

The Status of Damage Relief in the Cosmetics Industry and the ADR System*

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Cosmetics are products that consumers use every day to maintain or improve the health of their skin and hair. Therefore, the expansion of the cosmetics market leads to the expansion of disputes over cosmetic damage. Along with constant social changes, new conflicts continue to arise.

In order to resolve these disputes, various consumer dispute resolution organizations and methods are required. Therefore, Alternative Dispute Resolution (ADR), an alternative method that can provide a reasonable judgment on problems that occur during the manufacture and distribution of cosmetics with expert knowledge of the industry, is required.

Korea resolves disputes between consumers and manufacturers caused by cosmetics through the ADR of the Korea Cosmetics Association and the Korea Consumer Agency. It handles disputes related to accidents caused by cosmetics, offers consultation on consumer complaints on cosmetics and provides information on accidents and safety related to cosmetics.

It is not possible to completely eradicate disputes from cosmetic damages. Therefore, it is necessary to expand and efficiently operate the cosmetic ADR system for consumers. In this study, the current status of cosmetic damage disputes and damage relief and the role of the domestic ADR system were reviewed.

Consumers should be easily relieved from damage caused by cosmetics. By accumulating important precedents with an efficient cosmetic damage dispute resolution system, disputes over cosmetic damage should be smoothly resolved.

Key Words : Cosmetic, Dispute Resolution, Alternative Dispute Resolution, Consumer Arbitration, Cosmetic Industry

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I . Introduction

The fourth industrial revolution led by life science and artificial intelligence is highly likely to be accompanied by an interest in anti-aging and beauty.¹⁾ The cosmetics industry is growing significantly due to the expansion of the anti-aging market and men's and children's cosmetics markets. This can be seen as a reflection of social changes such as income and consumption growth, aging society, and metrosexuality. Such expansion of the cosmetics market is bringing about a wide range of disputes.

According to the Cosmetics Act and Life Act, issues include contamination by foreign substances, insufficient ingredients, incomplete decomposition of organic matter, expired products, poor quantity, quality, performance and function, damage from faulty packaging and side effects.²⁾

With the implementation of the customized cosmetics policy in March 2020, producing cosmetic products without meeting the content requirements of ingredients can cause even more severe side effects.³⁾

The Cosmetics Act, which was introduced in 1995, was approved by the National Assembly in August 1999, promulgated as Act No. 6,025 in September 1999 and made effective in July 2000.⁴⁾ The enactment of the Cosmetics Act protected customers through efficient competition based on laws that restricted the distribution of substandard cosmetics and provided a standard for various disputes in the industry.

In a previous study, Sung-Yong Park examined the current status and problems of the consumer dispute mediation system and reviewed the possibility of introducing an arbitration system to the consumer dispute mediation system for higher efficiency.⁵⁾ He claimed that the arbitration system could increase the efficiency of the process.

Do-nyun Kim examined what factors should be considered when building an arbitration system as a means of resolving consumer disputes.⁶⁾ He suggested that

1) "Changer of the 4th industrial revolution, 'Cosmetics industry' attention", (2018), Retrieved July 19, 2022, from <http://www.cncnews.co.kr/news/article.html?no=2961>

2) "Practical Law", Cosmetics Act, (2021), Retrieved July 19, 2022, from <https://www.law.go.kr>

3) Ju-Ri Kim, "ADR systems as solutions to reduce disputes of cosmetic law", *Journal of Arbitration Studies*, Vol.31, No.4, 2021, p.138.

4) Jeong-Rim An, "Changes and future prospects following the enactment of the Cosmetics Act", *Korea Cosmetic Association*, 2018, p 169.

5) Sung-Yong Park, "A Study on the Possibility of Introducing Arbitration Program to Consumer Dispute Resolution System", *Journal of Arbitration Studies*, Vol.19, No.2, 2009. p.92.

arbitration should serve as an alternative process for resolving disputes while representing consumers' rights and interests, be equipped with procedures to facilitate an agreement and uphold the fairness of the arbitration process.

This study aims to help consumers recover from damages caused by cosmetics by examining the current state of cosmetic damages and damage relief and searching for an efficient way to arbitrate disputes in the cosmetics industry.

II. Definition and types of the ADR system

1. Definition and types

ADR is an alternative dispute resolution method as opposed to a court resolution.⁷⁾ There are many types of ADR, which can be divided into negotiation, arbitration and mediation.

Negotiation refers to a method in which both parties resolve their dispute through discussion. Though it is considered an ADR, it may be defined as an independent process in some cases.

Arbitration is a method in which the parties entrust the dispute resolution to a third party, who identifies the facts and presents a reasonable solution(Article 12 of Chapter 3 of the Arbitration Act).

Mediation is the process of using a third party called a mediator to settle disputes by agreement. In this process, the parties voluntarily write an enforceable agreement and hold discussions to protect their interests.

2. Advantages and disadvantages of the ADR system

The advantage of ADR, a non-litigation approach to resolving disputes, is that it avoids long court proceedings and the high costs associated with them. In addition, it

6) Do-Nyun Kim, Dong-Ha Lee, "Study on the Consumer Arbitration as a Remedy of Consumers' Damage", *Journal of Arbitration*, Studies, Vol.28, No.2, 2017, p.86.

7) Hwang, Seung-Tae, "Research on the Development Direction of Korean Alternative Dispute Resolution", Judicial Policy Research Institute, 2016, pp. 29-53

can derive specific and reasonable solutions that consider the interests of the parties. In the case of mediation, it is faster and less costly than court proceedings. It protects the privacy of the parties since it does not need to be disclosed and prevents unnecessary altercations. The parties are highly likely to adhere to the agreement made through mediation and can obtain the ability to resolve disputes on their own in the event of a recurring dispute.

The disadvantage of ADR is that it is in conflict with the party's right to a trial as guaranteed by the constitution or that the process incurs public costs while reducing the burden on the parties. Therefore, using ADR to resolve disputes require deliberation of the advantages and disadvantages.

Ⅲ. Consumer's dispute in cosmetic industry

1. Status of the domestic cosmetics industry

In 2020, Korea had the third largest cosmetics exports in the world after France and the US.⁸⁾ Despite the economic recession caused by COVID-19, cosmetics exports increased, creating a KRW 7 trillion trade surplus and maintaining a surplus for the ninth consecutive year<Table 1>.

<Table 1> Cosmetics export by country

(unit : 1,000 USD)

	by country	2016	2017	2018	2019	2020	YOY increase
1	France	12,334,651	13,881,426	14,776,033	17,124,931	14,812,676	-13.5
2	USA	8,866,475	9,534,250	10,102,019	10,360,452	8,811,596	-14.9
3	Korea	4,178,421	4,944,639	6,260,192	6,524,789	7,572,097	16.1
4	Germany	6,935,914	7,033,544	7,409,565	8,373,043	6,947,032	-17.0
5	Japan	2,317,386	3,215,212	4,545,427	5,327,529	6,193,354	16.3
6	Italy	4,190,826	4,568,571	4,754,032	5,235,703	4,456,787	-14.9
7	China	3,223,551	3,768,419	4,295,597	4,628,446	3,943,135	-14.8
8	Spain	3,136,099	3,495,415	3,872,765	4,564,291	3,729,283	-18.3

Source : Ministry of Food and Safety. 2021.

8) "Last year, cosmetics exports were the third largest in the world after France and the United States", (2021), Retrieved July 20, 2022, from <https://www.beautynury.com/news/view/93621/cat/20>

With the development of the cosmetics industry, the disputes are becoming more diverse. In order to effectively resolve disputes related to cosmetics, it is necessary to identify and analyze the types of disputes and explore the possibility of arbitration.

The expansion of the cosmetics market leads to the expansion of disputes over cosmetic damage. Resolving these disputes requires various consumer dispute resolution mechanisms and methods. One method is through laws and courts while another is an alternative or out-of-court dispute resolution method.

A reasonable dispute resolution method was required because the method of resolution by law or court is time-consuming, costly and accompanied by the suffering of the involved parties. Therefore, Alternative Dispute Resolution, an alternative method that can provide a reasonable judgment on problems that occur during the manufacture and distribution of cosmetics with expert knowledge of the industry, is required. It is possible to request counseling and damage relief from the Korea Cosmetics Association, consumer groups and administrative agencies, local government consumer life centers, Korea Consumer Agency, consumer groups, etc.

The Korea Cosmetics Association provides timely resolution of disputes about cosmetics between consumers and manufacturers according to procedures.⁹⁾ The disputes are resolved by negotiation between parties, mediation through a conciliator and deliberation. It offers consultation on consumer complaints on cosmetics, handles disputes related to accidents caused by cosmetics, and provides information on accidents and safety related to cosmetics. Consultation includes product accidents, quality complaints and product complaints. Product accidents include physical accidents and property damage caused by cosmetics. Quality complaints include deteriorated content and damaged containers. Product complaints include complaints about customer service, problems during use and consultation of quality complaints.

9) "product liability center", (2002), Retrieved July 15, 2022, from https://kcia.or.kr/home/edu/edu_01.php?type=view&no=159&ss=page%3D%26skind%3DTITLE_CNTNT%26sword%3Dpl%EC%84%BC%ED%84%B0%26ob%3D

2. Definition and types of cosmetic consumer's claims

(1) Definition of cosmetic claims

The Cosmetics Association has established the self-regulation of cosmetic claims handling in order to promptly and accurately handle cosmetic-related consumer's claims (damages) in accordance with the Consumer Basic Act and individual laws related to the Cosmetics Act.¹⁰⁾

A cosmetic claim refers to a claim for damages and an objection by a consumer to a manufacturer, seller or distributor in case of violation of quantity, quality, packaging, etc. in product transaction.

(2) The types of cosmetic claims

1) Product claim

It refers to a case in which normal use of the purchased product is not possible due to the occurrence of a defect in the purchased product until the consumer purchases the product and discards it. There are four types of product claims: material claims, content claims, warning claims and other claims.

2) Skin claim

Generally, in dermatology, it is called 'contact dermatitis', and it refers to dermatitis that occurs when external substances (chemical products, cosmetics, metals, clothing, animals, light, etc.) come into direct contact with our skin and the skin is stimulated.

Types include 'irritant reaction (Primary Irritant contact dermatitis)' and 'allergic reaction (Allergic contact dermatitis)'.

3) Service-related claims

It is raised when the consumer is dissatisfied with the services provided to consumers, such as product consultation, beauty, and entertainment, or when it does not meet the consumer's expectations. It refers to claims such as expressing consumer

10) "Cosmetic Claims Handling self-regulation No. 1", (2002), Retrieved July 22, 2022, from <https://www.easylaw.go.kr/CSP/CnpClsMain.laf?csmSeq=1301&ccfNo=5&cciNo=4&cnpClsNo=1>

dissatisfaction.

3. The types of Cosmetic Dispute Resolution

If the damage relief procedure cannot be resolved through voluntary agreement between the consumer and the business, it can be resolved through counseling, damage regulation, judicial remedies, and litigation in small claims cases by consumer groups and administrative agencies, local government consumer life centers, Korea Consumer Agency, consumer groups, etc.¹¹⁾ If an agreement is not reached here, the dispute may be negotiated by the Consumer Dispute Mediation Committee, etc. If mediation cannot be reached in this way, a small claims court or civil lawsuit may be filed.

(1) Solution through direct consultation between cosmetic consumers and businesses

When a dispute arises between a cosmetic business operator and a consumer, there is a consumer dispute resolution standard as a specific agreement or recommendation standard for the smooth resolution of the dispute.¹²⁾ The criteria for resolving disputes related to cosmetics according to the Consumer Dispute Settlement Standards are <Table 2>(Consumer Dispute Settlement Standards Article 3 and Attached Table 2 No. 38).

<Table 2> Consumer Dispute Resolution Standards for Cosmetics

Cosmetics			
	Dispute Type	Resolution Criteria	Note
1	Foreign substances are mixed	Exchange the product or refund of purchase price	Payment for treatment cost: In the case of disease treatment by diagnosis and prescription by a dermatologist. However, there
2	Content is inappropriate	Exchange the product or refund of purchase price	

11) "Consumer Damage Relief Organization", (2022), Retrieved July 22, 2022, from https://easylaw.go.kr/CSP/CnpClsMain.laf?popMenu=ov&csmSeq=557&ccfNo=4&cciNo=3&cnpClsNo=1&menuType=cnpcls&search_put=

12) "Fair Trade Commission Notice No. 2021-7(2021. 5. 25. Issued and implemented), Retrieved July 22, 2022, from <https://www.kca.go.kr>

Cosmetics			
	Dispute Type	Resolution Criteria	Note
3	Decomposition is spoiled	Exchange the product or refund of purchase price	<p>must be a causation with cosmetics, and the payment is not provided for Plastic surgery and beauty management purposes.</p> <p>Lost income: Only when it is proven that loss of income has occurred due to damage; If the amount cannot be proven, the market wage unit price will be used.</p>
4	Expiration date has passed	Exchange the product or refund of purchase price	
5	Insufficient capacity	Exchange the product or refund of purchase price	
6	Quality, Performance, and Function defects	Exchange the product or refund of purchase price	
7	Damage accidents due to defective containers	Treatment cost, expenses and lost income Compensation	
8	Side Effect, ets	Treatment cost, expenses and lost income Compensation	

Source : Korea Consumer Agency. 2021.

If a cosmetic claim is received, it will be exchanged or refunded, or If it turns out to be a defect or deformity in the product itself, it will be exchanged for the same product. If it is impossible to process the same product, it will be exchanged for a similar product (1:1 to price). If the consumer wants a refund, it will be refunded at the purchase price. In this case, it is based on the receipt received at the time of purchase, and if there is no receipt, payment is made according to the normal transaction price. Compensation for damages can be treated as personal damage, material damage, transportation cost, labor cost, etc.

(2) Resolve through consumer protection agencies or courts

If an agreement cannot be reached between the parties to the dispute according to the dispute resolution standards, the parties to the dispute may request relief from the damage from the head of a central administrative agency, mayor/do governor, the head of the Korea Consumer Agency, or a consumer organization. If an agreement is reached, you can receive compensation such as repair, return, exchange, compensation, or refund. If an agreement cannot be reached, the Consumer Dispute Conciliation Committee may mediate the dispute.

Consumers who have not been able to solve the problem even with the court's

simplified remedies and payment orders can finally be resolved by filing a civil litigation.

IV. Current status of domestic cosmetic damage relief and points for improvement

In Korea, when a side effect occurs due to the use of cosmetics, manufacturers and importers are obliged to report the contents announced by the Minister of Food and Drug Safety.¹³⁾ The Korean Cosmetics Association classified the types of skin troubles into 4 stages in the self-regulatory rules for handling cosmetic claims. Cosmetics companies should report the cases corresponding to steps 3 and 4.

The Korea Consumer Agency was established in 1987 to effectively relieve consumer damage. As a result, It has established itself as a specialized institution for Alternative Dispute Resolution.

There were 890 applications for cosmetic-related damage relief received from the Korea Consumer Agency from 2016 to 2019<Table 3>. The number of consumer damage relief cases for cosmetics increased to 177 cases in 2016, 213 cases in 2017, 194 cases in 2018, and 221 cases in 2019. Cosmetics received 221 cases for damage relief in 2019, it is an increase of 13.9% compared to 194 cases in 2018.

<Table 3> Current status of cosmetic damage remedy receipt

Unit : case, (%)

	2016	2017	2018	2019
per case	177	213	194	221
increase	-	36(20.3)	-19(-8.9)	27(13.9)

Source : Korea Consumer Agency. 2020.

We analyzed 856 cases in which sales methods can be checked among the cases for which damage relief has been applied<Table 4>. As a result, mail-order sales accounted for the most at 61.2% (524 cases), followed by general sales at 19.9% (170

13) "Monitoring of cosmetic side effects", (2010), Retrieved July 24, 2022, from <https://www.kca.go.kr>

cases) and door-to-door sales at 18.9% (162 cases).

In all sales methods, 'contract cancellation and withdraw a subscription'-related damage was the most, and door-to-door sales had the highest proportion. Door-to-door sales include telephone solicitation sales, street sales, and multi-level sales. In the case of mail-order sales, it was found that many damages were caused by not fulfilling the contract properly. Mail-order sales include online transactions, social commerce, and TV home shopping.

<Table 4> Damage type status by sales method

Unit : case, (%)

	Contract cancellation and withdraw a subscription	Non-Performance of Contract	Quality	Safety	Labeling and advertising	Etc ¹⁴⁾	Total
Mail-order	137 (26.1)	136 (26.0)	127 (24.2)	44 (8.4)	57 (10.9)	23 (5.5)	524 (100.0)
general sales	50 (29.4)	26 (28.1)	44 (25.6)	35 (11.4)	2 (5.5)	16 (5.5)	170 (100.0)
door-to-door sales	137 (29.4)	136 (28.1)	127 (25.6)	44 (11.4)	57 (5.5)	23 (5.5)	524 (100.0)
total	137 (29.4)	136 (28.1)	127 (25.6)	44 (11.4)	57 (5.5)	23 (5.5)	524 (100.0)

Source : Korea Consumer Agency. 2020.

The Korea Consumer Agency is providing remedies for cosmetic damage through dispute resolution. In addition, through press releases, consumer cautions were notified to prevent consumer damage related to the purchase of cosmetics. Do not be deceived by the free event details and the seller's coercion to purchase, check the contract details carefully and receive a contract, and in the case of mail-order sales, keep related materials in case of non-fulfillment of the contract related to the event, Open the product only when there is an intention to use it, and understand the laws and regulations related to withdrawal of subscription, if you want a return, you will clearly

14) "Etc - misconduct, A/S dissatisfaction, price dissatisfaction, etc", (2020), Retrieved July 22, 2022, from <https://www.kca.go.kr/home/sub.do?menukey=4002&mode=view&no=1002977338>

communicate your intention in writing, etc.

Currently, consumer policy has become one of the most important national policies in Korea, and policies and systems that are unfavorable to consumers are continuously being improved.

The operation of consumer dispute resolution standards is based on the responsibility of the state as stipulated in the Consumer Basic Act. However, the content of the standards is ambiguous or difficult to understand, and there are cases where it is not advantageous to consumers than the content of the law. In addition, some regulations impose specific obligations on business operators. If consumer dispute resolution standards are improved in line with the changing times, it is considered to be a reasonable guideline for dispute resolution for various stakeholders.

V. Cosmetic dispute resolution for foreigners

1. Global cosmetic industry trends

The global cosmetics industry continues to grow despite the recession.¹⁵⁾ It is attracting attention due to the rise of new consumption trends and diversification of distribution channels.

According to Euromonitor data, the global cosmetics market size in 2019 was \$ 420.3 billion, an increase of 4.5% from the previous year (Table 5). The cosmetics market size is the total production scale minus the export scale plus the import scale. In 2020, it is predicted that the growth of the cosmetics industry will be severely constrained by the deterioration of supply and demand in the global economy due to COVID-19. In particular, the market size is expected to slow in most countries except for China and Korea. The global cosmetics market is rebounding in 2021 due to digital transformation of the distribution market and the use of live commerce. Therefore, it can be predicted that it will increase steadily until 2024 (US\$526.3 billion).

15) "2020 Cosmetic Industry Analysis Report", (2021), Retrieved July 22, 2022, from <https://www.khidi.or.kr>

<Table 5> Global cosmetic market size and growth rate

Unit : million dollar, (%)

	2018	2019	2020	2021	2022	2024
market size	402,180	420,317	416,776	443,488	468,246	526,320
increase	4.9	4.5	-0.8(E)	6.4(F)	5.6(F)	6.0(F)

Source : Euromonitor International, 2021(Feb), E-estimate, F-forecast.

The expansion of the global cosmetics market also increases the damage to cosmetics. If a case of violating the principle of fair trade occurs, the government can actively intervene and reduce business activities. The International Organization for Standardization (ISO) established the international standard of IS26000, which standardized CSR (Corporate Social Responsibility).¹⁶⁾

2. Arbitration between the US and Japan for cosmetic damage

(1) Arbitration for cosmetic damage in the United States

The United States has the world's largest market for beauty and personal care, with unspent balances of 78 billion in 2020, with an annual growth rate of 4.3%.¹⁷⁾ The US cosmetics market is growing rapidly, driven by young consumers who consume it under the influence of social media and e-commerce.

In the United States, information is considered a key element. When a cosmetic damage problem occurs, the consumer can sue the company responsible for it. In the United States, each state has different regulations, so you need to consider both federal and state regulations.

In the United States, the Federal Trade Commission Act (FTCA), the Consumer Product Safety Act (CPSA), and the Food, Drug, and Cosmetic Act (FDCA) are comprehensive consumer transactions and consumer safety laws related legislation.¹⁸⁾

The laws governing cosmetics marketed in the United States are the Federal Food, Drug, and Cosmetic Act and the Fair Packing and Labeling Act (FPLA). FDA may take

16) "CSR and ISO26000", International Labor Brief, Vol.8, No.11, 2010, pp. 12-17.

17) "US cosmetics market", (2021), Retrieved July 11, 2022, from <https://biorius.com/ko/cosmetics-compliance>

18) "A Study on Consumer Laws in Major Countries I", (2018), Retrieved July 26, 2022, from <https://www.kca.go.kr>, pp.3-25,

action through the Department of Justice within the federal court system if it determines that a cosmetic product is defective or is mislabeled. Working with U.S. Customs and Border Protection to monitor imports.

In the United States, the collective exercise of consumer rights (class action) is possible, and a high-priced punitive damages system is in place.¹⁹⁾ Accordingly, business operators are wary of the expansion of legal liability through litigation through ADR. American businesses prefer arbitration as an ADR for resolving consumer disputes because it is the only dispute resolution method that can ultimately resolve disputes instead of litigation. The consumer arbitration system is more preferred by business operators, as the mandatory arbitration agreement is widely used.

In the United States, the need for arbitration was high due to the relatively inconvenient use of courts and administrative agencies in resolving judicial disputes, and as a result, the arbitration system was activated. On the other hand, in the case of the United States, where private consumer arbitration agencies have developed, the combination of consumer arbitration and other alternative dispute resolution procedures is relatively diverse.

(2) Arbitration for cosmetic damage in Japan

Japan's cosmetics market continued to grow due to the influx of foreign tourists, but in 2020, it decreased significantly due to COVID-19.²⁰⁾ As demand slumped due to a sharp drop in inbound (foreign customers) demand, increased telecommuting, and refraining from going out, it recorded 2.235 trillion yen, down 16.6% from the previous year. From the second half of 2021, as the spread of COVID-19 has calmed down, demand for cosmetics has also begun to slowly recover.²¹⁾

The Pharmaceuticals and Medical Devices Agency (PMDA) of the Ministry of Health, Labor and Welfare is in charge of reviewing the approval, export certification, and quality

19) "Policy Research Report", (2018), Retrieved July 26, 2022, from <https://www.kca.go.kr>. Korea Consumer Agency, pp.39-55.

20) "Japan Cosmetics Market", (2021), Retrieved August 2, 2022, from <https://www.kita.net/cmmrcInfo/rsrchReprt/ovseaMrktReprt/ovseaMrktReprtDetail.do?pageIndex=1&no=8968&classification=6%20&type=1>

21) "Japan Cosmetics Market Trend", (2022), Retrieved August 2, 2022, from https://dream.kotra.or.kr/kotranews/cms/news/actionKotraBoardDetail.do?SITE_NO=3&MENU_ID=180&CONTENTS_NO=1&bbsSn=243&pNttSn=193275

re-evaluation of Japanese cosmetics.²²⁾ The Pharmaceuticals and Medical Devices Law (PMDL) is a law concerning the quality, efficacy, safety and damage relief of cosmetics.

In order to revitalize the ADR system, Japan enacted the ADR Act and implemented it in 2007 so that private ADR organizations can play an appropriate role.²³⁾

Japan has considered arbitration as a means of handling consumer disputes (Refer to the Cabinet Decision on March 19, 2002 in the Judicial System Reform Promotion Plan). In Japan, an arbitration agreement has the same effect as a final judgment. Because there is a gap in bargaining power between consumers and business operators, there is a risk of disadvantages for consumers.

Japan revised the Arbitration Act after a long discussion (hereinafter referred to as the New Arbitration Act, promulgated on August 1, 2003). In order to use consumer arbitration, regulations favorable to consumers have been prepared.

The National Consumer Affairs Center (NCAC) is a representative institution in relation to consumer arbitration for cosmetic damage. In May 2008, the National Consumer Affairs Center revised the National Consumer Affairs Center Act, an independent administrative agency, and added a dispute resolution procedure through the Dispute Resolution Committee. The Dispute Settlement Committee conducts mediation and arbitration.

Japan is not used to consumer arbitration. In the event of a consumer dispute, a separate form and signature for consumer arbitration are used to express the intention to resolve the dispute through consumer arbitration. The arbitration system was developed as a means to resolve the limitations of the administrative alternative dispute resolution system.

VI. Conclusions

Amidst persistent social changes and the expansion of the cosmetics industry, new disputes caused by cosmetics continue to arise. In order to resolve these disputes, various consumer dispute resolution organizations and methods are required.

22) "Precautions when exporting to Japan" (2020), Retrieved July 26, 2022, from <https://www.kcia.or.kr>

23) Sang-Young Kim, "A Study on the Act on Promotion of Use of Alternative Dispute Resolution in Japan", Journal of Arbitration, Studies, Vol.61, No.3, 2020, p.7.

Resolving them through laws and courts is time-consuming, costly and accompanied by the suffering of the involved parties. Therefore, Alternative Dispute Resolution (ADR), an alternative method that can provide a reasonable judgment on problems that occur during the manufacture and distribution of cosmetics with expert knowledge of the industry, is required.

It is possible to request consultation and damage relief from the Korea Cosmetics Association, consumer groups and administrative agencies, local government consumer life centers, Korea Consumer Agency, consumer groups, etc.

The Korea Cosmetics Association provides timely resolution of disputes about cosmetics between consumers and manufacturers according to procedures. The disputes are resolved by negotiation between parties, mediation through a conciliator and deliberation. It offers consultation on consumer complaints on cosmetics, handles disputes related to accidents caused by cosmetics, and provides information on accidents and safety related to cosmetics.

It is not possible to completely eradicate disputes from cosmetic damages. Therefore, it is necessary to expand and efficiently operate the cosmetic ADR system for consumers.

Consumer disputes are often small claims. Therefore, it requires a flexible process through ADR. Both the United States and Japan allow an abbreviated arbitration process and period. They are similar in that they shortened the arbitration period to facilitate an economic resolution process.

Currently, consumer policy has become one of the most important national policies in Korea, and policies and systems that are unfavorable to consumers are continuously being improved.

The standards used in dispute resolution are sometimes ambiguous and unclear or less favorable to consumers compared to laws. If the standards of the consumer dispute resolution process are improved in line with the changing times, it will satisfy the expectations of various stakeholders.

In this study, the current status of damage, the status of remedies for cosmetic damage, and the role of the domestic ADR system were reviewed. Further studies are required to identify how to expand the ADR policy and operate the system efficiently.

Consumers should be able to easily get relief from damage caused by cosmetics. By accumulating reasonable precedents with an integrated cosmetic damage dispute system, disputes over cosmetic damage should be effectively resolved.

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