

Report from OK Corporation ceasing alleged requesting its suppliers to cover the price reduction against its competitors, in response to JFTC's ongoing enforcement efforts

Press Releases

August 10, 2023

Japan Fair Trade Commission

The Japan Fair Trade Commission (hereinafter referred to as the "JFTC") is actively collecting information on the actual status of transactions between large-scale retailers and its suppliers in order to make their transactions appropriate, as part of its activities to strengthen antitrust enforcement to facilitate price shifting in light of rising raw material prices.

The JFTC has been informed that OK Corporation (hereinafter referred to as "OK") is requesting suppliers to cover price difference between OK's original price and the discount price against competitor's pricing (*) in price negotiations with suppliers.

(*) In the event that OK reduces the selling price to the same amount against the selling price at the competitor's store, the supplier bears all or part of the difference.

In case OK requests suppliers to cover for the price reduction against competitors by using its superior bargaining position in the transaction and suppliers have no option but to accept significantly lower prices concerning an impact on future transactions, it could constitute the violation of the Antimonopoly Act (Abuse of superior bargaining position).

In order to check if OK's conduct, including the request to cover price reduction against its competitors, would fall into an abuse of superior bargaining position, the JFTC requested OK to submit related documents and other cooperation.

After that, the JFTC received a report from OK that it had voluntarily stopped requesting suppliers to cover the price reduction against its competitors.

The JFTC decided not to take further action on this matter, recognizing that there was no longer any concern from the viewpoint of abuse of superior bargaining position which caused by OK's request to suppliers to cover the price reduction against competitors.

On the other hand, although OK stops the above said conduct, if the price reduction is determined unilaterally by OK in a price negotiation with suppliers, it would cause another problem of abuse of superior bargaining position under the Antimonopoly Act.

In order to prevent such action, the JFTC explained its view on an abuse of the superior bargaining position to OK, and informed OK that the JFTC will continue to monitor transactions between large-scale retailers and suppliers to make them appropriate.

The JFTC will continue checking whether there is a problem of an abuse of the superior bargaining position to prevent large-scale retailers from unjustly reduce suppliers' delivery prices.

We will also continue to monitor transactions between large-scale retailers and suppliers to ensure to make them appropriate and to realize proper price shifting.

*This announcement is tentative translation. Please refer to the original text written in Japanese for more details.