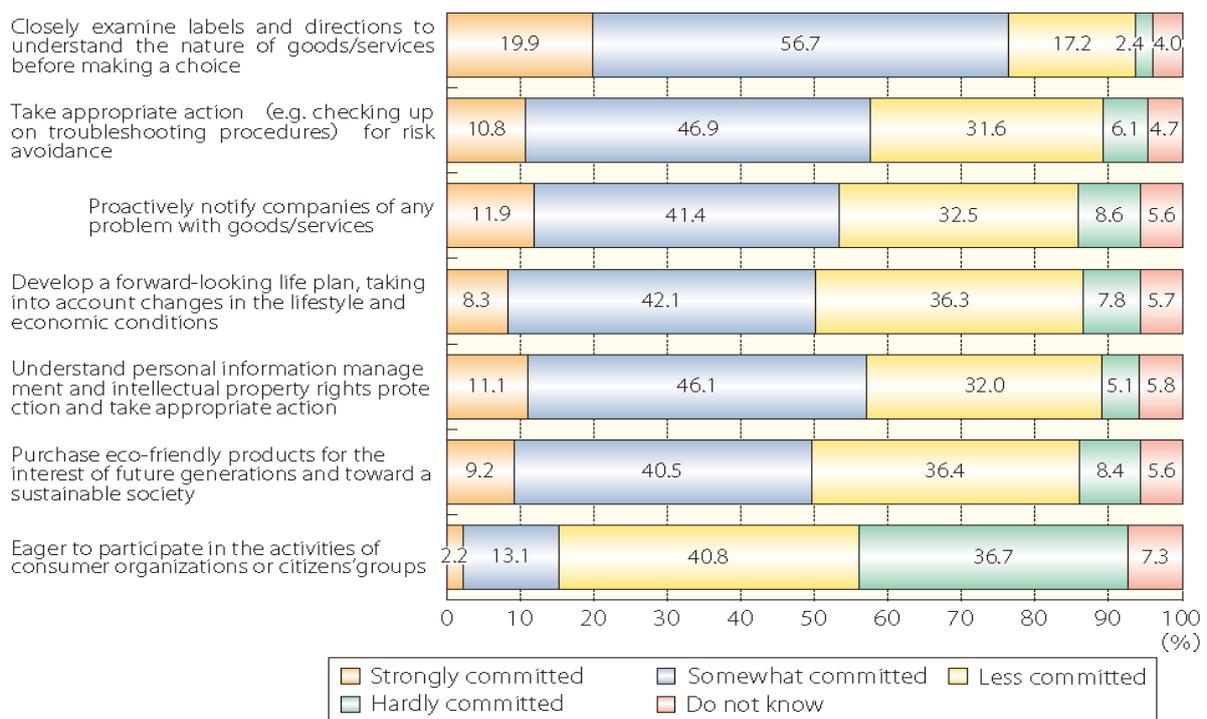
Section 2 Consumers' behavior and attitude (3)

Nearly 80% of consumers closely examine labels and directions when choosing products

Regarding what consumers always try to make a point of doing, nearly 80% said they try to “closely examine labels and directions to understand the nature of goods/services before making a choice.” Surveys also show that no less than half the consumers try to “take appropriate action (e.g. checking up on troubleshooting procedures) for risk avoidance,” “proactively notify companies of any problem with goods/services,” “develop a forward-looking life plan,” and “understand personal information management and intellectual property rights protection and take appropriate action.” By contrast, 15.3% are “eager to participate in the activities of consumer organizations or citizens' groups.”

[Figure 1-1-2-9]

Consumers try to examine product labels and directions



(Sources) 1. Consumer Affairs Agency, "Opinion Survey on Consumer Life" (FY 2011).

2. The breakdown of the answers to the question, "How much are you committed to the following activities as a consumer? (Circle one.)"

Chapter 2 Trends in consumer accidents and troubles

Section 1 Overview of consumer accidents and troubles

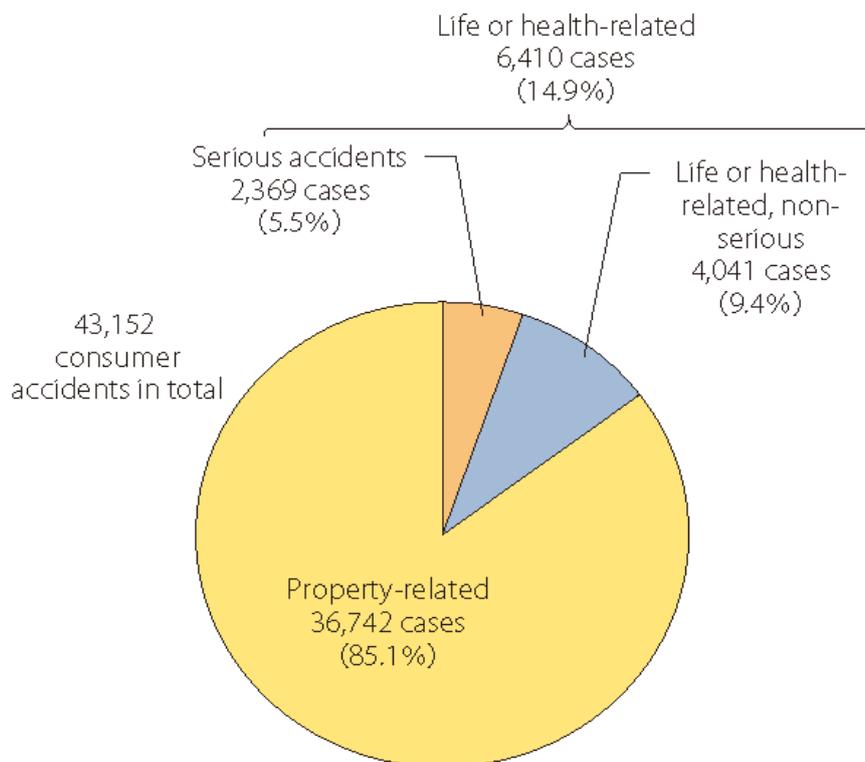
The Consumer Affairs Agency has received just over 43,000 consumer accident reports but sees a decline in the number of consultations offered at nationwide Consumer Affairs Centers

From the inauguration to the end of FY 2011, the Consumer Affairs Agency received 43,152 consumer accident reports from related administrative bodies and local governments under the Consumer Safety Act. Among them, 6,410 cases (14.9%) affected the life or health of individuals, and 36,742 cases (85.1%) personal property. Among life or health-related accidents, 2,369 were classified as serious.

Consumer affairs consultations offered at Consumer Affairs Centers and similar institutions across Japan peaked in FY 2004 at 1.92 million cases. The number has declined since then, standing at a little less than 0.9 million cases in FY 2011.

[Figure 1-2-1-1]

43,000 consumer accidents reported to the Consumer Affairs Agency



(Sources) 1. Data from the Consumer Affairs Agency, "Report on the Results of Information Gathering and Analysis on Consumer Accidents."
2. The number of consumer accidents reported to the Consumer Affairs Agency from its inauguration in September 2009 to the end of FY 2011.

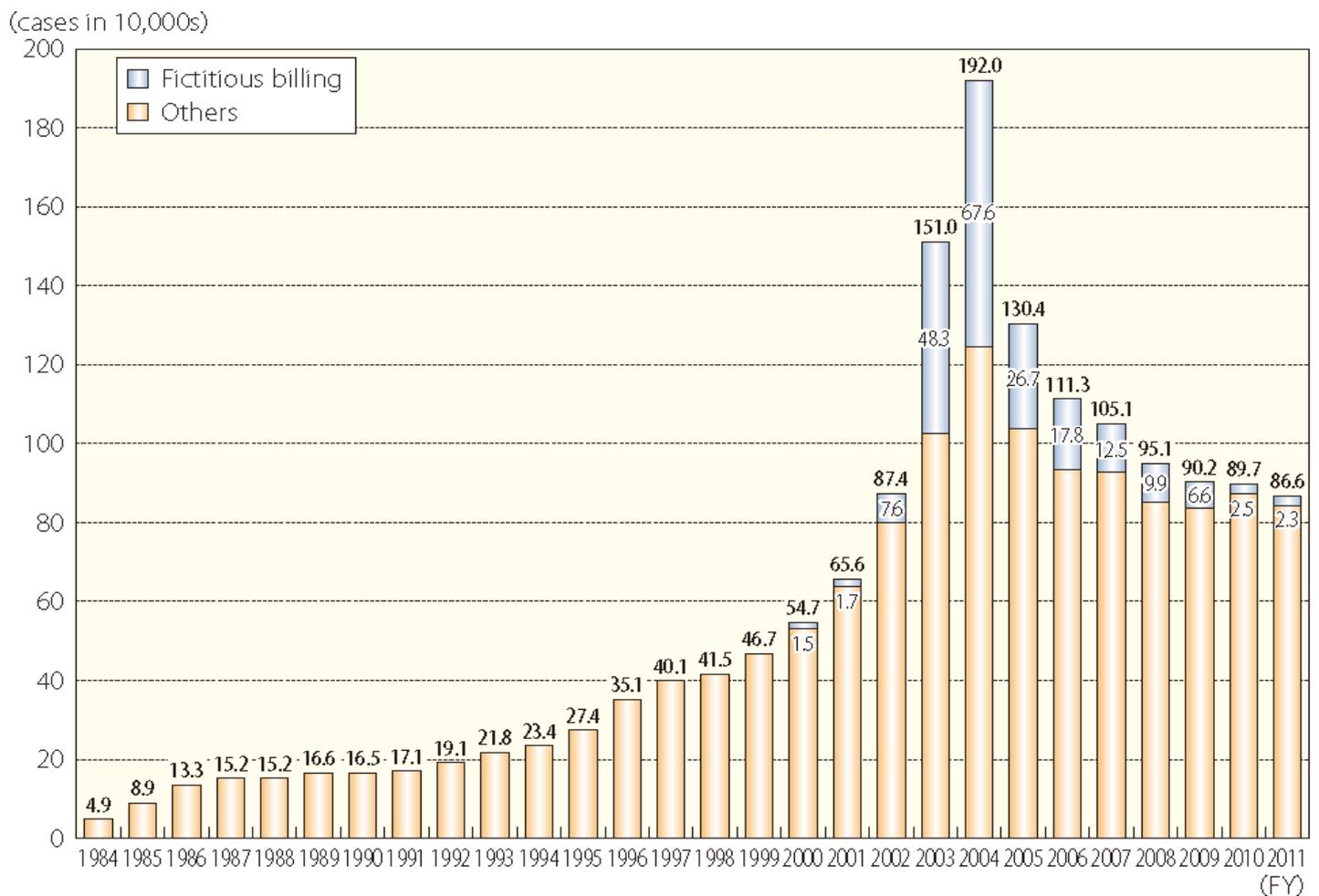
Chapter 2 Trends in consumer accidents and troubles

Section 1 Overview of consumer accidents and troubles

The Consumer Affairs Agency has received just over 43,000 consumer accident reports but sees a decline in the number of consultations offered at nationwide Consumer Affairs Centers

[Figure 1-2-1-3]

The number of consumer affairs consultations registered with PIO-NET is declining, hovering around 0.9 million cases a year



(Source) Consumer affairs consultation information registered with PIO-NET (registration by April 30, 2012). For FY 2001 and before, data from the National Consumer Affairs Center, "The Annual Report on Consumer Affairs 2011."

Chapter 2 Trends in consumer accidents and troubles

Section 2 Consumer accidents related to life and health

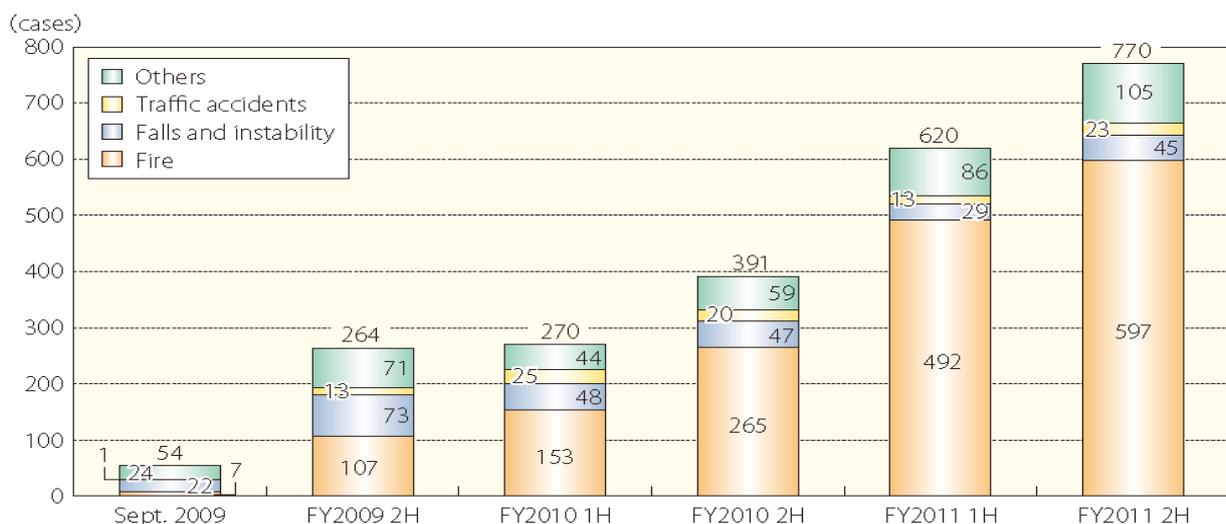
6,000 consumer accidents affected life or health, of which just over 2,000 were serious

From the inauguration to the end of FY 2011, the Consumer Affairs Agency received 2,369 reports of serious accidents, and the number increased significantly in FY 2011. Many of the reports were about fire accidents mainly involving home appliances (e.g. microwave ovens or electric heaters catching fire) and vehicles (e.g. automobiles).

The number of reports of fire accidents has increased significantly since the second half of FY 2010 because the Fire and Disaster Management Agency has become more active in reporting fire accidents whose cause is still unidentified. The Agency received five reports on mass food poisoning (involving death and serious illness) by enterohemorrhagic E. coli in raw-beef dishes, called yukke, served at yakiniku barbecue restaurants; and 64 reports of serious accidents in which users of soap containing wheat-derived substances suffered food-dependent exercise-induced allergy symptoms, such as breathing difficulties and rashes, after eating wheat-containing food.

[Figure 1-2-2-1]

Significant increase in the number of serious accident reports



(Sources) 1. Data from the Consumer Affairs Agency, "Report on the Results of Information Gathering and Analysis on Consumer Accidents."
 2. The number of consumer accidents reported to the Consumer Affairs Agency from its inauguration in September 2009 to the end of FY 2011.

Chapter 2 Trends in consumer accidents and troubles

Section 3 Property-related troubles (1)

Transport/communications services and financial/insurance services frequently the focus of consumer affairs consultations

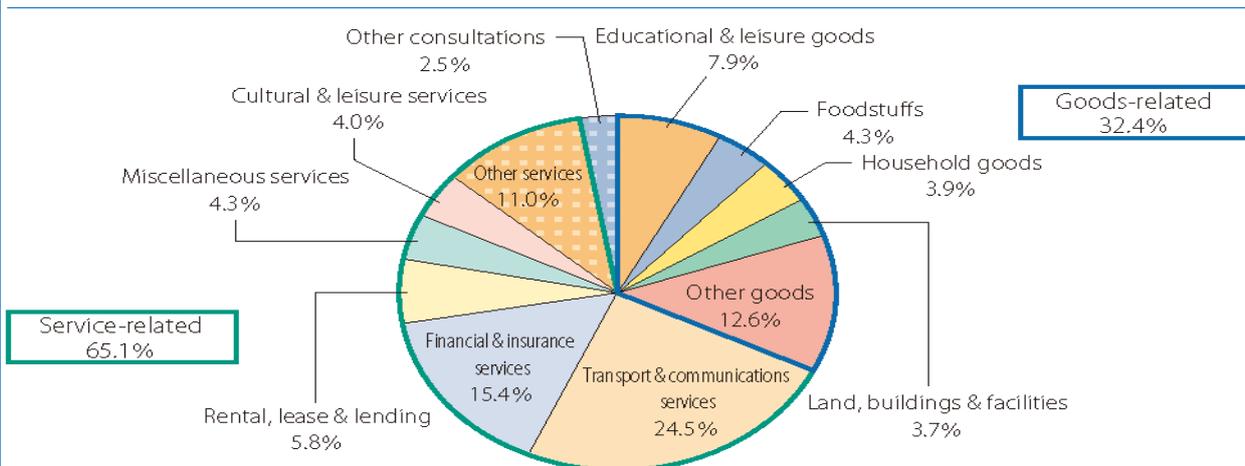
Trends in consumer affairs consultations registered with the PIO-NET database show that in FY 2011, consultations on goods accounted for 32.4% and those on services 65.1%.

Major focuses in consultations on services were “Transport and communications services” (24.5%) and “Financial and insurance services” (15.4%), while the common topic in goods-related consultations was “Educational and leisure goods” (7.9%).

The breakdown of “Transport and communications services” shows that dominant elements were “Digital content” (adult information websites, etc.). “Financial and insurance services” mainly consisted of “Financing services” (untied loans, consumer financing), “Fund-type investment products,” and “Savings, securities, etc.” (stock, corporate bonds, etc.). “Educational and leisure goods” mainly involved “Newspapers” and “Mobile telephones.”

[Figure 1-2-3-3]

Transport/communications services and financial/insurance services frequently the focus of consumer affairs consultations



- (Sources) 1. Consumer affairs consultation information registered with PIO-NET (registration by April 30, 2012).
 2. Data on consultations offered in FY 2011.
 3. "Other goods" refer to goods in general, utility-related goods, clothing items, health and sanitary goods, vehicles, and miscellaneous goods.
 4. "Miscellaneous services" include restaurants and meal delivery, ceremonial services, housekeeping services, advertising services, waste collection services, etc.
 5. "Other services" refer to dry cleaning, work/construction/processing, repair and maintenance, management and storage, services in general, educational services, health and welfare services, piecework/side work/pyramid schemes, and other administrative services.

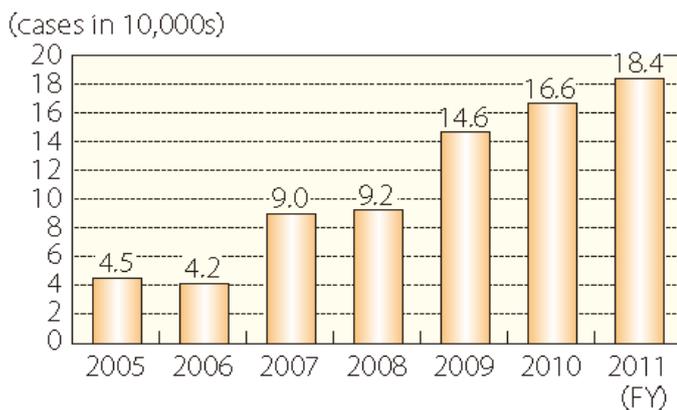
Section 3 Property-related troubles (2)

Internet-related troubles increasing

As society becomes more information-based, troubles associated with the Internet are increasing. Specifically, those related to “E-commerce,” “Online gaming,” and “Social network service (SNS)” are on the rise.

[Figure 1-2-3-4]

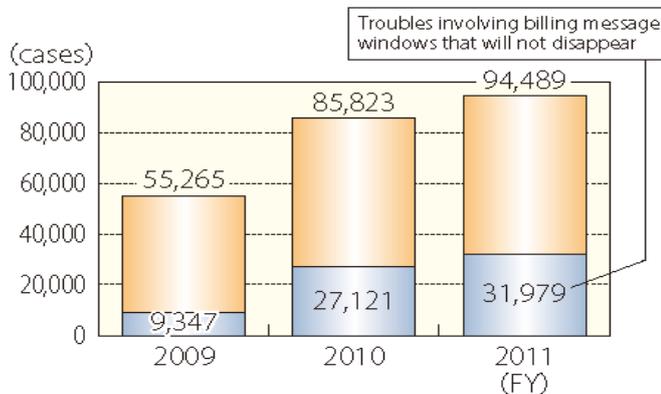
Significant increase in e-commerce-related troubles



(Source) Consumer affairs consultation information registered with PIO-NET (registration by April 30, 2012).

[Figure 1-2-3-6]

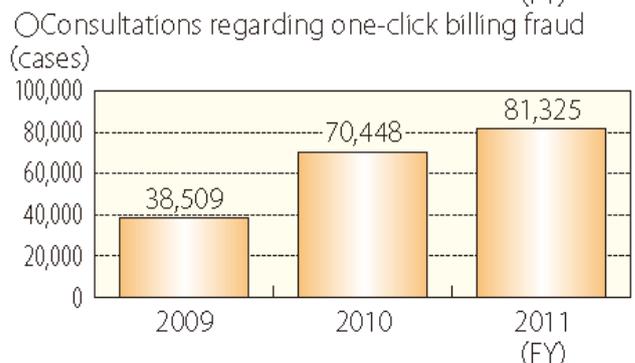
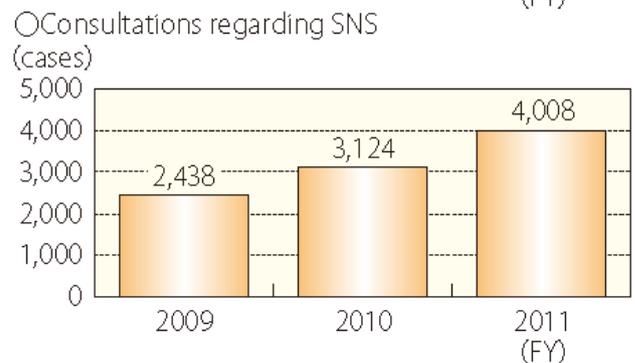
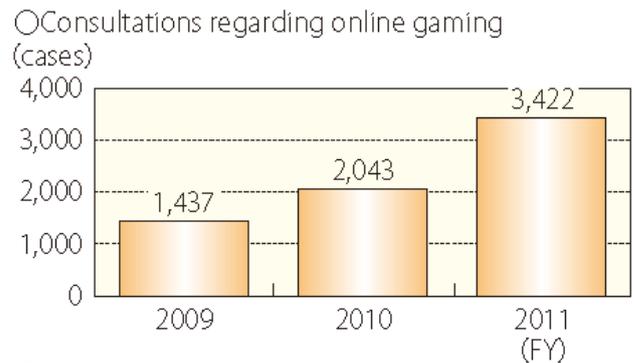
Troubles involving adult information websites are increasing



(Sources) Data on consumer affairs consultations registered with PIO-NET regarding “adult information websites” (registration by April 30, 2012).

[Figure 1-2-3-5]

Internet-related troubles increasing



(Source) Data on consumer affairs consultations registered with PIO-NET regarding “online gaming,” “social network service (SNS),” and “one-click billing fraud” (registration by April 30, 2012).

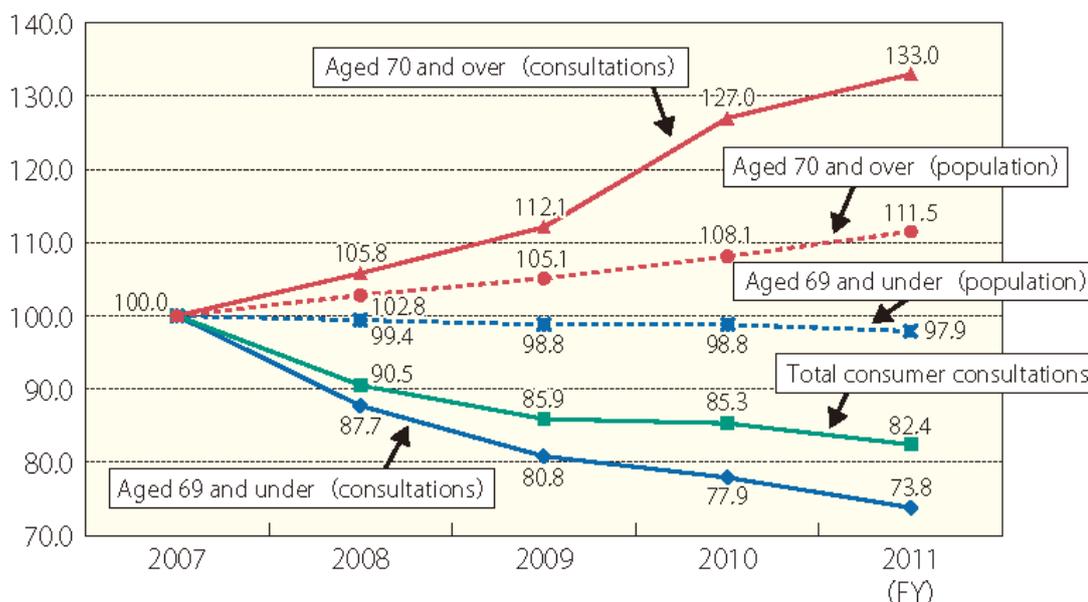
Section 3 Property-related troubles (3)

Troubles resulting from door-to-door sales or telemarketing of investment opportunities more common among senior citizens

As opposed to the general decline in the total number of consumer affairs consultations since FY 2005, the number of consultations for senior citizens has been increasing year after year. Troubles associated with “Financial and insurance services” are commoner among the elderly than in other generations. An increasing number of calls for consultation from senior citizens are about “Investment opportunities” using sophisticated methods, especially “Fund-type investment products,” “Untied loans and consumer financing,” and “Public/corporate bonds.”

[Figure 1-2-3-10]

Despite the decline in the total number of consultations, those for senior citizens are increasing year after year



(Sources) 1. Data from the consumer affairs consultation information registered with PIO-NET (registration by April 30, 2012) and the Ministry of Internal Affairs and Communications, "Population Estimates."

2. Figures from the Ministry of Internal Affairs and Communications, "Population Estimates," are as of October 1 each year.

3. Index numbers assume that the FY 2007 level equals 100.

Section 3 Property-related troubles (4)

Young people often face trouble with adult information websites

Nearly half the consultations provided for young people are about “Transport and communications services.” Specifically, “Adult information websites” is dominant, followed by “Apartments for rent” and “Dating websites.”

[Figure 1-2-3-15]

Young people often face trouble with adult information websites

	Men		Women		Total for men and women	
	Item	Cases	Item	Cases	Item	Cases
1	Adult information websites	19,897	Adult information websites	10,093	Adult information websites	29,990
2	Apartments for rent	3,505	Apartments for rent	3,716	Apartments for rent	7,221
3	Dating websites	3,302	Dating websites	3,693	Dating websites	6,995
4	Untied loans & consumer financing	3,084	Untied loans & consumer financing	1,703	Untied loans & consumer financing	4,787
5	Standard/compact cars	1,641	Digital content	1,681	Digital content	3,262
6	Digital content	1,581	Other digital content	1,502	Other digital content	2,686
7	Other digital content	1,184	Hair removal aesthetics	1,371	Mobile phone services	2,115
8	Mobile phone services	1,106	Mobile phone services	1,009	Standard/compact cars	2,051
9	Online gaming	1,041	Weight loss treatment	932	Goods in general	1,758
10	Goods in general	936	Goods in general	822	Mobile phone	1,471

(Sources) 1. Top items dealt with in consumer affairs consultations for young people (aged 29 and under) registered with PIO-NET (registration by April 30, 2012).

2. Data on consultations provided in FY 2011.

3. "Dating websites" include those not conforming to the requirements of the Internet Dating Site Control Act (Act on Regulation on Soliciting Children by Using Opposite Sex Introducing Service on the Internet).

4. "Goods in general" include consultations about goods in unspecified categories.

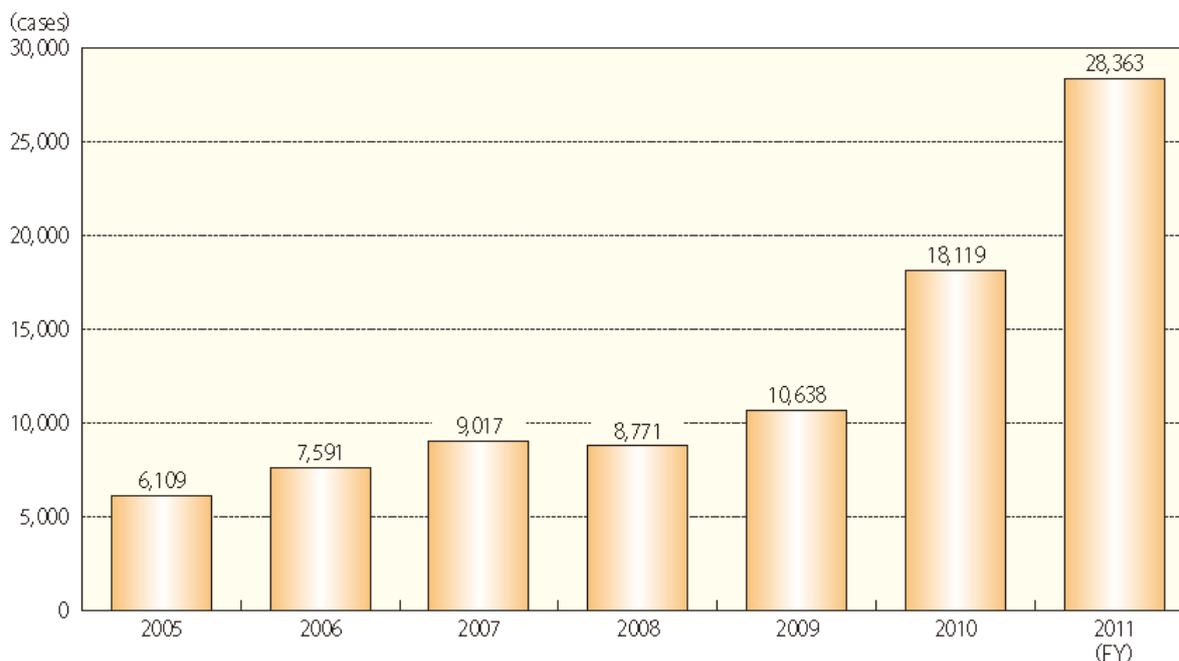
Section 3 Property-related troubles (5)

Soaring troubles associated with fraudulent money-making schemes (investment opportunities)

The number of troubles associated with fraudulent money-making schemes (investment opportunities) has soared. In these cases, consumers are typically solicited to invest in financial products such as unlisted stocks and fund-type investment products, with such promises as “The price will rise for sure,” and “You will earn money without fail.”

[Figure 1-2-3-18]

Soaring troubles associated with fraudulent money-making schemes (investment opportunities)



(Source) Consumer affairs consultation information registered with PIO-NET regarding "fraudulent money-making schemes" (registration by April 30, 2012).

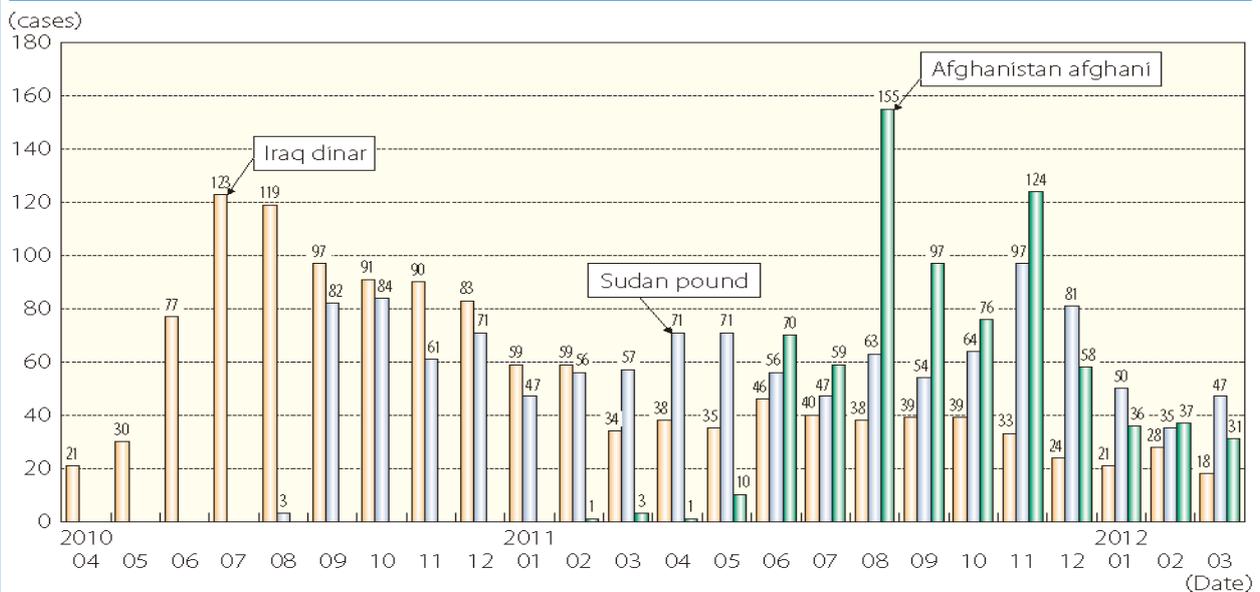
Section 3 Property-related troubles (6)

Increase in troubles associated with investment opportunities involving rights of uncertain nature

One emerging and increasing scheme is soliciting to buy rights of uncertain nature rather than products as investment opportunities. Some cases are so sophisticated and malicious as to be called “theatrical” scams: a consumer first receives a brochure and explanation by a company and then receives a phone call from another company, saying, “I want you to buy the rights on behalf of me, and I will buy them from you later at higher prices.”

[Figure 1-2-3-20]

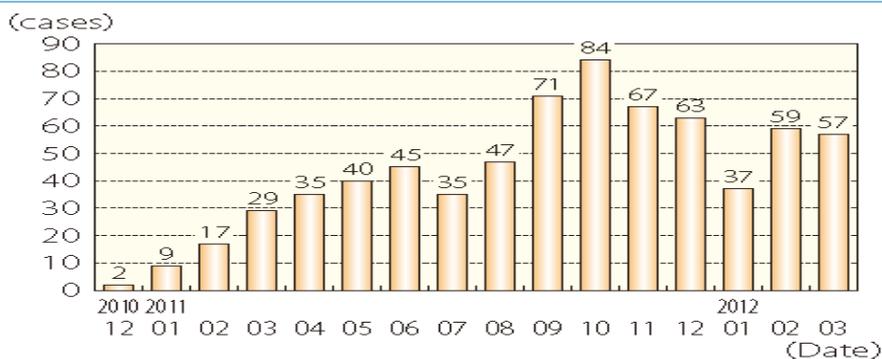
Foreign currency trading troubles occur with one new currency after another



(Source) Consumer affairs consultation information registered with PIO-NET (registration by April 30, 2012).

[Figure 1-2-3-21]

Sudden increase in troubles involving investment opportunities in CO₂ emissions rights trading



(Source) Consumer affairs consultation information registered with PIO-NET regarding "investment opportunities in CO₂ emissions rights trading" (registration by April 30, 2012).

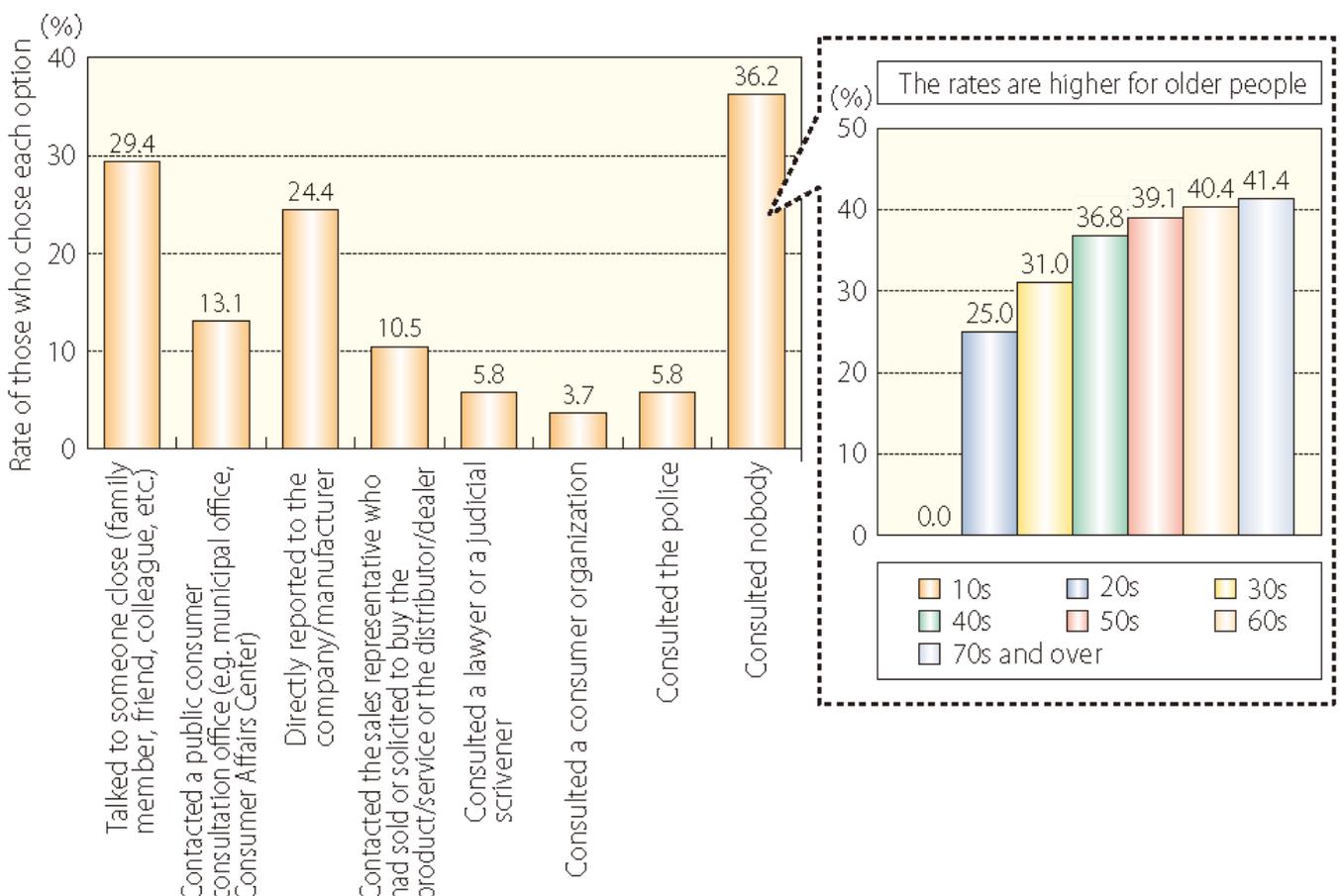
Section 3 Property-related troubles (7)

About 40% of victims did not seek advice

A little less than 20% of consumers said they have become victims of frauds with products purchased in the past. The largest percent of victims (45.6%) assume that their losses were less than 100,000 yen. As much as approximately 40% of victims did not seek advice from anybody. More than half of these people said they did not seek advice because they thought it would be no use doing so.

[Figure 1-2-3-35]

About 40% of victims did not seek advice about their losses



(Sources) 1. Consumer Affairs Agency, "Opinion Survey on Consumer Life" (FY 2011).

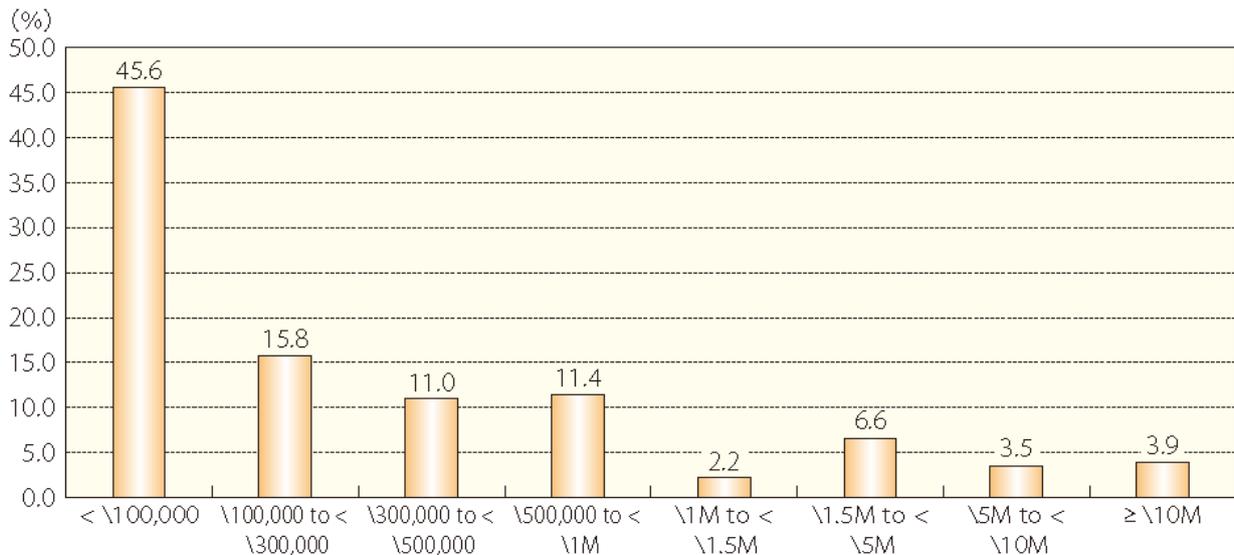
2. The percentages of the options chosen to the question, "Did you contact or consult anybody about the losses? (Choose up to three options that apply.)" The question was asked to the respondents who had sustained losses in the past.

Section 3 Property-related troubles (7)

About 40% of victims did not seek advice

[Figure 1-2-3-32]

Many victims assume their losses were less than 100,000 yen

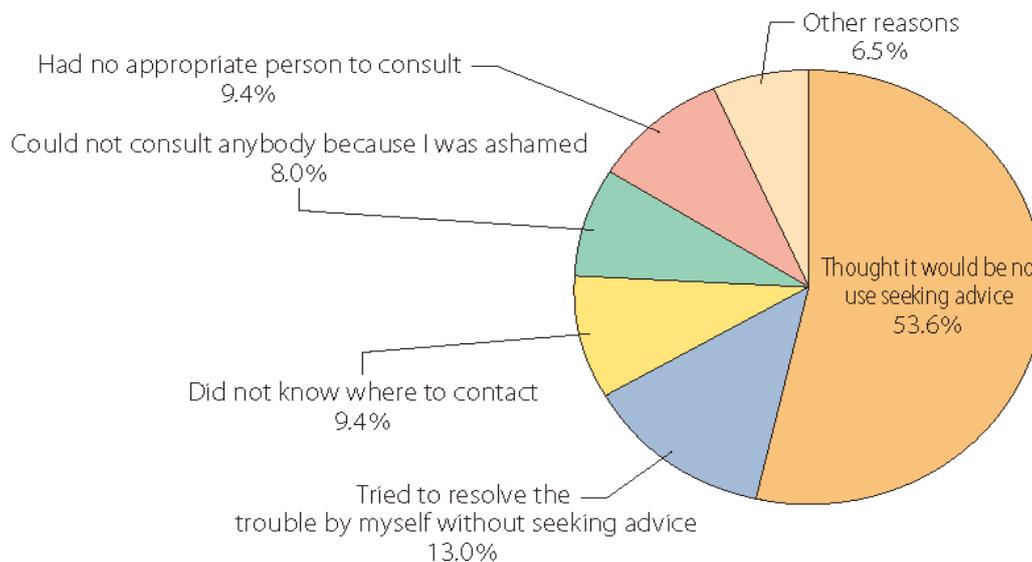


(Sources) 1. Consumer Affairs Agency, "Opinion Survey on Consumer Life" (FY 2011).

2. The breakdown of the answers to the question, "How much do you think are the losses you have sustained in your payments? (Choose one option.)" The question was asked to the respondents who had sustained losses in the past.

[Figure 1-2-3-36]

More than half of those who did not seek advice say they thought it would be of no use



(Sources) 1. Consumer Affairs Agency, "Opinion Survey on Consumer Life" (FY 2011).

2. The breakdown of the answers to the question, "Which of the following is the closest to your reason for not having consulted anybody? (Choose one.)" The question was asked to the respondents who had sustained losses in the past.

Chapter 2 Trends in consumer accidents and troubles

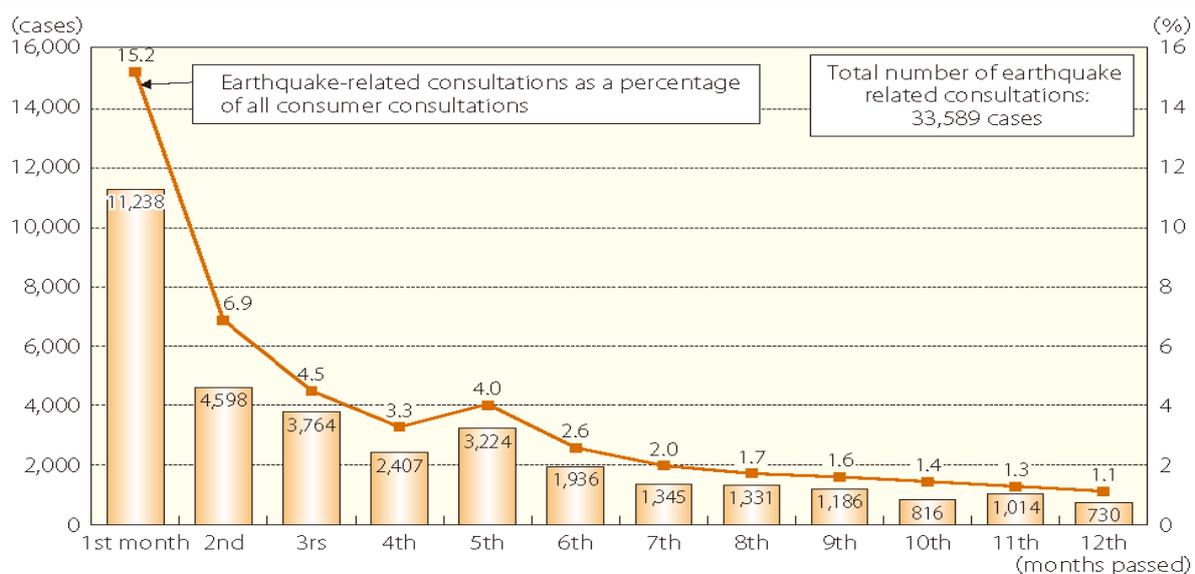
Section 4 Consumer affairs consultations related to the Great East Japan Earthquake (1)

More than 33,000 consumer affairs consultations provided in a year in relation to the Great East Japan Earthquake

The number of consumer affairs consultations related to the Great East Japan Earthquake provided in the year following the disaster was 33,589. The issues of consultation varied widely—some were common throughout the year or across regions, while others were specific to a certain time of year or a certain region.

[Figure 1-2-4-2]

The number of earthquake-related consultations was large just after the Great East Japan Earthquake but declined gradually



(Sources) 1. Consumer affairs consultation information registered with PIO-NET (registration by April 30, 2012).
 2. Data for the year following the Great East Japan Earthquake (calls for consultations received from March 11, 2011 to March 10, 2012).
 3. The months are counted from March 11, 2011: the first month is from March 11, 2011 to the 10th day of the next month (April), the second month is from the 11th day of that month (April) to the 10th day of the following month (May)

[Figure 1-2-4-7]

The issue of earthquake-related consultations differs from region to another

Four disaster-hit prefectures			Kanto region			Other regions		
Rank	Item	Cases	Rank	Item	Cases	Rank	Item	Cases
1	Work & construction	1,563	1	Work & construction	1,111	1	Fund-type investment products	674
2	Real estate rental	1,464	2	Real estate rental	760	2	Gasoline	484
3	Repair services	837	3	Gasoline	669	3	Work & construction	346
4	Unfited loans & consumer financing	609	4	Fund-type investment products	540	4	Fresh meat	272
5	Gasoline	553	5	Electricity	485	5	Vegetables	217
6	Other administrative services	465	6	Repair services	461	6	Four-wheeled vehicles	208
7	Fire insurance	338	7	Mineral water	453	7	Rice	193
8	Other consultations	319	8	Vegetables	321	8	Real estate rental	190
9	Vegetables	275	9	Rice	319	9	Other consultations	188
10	Goods in general	269	10	Health & sanitary goods and others	308	10	Gardening goods	186

(Sources) 1. Consumer affairs consultation information registered with PIO-NET (registration by April 30, 2012).
 2. Regional comparison of top items dealt with in earthquake-related consumer affairs consultations in the year following the Great East Japan Earthquake (calls for consultations received from March 11, 2011 to March 10, 2012).
 3. The four disaster-hit prefectures refer to Iwate, Miyagi, Fukushima, and Ibaraki.
 4. The Kanto region consists of the prefectures of Tochigi, Gunma, Saitama, Chiba, Tokyo, and Kanagawa.
 5. "Other regions" refer to regions except the four disaster-hit prefectures and the Kanto region.
 6. "Other consultations" include anxiety about radiation, job loss due to the disaster, etc.

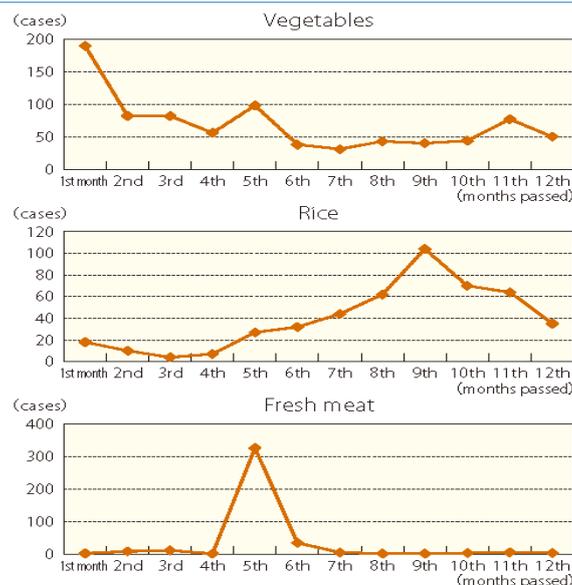
Section 4 Consumer affairs consultations related to the Great East Japan Earthquake (2)

Consumers sensitive about radiation issues

Among the consultations related to the Great East Japan Earthquake provided in the year following the disaster, 7,197 (about 20%) were regarding radiation issues. Detailed data shows that consumers sensitively reacted every time a new radiation problem was identified. Many of those who sought consultation about radiation issues were homemakers, presumably reflecting keen interest among parents raising children.

[Figure 1-2-4-10]

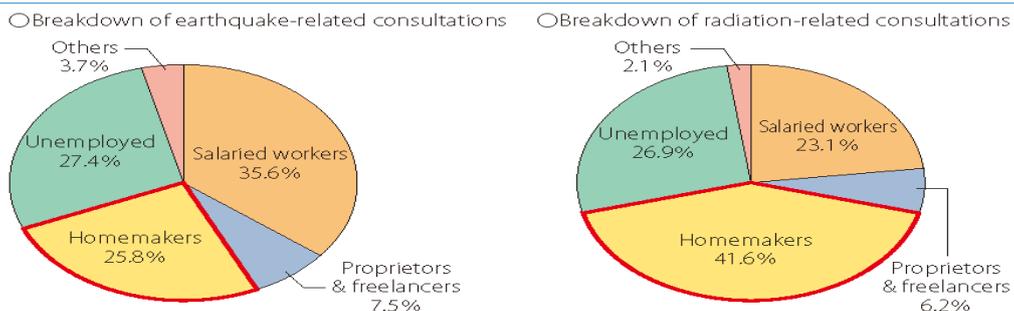
Consumers sensitive about food and radiation issues



(Sources) 1. Consumer affairs consultation information registered with PIO-NET (registration by April 30, 2012).
 2. Consultations regarding "radiation" among the earthquake-related consumer affairs consultations provided in the year following the Great East Japan Earthquake (calls for consultations received from March 11, 2011 to March 10, 2012).
 3. The months are counted from March 11, 2011: the first month is from March 11, 2011 to the 10th day of the next month (April), the second month is from the 11th day of that month (April) to the 10th day of the following month (May).

[Figure 1-2-4-14]

Homemakers accounted for a large part of radiation-related consultations



(Sources) 1. Consumer affairs consultation information registered with PIO-NET (registration by April 30, 2012).
 2. Consultations regarding "radiation" among the earthquake-related consumer affairs consultations provided in the year following the Great East Japan Earthquake (calls for consultations received from March 11, 2011 to March 10, 2012).
 3. Data excludes callers whose occupation is unknown or unanswered (i.e. not registered with the database).

Part 2 Implementation of consumer policy

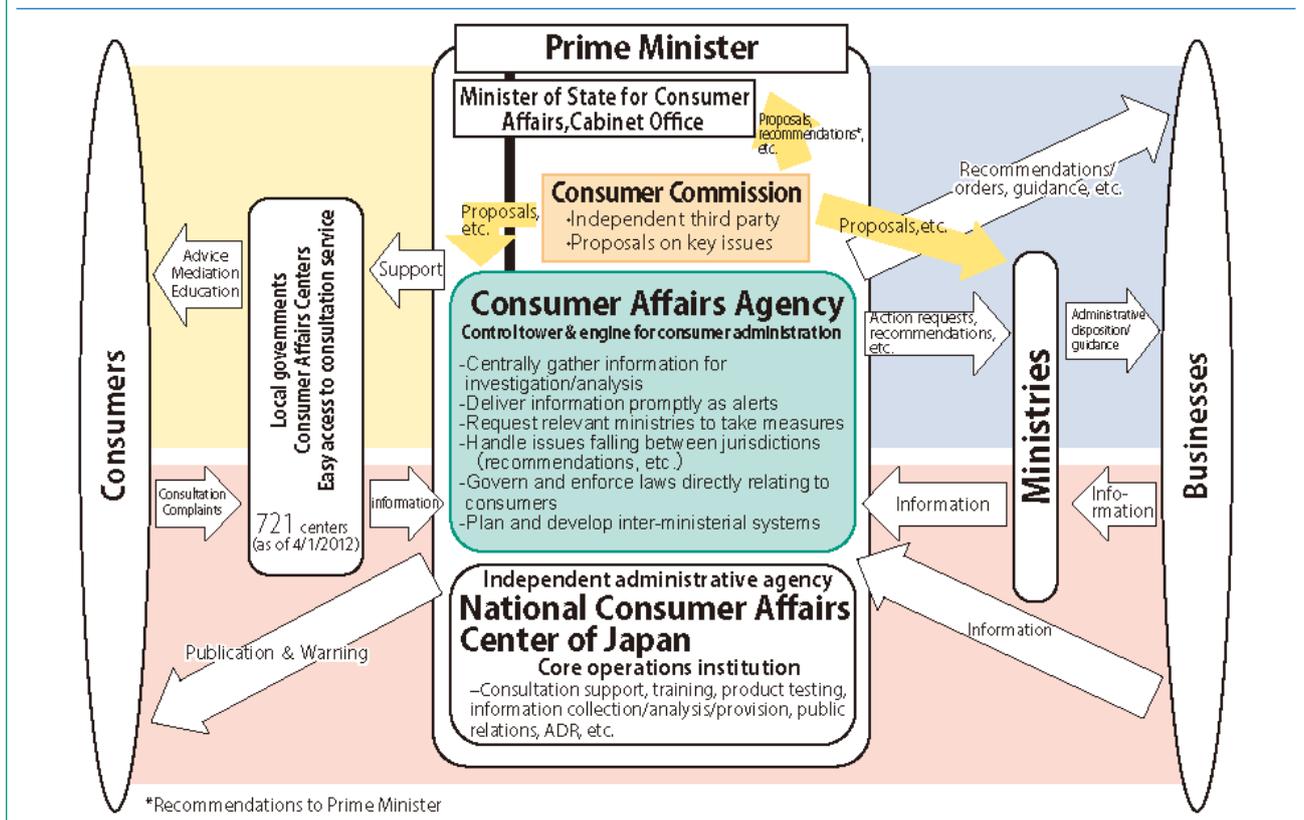
Chapter 1 Basic framework for Japan's consumer policy

Section 1 Basic framework for consumer administration

In 2009, the Consumer Affairs Agency and the Consumer Commission were established, and the government decided that a Minister of State for Consumer Affairs be always in place. Under this new framework, information on consumer accidents is centrally gathered by the Consumer Affairs Agency, which shares information and collaborates with related organizations to take measures needed for preventing the recurrence and spread of damage to consumers, as well as strictly enforces laws. The Agency should continuously review the system and structure of consumer administration in response to the needs of the time in order to enhance the overall capacity of consumer administration.

[Figure 2-1-1-1]

Basic framework of consumer administration



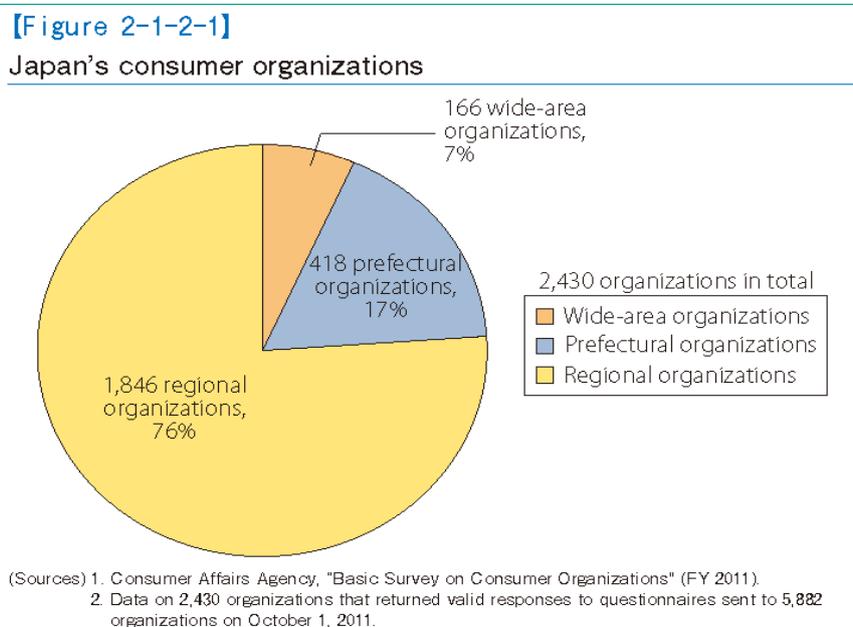
Chapter 1 Basic framework of Japan's consumer policy

Section 2 Collaboration with consumer organizations

Consumer organizations help consumers

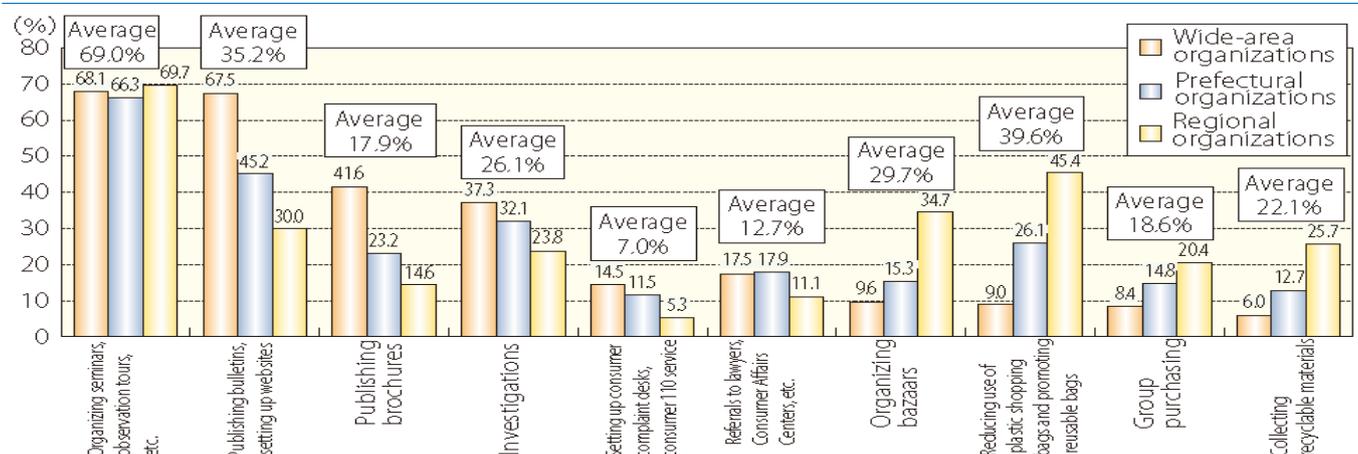
Consumer organizations are expected to play a significant role for consumers by providing them with necessary information, waging awareness and educational campaigns, or engaging in efforts for the prevention and remedy of consumers' damages.

Statements and actions that consumer organizations made or took in response to various consumer problems in the past have made notable contribution to the formation of today's consumer policy in Japan.



[Figure 2-1-2-4]

Activities of wide-area, prefectural and regional organizations



(Sources) 1. Consumer Affairs Agency, "Basic Survey on Consumer Organizations" (FY 2011).
2. Data on 2,430 organizations that returned valid responses to questionnaires sent to 5,882 organizations on October 1, 2011.

Chapter 1 Basic framework of Japan's consumer policy

Section 3 Civil rules, remedies for victims, etc.

There is a discrepancy in quantity of information and in negotiating power between consumers and companies. On the precondition of this discrepancy, the Consumer Contract Act sets rules to protect the interests of consumers. The Consumer Organization Action System was introduced as a non-administrative framework to prevent the occurrence and spread of damage to consumers.

Since legal proceedings take time and money, the procedure known as alternative dispute resolution (ADR) may be used as a means to quickly and simply resolve disputes.

The Consumer Affairs Agency is developing a new litigation system that can better help consumers recover losses.

[Figure 2-1-3-1]

Highlights of the Consumer Contract Act

- Cover all the contracts concluded between consumers and companies (except for labor contracts)
- Entitle consumers to cancel contracts involving any improper solicitation before conclusion
- Void any contract clauses that unreasonably impair the rights of consumers

Improper solicitation



Cancel contract

(Examples)

- Claim what is not true regarding any important matter
- Provide conclusive evaluations of uncertain items subject to change with respect to the subject of the consumer contract
- Tell consumers advantages to them but intentionally fail to represent disadvantageous facts as to important matters
- Make uninvited visits to the home or office of a consumer and refuse to leave even when asked to
- Call a consumer to a place and not let him/her leave even when he/she wants to

Unreasonable contract clauses



Void

(Examples)

- Clauses that totally exclude the company from liability to compensate damages for the consumer
- Clauses that demand unreasonably expensive cancellation fees
- Clauses imposing delinquency charges at an annual interest rate of more than 14.6%
- Other clauses that impair the interests of consumers unilaterally

Chapter 1 Basic framework of Japan's consumer policy

Section 3 Civil rules, remedies for victims, etc.

[Figure 2-1-3-3]

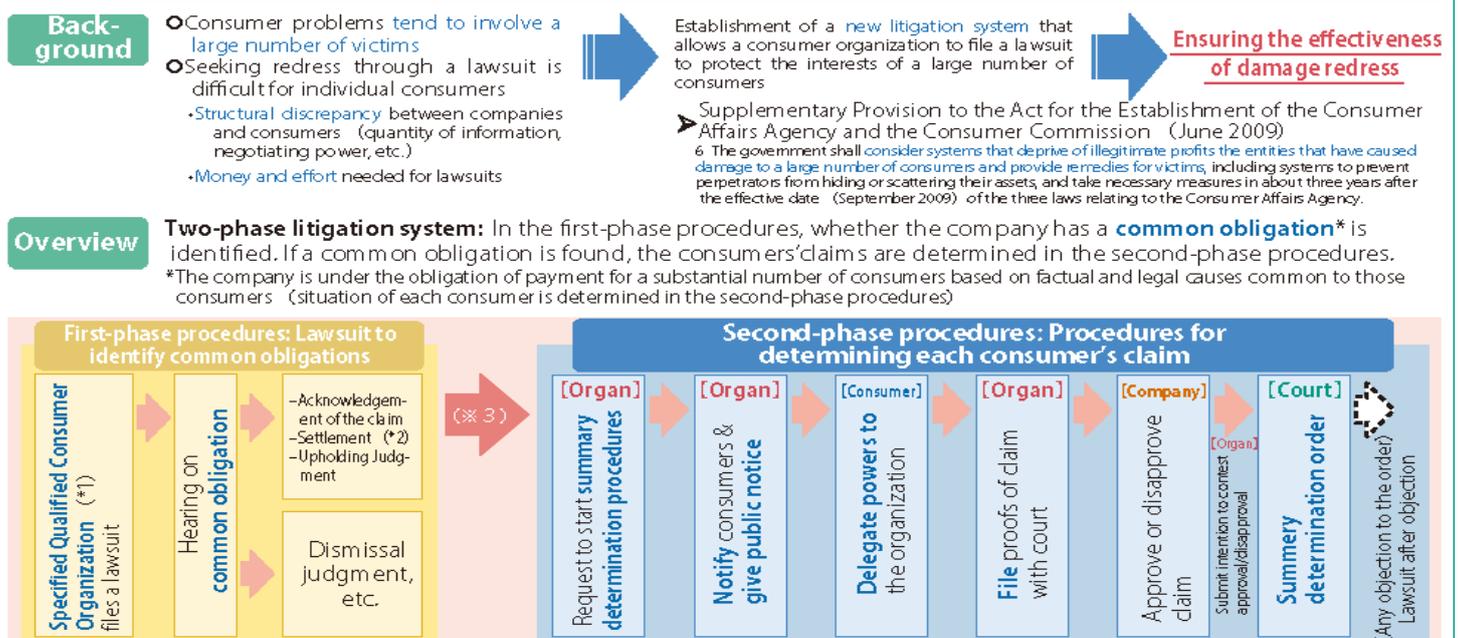
Qualified Consumer Organizations certified under the Consumer Contract Act

Name of Qualified Consumer Organization	Region	Date of certification
Consumer Organization of Japan	Tokyo	23-Aug-07
Kansai Consumer Support Organization	Osaka	23-Aug-07
Japan Association of Consumer Affairs Specialists	Tokyo	9-Nov-07
Kyoto Consumer Contract Network	Kyoto	25-Dec-07
Consumer.net. Hiroshima	Hiroshima	29-Jan-08
Hyogo Consumer Net	Hyogo	28-May-08
Saitama Organization for Elimination of Consumer Damage	Saitama	5-Mar-09
Hokkaido Consumer Net	Hokkaido	25-Feb-10
Aichi Consumer damage prevention NETWORK	Aichi	14-Apr-10
Oita Prefecture Consumer Affairs Network	Oita	28-Feb-12

(Sources) 1. Consumer Affairs Agency.
2. Organizations certified as of March 31, 2012.

[Figure 2-1-3-4]

Outline of the draft litigation system for consumer collective redress



Provisional seizure: The specified Qualified Consumer Organization may request an order for provisional seizure to the extent of the total amount of the claims involved, if compulsory execution is likely to become impossible.

(*1) The Prime Minister will certify as specified Qualified Consumer Organizations those Qualified Consumer Organizations (currently ten organizations, exercising the right to demand an injunction under the Consumer Contract Act) that meet new requirements.

(*2) If the settlement is judicial one that acknowledges the company's common obligation, it constitutes cause to start the second-phase procedures.

(*3) The effect of the first-phase judgment extends to the plaintiff and the defendant and even to the consumers who file claims in the second-phase procedures.

(Source) Consumer Affairs Agency, "Outline of the draft litigation system for consumer collective redress," published in August 2012.

Chapter 2 Consumer policy trends in different sectors

Section 1 Ensuring consumer safety and security (1)

Product safety

(Announcement of serious and other accidents reported under the Consumer Safety Act)

The Consumer Affairs Agency periodically (weekly) announces an overview of serious accidents reported from the heads of related administrative bodies under the Consumer Safety Act and serious product accidents reported from manufactures and importers under the Consumer Product Safety Act.

(Accident Information Databank as a database of life and health-related incidents)

Life and health-related incident information is submitted by related institutions to a system called the Accident Information Databank, which was launched in April 2010. The registered data can be searched and viewed by the public. As of the end of FY 2011, 57,056 information items are registered.

(Establishment of a special website serving as a centralized source of recall information)

In April 2012, the Consumer Affairs Agency set up a special website that gives consumers access to the centralized source of recall information stored across many different ministries and agencies. It allows consumers to view newly registered data across different fields at a glance and search recall data by product name.

(Cause investigation and other activities for serious accidents)

When an accident is classified as a serious product accident under the Consumer Product Safety Act, the Ministry of Economy, Trade and Industry directs the National Institute of Technology and Evaluation (NITE) to conduct a technical investigation (cause investigation) regarding the safety of the consumer product involved, if necessary. If the cause investigation finds that the accident was caused by the product, another announcement is made as part of periodical announcement of serious product accidents or on other occasions in order to alert consumers and prevent the recurrence of similar accidents.

Serious accidents identified under the Consumer Safety Act are followed up to review proceedings and responses after reporting, and findings are published periodically.

(Discussion on an accident investigation body and revision of the Consumer Safety Act)

In order to determine the requirements for an independent investigation body for consumer accidents, including legislation, the Consumer Affairs Agency formed a study group mainly consisting of experts and held discussions on diverse issues, including the necessity of accident investigation, relationship between accident investigation and criminal procedures, and accident investigation from the victim's viewpoint. Based on the conclusion of the study group, a draft revision of the Consumer Safety Act that provides for the establishment of the Consumer Safety Investigation Committee (provisional name) as a consumer accident investigation body was submitted to the 2012 ordinary session of the Diet.

Section 1 Ensuring consumer safety and security (2)

Food safety

(Food Safety Basic Act and Basic Matters concerning food safety)

Ensuring food safety is crucial for protecting people's life and health and fundamental to people's daily life. Although the government implements policies to ensure food safety, it is essential that food-related business operators take necessary measures appropriately at each stage of the food supply processes and that consumers deepen their knowledge and understanding of ensuring food safety.

In 2003, the Food Safety Basic Act was established, setting forth the philosophy that every measure for ensuring food safety be taken based on the basic recognition that the protection of the health of the citizens is a top priority. Under this law, the "Basic Matters" concerning the implementation of measures for ensuring food safety are defined.

(Risk assessment by the Food Safety Commission)

The Food Safety Basic Act adopts the new idea of "risk analysis," based on the perception that nothing is absolute in food safety and therefore risks must be assumed and controlled. Risk management bodies of the Ministry of Health, Labor and Welfare (MHLW) and the Ministry of Agriculture, Forestry and Fisheries oversee agricultural chemical residues in food, food additives and so forth. The Cabinet Office established a new organization called the Food Safety Commission of Japan, which neutrally and fairly performs risk assessment associated with food safety based on scientific knowledge, independent of these risk management bodies.

(Action in response to mass food poisoning caused by yukke)

In April 2011, a mass food poisoning case was caused by raw-beef dishes, called yukke, served at yakiniku barbecue restaurants. Enterohemorrhagic E. coli (EHEC) was found in the food, which caused death to a boy and others as well as serious sickness to many people. Traditionally, Japan had no binding regulations with penal provisions with respect to meat for raw consumption. Alerted by this case, MHLW set standards in October 2011 under the Food Sanitation Act, in consideration of the results of the assessment of the health impact of food conducted by the Food Safety Commission. The Consumer Affairs Agency has defined labeling standards under the same law.

Recognizing that EHEC exists inside raw beef liver and that there is no effective measure to make raw beef liver completely safe to eat, MHLW banned its sale and serving for raw consumption in July 2012.

Chapter 2 Consumer policy trends in different sectors

Section 2 Ensuring appropriate transactions

Enforcement of the Act on Specified Commercial Transactions

Consumers who want to buy goods usually visit stores to compare different products and carefully examine prices as well as determine whether they provide desired quality and performance. However, there are other cases in which consumers receive soliciting calls from companies or suddenly get visited at home by salespersons for solicitation. These are like “surprise calls” for consumers and may disable them from making the right decision because of the lack of time to examine the product calmly and carefully. This must be the exact situation that malicious businesses want to create. In order to prevent these unreasonable acts of solicitation by companies, the Act on Specified Commercial Transactions sets forth rules to be followed by companies (conduct control) and civil rules to protect consumers (e.g. cooling-off period) with respect to trouble-prone types of transactions.

[Figure 2-2-2-1]

Transaction types regulated under the Act on Specified Commercial Transactions

1. Sudden, uninvited solicitation of consumers

(1) Door-to-door sales

Consumers are solicited through door-to-door sales, “catch sales” (uninvited solicitation first on the street and later in the office), “appointment sales” (consumers are called to an office for solicitation through phone calls without specifying the purpose), etc.

(2) Telemarketing sales

Solicitation and order acceptance take place over the telephone.

2. No face-to-face contact with the seller to check products and sales terms

(3) Mail-order sales

Purchase orders are accepted by postal mail, telephone or other means of communication from consumers who have seen advertisements on newspapers, magazines, websites, etc.

3. Long-term, expensive burdens on consumers

(4) Specified continuous provision of service

A company provides continuous services over the long term in exchange for high prices (in six service categories [esthetic salons, language schools, tutors, cram schools, matrimonial agencies, and PC schools]).

4. Solicitation of individuals unfamiliar with business

(5) Pyramid scheme

A company recruits individuals as sales representatives and has them recruit the next level of sales representatives, thereby expanding the multilevel network for selling products/services.

(6) Sale by solicitation with a promise of work

A company entices job seekers with a promise of work and income and has them pay for products claimed to be necessary for performing the job.

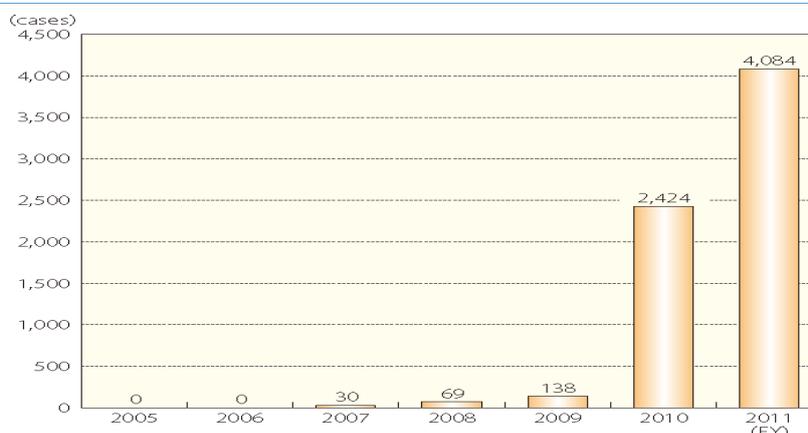
(Source) Consumer Affairs Agency

Section 2 Ensuring appropriate transactions (2)

Addressing the problem of door-to-door purchase of precious metals

From FY 2010 to FY 2011, there was a sudden spread of a business method whereby business representatives abruptly visit homes, desiring to “buy” accessories made of gold, platinum or other precious metals. The Consumer Affairs Agency released a statement titled “Action in response to door-to-door purchase of precious metals under the current system” in September 2011 to urge businesses to take necessary measures. The Agency also provided information for Consumer Affairs Centers across Japan and the National Police Agency, which is responsible for the Secondhand Articles Dealer Act. Furthermore, based on the report by the Study Group on Door-to-Door Purchase of Precious Metals, which had met several times since July 2011, a bill to partially revise the Act on Specified Commercial Transactions was developed to provide for regulations on companies engaged in door-to-door purchase and entitle sellers to cancel for a specific period of time. The bill was submitted to the 180th ordinary session of the Diet in 2012 (and enacted into law on August 10, 2012). A bill to partially revise the Consumer Safety Act was also submitted to the same Diet session to provide for the introduction of administrative measures against companies that have caused serious damage to the property of consumers outside the existing legal framework.

[Figure 2-2-2-4]
Soaring consultations on door-to-door purchase of precious metals



(Sources) 1. The number of consumer affairs consultations registered with PIO-NET (registration by April 30, 2012).
2. Consultations on “door-to-door purchase of precious metals” refer to consultations including keywords such as “precious metals,” “kimono,” and “accessories” and involving a business method whereby dealers visit consumers for purchases.

Section 2 Ensuring appropriate transactions (3)

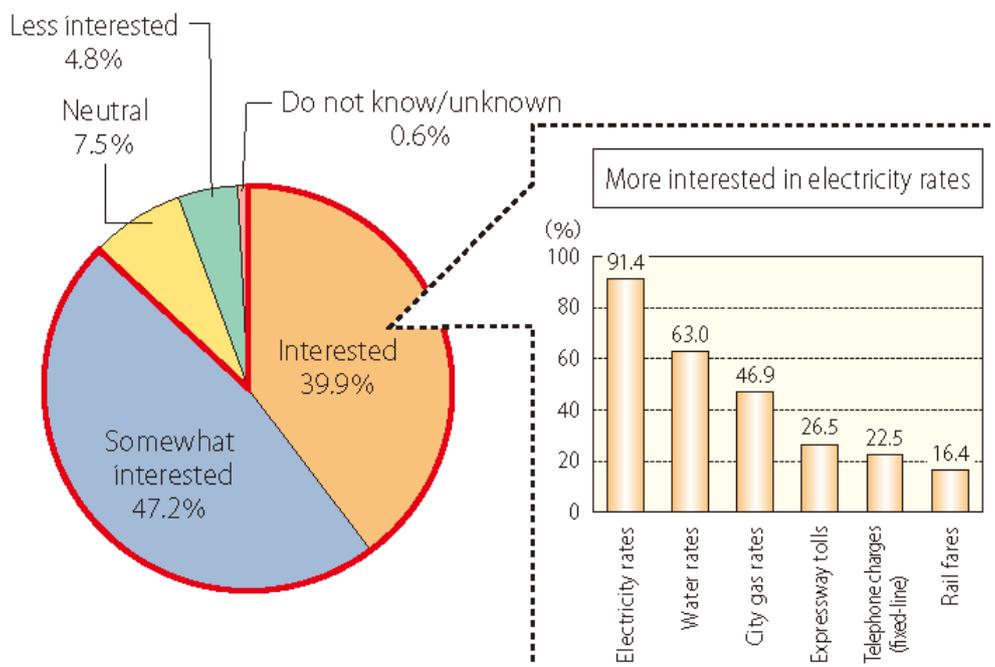
Addressing the problem of public utility rates

Public utility rates are the prices of services and goods deeply related to people's daily lives, including electricity, gas, water supply, communications, and public transport. Public institutions, such as the Diet, the national government and local governments are directly involved with the process of setting these rates because they are the one that authorizes price decisions and revisions. Nearly 90% of consumers are interested in public utility rates, especially rates of electricity, water and city gas.

The Consumer Affairs Agency formed a Study Group on Public Utility Rates in February 2012 by bringing together intellectuals to extensively discuss the issue in relation to information provision and disclosure to consumers and consumer involvement.

[Figure 2-2-2-8]

Nearly 90% of consumers are interested in public utility rates



(Source) Cabinet Office, "User Opinion Survey on the Public Utility Rate System" (FY 2008).

Section 2 Ensuring appropriate transactions (4)

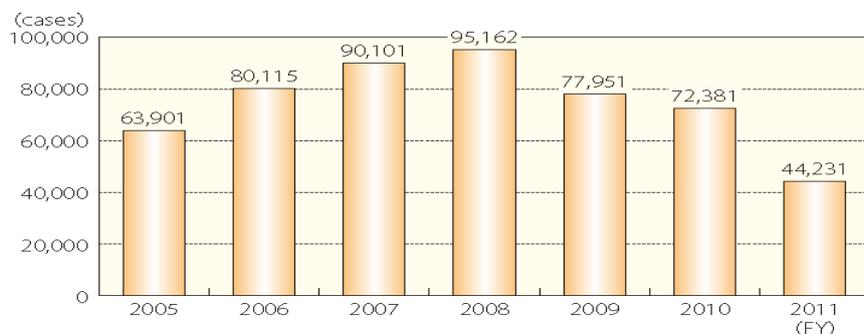
Addressing the problem of multiple loans

As the finance market especially for consumers expands, the practice of lending in excess of the borrower's repayment capacity has become common, worsening the problem of multiple loans. In this context, the government revised the Money Lending Business Act with the focus on so-called total volume control and a lower maximum allowable interest rate, with the aim of fundamentally and comprehensively addressing the problem. The revised law was legislated in December 2006 and came into force entirely on June 18, 2010.

The number of consumer consultations on multiple loans peaked in FY 2008 and began to decline after the implementation of the revised Money Lending Business Act. However, multiple loans continue to be a serious problem for individual borrowers of such loans. With new problems emerging associated with them, such as the use of the line of shopping credit on a credit card for the purpose of obtaining cash, measures to address borrowers of multiple loans remain an important issue to the government.

[Figure 2-2-2-12]

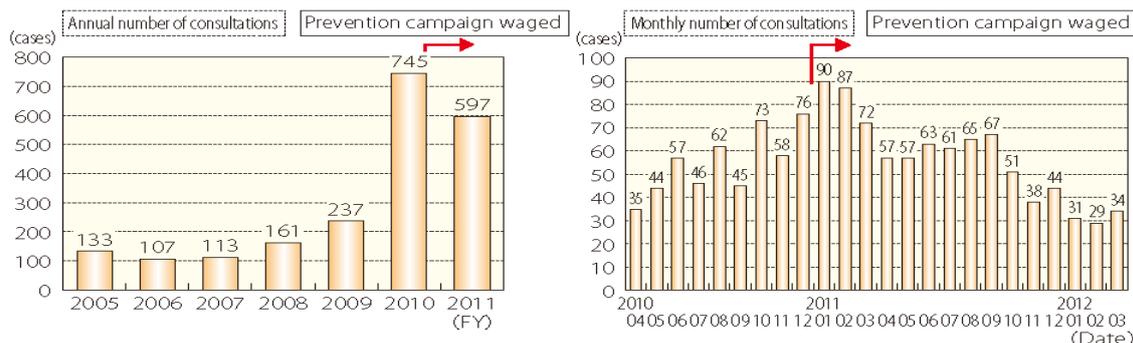
Increase in consultations on the problem of multiple loans reversed after implementation of the revised Money Lending Business Act



(Source) Consumer affairs consultation information registered with PIO-NET regarding "multiple loans" (registration by April 30, 2012).

[Figure 2-2-2-13]

Consultations on use of the line of shopping credit on a credit card for the purpose of obtaining cash declined after prevention campaign



(Source) Consumer affairs consultation information registered with PIO-NET regarding the "use of the line of shopping credit on a credit card for the purpose of obtaining cash" (registration by April 30, 2012).

Chapter 2 Consumer policy trends in different sectors

Section 3 Ensuring appropriate labeling (1)

Enforcement of the Act against Unjustifiable Premiums and Misleading Representations

Since consumers choose and purchase goods and services based on their labels, untrue or false labeling hinders them from making an independent and reasonable choice. Proper labeling is essential to commerce. The Act against Unjustifiable Premiums and Misleading Representations prohibits any representation that can mislead consumers to consider that the goods/services are much more excellent or favorable than they actually are or than those of competitors. Violations are subject to measures such as administrative punishment (administrative order) that orders or directs the company to cease the act in question and implement corrective measures.

[Figure 2-2-3-1]

Administrative punishments (administrative orders) under the Act against Unjustifiable Premiums and Misleading Representations)

Fiscal year	Number of cases	Major cases
FY2009 (*from Sept.)	6	- Three companies operating and managing online auction services made representations, regarding their so-called "penny auction" services and items auctioned by them, that led consumers to believe that those items could be obtained inexpensively through their services and that their prices were cheaper than usual. In reality, bidders might have to pay expensive bid fees in addition to the contract prices, which meant that they could not always obtain items inexpensively and the contract prices were not necessarily cheaper than usual, either. → Administrative order for violation of Article 4, Paragraph 1, Item 1 (misleading representation of quality) and Item 2 (misleading representation of trade terms) of the Act
FY2010	20	- A company engaged in sales and installation of residential electric facilities and equipment made representations about photovoltaic power generation systems in flyers distributed to houses (e.g. by inserting in mailboxes), such as, "You can save (earn) 192,000 yen per year with the doubled electricity buy back rates!" In reality, customers could not earn 192,000 yen annually. → Administrative order for violation of Article 4, Paragraph 1, Item 2 (misleading representation of trade terms) of the Act
FY2011	28	- Five companies engaged in clothing manufacturing and sales made representations, such as "All items half-priced," through TV commercials and other advertising media with regard to the men's suits sold at men's clothing stores they operate. In reality, certain conditions are attached, such as only the items with listed prices above the specified level were available at half-price. Although these conditions were indicated, the statement appeared only for a short time and could not be regarded as clear enough. → Administrative order for violation of Article 4, Paragraph 1, Item 2 (misleading representation of trade terms) of the Act - Two companies selling foodstuffs and other items made representations about food products claiming to have weight loss effects on their websites, such as "Burn and remove your extra fat!" and "Never go on a diet." Another representation was "Available at the special online price 2,980 yen instead of our regular price of 12,000 yen." In reality, the Consumer Affairs Agency requested the two companies to submit evidence of the representations about the weight loss effects, but the submitted data were found to fail to serve as reasonable evidence. The Agency also found that their "regular price" had never applied to actual sales before. → Administrative order for violation of Article 4, Paragraph 1, Item 1 (application of Article 4, Paragraph 2; misleading representation of quality) and Item 2 (misleading representation of trade terms) of the Act - A company operating a Japanese cow ownership system made representations in magazine advertisements that individuals having concluded Japanese cow ownership contracts could become the owners of breeding cows during the contract period. In reality, the total number of breeding cows being fed was excessively smaller than the sum of the numbers of cows that the owners believed to have. → Administrative order for violation of Article 4, Paragraph 1, Item 1 (misleading representation of quality) of the Act
Total	54	

(Sources) 1. Consumer Affairs Agency.

2. The number of cases against which enforcement actions were taken under the Act against Unjustifiable Premiums and Misleading Representations from the inauguration of the Consumer Affairs Agency in 2009 to the end of FY2011.

Section 3 Ensuring appropriate labeling (2)

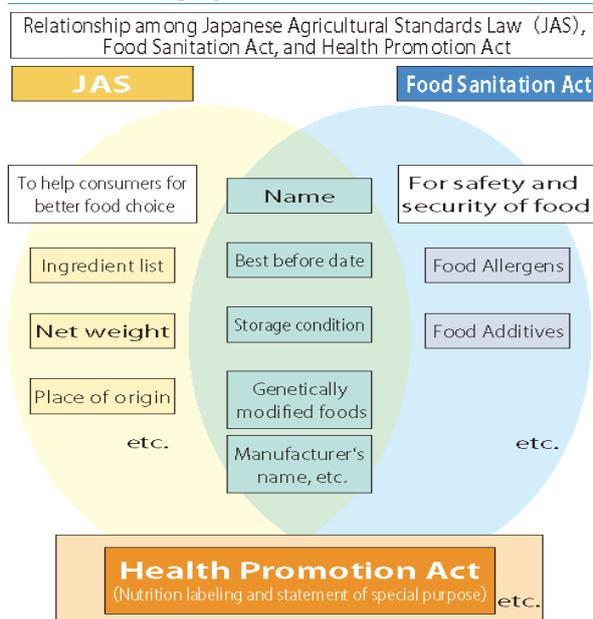
Food labeling system and standardized food labels

Food labels are a key indicator used by consumers in choosing products. Today, food labeling is regulated by the Food Sanitation Act, which is aimed at preventing sanitary hazards arising from drinking and eating; the Act on Standardization and Proper Labeling of Agricultural and Forest Products (JAS Act), which is for helping consumers make the right choice by ensuring appropriate indication of ingredients and the place of origin; and the Health Promotion Act, which seeks to promote people's health by nutritional improvement and otherwise.

Since there are overlaps in labeling requirements and differences in definitions among these multiple governing laws, food labeling rules are complex and difficult to understand. To make food labeling more useful and understandable for consumers choosing products, the Consumer Affairs Agency formed a Study Group on Food Labeling Standardization in September 2011 by bringing together academic intellectuals and representatives of consumer organizations and trade associations. Based on the report compiled by the Study Group, the Agency aims to submit a bill specifying unified rules for food labeling to the Diet by the end of FY 2012.

[Figure 2-2-3-3]

Food labeling system



Label sample

Name	Snack food		
Ingredients	Potatoes (no GMO), vegetable oil, salt, dextrin, lactose, protein hydrolysates (including wheat), powdered yeast extract, powdered soy sauce, seafood extract powder (including crab and shrimps), flavorings, seasonings (e.g. amino acids), and eggshell calcium		
NET Contents	81g	Best before date	Indicated on the right of this side
Storage	Store in a place away from direct sunlight and high temperature and humidity.		
Seller	[Redacted] 39		
* "39" denotes a factory identification number.			
Main nutritional components per 1 package (81g) (per analysis by the manufacture)			
Energy	483kcal	Carbohydrates	37.6g
Protein	3.8g	Sodium	330mg
Fat	35.3g	Table salt equivalent	0.8g
*Nutrition information is not mandatory.			

(Source) Consumer Affairs Agency.

Chapter 2 Consumer policy trends in different sectors

Section 4 Consumer education and awareness raising

Consumer Education Promotion Council and future of consumer education

Consumer education is crucial for enabling consumers to avoid damage, act independently, or contribute to the resolution of social problems as a key player in the economy and society. It means providing consumers with an opportunity to receive necessary information and education.

The government systematically and comprehensively promotes consumer education by convening the Consumer Education Promotion Council, which consist of academic intellectuals as well as representatives of related ministries, consumer organizations, and the educational circle.

The Consumer Education Promotion Bill, developed at the instance of House members, was enacted into law during the 180th ordinary Diet session in 2012 (on August 10, 2012).

[Figure 2-2-4-1]

Consumer Education Portal

The screenshot shows the homepage of the Consumer Education Portal. At the top left, the logo reads "Consumer Education Portal" with a small cartoon character. To the right are links for "Contact us Larger Font", "About this Portal Standard Font", and "Site Map". Below the header is a navigation bar with buttons for "Search materials", "Program overview", "Classes on demand", "Games", "Images", and "D V D s". The main content area features a green box titled "What is Consumer Education Portal?" with introductory text and a cartoon character pointing to a whiteboard that says "About Consumer Education" and "What is consumer education?". To the right is a "Search by category" sidebar with options like Safety, Contracts & Transactions, Information, and Environment. Below the main text is a "Search by Author's Name" section with a search box and a "search" button. At the bottom left, a "What's New" section indicates that additional materials were posted on February 28, 2012.

(Source) Consumer Affairs Agency website.
<http://www.caa.go.jp/kportal/index.php>

Chapter 2 Consumer policy trends in different sectors

Section 5 Meeting socioeconomic changes

(1) Meeting the development of advanced information and communications society

As advanced information and communications society develops, Internet-based transactions are growing, increasing convenience, but various consumer problems have occurred in relation to them. The Consumer Affairs Agency formed a Study Group on Internet Consumer Transactions in August 2010 to discuss efforts that companies and the government should make from the viewpoint of consumers. Based on the report completed by the Study Group in March 2011, various efforts have been launched.

(2) Addressing the development of internationalization

To appropriately address the development of internationalization, it is essential for the government to secure international collaboration for implementing consumer policies. The Consumer Affairs Agency and related ministries attend biannual meetings of the OECD's Committee on Consumer Policy to participate in discussions on broad consumer issues among member states. The government is also enhancing collaboration to deal with inter-regional, bilateral and multilateral consumer problems.

The spread of cross-border e-commerce has brought about a variety of consumer troubles resulting from overseas shopping. Some consumers give up on inquiry or resolution because negotiating with foreign companies involves language barriers and difference in business practices and legislation. The Consumer Affairs Agency set up the Cross-Border Consumer Center Japan (CCJ) in November 2011 as a consumer affairs center to provide necessary assistance for such consumers.

(3) Environmental awareness

To reduce greenhouse gas emissions, the government has conducted awareness-raising activities, including the "Challenge 25 Campaign," a national movement for the prevention of global warming that also helps promote eco-friendly consumption behavior and business activities.

Recognizing the importance of reducing, reusing and recycling waste (efforts known as the 3Rs: Reduce, Re-use, Recycle), the government also provides citizens with opportunity to rethink their lifestyles and encourages them to reduce waste generation.

Chapter 2 Consumer policy trends in different sectors

Section 6 Efforts to help consumers after the Great East Japan Earthquake

(Monitoring trends in prices and demand-supply balance of daily necessities)

In the aftermath of the Great East Japan Earthquake, some daily necessities, including foodstuffs, came into short supply not only in the affected areas but even in the metropolitan Tokyo area. To address the situation, the government held a conference of price policy officers from related ministries on March 14 to share information on trends in prices and demand-supply balance of daily necessities.

(Flexible enforcement of food labeling regulations after the Great East Japan Earthquake)

Following the Great East Japan Earthquake, many food companies ramped up production of foodstuffs to send to disaster areas. In the course of this, some ran short of packages and labels for these products to make representations as required by the JAS Act and other laws. The Consumer Affairs Agency decided to flexibly enforce food labeling regulations. The Agency also alerted consumers about malicious business methods taking advantage of the post-disaster situation. To support four disaster-hit prefectures that could not offer consumer affairs consultations in the aftermath of the Great East Japan Earthquake, the Consumer Affairs Agency and the National Consumer Affairs Center of Japan jointly established a telephone consultation office called the “Disaster-Related Malicious Business Methods 110” (hereinafter “Disaster 110”).

To help victims reconstruct their lives in disaster areas, the Agency dispatched specialists (lawyers, judicial scriveners, qualified architects, etc.) to consultation offices located there.

(Providing easy-to-understand information on food and radiation for consumers)

The Consumer Affairs Agency has focused on risk communication as well as provided easy-to-understand information on food and radiation for consumers, such as “Food and Radiation Q&A,” which gives answers to key questions about food and radiation.

(Establishing a consumer-side radiation inspection system and providing associated information)

To ease anxiety of consumers, in FY 2011 the Consumer Affairs Agency, along with the National Consumer Affairs Center, established a system to lend radiation inspection equipment to local governments so that consumers can perform radiation inspections of foods by themselves and that their safety and security could be enhanced.

Chapter 3 Local consumer administration at the consumer “frontline”

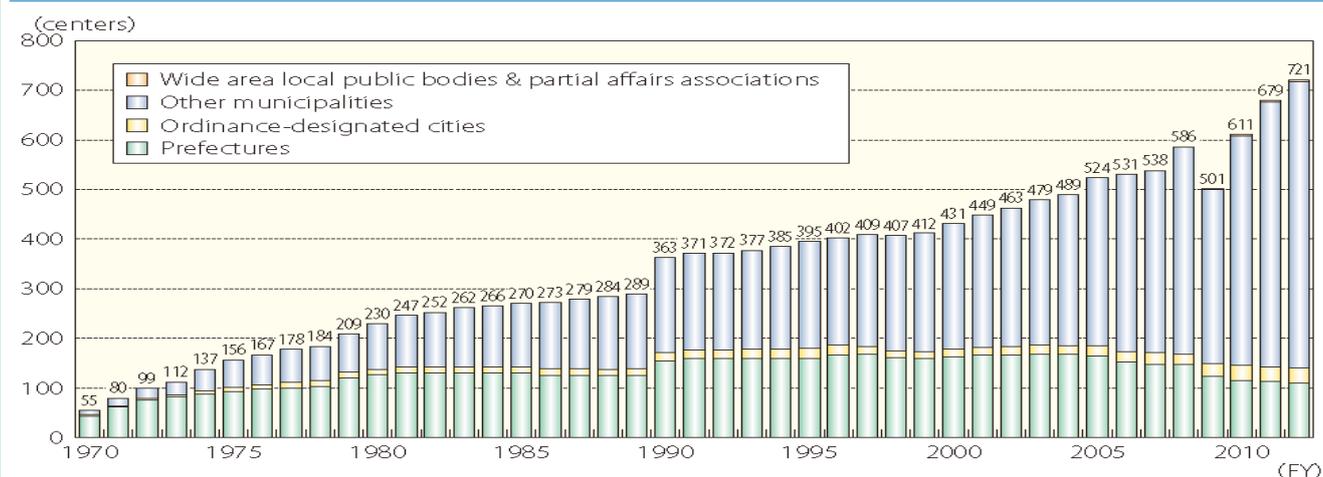
Section 1 Today's local consumer administration (1)

Establishment of consumer affairs consultation offices

The number of Consumer Affairs Centers established by local governments (prefectures, municipalities [including cities designated by ordinance], wide area local public bodies, and partial affairs associations) is 721 as of April 1, 2012. The number of local governments running consultation offices, including consumer affairs consultation offices not designated as a Consumer Affairs Center, is 1,603 as of April 1, 2012 and has been on the rise.

[Figure 2-3-1-1]

Change in the number of Consumer Affairs Centers - additional 220 centers in the past 3 years



(Sources) 1. Consumer Affairs Agency, "Survey of Current Local Consumer Administration."
 2. As of April 1 each fiscal year.
 3. Direct comparisons are impossible because the definition of the Consumer Affairs Center is different between the pre- and post-1990 periods, and between the pre- and post-2010 periods. (Until FY 2009, the requirement for the Center was to be open at least four days a week, but since FY 2010, the Center has had to meet the requirements under the Consumer Safety Act: (1) operating at least four days a week; (2) being stationed by consumer affairs consultants; and (3) being equipped with an electronic information processing organization and associated systems [PIO-NET].)

[Figure 2-3-1-2]

Establishment of consumer affairs consultation offices in municipalities (except ordinance-designated cities)

	FY2009	FY2010	FY2011	FY2012
Number of municipalities with consultation offices/centers	1,375	1,490	1,585	1,603
(availability rate)	77.6%	86.1%	91.7%	93.1%
Municipalities with consultation centers	379	525	633	724
Municipalities with consultation offices	996	965	952	879
Municipalities without consultation offices/centers	396	241	143	119
(unavailability rate)	22.4%	13.9%	8.3%	6.9%
Population coverage	95.0%	97.2%	98.6%	98.9%
(Reference) Total number of municipalities in Japan		1,731	1,728	1,722

(Sources) 1. Consumer Affairs Agency, "Survey on Current Local Consumer Administration."
 2. As of April 1 each fiscal year.
 3. The municipalities with consultation offices (including Consumer Affairs Centers) established by wide area local public bodies, partial affairs associations or wide area partnerships are regarded as municipalities with consultation offices/centers.

Section 1 Today's local consumer administration (2)

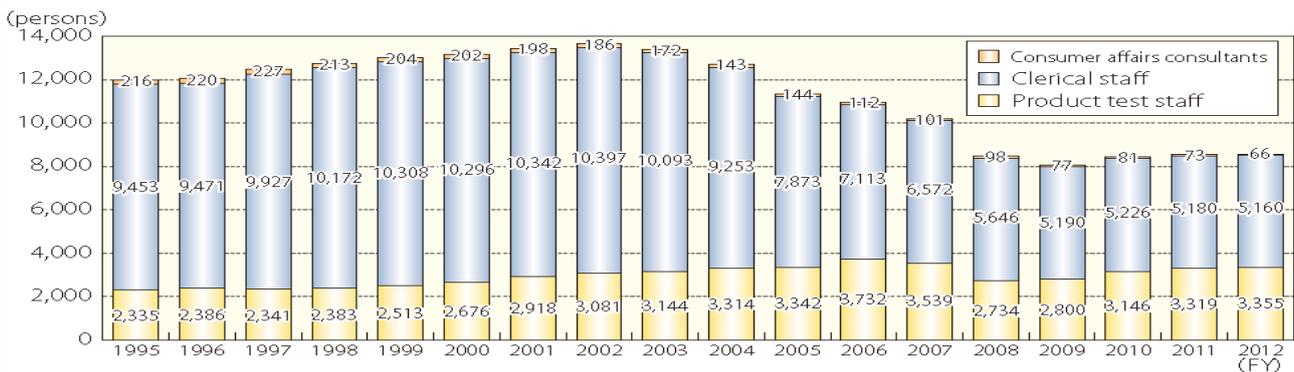
Consumer affairs consultants increased and so did the local consumer administration budget since a rebound in FY 2009

The number of consumer affairs consultants hired by local governments has increased, at 3,355 as of April 1, in 2012.

The local consumer administration budget had been on the decline for a long time since FY 1995 but bottomed out at slightly above 10 billion yen in FY 2008 and has been increasing since then. In particular, the budget has showed a large increase since FY 2009 mainly through the use of Local Consumer Administration Vitalization Funds.

[Figure 2-3-1-5]

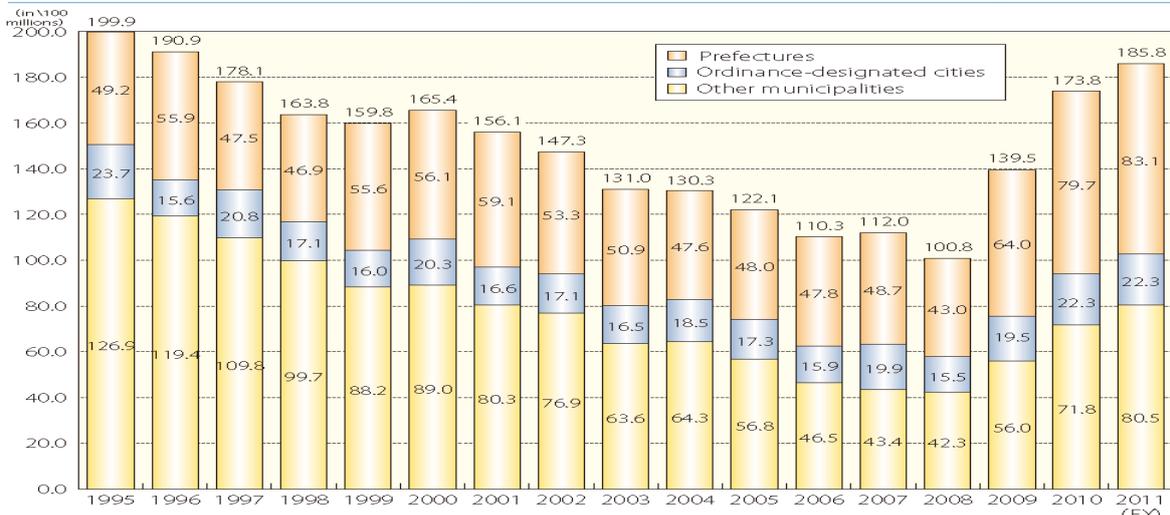
Change in the number of local government employees engaged in consumer administration



(Sources) 1. Consumer Affairs Agency, "Survey on Current Local Consumer Administration."
 2. The survey method was changed in FY 2008 and therefore there is no continuity between post-change data and the data in and before FY 2007.
 3. As of April 1 each fiscal year.

[Figure 2-3-1-14]

Local consumer administration budget rebounded in FY 2009 and increasing



(Source) Consumer Affairs Agency, "Survey on Current Local Consumer Administration."

Section 1 Today's local consumer administration (3)

Majority of consumer affairs consultants are part-time employees, and 20% of local governments restrict contract renewals with them

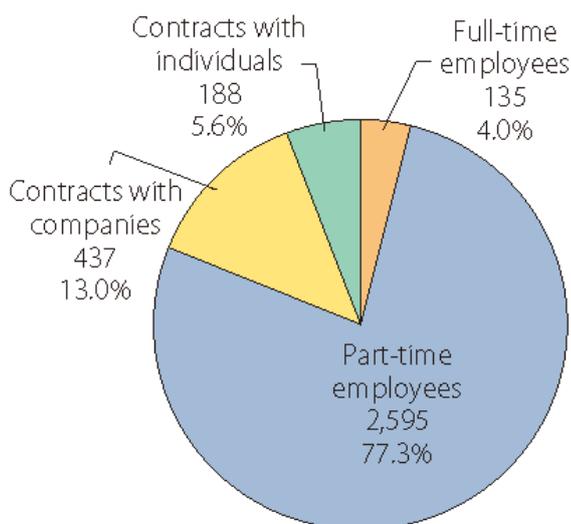
Regarding the employment status of consumer affairs consultants, full-time employees account for 4.0% and part-timers 77.3% as of April 1, 2012.

The average daily pay for non-full-time consultants (for 7 work hours) is highest in the wards of Tokyo, at 15,576 yen, and the nationwide average is 10,442 yen.

A survey on restrictions on the permissible number of contract renewals per consultant revealed that 19.6% of local governments impose such restrictions, suggesting that the so-called "non-renewal" problem exists in some areas. In February 2011, the Consumer Affairs Agency sent to the prefectural governors and the heads of all the municipalities a letter asking them to give consideration to the improvement of expertise of consumer affairs consultants by taking such measures as not restricting the number of contract renewals for part-time consultants.

[Figure 2-3-1-11]

Majority of consultants are part-time employees



(Sources) 1. Consumer Affairs Agency, "Survey on Current Local Consumer Administration."
2. As of April 1 each fiscal year.

[Figure 2-3-1-12]

Average daily pay for a consultant is 10,000 yen

Unit (yen)						
Prefectures	Ordinance-designated cities	Cities	Wards	Towns	Villages	Average
9,873	11,132	10,288	15,576	9,589	10,632	10,442

(Sources) 1. Consumer Affairs Agency, "Survey on Current Local Consumer Administration."
2. Calculated for seven work hours.
3. Data for consultants working at least four hours a day.
4. The total number of municipalities includes wide area local public bodies and partial affairs associations.
5. As of April 1 each fiscal year.

[Figure 2-3-1-13]

20% of local governments restrict contract renewals with consultants

	Total	Prefectures	Ordinance-designated cities	Municipalities, etc
With contract renewal restrictions	19.6%	25.9%	12.6%	17.5%
Without contract renewal restrictions	80.4%	74.1%	87.4%	82.5%

(Sources) 1. Consumer Affairs Agency, "Survey on Current Local Consumer Administration."
2. Including wide area local public bodies & partial affairs associations.
3. As of April 1 each fiscal year.

Chapter 3 Local consumer administration at the consumer “frontline”

Section 2 Cooperation with local governments (1)

Division dedicated to local cooperation established in Consumer Affairs Agency, along with Consumer Hotline

The Consumer Affairs Agency was inaugurated on September 1, 2009. Recognizing the importance of improving and enhancing local consumer administration, it set up the “Local Cooperation Division” exclusively responsible for cooperation with local governments on July 1, 2010, and developed a plan to improve and enhance local consumer administration in February 2010. Consumer facing problems may not realize that consultation services are available or, even with the knowledge of such services, may not know where to contact. The Consumer Affairs Agency launched the Consumer Hotline (0570-064-370) program in January 2010, which provides a single-number that forwards a consumer calling from anywhere in Japan to the nearest local consumer consultation office.

[Figure 2-3-2-1]

Outline of Consumer Hotline

The Consumer Hotline provides the first contact point for consumers who have suffered damage from malicious business methods or who are involved in trouble with companies through door-to-door sales or mail order sales but do not know where to consult. Consumers will be forwarded to the nearest consultation office, such as the Consumer Affairs Center operated by the local government.

In municipalities where no consumer affairs consultation office exists, callers will be forwarded to the prefectural Consumer Affairs Center. On weekends and holidays, when municipal Consumer Affairs Centers are closed, callers will be forwarded to alternative offices, such as the National Consumer Affairs Center of Japan.



To facilitate the resolution of society-wide issues as well as individual problems, the content of consultations is collected in the database (PIO-NET) and, after being anonymized, used for alerts to consumers, punishment of illegal or improper business operators and so forth.

Section 2 Cooperation with local governments (2)

Formulation and effects of Local Consumer Administration Vitalization Funds

To activate local consumer administration, every prefecture formulated a Local Consumer Administration Vitalization Fund based on the local consumer administration vitalization subsidy appropriated for from the FY 2008 second supplementary budget.

A survey of the use and effects of the Funds show that the amount spent of the total of 23.1 billion yen appropriated was approximately 4.3 billion yen in FY 2009, about 7.0 billion yen in FY 2010, and about 6.9 billion yen in FY 2011. The Funds helped to add 220 Consumer Affairs Centers, hire additional 555 consumer affairs consultants, and increase pay for consultants at about 300 local governments, all in three years from FY 2009. As a result, the number of municipal governments with no Consumer Affairs Center reduced from 396 (22.4%) as of April 1, 2009 to 119 (6.9%) as of April 1, 2012.

[Figure 2-3-2-4]

Effects of the Local Consumer Administration Vitalization Funds

Establishment of Consumer Affairs Centers: Additional 220 centers in 3 years

-As of April 1, 2010: 611 centers (110 more than the year-ago level)
 -As of April 1, 2011: 679 centers (68 more than the year-ago level)
 -As of April 1, 2012: 721 centers (42 more than the year-ago level)

More consultants: Additional 555 hired in 3 years

-As of April 1, 2010: 3,146 consultants (346 more than the year-ago level)
 -As of April 1, 2011: 3,319 consultants (173 more than the year-ago level)
 -As of April 1, 2012: 3,355 consultants (36 more than the year-ago level)

Establishment of consultation offices: Increased in 228 municipalities in 3 years

-As of April 1, 2010: Available in 1,490 municipalities (increased in 115 municipalities)
 -As of April 1, 2011: Available in 1,585 municipalities (increased in 95 municipalities)
 -As of April 1, 2012: Available in 1,603 municipalities (increased in 18 municipalities)
 -Municipalities without consultation offices (or centers)
 -As of April 1, 2012: 119 municipalities (unavailability rate: 6.9%)
 <396 municipalities in 2009 (unavailability rate: 22.4%)>

Improved treatment of consultants: Pay raise at about 300 local governments in 3 years

-FY 2009: Pay raise for consultants at 75 local governments (Pay raise in 10 prefectures and 65 municipalities)
 -FY 2010: Pay raise for consultants at 134 local governments (Pay raise at 17 prefectures and 117 municipalities)
 -FY 2011: Pay raise for consultants expected at about 100 local governments (Pay raise expected at 13 prefectures and about 90 municipalities)
 <Based on project plans and a survey of local governments>

(Source) Data from Consumer Affairs Agency, "Local Consumer Administration Survey" and other materials.

Summary

(Future tasks)

From the period of post-war confusion up until today, a variety of rules, regulations and efforts to help consumers have been made. These reflect government policies influenced by consumer opinions and movements formed in response to consumer problems having emerged in the context of socioeconomic conditions of the time. In 2009, the Consumer Affairs Agency and the Consumer Commission were established, and the government decided that a Minister of State for Consumer Affairs be always in place. Under this new framework, information on consumer accidents is centrally gathered by the Consumer Affairs Agency, which shares information and collaborates with related organizations to take measures for preventing the recurrence and spread of damage to consumers, as well as strictly enforces laws. The Agency should continue to review the system and structure of consumer administration in response to the needs of the time in order to enhance the overall capacity of consumer administration in areas such as the standardization of food labeling and the transfer of the operation of the National Consumer Affairs Center to the national government.

The number of consumer affairs consultations offered at Consumer Affairs Centers across the country has slightly declined recently but still remains high, at as high as about 900,000 cases annually. In particular, consumer troubles, primarily involving investment opportunities solicited through door-to-door sales and telemarketing, are increasing year after year among senior citizens. The government needs to focus its effort on the prevention of these problems.

The issue of consumer consultation is ever changing due to internationalization, wide use of the Internet, and the development and the rapid spread of new products and services. Malicious business schemes are advancing as well, with the emergence of ones so sophisticated as to be called “theatrical” scams or as to be unnoticed by the consumers being deceived. To quickly recognize these changes and swiftly take action in response, the government needs to be committed and flexible.

As much as approximately 40% of consumers who have suffered damage have never sought advice. More than half of these people said they did not seek advice because they thought it would be of no use doing so. They just bore the losses silently, with no redress obtained.

There are several reasons that made many victims give up on the idea of recovering losses before consulting anybody. One of them would be the discrepancy in quantity and quality of available information and in negotiating power between consumers and companies, which can make it more difficult for consumers to seek redress for damage by themselves. Another would be the victim's judgment that the effort and money needed for seeking compensation would be unreasonably large compared with the losses. Considering such circumstance, the government should introduce a new litigation system that helps consumers effectively and collectively seek redress for damages.

Summary (continued)

Yet another factor may be consumers' unimproved confidence in consumer administration as an institution to rely on in the event of trouble. Those engaged in consumer administration need to establish a track record (output) by making an all-out effort to implement specific measures in relevant fields, such as ensuring consumer safety and appropriate transactions/labeling, and communicate the effects (outcome) of implemented measures to consumers in an easy-to-understand manner by such means as indicators developed to quantify them.

The government will set up a new institution to examine the cause of consumer accidents that threatened consumers' life or health and strengthen measures against malicious business operators, including those that force consumers to sell precious metals and that deceive consumers with sophisticated investment schemes slipping through legal loopholes. To make these revisions to existing systems more effective, the enforcement structure supporting them also needs to be reinforced.

To ease damage and confusion after the Great East Japan Earthquake, the government has implemented numerous consumer administration measures, including providing information and assisting local governments in affected areas. Consumer administration should make effective contribution to the faster accomplishment of post-disaster reconstruction through activities such as promoting risk communication concerning food and radiation.

Consumer problems occur at the local level. The damage of consumers cannot be remedied without improving and enhancing local consumer administration in the frontline of consumer activities. The national government should make the utmost effort, such as securing necessary funds, to assist local governments committed to regional consumer administration and support municipal-level programs.

(Toward a society where consumers play the leading role)

Household consumption accounts for approximately 60% of the Japanese economy, showing that consumers have a large impact on the economy and society. It is crucial for consumers to gather necessary information and think for themselves to become smart consumers who will not become victims of fraud.

In this regard, consumer organizations are expected to play an active role, such as providing necessary information, waging awareness and educational campaigns, or engaging in activities to prevent consumer fraud and save victims. The government should systematically and comprehensively promote consumer education under the new framework.

Consumers are not merely the recipient of goods and services. The Consumer Citizenship Society is a society where consumption behavior that considers the impact on the environment, society and the economy leads to the fair and sustainable development of the society, even in the face of a mountain of consumption-related problems, including the global environment, energy and natural resources. Consumers are expected to transform themselves into the creators of a sustainable society and economy from an entity that is carried away with the trend of mass production, mass consumption and mass disposal. This is the exact vision that a consumer-led society should pursue.