

Reshaping Consumer Policy

*The Consumer Affairs Agency was launched on September 1, 2009, as a new government body responsible for Japan's consumer policy administration. At the same time, the Consumer Commission was established as a panel of independent experts within the Cabinet Office to monitor consumer policy. The establishment of these two bodies will mean major changes to the way consumer policy is implemented in Japan. Japan Echo talked to Consumer Commission Chairman **Tsuneo Matsumoto** about the likely impact of these developments.*



Tsuneo Matsumoto

Please tell us the reasons behind the establishment of the Consumer Affairs Agency.

TSUNEO MATSUMOTO: When Japan's first modern government was formed in 1868, its main role was to promote industrial development and build Japan into a prosperous nation. The approach chosen at the time involved a vertically structured government with a strong focus on industrial growth. Ministries were established for each major area of the economy, and each ministry was responsible for overseeing industrial development within its own sector. The ministries had responsibility for every aspect of the sector they oversaw—including consumer protection. Everything was dealt with inside the ministry, and decisions were made quite quickly.

Since the main objective was to encourage industrial growth, though, there was a tendency to prioritize industrial interests over those of the consumer whenever a conflict arose. Another disadvantage from the consumer's point of view was that the department or ministry responsible for product safety differed depending on the

product. So people didn't know where they should turn to when they wanted to lodge a complaint or make an inquiry, and they were sometimes given the runaround, being shunted from one department to another.

Until now, the consumer had been in an overwhelmingly weak position compared to businesses in terms of information, financial resources, and negotiating power. This gap needed to be eliminated, and the safety and security of consumers ensured. It is vital to guarantee consumer rights—the rights to safe products, information, choice, and redress, as well as the right to consumer education and the right to have views reflected in policy. The consumers needed to be given the strength and autonomy to deal independently with businesses and government authorities.

Within the Ministry of Health, Labor, and Welfare, responsibility for pharmaceuticals was split into two departments: one responsible for guaranteeing the safety of drugs, and the other for promoting the success of the pharmaceutical industry.

But consumer-focused policy-

making based on the interests of the consumer requires more than just dividing responsibilities between different departments in a single ministry. What was needed was an independent agency separate from the other ministries that was in a position to oversee the overall administrative process from the consumer's perspective and respond promptly to problems that had the potential of threatening their health and safety.

The Consumer Affairs Agency was established to bring responsibility for consumer policy under one roof. Based on the ideals of respecting consumer rights and supporting consumer independence, the agency is the first administrative body in Japan to be based on the idea of putting the consumer first.

The Consumer Commission was established at the same time. Its purpose is to ensure that policies are drawn up with the consumer's perspective in mind. As a

panel of independent experts, the commission monitors and issues reports on policies designed to protect and advance the consumer interest. We also advise the prime minister on measures in response to consumer damage and submit recommendations on important issues to the relevant ministries. Another role is to communicate the views of consumers and consumer groups to the Consumer Affairs Agency and other government ministries. The committee's deliberation sessions are open to the public, and large numbers of consumers attend. Commissioners and members of the public sometimes meet and exchange views after such sessions.

What are the main functions of the Consumer Affairs Agency?

MATSUMOTO: Firstly, the agency coordinates with other ministries to submit plans and proposals for consumer affairs policies. It has full or partial jurisdiction over thirty laws relating to product labeling, trading regulations, and safety. The agency will secure consumer safety through legislation and standards under its jurisdiction, as well as ensuring that these standards are followed and imposing administrative sanctions for infringements. Even for laws under the jurisdiction of other ministries, it can demand prompt enforcement when such action is deemed necessary to prevent accidents or the spread of damage. The agency also has the right to temporarily order the ban of products or the closure of facilities deemed unsafe in niche cases, which do not fall under the authority of any single ministry.

Consumer decisions on what products to buy depend on their own lifestyles and values—some

people may choose to buy a product because it's cheap, even if they know it's not of the best quality, while others may prefer to pay more for environmentally friendly products. Companies therefore have an important obligation to provide all the information that consumers need to make an informed choice.

Secondly, the consumer information that was previously held separately by different ministries has now been brought together. The Consumer Affairs Agency collects information on accidents, analyzes the causes, and makes the results available to consumers, businesses, and other government organizations. The agency also takes the lead in coordinating the government's response to problems affecting consumers, collaborating with various ministries and agencies to ensure a prompt response to issues.

Thirdly, the Agency provides support in various ways for consumer consultation centers operated by local governments. The "Consumer Hot Line" was launched last January. Consumers can access a nearby consultation center by dialing a common number anywhere in Japan. With a special fund established last year by the government, the operations of consumer consultation centers are being expanded so that people can get the advice they need, when they need it, wherever they live.

How will the agency affect companies operating in Japan and overseas?

MATSUMOTO: There may be a need to establish new safety standards or new labeling requirements in the event of a serious accident. But if an environment and framework can be established in which consumers can feel safe and secure

in their daily lives, then businesses will feel secure, too, in offering new products and services. In other words, the new system will have advantages for both consumers and companies. The agency will work in partnership with companies to ensure that their activities are in accordance with the consumer interest. Ensuring that companies that prioritize consumer interests are the ones that also succeed in the market is one of the most important tasks of the agency.

The new rules will affect all products and services in Japan, and imports will be no exception. If a product is deemed unsafe for Japanese consumers, that product is no doubt posing a risk to people in other countries, too. Establishing strict rules and standards and ensuring that these are adhered to not just in this country but also by foreign companies exporting to Japan will no doubt help to improve consumer protection standards overseas as well.

Countries around the world are proactively addressing consumer issues as the problems faced by consumers become more globalized. Vietnam is putting together its own consumer protection laws at the moment, and I've been offering advice via a program organized by the Japan International Cooperation Agency. Once the law is passed, it seems likely that Japan's Consumer Affairs Agency and Ministry of Economy, Trade, and Industry will be involved in helping to develop that country's human resources.

If Japanese support can help to improve consumer protection and product safety in Vietnam, this will be a major plus for consumers in Japan and Vietnam alike. We need to make sure to continue promoting these types of initiatives in foreign countries in the years to come. 