

Provisional Translation

the Act Partially Amending the Consumer Product Safety Act, etc.

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Product Safety Division, Industrial and Product Safety Policy Group, Ministry of Economy, Trade and Industry (METI)

Outline of the Act Partially Amending the Consumer Product Safety Act, etc(*).

* Consumer Product Safety Act, Gas Business Act, Electrical Appliances and Materials Safety Act, Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas)

Background and Legal Overview

- In recent years, with the expansion of Internet transactions, opportunities for Japanese and foreign businesses to sell products to domestic consumers through online malls, etc. have been increasing. However, the following issues have arisen:
- (1) the absence of domestic manufacturers and importers who are (legally) responsible for the safety of products sold directly to domestic consumers by foreign businesses using online malls and other digital platforms (DPFs) for trade; and (2) the lack of regulations on the sale of products for children (e.g., toys), including products from overseas, whose safety cannot be verified (i.e., the situation is handled only after an accident occurs).
- In order to create an environment in which domestic consumers can use products safely through ensuring the safety of products sold directly from overseas, and preventing accidents caused by children's products, measures should be taken to (1) address the expansion of Internet transantions and (2) ensure the safety of toys and other products for children.

(1) Responding to the expansion of Internet transactions [The four product safety Acts]

① Regulation of overseas operators (appointment of a domestic administrator)

In cases where an overseas business operator sells products directly to domestic consumers without going through a domestic importer (e.g., through the use of a DPF for trade), we will clarify that the overseas business operator is subject to notification under the Consumer Product Safety Act, etc. and require the overseas business operator to appoint a person responsible for enforcement of the regulations in Japan (domestic administrator).

② Establishment of measures to request providers of digital platforms for trade to delete products from the DPFs.

• If a consumer product offered on a DPF for trade is deemed to pose a risk of danger to domestic consumers, and if the seller of the product is not expected to take necessary measures (e.g., a recall), measures such as requesting the provider of the DPF for trade to remove the product from the DPF may be taken.

③ Implementation of a public disclosure system

• Establish a system to publicize the name of the notified business operator, the classification of the model of the specified product, the name of the domestic administrator, etc.

④ Establishment of a system to publicize violators of laws and regulations, etc.

• Establish a system whereby the names, etc. of those who have committed acts in violation of laws, or orders based on laws, etc., may be made public..

(2) Measures to ensure the safety of toys and other products for children[Consumer Product Safety Act]

$(\ensuremath{\texttt{1}}\xspace$ Establishment of regulations related to products for children

- Regarding Specified products for children (products requiring labeling of target ages and precautions for use as they are used mainly for children's daily lives), the government will require manufacturers and importers of such products to conform to the technical standards set by the government and to display warnings such as target age range and precautions for use.
- Products without information indicating that the above obligations have been fulfilled may not be sold.

2 Exception for specified used products for children

• A special exception will be made to allow the sale of specified used products for children, on the condition that domestic consumers are alerted, and a system is in place to ensure their safety.

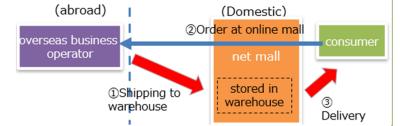


halls

Magnet set Water inflatable



* Stuffed toys, etc. that are in violation of laws and regulations overseas (e.g., small parts that are easily removed and may lead to accidental ingestion or choking)



Overview of the four product safety Acts

- The four product safety Acts specify products that may cause harm (products eligible for the PS mark) and require manufacturers and importers to comply with technical standards set by the government.
- <u>Manufacturers and importers</u> display the PS mark on products that meet technical standards themselves and sell them. <u>Sellers, etc.</u> must not sell products that do not display the PS mark.
- Manufacturers and importers are required to report to the Consumer Affairs Agency within 10 days of recognizing the occurrence of serious product accidents.

the 4 product safety Acts and the PS mark

Consumer Product Safety Act (12 items)

Lighters, laser pointers, Infant beds, etc. (4 items)

Electrical Appliances and Materials Safety Act (457 items)

Gas Business Act (8 items)

Act on the Securing of Safety and the Optimization of Transaction of Liquefied Petroleum Gas(16 items)



Outlets, Extension cords, DC power supplies, Portable generators, etc. (116 items) LED lamps, Air conditioners, Refrigerators, Microwave ovens, etc. (341 items)

Oil stove, Magnet set, Water inflatable balls, etc. (8 items)



Gas bath burner, etc. (4 items)



Gas stove, etc. (4 items)



Cartridge gas stove, gas valve for liquefied petroleum gas, etc. (7 items)

General gas stove , etc. (9 items)

*The circular PS mark can be displayed if <u>self-inspection</u> is performed and compliance with technical standards is confirmed. *The diamond-shaped PS mark can be displayed if compliance with technical standards is confirmed <u>by Registered Conformity</u> <u>Inspection Body in addition to self-inspection</u>.

Changing environment surrounding product safety

- Since the establishment of the Serious Product Accidents^{*} Reporting System in response to fatal accidents caused by Paloma's water heater in 2006, <u>the number of serious product accidents resulting from Internet shopping is increasing year by year.</u>
- In recent years, with <u>the expansion of Internet transactions</u>, various products are distributed in the market, products whose safety cannot be confirmed are flowing in from overseas, and <u>accidents have occurred</u> with products intended for children, etc. Product safety administration is <u>at a major turning point</u>.
 - Issue 1 : System reforms to accommodate the expansion of Internet transactions
 - Issue 2 : <u>Regulatory development of children's products</u>

< Main details of the fatal accident caused by Paloma's water heater in 2006 >

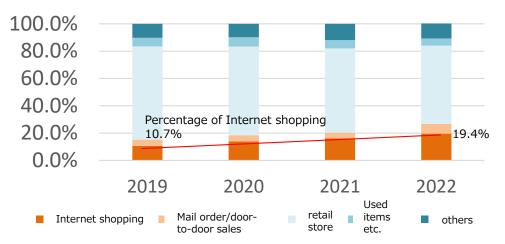
In July 2006, it was revealed that 28 cases of carbon monoxide poisoning occurred at Paloma's water heaters between **<u>1985 and 2005</u>**. Of these, **<u>21 were fatal accidents</u>**.

In August 2006, Ministry of Economy, Trade and Industry (METI) orders Paloma to recall.

In November 2006, the Act was amended at an extraordinary Diet session , and <u>a Serious Product Accidents Reporting</u> <u>System</u> was established. <Ratio of Internet sales products among serious product accidents>

Product acquisition route in the serious product accidents

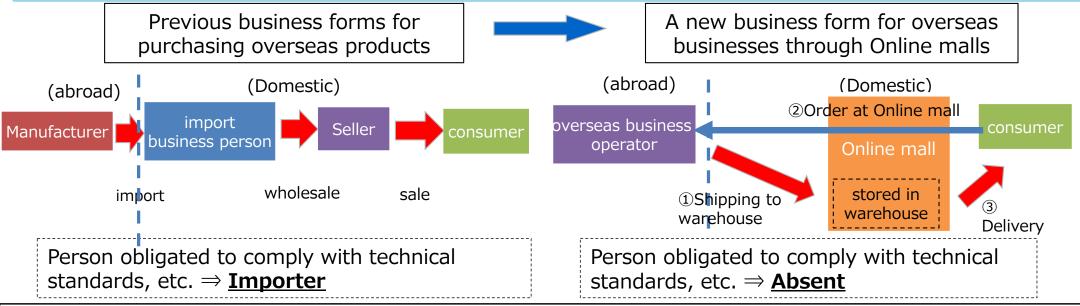
* Among serious product accident reports, accidents where the source of the product is known are classified (excludes accidents where the source of the product is unknown)



* Serious product accidents include fatal accidents, serious illness accidents (injuries or illnesses that require treatment for 30 days or more), residual disability accidents, carbon monoxide poisoning accidents, and fire accidents.

System reforms to accommodate the expansion of Internet transactions

- With the expansion of Internet transactions, there are increasing opportunities for Japanese and foreign businesses to sell products directly to Japanese domestic consumers.
- Particularly in the case of sales conducted by overseas businesses, <u>there are isuuses in that there are no Japanese</u> <u>domestic manufacturers or importers subject to the regulations</u>.



[Direction of response]

- 1. Under the four product safety Acts , <u>overseas businesses are subject to regulations (appointment of domestic</u> <u>administrators)</u>
- 2. Request Online mall operators to delete listings of violating products, etc., and announcement of request
- **3.** <u>**Implementation of public disclosure system** on notifying businesses (importers, manufacturers), including domestic administrators.</u>
- 4. Implementation of a public disclosure system for the names of those who violate Acts and orders based on Acts, etc.
- [Reference] In the EU, when a product manufactured by a manufacturer outside the EU is traded within the EU (regardless of sales methods such as the Internet or brick-and-mortar stores), It is mandatory to establish a responsible business operator within the EU.

Issues related to children's products such as toys

 Products for children are more prone to accidental ingestion and require more consideration than regular products. However, at present, measures to prevent accidents among children are insufficient.

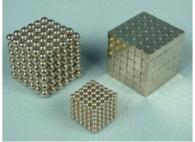
[Image source]

National Consumer

Affairs Center of Japan

(Example of dangerous children's products)

① Magnet set, water inflatable balls



If multiple magnets are accidentally swallowed, the gastrointestinal wall may become trapped between the magnets, causing a hole in the gastrointestinal wall.

If Water inflatable balls accidentally ingested, it may enlarge in the gastrointestinal tract and cause intestinal obstruction.

②Stuffed toys that violate Acts and regulations overseas





[Image source] EU Safety Gate Alert number A12/01208/22 and A12/01243/22

Metal fasteners may come off easily. There is a risk of suffocation due to accidental ingestion of plastic packaging, button batteries, etc. Small parts can easily come off and may cause choking if swallowed.

<Consumer Product Safety Act>

(Definitions)

Article 2 The term "Consumer Products" as used in this Act means any product supplied mainly for use by general consumers in their everyday lives (except for those products listed in the Appended Table).

(2) The term "Specified Products" as used in this Act means Consumer Products that are found to be highly likely to cause harm particularly to the lives or health of general consumers in consideration of these products' structure, material qualities, and usage, etc., which are specified by Cabinet Order.

<Children-related products regulated by the Consumer Product Safety Act>

beds for babies and infants(requires a structure that prevents infants from easily climbing over the frame and falling)

□ Magnetic entertainment supplies (magnet set) * Added in May 2023

□ Water-absorbing synthetic resin toy (beds for babies and infants) * Added in May 2023

Regulatory development of children's products

- While other countries such as Europe and the United States have generally introduced safety regulations regarding toys, there are no prior regulations in Japan, with the exception of some products designated as specific products. For this reason, even if the sale of products is prohibited in other countries because they do not meet technical standards, it is not possible to prevent them from being distributed domestically.
- Considering that it has been pointed out that there is a crisis situation in which children in Japan cannot be protected, **it is necessary to subject products for children to prior regulation**.

Countries/Regions where toys are subject to safety regulations

	Country / Region
Europe	EU , UK
Asia	China, South Korea, Singapore, Malaysia, India
Oceania	Australia, New Zealand
North and South America	USA, Canada, Mexico, Argentina, Brazil, Uruguay, Chile
middle east	Saudi Arabia, Bahrain, Qatar, Kuwait, UAE, Oman, Yemen
Eurasia	Russia, Belarus, Kazakhstan, Kyrgyzstan, Tajikistan

[Direction of response]

1. <u>Create a category of "Specified Products for children" and pre-regulate applicable products</u>.

 \rightarrow Products **must be labeled to the effect that they comply with technical regulations**, as well as to indicate **the target age group** and **precautions for use**.

2. Special measures for used items

- →Used items that meet 1. above can be sold. On the other hand, we are considering <u>special measures that would allow the sale</u> of <u>used products that do not have packaging and the markings listed in 1. above cannot be confirmed</u>, subject to conditions such as the establishment of a system to secure safety by the seller.
- * In addition, consideration will be given to allowing products manufactured or imported before the enforcement of the Act to be sold without a time limit.