Consumer Administration in Japan and in Hyogo Prefecture

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Consumer Policy in Japan

1. Background
After the era of high economic growth (from mid 1950's through 60's), with the spread of mass-production and rapid progress in industry, consumer problems have been recognized as one of the most important structural problems of Japanese economy and society.

The background is as follows:

Firstly, it is normally difficult for each consumer to get accurate information on manufacturing process or the quality of products due to the complexity of products and production. It is also difficult to judge the safety of products only by their own knowledge and experiences.

Secondly, with the spread of mass-production and mass-consumption, the number of injuries caused by defective of products has been increasing.

Thirdly, it is often difficult for consumers to specify real cause or responsible person of an accident of injuries because of the complexity of the production and distribution system.

Fourthly, with the development of advertisement and marketing skills, enterprises in some industries have monopolistic power through product differentiation in the market and hold a dominant position over consumers.

In such circumstances, most of the people in Japan came to realize the necessity to adopt appropriate consumer policies.

2. The organization of consumer policy (Figure 1)

Consumer policy organizations in the Japanese Government were first set up in mid-sixties, including Social Policy Bureau in the Economic Planning Agency (1965), consumer policy divisions in the Ministry of International Trade and Industries (1964), and the Ministry of Agriculture and Forestry.

(1) Consumer Protection Council and the Cooperation of Ministries and Agencies

The Consumer Protection Council, with the Prime Minister as its chairman, is a ministerial council to plan and draft the basic direction of the government's consumer policy and to promote related policy measures. The Council consists of ministers who have their own role in the government's consumer policy. (Note) the Consumer Protection Council was reorganized as the Consumer Policy Council in accordance with the enactment of the Consumer Fundamental Act, which will be mentioned later.

An inter-ministry meeting on consumer policy at the director levels held several times a year for the purpose of daily coordination and follow-up of the measures which are decided by Consumer Protection Council. This meeting is chaired by the Director of the Consumer Policy Division.

(2) The Quality-of-Life Policy Council

The Quality-of-Life Policy Council is a consultative organ for the Prime Minister, which was established in the Economic Planning Agency in 1965. The Council consists of experts in this field, namely scholars, representatives of consumer organizations and representatives of major industries, etc. The council studies and deliberates basic and important Problems and issues on consumer protection policy.

A final report entitled “Considerations of a model for 21st century consumer policy” was released by the Consumer Policy Section of the Quality-of-Life Policy Council in May, 2003. The report redefines consumers as “being autonomous” rather than “those who need protection.” It places emphasis on securing safety and availability of information as consumer rights, suggesting a powerful promotion of
consumer policy that supports these rights is necessary. At the 51st general assembly of the Quality-of-Life Policy Council held in July, 2003, the Consumer Policy Section was established under the Quality-of-Life Policy Council, committed to investigation and discussion in order to put the consumer policy of the 21st century model into effect.

(3) Cabinet Office, Ministries and Agencies

Each ministry or agency conducts respective consumer policies in the area under its jurisdiction.

Cabinet Office (CAO), formerly known as Economic Planning Agency (EPA) coordinates fundamental consumer policy measures of related ministries and agencies, and is the secretariat of both the Consumer Protection Council and the Quality-of-Life Policy Council.

(4) Local governments

Every local government at the prefectural level has a particular division that is mainly responsible for consumer policy, in accordance with the related agency of the central government. Prefectural governments also establish ordinances to plan and implement their own consumer policies for consumer protection. Local governments at the prefectural and municipal levels are also required to settle problems between consumers and businesses.

Along with all local governments at the prefectural level, some local governments at the municipal level have a consumer policy division and their own ordinances on consumer policies.

(5) National Consumer Affairs Center of Japan (NCAC), an independent administrative agency, and Local Consumer Centers

An independent administrative agency, NCAC was established in October 2003, based on the Independent Administrative Agency Kokumin Seikatsu Center Law, and reorganized from the former National Consumer Affairs Center, a government-affiliated corporation which was incorporated under a special law. Its main function is to provide reliable information to consumers through consumer education, specialty consultants, testing of products, and other activities.

As of April, 2003, there are 479 local consumer centers (each institution has its own name) in all prefectures and major cities and towns. Local consumer centers are similar to the independent administrative agency NCAC in their functions and are playing a vital role in implementing Consumer Policy. Local consumer centers provide information to consumers and handle complaints and inquiries related to consumer affairs. NCAC functions as the center of the computer network of these local consumer centers.

3. The Consumer Fundamental Act (Figure 2)

The Consumer Protection Fundamental Act was enacted in 1968, and functioned as the fundamental grounds of national consumer policy. Corresponding to drastic changes experienced by consumers in the modern economy and society, the Act faced a need for revision. In May 2004, the revision proposal was submitted at the 159th session of the Diet, and the Consumer Fundamental Act, renamed from the Consumer Protection Fundamental Act, was approved.

Major revisions include:
- Principles are asserted, namely, redeeming securing of safety, etc. as “consumer rights”, and supporting the autonomy of the consumer as the basis of the national consumer policy.
- Expanding the responsibilities of business enterprises to make an effort in providing information and establish voluntary action standards, while consumers make an effort to acquire necessary information.
Regulations are newly stipulated for promoting proper consumer contracts, as well as for promoting consumer education.

The Consumer Protection Council was reorganized into the Consumer Policy Council which promotes national consumer policy. The Consumer Policy Council is to gather opinions from the Quality-of-Life Policy Council for drafting fundamental consumer plans.

4. Outline of consumer administration

(1) Major administrative measures for consumer affairs (summary of the decisions made at the 35th Consumer Protection Council)

The 35th Consumer Protection Council was held on July 22, 2003, to plan and draft the basic direction of the government's consumer administration and to promote related policy measures. The main issues included:

- Reviewing the Consumer Protection Fundamental Act;
- Introducing protection system for informants of public interest;
- Discussion on adopting collective lawsuits by consumer groups;
- Reorganization of the Consumer Protection Council, and so forth.

(2) Improving consumer contracts (enforcement of the Consumer Contract Act)

The Consumer Contract Act that was promulgated on May 12, 2000 became effective on April 1, 2001. It sets out new civil rules to contribute to the fair and smooth settlement of disputes relating to consumer contracts. Such disputes have been increasing in recent years against the backdrop of the gap in quality and quantity of information and in negotiating power between consumers and businesses. This Act enables consumers to avoid their declarations of intention to offer or accept contracts when they are mistaken about the contents of the said contracts or distressed by certain acts of businesses, and nullifies, in part or in whole, clauses that unfairly impair the interests of consumers.

The Cabinet Office implemented the promotion to use it and education to understand it through various media since May 2000 in order to prevent and rescue the consumers' damage. In addition to promotions and education, they may collect and make public the typical cases.

(3) Promoting product safety

The Product Liability Act was enforced on July 1, 1995. The Cabinet Office has carried out various measures based on this law for the effective prevention and redress of consumer damage, such as completion and support of alternative dispute resolution procedures and cause investigation systems, strengthening of collection and provision of information on product defects, and improvement of product safety education.

(4) Promoting the provision of information and education to consumers

As economies became sophisticated and diversified, it is necessary to encourage consumers to take the initiative in making decisions. For that purpose, both the government and the private sectors have been actively providing consumers with information and education.

Consumer education

The Cabinet Office implements a program to dispatch experts specialized in consumer education to various regions as lecturers for training seminars mainly targeting teachers.

The Cabinet Office also holds meetings for consulting and explaining about consumer problems mainly for the elderly.
In addition, the National Institute on Consumer Education was established in February 1990 as a corporate body, under the joint supervision of the Economic Planning Agency (currently the Cabinet Office) and the Ministry of Education (currently the Ministry of Education, Culture, Sports, Science and Technology) in order to support consumer education in cooperation with academics, consumer associations and businesses. The institute plans and implements projects, including the implementation of surveys and research relating to consumer education, workshops, training seminars and symposiums, the preparation of instructor manuals and instructional materials, and the construction of domestic and overseas information networks.

- **Provision of information to consumers**
  In 1988, on the 20th anniversary of the enactment of the Consumer Protection Fundamental Act, the government decided to make May of every year "Consumers' Month" in order to actively promote the education of consumers. Under a unified theme, the Cabinet Office carries out educational projects every May such as the holding of the National Assembly of Consumer Affairs, the preparation of posters and handbooks, and publication using newspapers, television and other mass media.

(5) International cooperation

- **OECD Committee on Consumer Policy (CCP)**
  The OECD CCP determines guidelines for measures to be taken by member countries with regard to the exchange of information on consumer policies and important consumer affairs. In Japan, the Cabinet Office has been the coordinating body for the government as a whole. In December 1999, the OECD CCP compiled Guidelines for Consumer Protection in the Context of Electronic Commerce, and Guidelines for Protecting Consumers from Fraudulent and Deceptive Commercial Practices in June 2003, both of which were adopted as council recommendation. OECD member countries are establishing the framework for redressing consumer damage in cross-border business transactions, and studying or implementing measures to achieve both guidelines. Japan is also participating in these activities in a positive manner.

- **Cooperation with various countries in the field of consumer policies**
  As part of the measures for strengthening international cooperation in the field of consumer policy, international conferences involving related countries have been held to exchange information and opinions on consumer measures. Japan has held East Asian Consumer Policy Symposia three times to strengthen linkages and mutual understanding with regard to consumer policy in the East Asian region - which includes countries that are close to our nation geographically and economically. In fiscal 2001, Japan invited experts from China, Korea and Malaysia who exchanged views concerning policies and activities for consumer education and information (the symposium was held on February 22, 2002). With the aim of studying support measures for consumer policies, the Meeting on Consumer Policy of Developing Countries was established in 2001, which has been convened three times.

(6) Guidelines for Corporate Codes of Conduct

In December 2002, a final report was compiled by the Subcommittee for the Corporate Codes of Conduct which was created under the Consumer Policy Section of the Quality-of-Life Policy Council, titled “Building up Consumer Confidence in Business - Guidelines for Corporate Codes of Conduct.” In this report, the government presented guidelines for drafting and implementing the Corporate Codes of Conduct to be observed by business enterprises, while pointing out difficulties in implementing and ensuring the effectiveness of the Corporate Codes of Conduct.

(7) Protection System for Informants of Public Interest
Many cases of recent misconduct by business enterprises, such as disguised food labels and avoiding the recall of defective cars, were revealed by informants from within the business enterprises.

Corresponding to this situation, the Protection System for Informants of Public Interest Discussion Committee was organized under the Consumer Policy Section in 2003. The Committee investigated and discussed the adoption of a Protection System for Informants of Public Interest, then the compiled report was submitted to the Consumer Policy Section in May. Based on this report and discussion at the Consumer Protection Council, the actual implementation of the system was forwarded and the Protection of Public Interest Informants Act bill was submitted to the Diet in March 2004. This bill was approved by the Diet and come into effect in June 2004.

The principles of the Protection of Public Interest Informants Act are as follows;
- Civil rules are defined to protect informants of public interest, with certain criteria, from unreasonable treatment such as dismissal from work for informing facts of public interest.
- Subject of the Protection of Public Interest Informants Act are criminal activities and violations of laws that stipulate protection of human lives, well-being, and assets of citizen.
- Regulations are established to protect informants for informing on “business enterprises where they work”, “administrative offices”, and “outside of their business enterprises”, and in whichever case, informants are to be protected from disadvantage incurred as a result.

The Ordinance to set the date of effect of the Act, and laws subject to informing, is planned to be drawn up within this year, 2004.

5. Future food safety policy

In April 2002, the Council of Cabinet Ministers Concerning Food Safety Policy was set up by gaining momentum with problems of food safety policy that were pointed out associated with bovine spongiform encephalopathy (BSE). The Council reviewed the problems, and, thus, the Basic Law on Food Safety was enacted in May 2003. Successively In July 2003, the Food Safety Committee was established in the Cabinet Office to implement risk assessment and comprehensive risk communication. Further, the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Health, Labor and Welfare (MHLW) are to promote information/opinion exchange (risk communication) between relevant parties as well as risk management under each jurisdiction.
The System of Consumer Policy

Consumer Policy Council
(Chair by the Prime Minister)
* Planning of basic direction of governmental consumer policy
* Promotion of consumer related policies

Quality-of-Life Policy Council
(Experts from various backgrounds)
* Study and deliberation of basic matters concerning consumer protection policies

OECD / Committee on Consumer Policy

Ministries and Agencies
* Planning and implementation of various measures

Government Affiliated Cooperation
National Consumer Affairs Center of Japan
(Incorporated by special law)
* Providing information, consumer education, dealing with complaints, product testing

Consumers
(Consumer Associations)
* Assistance to consumers
* Reflection of opinions

Business Enterprises
(Business Associations)
* Cooperation

Municipalities
* Dealing with complaints

Prefectures
* Planning and implementing of local measures

Local Consumer Center
(Regional NCA centers located in all prefectures and major cities and towns)
* Dealing with complaints, product testing

Cabinet Office
* Coordination of policy measures

Renamed and reorganized from Consumer Protection Council in accordance with enactment of the Consumer Fundamental Act.
Basic Policies

#11 Securing Safety
#12 Proper consumer contracts, etc.
#13 Standardization of Weights and Measurements
#14 Proper Standardization
#15 Proper advertisement and labeling, etc.
#16 Promotion of Fair and Free Competition, etc.
#17 Promotion of Information and Education Programs
#18 Reflecting Opinions & Securing Openness
#19 Improvement of Complaint Handling System and Dispute Settling
#20 Corresponding to the Highly Informational and Communicational Society
#21 Securing International Cooperation
#22 Preserving Environment
#23 Improvement of Facilities for Tests and Inspections

#2 Basic Principle
Support for Redeeming Consumer Rights and Independence
Securing Effectiveness

#9 Drawing up Consumer Basic Plan
#10 Legislative Measures and Financial Measures
#24 Improvement of Administrative Organizations and Operations, etc.
#25 Role of National Consumer Affairs Center of Japan
#26 Promotion of Autonomous Activities of Consumer Groups
#27 Consumer Policy Council
#28
#29 Quality-of-Life Policy Council
Consumer Administration in Hyogo Prefecture

1. Organization for Promotion of consumer administration in Hyogo Prefecture

Hyogo Prefecture, in compliance with income increase brought by acute economic growth, improvement of consumption levels and changes in lifestyle has been advocating “life science” for the purpose of healthy consumption activities. “Life science” is aimed at providing a rational framework within which to live and strengthening individual awareness regarding our role as social beings. This means that we need to practice a form of life science administration that puts the emphasis on consumer administration. In November 1965, Hyogo Prefecture established the nation’s first consumer center, Prefectural Kobe Consumer Science Center, in Kobe. It then went on to establish regional consumer centers successively in several other areas of the prefecture. The current organization chart for the promotion of consumer administration in Hyogo Prefecture is as follows:

(As of April, 2004)
2. Kobe Life Enhancement Center (Consumer Science Information Department)

(1) Objective
The objective of the Kobe Life Enhancement Center is to support the independent activities of the residents of Hyogo Prefecture to create a lifestyle that can help them realize true affluence, through consumer life, arts, culture, environment, health, welfare, the development of communities, and youth activities.

(2) Background
On April 1, 2000, the Hyogo Prefectural Kobe Life Enhancement Center (hereafter “the Center”) was established at 1-3, Higashikawasaki-cho 1-chome, Chuo-ku, Kobe City, based on the Ordinance Concerning the Establishment and Management of the Hyogo. Prefectural Kobe Life Enhancement Center (Hyogo Prefecture Ordinance No.16 of 2000)

The Hyogo Prefectural Kobe Consumer Science Center has been abolished.
(3) Organization of Kobe Life Enhancement Center

(As of April, 2004)
(4) Promotion of consumer protection measures

In order to contribute to safety and freedom from worry in people's daily lives, the Hyogo Prefectural Government is making efforts to promptly remedy and prevent damage to consumers by improving its consumer counseling services, and by actively utilizing related laws and regulations, including the Consumer Protection Ordinance and the Law Concerning Door-to-Door Sales, etc.

(A) Improvement and strengthening of the system for handling consultations

To properly deal with consultations on complaints that have become more complicated, diversified and widespread, and to ensure the effectiveness of the Consumer Contract Law, Hyogo Prefectural Government improves the system for handling consultations through the enhancement of its technical capacity and collaboration with municipal governments.

(a) Improvement and strengthening of the In-Prefecture Living information Online Network System

In order to deal with complaints that have become more widespread and specialized, the Hyogo Prefectural Government has adopted the Practical Living Information Online Network System “PIO-NET” (operated by the National Consumer Affairs Center) that collects and provides information on case examples of nationwide consultations, strengthening the functions of the In-Prefecture Living Information Online Network System, in which the Kobe Life Enhancement Center is connected to the prefectural Consumer Science Centers and municipal counseling service counters.

![Diagram of PIO-NET system]

**National Consumer Affairs Center**

**Input**

**Kobe Life Enhancement Center**

(Consumer Science Dept.)

**Retrieval**

**Inputting and retrieving data on counseling information related to complaints**

**Prestuctural Consumer Centers, etc.**

**Inputting and retrieving data on counseling information related to complaints**

**Cities**

- Nishinomiya City, Itami City, Takarazuka City, Akashi City, Himeji City, Amagasaki City, Kawanishi City, Ashiya City, Sanda City, Kakogawa City
  - 10 locations, already established

- Nishiharima, Himeji, Nishiharima, Tajima, and Awaji
  - 7 location, already established

**Consumer Science Centers**

- (in Higashiharima, Himeji, Nishiharima, Tajima, and Awaji), Consumer Science Research Center and “Tanba Consumer Science Center”
  - 7 location, already established

**Consumer Science Centers**

- 7 locations, already established

**10 locations, already established**

- 10 locations, already established
(b) Holding workshops for consumer counseling, etc.
In order to properly respond to the cases of complaints requiring Specialist knowledge, Hyogo Prefectural Government holds workshops on consumer counseling intended for staff members responsible for consumer counseling of the prefectures and municipalities, for which it invites specialists, such as lawyers.

? Workshops on clothing and industrial products, meetings for exchanging counseling information, study groups on consumer law, etc.

(c) Holding training seminars for staff members responsible for consumer counseling

Training seminars are provided to staff members responsible for consumer counseling of municipal governments covering basic knowledge about consumer counseling, procedures for counseling work, laws and regulations related to consumer protection, etc.

(B) Implementation of consultations on consumer affairs

Consumer counseling specialists are allocated to each Consumer Science Center, and they make efforts to appropriately deal with consultations on consumer affairs.

(C) Provision of information and education on consumer science

Hyogo Prefecture Government holds lectures on consumer protection, and for the dissemination of appropriate knowledge related to people’s daily lives, providing information on consumer science based on the utilization of consumer education materials and the Internet.

(a) Holding lectures on trade transactions through the Internet

The lectures are provided to consumers with respect to the system of transactions through the internet, so that consumers can become fully familiar with information technology to carry out a wide range of consumer activities.

(b) Creating consumer education materials

Consumer education materials are prepared covering the latest problem so that the young and elderly people can be protected, since they are prone to become victims of unfair business practices (No. of copies to be printed: 120,000).

(c) Dissemination of information through the Internet, etc.

? Daily life-related information:
  ? Case examples of consumer counseling
  ? Daily life-related informational magazine “A Life,” etc.
? Community life-related information
  ? Information on events
  ? Counseling topics
  ? Shopping news, etc.
? Products database
  ? Quality, performance, and prices of products, etc.
? Publication of the informational magazine (“A Life,” daily living information reports from Hyogo) Special feature articles, price information, guides to products in season, etc.
30,000 copies monthly (6 pages: 3 pages (color Printing); 3 pages (2 color printing)
(D) **Promotion of consumer activities**

Consumers are encouraged to settle disputes independently, and are supported to carry out their own voluntary activities.

(a) Projects to provide consumers in communities with opportunities to learn about consumer life and to put into practice what they have learned.

<Content> Learning about consumer life in each community, putting things learned into practice, etc.

<Party commissioned> Hyogo prefecture Liaison Council of Consumer Organizations

(b) Establishing Lifestyle Creators

“Lifestyle Creators” is a group of volunteers organized to build up a high level of awareness among consumers about the creation of new lifestyles and to actively promote practical activities for the creation of a lifestyle-oriented society. In addition to consumer counseling and education work, Lifestyle Creators raises consumer awareness by presenting proposals for, and having them put into practice, activities to enhance their lifestyles in their communities.

<No. of Lifestyle Creators> 597 (fiscal 2002)
<Details of services> Consultations on people's daily lives, and collection and dissemination of daily living information, and proposals for and the practice of new lifestyles

(E) **Application of Consumer Protection Ordinances**

(a) Standards for products or services, and standards for labeling, packaging and presentation of trade transactions

<Prefectural standards> Four Standards (labeling of unit prices, packaging, packaging of fruits and vegetables, and unfair business practices)

<Voluntary industry standards> Four standard (labeling of confectionery using fat oil, labeling of sliced ham, transaction terms for cleaning, and labeling of fish boiled in soy sauce)

(b) Measures for businesses conducting transactions through unfair business practices

The Hyogo Prefecture Government applies the ordinances in improper transactions to business violating the Law Concerning Door-to-Door Sales, etc., and provides them with the guidance for rectification.

(F) **Enforcement of consumer protection-related laws and regulations**

(a) Enforcement of the Law Concerning Door-to-Door Sales, etc.”(revised as the Law concerning Certain Commercial Transactions in June)
To protect consumers from unjustified damage resulting from door-to-door sales, etc., guidance is provided to businesses who have committed prohibited acts, etc., protecting consumer interests by preventing the recurrence of such damage.

(b) Enforcement of the Law against Unjustifiable Premiums and Misleading Representations

Sales with unjustifiable premiums and misleading representations are regulated to ensure fair and free competition among businesses, so that consumer interests can be protected.

(c) Enforcement of the Law concerning regulation of Membership Contract of Golf Courses, etc.
Guidance is provided to businesses that committed prohibited acts, such as exaggerated claims in advertisements and intentional torts, to protect consumer interests.

(A) Ever-increasing consumer troubles --- the number of complaints reached a record 19,119

The number of consultation cases (the sum of complaints and inquiries) handled in fiscal 2002 at the Kobe Life Enhancement Center and Consumer Science Centers (in Higashiharima, Himeji, Nishiharima, Tajima, Awaji, and Tanbanomori Koen) increased by 8,478 to 23,538 (156.3% of the previous year). The number of complaints was 19,119 (178.3% of the previous year), roughly a 4-fold increase over ten years ago (4,962 cases in FY 1992). Both consultation and complaint cases reached a record.

(B) Troubles related to service make up 70%

Of 19,119 complaints, 71.9% were service-related cases. Most significantly increased were the number of cases related to "telephone/Internet services (a 3.4-fold increase over the previous year)" and "consumer financing services (200% of the previous year), collectively making up 51.1% of all complaints. The next most frequent complaint was about "Work Qualification courses, 6,835 cases, "Construction & Building, 452 cases, and "Land/House Lease, 304 cases. Complaints related to goods are about "general commodity, 774 cases, "accessories, 311 cases "health foods, 246 cases "automobile, 223 cases and "futon and other bedding goods, 205 cases.

(C) Dramatic increase in false bill cases -- a 3.5-fold increase over the previous year --

This year the number of false bill cases increased dramatically (60% increase: 2,851 cases in FY 2001; 9,970 cases in FY 2002). Of the total number of cases, 86.0% were related to either telephone/Internet services (7,454 cases) or consumer financing services (1,124 cases) (total 8,578 cases). In the majority of cases the consumer complained that he/she received an unjustified bill from a strange sender, due to the dissemination of personal information and the complexity of existing communication systems. It is of great concern that the ploys of those who wrongfully use communication tools may be getting more and more sophisticated and heinous.

**Cases related to telephone/Internet services: 8,050 cases**

Cases related to telephone/Internet services: 8,050 cases

False bill cases make up 92.6%, 7,454 cases, showing a 3.9-fold increase over the previous year

Many consumers received fraudulent bills or excessive late fee bills in the forms of a postcard, sealed letter, email via mobile phone or computer, etc. for a charge for a porno site or two-shot dial service he./she never used. (No one has to pay any bill if it does not make sense to him/her. Even if it does make sense at all, the liability shall be limited to the legal rate of annual 6% interest if the amount is not explained as including a late fee or suchlike. And, even if such an explanation is given, he/she has no obligation to pay the amount exceeding the annual rate of 14.6%, according to Article 9 of the Consumer Contract Act.)

**Cases related to consumer financing services: 1,919 cases**

False bill cases make up 58.6%, 1,124 cases, showing a 2.8-fold increase over the previous year

Troubles related to consumer finance that are becoming a serious problem include so-called “illusory loan” cases such as receiving a collection letter by telegram from a strange credit collection agent, “hard lend” cases such as demands being made to pay an excessive amount for money transferred into his/her account without prior consent, and "high-interest" cases such as being demanded payment of ¥35,000 for a loan of ¥20,000 obtained a week ago, which means the rate is higher than 29.2%, the maximum rate provided by the Law Concerning the Regulation of Receiving Capital Subscription, Deposits, and Interest on Deposits, are growing into a serious problem.(Local police stations provides consultation on loan shark troubles. In case of multiple debts, specialized consultation services are available)

(D) Troubles involving the youth and the elderly on the rise--Appointment sales and successive sales --

The number of consumer trouble cases involving youths under the age of 30 (5,941 cases) and elderly people over the age of 70 (1,320 cases) is on the rise. Increasing numbers of young people are getting into trouble related to the contracts for purchasing jewelry offered in “appointment sales” style business which targets consumers via the telephone, postcards etc. On the other hand, remarkably large numbers of elderly people are facing trouble over housing-related work every year. (These troubles usually involve pressing solicitation, hard sell, and unreasonably high contract fees. It is important to identify such cases at an early stage with the cooperation of the family and local community)
<Table 1>

(Consultation cases handled at seven Prefectural Centers)

<table>
<thead>
<tr>
<th>Year (Fiscal)</th>
<th>Case Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>23,538</td>
</tr>
<tr>
<td>1996</td>
<td>14,397</td>
</tr>
<tr>
<td>1997</td>
<td>15,060</td>
</tr>
</tbody>
</table>

*Kobe Great Earthquake in January 1995*
(Table 2) Complaint cases according to major items

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Major Items</th>
<th>FY2003</th>
<th>FY2002</th>
<th>FY2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Telephone / Internet Services</td>
<td>8,050</td>
<td>2,328</td>
<td>1,566</td>
</tr>
<tr>
<td>2</td>
<td>Free Loan / Consumer Financing Services</td>
<td>1,719</td>
<td>843</td>
<td>326</td>
</tr>
<tr>
<td>3</td>
<td>General Commodity</td>
<td>774</td>
<td>222</td>
<td>144</td>
</tr>
<tr>
<td>4</td>
<td>Work Qualification courses</td>
<td>683</td>
<td>381</td>
<td>538</td>
</tr>
<tr>
<td>5</td>
<td>Construction &amp; Building</td>
<td>452</td>
<td>384</td>
<td>386</td>
</tr>
<tr>
<td>6</td>
<td>Accessories</td>
<td>311</td>
<td>298</td>
<td>231</td>
</tr>
<tr>
<td>7</td>
<td>Land/House Lease</td>
<td>304</td>
<td>290</td>
<td>298</td>
</tr>
<tr>
<td>8</td>
<td>Health Foods</td>
<td>246</td>
<td>223</td>
<td>201</td>
</tr>
<tr>
<td>9</td>
<td>Household work / Side Business</td>
<td>228</td>
<td>237</td>
<td>273</td>
</tr>
<tr>
<td>10</td>
<td>Automobiles</td>
<td>223</td>
<td>198</td>
<td>220</td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td>6,129</td>
<td>5,306</td>
<td>5,323</td>
</tr>
<tr>
<td>Complaint cases</td>
<td></td>
<td>19,119</td>
<td>10,710</td>
<td>9,506</td>
</tr>
</tbody>
</table>

(Table 3) Complaint cases by Complainer age bracket and major items (2003)

<table>
<thead>
<tr>
<th>TTL Number</th>
<th>Less than Twenties</th>
<th>Twenties</th>
<th>Thirties</th>
<th>Forties</th>
<th>Fifties</th>
<th>Sixties</th>
<th>Seventies and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Telephone/ Internet</td>
<td>1,243</td>
<td>4,698</td>
<td>4,797</td>
<td>2,771</td>
<td>1,978</td>
<td>1,305</td>
</tr>
<tr>
<td>2</td>
<td>Land/ House Lease</td>
<td>1091</td>
<td>2,562</td>
<td>2,469</td>
<td>1,085</td>
<td>425</td>
<td>163</td>
</tr>
<tr>
<td>3</td>
<td>General Commodity</td>
<td>15</td>
<td>262</td>
<td>284</td>
<td>166</td>
<td>94</td>
<td>82</td>
</tr>
<tr>
<td>4</td>
<td>Automobiles</td>
<td>8</td>
<td>231</td>
<td>188</td>
<td>105</td>
<td>80</td>
<td>52</td>
</tr>
<tr>
<td>5</td>
<td>Free Loan/ Consumer Financing</td>
<td>8</td>
<td>146</td>
<td>88</td>
<td>85</td>
<td>60</td>
<td>47</td>
</tr>
<tr>
<td>Others</td>
<td>Telephone and Its Related Instruments</td>
<td>5</td>
<td>85</td>
<td>80</td>
<td>68</td>
<td>42</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Cosmetics</td>
<td>5</td>
<td>55</td>
<td>80</td>
<td>48</td>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td></td>
<td>Accessories</td>
<td>4</td>
<td>53</td>
<td>56</td>
<td>44</td>
<td>35</td>
<td>39</td>
</tr>
</tbody>
</table>
(Table 4) Complaint cases according to major items related to Sales Calls

<table>
<thead>
<tr>
<th>Ranking</th>
<th>FY2003 (%)</th>
<th>FY2002 (%)</th>
<th>FY2001 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Construction &amp; Building</td>
<td>261 (10.2)</td>
<td>217 (9.0)</td>
</tr>
<tr>
<td>2</td>
<td>Accessories</td>
<td>222 (8.7)</td>
<td>211 (8.7)</td>
</tr>
<tr>
<td>3</td>
<td>Futon And Other Bedding Goods</td>
<td>169 (6.6)</td>
<td>186 (7.7)</td>
</tr>
<tr>
<td>4</td>
<td>Newspaper</td>
<td>163 (6.4)</td>
<td>121 (5.0)</td>
</tr>
<tr>
<td>5</td>
<td>Water Purifier/ Tap Water Cleaner</td>
<td>153 (6.0)</td>
<td>135 (5.6)</td>
</tr>
<tr>
<td>6</td>
<td>Medical Devices</td>
<td>140 (5.5)</td>
<td>94 (3.9)</td>
</tr>
<tr>
<td>7</td>
<td>Learning Materials</td>
<td>128 (5.0)</td>
<td>130 (5.4)</td>
</tr>
<tr>
<td>8</td>
<td>Commodity Future Trading</td>
<td>82 (3.2)</td>
<td>58 (2.4)</td>
</tr>
<tr>
<td>9</td>
<td>House Cleaning</td>
<td>72 (2.8)</td>
<td>133 (5.5)</td>
</tr>
<tr>
<td>10</td>
<td>Health Foods</td>
<td>72 (2.8)</td>
<td>64 (2.6)</td>
</tr>
<tr>
<td>11</td>
<td>Electric Vacuum Cleaner and Its related Instruments</td>
<td>47 (1.8)</td>
<td>44 (1.8)</td>
</tr>
<tr>
<td>12</td>
<td>Solar Heating / Hot water supply System</td>
<td>44 (1.7)</td>
<td>47 (1.9)</td>
</tr>
<tr>
<td>13</td>
<td>Seal</td>
<td>44 (1.7)</td>
<td>42 (1.7)</td>
</tr>
<tr>
<td>14</td>
<td>Repair Services</td>
<td>41 (1.6)</td>
<td>49 (2.0)</td>
</tr>
<tr>
<td>15</td>
<td>Esthetic Services</td>
<td>38 (1.5)</td>
<td>55 (2.3)</td>
</tr>
<tr>
<td>Others</td>
<td>883 (34.5)</td>
<td>830 (34.4)</td>
<td>819 (34.5)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,559 (100.0)</td>
<td>2,416 (100.0)</td>
<td>2,373 (100)</td>
</tr>
</tbody>
</table>

(Table 5) Complaint cases according to major items related to Mail-Order

<table>
<thead>
<tr>
<th>Ranking</th>
<th>FY2003 (%)</th>
<th>FY2002 (%)</th>
<th>FY2001 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Telephone/Internet</td>
<td>7,803 (78.0)</td>
<td>2,129 (65.9)</td>
</tr>
<tr>
<td>2</td>
<td>Free Loan / Consumer Financing</td>
<td>830 (8.3)</td>
<td>390 (12.1)</td>
</tr>
<tr>
<td>3</td>
<td>General Commodity</td>
<td>365 (3.7)</td>
<td>32 (1.0)</td>
</tr>
<tr>
<td>4</td>
<td>Work Qualification courses</td>
<td>143 (1.4)</td>
<td>38 (1.2)</td>
</tr>
<tr>
<td>5</td>
<td>Lottery</td>
<td>108 (1.1)</td>
<td>76 (2.4)</td>
</tr>
<tr>
<td>Others</td>
<td>750 (7.5)</td>
<td>567 (17.5)</td>
<td>570 (25.4)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,999 (100.0)</td>
<td>3,232 (100.0)</td>
<td>2,245 (100.0)</td>
</tr>
</tbody>
</table>

(Table 6) Complaint cases according to major items related to Telemarketing Sales

<table>
<thead>
<tr>
<th>Ranking</th>
<th>FY2003 (%)</th>
<th>FY2002 (%)</th>
<th>FY2001 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Work Qualification courses</td>
<td>502 (28.0)</td>
<td>338 (39.8)</td>
</tr>
<tr>
<td>2</td>
<td>Free Loan / Consumer Financing</td>
<td>218 (12.2)</td>
<td>116 (9.0)</td>
</tr>
<tr>
<td>3</td>
<td>Advertising Agency Services</td>
<td>162 (9.0)</td>
<td>74 (5.7)</td>
</tr>
<tr>
<td>4</td>
<td>Household work/ Side Business</td>
<td>120 (6.7)</td>
<td>115 (8.9)</td>
</tr>
<tr>
<td>5</td>
<td>Educational/ Recreational Materials</td>
<td>103 (5.7)</td>
<td>100 (7.7)</td>
</tr>
<tr>
<td>Others</td>
<td>687 (38.3)</td>
<td>548 (42.4)</td>
<td>492 (40.6)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,792 (100.0)</td>
<td>1,291 (100.0)</td>
<td>1,213 (100)</td>
</tr>
</tbody>
</table>

(Table 7) Complaint cases according to major items related to Pyramid Sales Scheme

<table>
<thead>
<tr>
<th>Ranking</th>
<th>FY2003 (%)</th>
<th>FY2002 (%)</th>
<th>FY2001 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Health Foods</td>
<td>49 (17.2)</td>
<td>60 (24.7)</td>
</tr>
<tr>
<td>2</td>
<td>Telephone And Its Related Instruments</td>
<td>28 (9.8)</td>
<td>35 (14.4)</td>
</tr>
<tr>
<td>3</td>
<td>Water Purifier/ Tap Water Cleaner</td>
<td>28 (9.8)</td>
<td>16 (6.6)</td>
</tr>
<tr>
<td>4</td>
<td>Personal Computer / Word Processor</td>
<td>25 (8.8)</td>
<td>21 (8.6)</td>
</tr>
<tr>
<td>5</td>
<td>Cosmetics</td>
<td>23 (8.1)</td>
<td>16 (6.6)</td>
</tr>
<tr>
<td>Others</td>
<td>132 (46.3)</td>
<td>95 (39.1)</td>
<td>93 (36.6)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>285 (100.0)</td>
<td>243 (100.0)</td>
<td>287 (100)</td>
</tr>
</tbody>
</table>