

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

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Consumer Affairs Agency Begins Operations

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Report Highlights:

The Consumers Affair Agency (CAA), established in September 2009, has officially assumed responsibility for labeling issues; recently responding to several cases of mislabeling.

Background:

The Consumer Affairs Agency (CAA) was officially established in September 2009, marking the creation of the newest agency in the Japanese central government since establishment of the Environment Agency (now known as the Ministry of the Environment) in 1971. The CAA will handle various consumer protection issues including several that involve foods (please see [JA9059](#) for further details), including administration of labeling regulations. In

November 2009 the CAA released a report detailing progress on seventeen projects assigned to the new agency. The report included a timeline beginning at the establishment of the agency and running through fiscal year 2012.

The progress report contained one specific reference to food labeling, noting the CAA's intent to establish regulations governing a new labeling category for "health foods". The CAA will split health food into three categories; 1) food with a nutrient function claim; 2) food for specified health use; 3) and other food; which includes anything not falling into the previous categories. The CAA convened a first meeting to discuss the new designation for health foods in November 2009. Once the CAA completes work on health food categorization it will then move to a general review of food labeling laws.

CAA Schedule for Labeling Policy: The following schedule for labeling and safety initiatives was outlined in the report.

- September 1, 2009 - March 31, 2010
The CAA will further discuss health food labeling, establish an investigatory commission, and finish a review of general labeling issues. The CAA will report to the Consumer Affairs Commission, a separate body of experts tasked with making recommendations to the ministries.
- April 1, 2010 - March 31, 2011
The CAA will review the current legal framework for food labeling and the system of reporting and disclosure (public announcement) for food safety incidents. The CAA will deliberate on and establish the necessary legal framework to deal with problems identified in analysis of the present system.
- April 1, 2011-August 31, 2012
The CAA will implement measures based on the results of the study.

CAA Response to Recent Mislabeling Incidents:

On November 10, the CAA announced that it had issued its first administrative measure in a case of fraudulent labeling involving country of origin on a chicken product. The product in question had been labeled as domestic when it was actually from Brazil. The mislabeling was detected through an internal investigation conducted by the company on June 11. The company voluntarily recalled and discontinued distribution of the product, and ran an advertisement offering an apology for the incident with an additional apology posted on their website. The company also notified the Ministry of Agriculture, Forestry and Fisheries on June 17.

The CAA's response came four months after the incident. The response did not result in any penalization of the company since it had already corrected the problem voluntarily. However, the CAA's administrative measure did offer a public reprimand stating, "It is believed that the domestically raised chickens are generally safer than those raised in another country. Therefore, Japanese consumers prefer domestic products." The implication of the statement

was that the company had made the product more attractive to customers by misrepresenting it as domestic product. FAS Japan responded to the CAA statement with the assertion that it only served to reinforce negative stereotypes when in fact the safety record of imported foods in Japan is comparable and in some cases better than domestically produced product. Previously this kind of incident would have been handled by the Japan Fair Trade Commission but in this instance was carried out by the Labeling Countermeasure Division at CAA, which issued the administrative measure under the authority of the Law for the Prevention of Unseasonable Premiums and Misrepresentation of Products and Services. The case falls under the law, article 4, section 1, number 1, covering “misrepresentation for gain”. This article is applied when less expensive products are labeled as being higher value product

Recently another incident involving labeling prompted the CAA to take action. In November 2009, five workers suffered esophagitis and gastric inflammation injuries from drinking glacial acetic acid imported from Korea. The product, which was labeled in Korean but not in Japanese, was marketed as vinegar. However, the acidity of the product exceeded Japanese legal standards. The incident triggered the CAA to issue a flyer in January 2010 calling for companies to ensure that all imported food products contain proper labeling in Japanese. The flyer was written in Japanese, English, Korean and Chinese. Please see the following link to the flyer: <http://www.caa.go.jp/foods/pdf/syokuhin148.pdf>. The incident was a rare occurrence and did not indicate a major problem. In addition to the labeling mandate, the industry has an extra incentive to place a Japanese label in the product since most consumers will not buy foods without labeling. In this case the product in question was sold online indicating that the purchaser was familiar with the product. Reportedly the five people suffering injuries were asked to drink the acid by the company president, who did not drink it himself. Although there were 200 bottles sold in Japan there were no additional injuries beyond these five people. The CAA consulted with FAS Tokyo prior to releasing the announcement, which was just one line on a flyer linked to the CAA website. We do not expect any further impact on U.S. processed foods related to this flyer.

Conclusion:

The CAA has sought opportunities to respond to labeling issues as was demonstrated by these two actions. The CAA has struggled to carve out a niche different from the role formerly assigned to ministries such as the Ministry of Agriculture, Forestry, and Fisheries or Ministry of Health, Labor, and Welfare. The CAA is a newly established agency with a staff of 200 persons absconded from other ministries and agencies. With limited staffing and a significant amount of work ahead in picking up responsibility for the administration of labeling issues it will take some time before the ministry will be able to function at full capacity. For example, the major labeling action taken so far was an announcement in November 2009 by the Minister of Consumer Affairs, Ms. Fukushima that the CAA would consider on labeling regulations for trans-fatty acid. The most substantially task the agency has to take up, establishment of a unified food labeling law, still has not been listed in the progress report. It remains to be seen how the ministry will eventually evolve but we will continue to monitor the CAA's progress for further developments.

