

Unclassified

English - Or. English

14 October 2021

Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE

Annual Report on Competition Policy Developments in Japan

-- 2020 --

This report is submitted by Japan to the Competition Committee FOR INFORMATION.

JT03482976

Japan

1. Introduction

1. This report states major efforts of the Japan Fair Trade Commission (hereinafter referred to as the "JFTC") in FY2020 (From April 1st, 2020 to March 31st, 2021) such as trends in antimonopoly legislation, strict and accurate law enforcement, improvement of competitive environment and reinforcement of foundations for operation of competition policy.

2. Trends in Antimonopoly Legislation - Establishment of Relevant Cabinet Orders and Other Rules in Accordance with the Enforcement of the amended Antimonopoly Act

2. The amendment of the Antimonopoly Act (hereinafter referred to as the "AMA") to revise the surcharge system, the leniency program, etc., which was approved by the Diet and enacted on June 19th and then promulgated on June 26th, 2019, came into effect on December 25th, 2020, with the exception of some provisions that came into effect on July 26th, 2019 and January 1st, 2020.

3. The Cabinet Order for the enforcement of the AMA was amended in accordance with the enforcement of the amended AMA.

4. In addition, along with the revision of the surcharge system based on the amendment of the AMA, the "Rules on Investigations by the Fair Trade Commission" was amended. Furthermore, in line with the review of the leniency program based on the amendment of the AMA, the "Rules on Reporting and Submission of Materials Regarding Immunity from or Reduction of Surcharges" was fully revised to establish the "Rules on Reporting the Facts and Submitting the Materials Regarding Immunity from or Reduction of Surcharges" and the "Guidelines to Reduction System for Cooperation in Investigation".

5. Moreover, from the viewpoint of making the new leniency program function more effectively, the "Rules on Investigations by the Fair Trade Commission" was partially revised to introduce the Determination Procedure for objects recording confidential communications between an enterprise and an attorney, and the "Guidelines on treatment of objects recording confidential communications between an enterprise and an attorney" was also established.

3. Strict and Accurate Law Enforcement

3.1. Active Elimination of the AMA Violations

6. Under the fundamental policy of prompt and effective law enforcement, the JFTC takes strict and active measures against price-fixing cartel cases and bid rigging cases that have significant impacts on the public, as well as unfair trade practice cases such as abuse of superior bargaining position and unjust low price sales that put unjust disadvantages on SMEs.

7. In FY2020, the JFTC opened investigations against 101 suspected AMA violations and of these, completed 91 investigations.

8. During the same period of time, the JFTC took 15 legal measures (cease and desist orders and approvals of the commitment plans): one private monopolization case, six price-fixing cartel cases, two bid rigging cases and six unfair trade practice cases (See Figure 1). Concerning the private monopolization case and the bid rigging cases, the JFTC also issued surcharge payment orders to a total of four companies (See Figure 2), which amounts to a total of JPY 4.32 billion (approximately USD 41.89 million).

9. Under the leniency program to motivate enterprises to self-report their violations, the JFTC received a total of 33 applications in FY2020.

Table 1. Major cases involving cease and desist orders in FY2020

Private Monopolization	Private monopolization by Mainami Aviation Services Co., Ltd. Regarding the sale of the aviation fuel by "into-plane fueling" at Yao Airport, Mainami Aviation Services Co., Ltd. excluded business activities of its competitor, SGC Saga Aviation Co., Ltd (hereinafter "SGC Saga Aviation"), by having its users not be refueled from SGC Saga Aviation, and thereby caused, contrary to the public interest, a substantial restraint of competition in the field of the said sale. [Cease and desist order, surcharge payment order (JPY 6.12 million (approximately USD 59,227))]
Price-Fixing Cartel	Price-fixing cartel by the uniform distributors in Toyota City, Aichi Prefecture The uniform distributors in Toyota City substantially restrained competition in the field of selling uniforms to six high schools in Toyota City, Aichi Prefecture by agreeing to jointly raise selling prices of the uniforms. [Cease and desist order]
Bid Rigging	Bid rigging by the participants in bidding for uniforms of police officers ordered by Yamagata Prefecture The participants in bidding for uniforms of police officers ordered by Yamagata Prefecture substantially restrained competition in the fields of the said uniforms by, in concert with one another, designating prospective bidders. [Cease and desist order, surcharge payment order (JPY 1.41 million (approximately USD 13,645))] Bid rigging by the Participants in bidding for construction of the Shinagawa and Nagoya new terminal stations for the Chuo Shinkansen using the Superconducting Maglev system ordered by Central Japan Railway Company The participants in bidding for construction of the Shinagawa and Nagoya new terminal stations for the Chuo Shinkansen using the Superconducting Maglev system ordered by Central Japan Railway Company substantially restrained competition in the fields of the above-mentioned construction by, in concert with one another, designating successful bidders and having the designated bidders win the biddings. [Cease and desist order, surcharge payment order (JPY 4.32 billion (approximately USD 41.82 million))]

10. Regarding the applications for commitment approval made by the enterprises whose activities were suspected to violate the AMA by the JFTC, the JFTC recognized that the commitment plans would conform to the approval requirements and approved the commitment plans in six cases.

11. The recovery of monetary value was included in the approved commitment plans of two cases, which resulted in a recovery of over JPY two billion (approximately USD 19.36 million).

Table 2. Major cases involving approvals of the commitment plans in FY2020*

Trading on Restrictive Terms	<p>Approval of the Commitment Plan submitted by Cooper Vision Japan, Inc. Cooper Vision Japan, Inc. (hereinafter referred to as "Cooper Vision Japan"), a manufacturer of the one-day contact lenses and the two-week replacement contact lenses, requested its partner retailers not to display the selling price of its products in the advertisement and not to sell them on the internet even if patients receives a prescription from doctors. The JFTC investigated Cooper Vision Japan and suspected that the activities of Cooper Vision Japan violated the AMA.</p> <p>The JFTC approved the commitment plan from Cooper Vision Japan as it confirmed the above-mentioned activities had been terminated.</p>
Abuse of superior bargaining position	<p>Approval of the Commitment Plan submitted by Amazon Japan G.K. Amazon Japan G.K (hereinafter referred to as "Amazon Japan"), who was investigated by the JFTC because its activities (i.e. price reduction, request for economic benefits, unreasonable return of goods, etc. to suppliers in a weaker position in the transaction) were suspected to violate the AMA, made an application for commitment approval.</p> <p>The JFTC approved the commitment plan from Amazon Japan as it confirmed the above-mentioned activities had been terminated. The approved commitment plan included the recovering of the suppliers' monetary value, which amounted to over JPY two billion (approximately USD 19.36 million).</p> <p>Approval of the Commitment Plan submitted by BMW Japan Corp. BMW Japan Corp. (hereinafter referred to as "BMW Japan"), who was investigated by the JFTC because its activities (i.e. setting a sales target for new BMW vehicles which was difficult to achieve, having dealers agree to the sales target without sufficient discussion and requesting dealers to acquire new BMW vehicles more than necessary for their business purposes in order to achieve the sales target) were suspected to violate the AMA, made an application for a commitment approval.</p> <p>The JFTC approved the commitment plan from BMW Japan as it confirmed the above-mentioned activities had been terminated.</p>

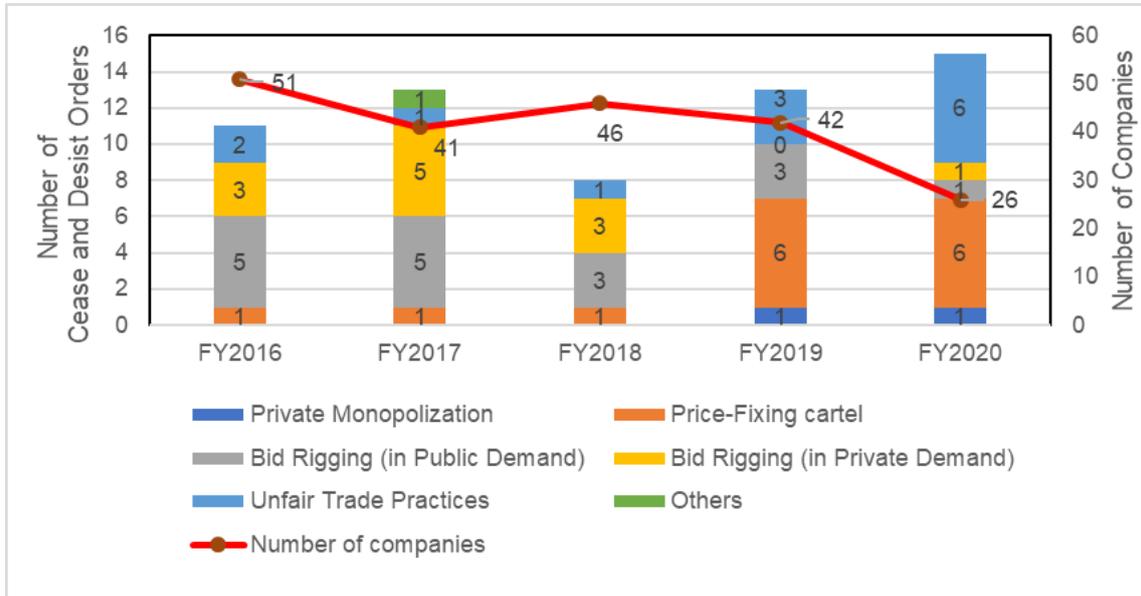
* It should be noted that an approval of the commitment plan does not mean that the JFTC found the violation of the AMA

12. During the same period of time, the JFTC issued one caution, and closed two investigations in light of voluntary measures taken by suspected enterprises, all of which were made public.

Table 3.

Major caution case in FY2020	Caution against DENTSU INC.
Major cases closed in accordance with voluntary measures of enterprises, etc. in FY2020	<p>Closing of the investigation on the suspected violation of the AMA by Osaka Gas</p> <p>Closing of the investigation on the suspected violation of the AMA by Nippon Professional Baseball</p>

Figure 1. Number of Cases Involving Legal Measures*



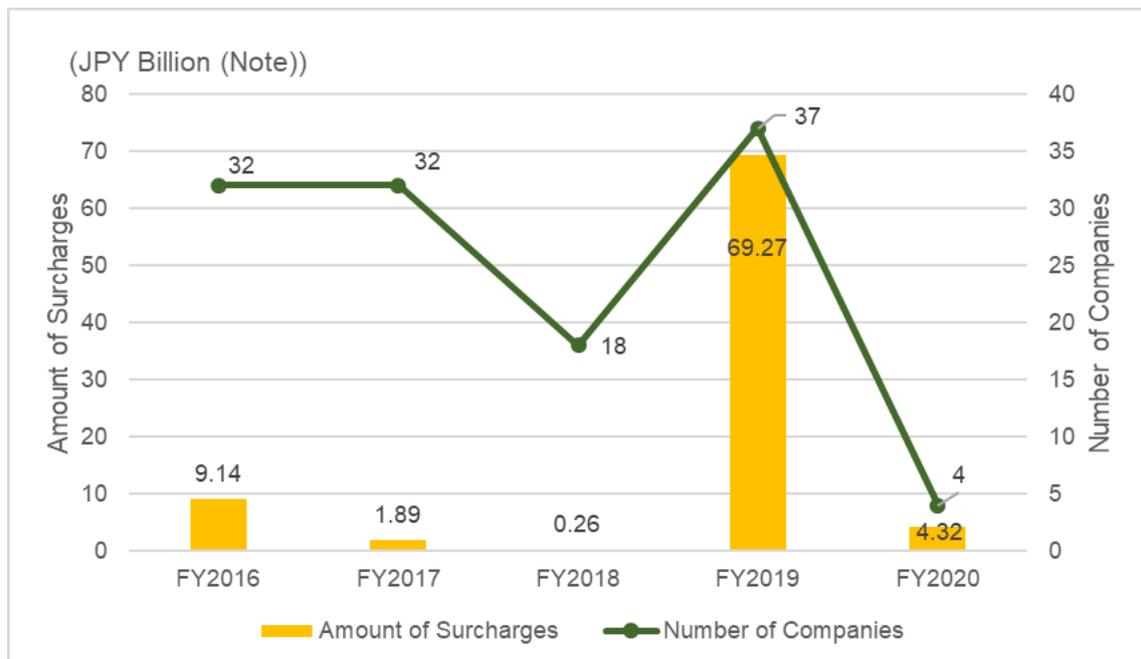
* "Legal measures" refer to cease and desist orders, surcharge payment orders and approvals of the commitment plans. The case in which both a cease and desist order and a surcharge payment order were issued is counted as one legal measure.

Notes:

The cases which fall into both private monopolization and unfair trade practice are categorized as "Private monopolization."

"Others" refer to cases of unjustly restricting the functions or activities of constituent companies by a trade association.

Figure 2. Amount of Surcharges



Note: Surcharges shall be rounded down to the nearest ten million yen.

13. In addition, the JFTC's efforts for appropriate and prompt law enforcements include 208 cautions on practices likely to lead to the AMA violations.

14. Along with the law enforcement against the violations of the AMA, the JFTC requires procurement bodies to review their operation of the ordering system regarding the matters, for which the JFTC, in the course of its investigation, has determined that necessary measures should be taken from the view point of competition policy.

15. In this regard, in FY2020, the JFTC required Yamagata Prefecture to review their operation of the ordering system of uniforms for police officers and notified the Aichi Prefectural Board of Education of the matters to be considered regarding the sale of the uniforms for students of high schools in Aichi Prefecture.

16. Additionally, the JFTC has been actively making criminal accusations against malicious and critical cases that are likely to have widespread influence on the national economy. In FY2020, JFTC filed a criminal accusation with the Public Prosecutor General against three companies and seven individuals over coordination of biddings for pharmaceutical procurement contracts ordered by the Japan Community Health Care Organization.

3.2. Promotion of Fair Trade Practices

3.2.1. Efforts against Abuse of Superior Bargaining Position

17. The JFTC has long conducted surveillance to prevent abuse of superior bargaining position that constitutes unfair trade practices under the AMA and has tackled these violations.

18. In FY2020, the JFTC issued 47 cautions against suspected abuses of superior bargaining position.

19. Besides investigations, the JFTC conducts fact-finding surveys in the markets where there is a need to promote fair trade practices for SMEs, and makes efforts to further promote public awareness of the regulations on abuse of superior bargaining position.

20. In FY2020, the JFTC conducted a fact-finding survey targeting all the member stores of eight major convenience stores chains regarding transaction between convenience store headquarters and member stores, and published a report summarizing the results of the survey. Also, in FY2021, the JFTC revised the "Guidelines concerning the Franchise System under the Antimonopoly Act" and presented its view on concerns that were identified through the said survey. (See also 4.4 and 4.5 below.)

21. The JFTC also sent a questionnaire to 30,000 shippers and 40,000 logistics companies in order to grasp business practices between them, clarifying if there are behaviours of shippers that may constitute the Unfair Trade Practices under the AMA. As a result of the survey and its findings of improper practices, the JFTC requested 644 shippers to review and improve transactions with logistics companies.

22. Moreover, in order to further promote compliance awareness, the JFTC organizes training sessions for businesses in specific industries and explains specific examples of the AMA violations in an easy-to-understand manner. These training sessions target industries where antitrust violations, particularly abuse of superior bargaining position, have been found.

23. In FY2020, the JFTC held nine training sessions for shippers and logistics companies.

24. In addition, the JFTC holds regional outreach consultation sessions for SMEs including subcontractors. In these sessions, the JFTC officials clearly explain the key points of the Subcontract Act, which is a special act of the AMA concerning abuse of superior bargaining position, and also provide consultation.

25. In FY2020, the JFTC held such consultation sessions at three locations in Japan, and also dispatched its officials as a lecturer to four training sessions concerning abuse of superior bargaining position organized by business associations.

3.2.2. Efforts against Unjust Low Price Sales (Predatory Pricing)

26. The JFTC takes a prompt action against unjust low price sales in the retail industry. When repeated unjust low price sales by retailers or unjust low price sales by large-scale retailers are considered to significantly affect other competing retailers operating in neighbouring areas, the JFTC investigates the impact of their conduct on respective competing retailers. If the JFTC finds it anticompetitive, it implements legal measures vigorously.

27. In FY2020, the JFTC issued cautions in 136 cases in the retail sector, including liquor, petroleum products, and household appliance, on the grounds of practices likely to lead to unjust low price sales (nine cases for liquor, 115 for petroleum products, and 12 for products in other categories).

3.3. Improvement in Merger Review

28. The AMA prohibits acquisition of shares, shareholdings, mergers and other transactions (hereinafter collectively referred to as "mergers") that would substantially restrain competition in a particular field of trade. The JFTC operates merger regulations in a prompt and appropriate way in order to ensure competitive market structure in Japan. The JFTC also actively utilizes economic analysis if necessary, depending on each case.

29. In FY2020, based on Articles 9 to 16 of the AMA, the JFTC approved 14 cases of acquiring and holding of voting rights by banks or insurance companies, received 114 reports from holding companies on their business, and received 266 prior notifications in connection with mergers and conducted necessary reviews on these cases. In addition, the JFTC conducted necessary reviews based on the "Policies Concerning Procedures of Review of Business Combination", which stipulates that the JFTC reviews merger cases, of which the total consideration for the acquisition is large and which are expected to affect domestic consumers, although that do not meet the notification thresholds in the AMA.

Table 4.

Major merger cases in FY2020	Managerial integration of Z Holdings Corporation and LINE Corporation ¹ Acquisition of Shares of BASF Colors & Effects Japan Ltd. by DIC Corporation ² Acquisition of Fitbit, Inc. by Google LLC ³
------------------------------	---

¹ See <https://www.jftc.go.jp/en/pressreleases/yearly-2020/August/200804.html>

² See <https://www.jftc.go.jp/en/pressreleases/yearly-2020/December/201224.html>

³ See <https://www.jftc.go.jp/en/pressreleases/yearly-2021/January/210114.html>

4. Improvement of Competitive Environment

4.1. Participation in the Digital Market Competition Council

30. Under the Headquarters for Digital Market Competition established within the Cabinet, the Digital Market Competition Council has been held to examine and discuss the important matters concerning digital markets. The Digital Market Competition Council is chaired by Chief Cabinet Secretary, and includes the Minister of State for Special Missions of the Cabinet Office (in charge of administrative affairs related to the JFTC) and the Chairman of the JFTC as its members.

31. In the 4th Digital Market Competition Council held on June 16th, 2020, the "Interim Report on the Evaluation of Competition in the Digital Advertising Market" was compiled based on the "Interim Report regarding Digital Advertising" published by the JFTC on April 28th, 2020. Additionally, in the 5th Digital Market Competition Council held on April 27th, 2021, the "Evaluation of Competition in the Digital Advertising Market - Final Report" was compiled based on the "Final Report Regarding Digital Advertising" published by the JFTC on February 17th, 2021. (See also 4.2 below.)

4.2. Release of the "Final Report Regarding Digital Advertising"

32. Digital advertising, which collects and uses a variety of information including personal information provided by consumers, has been a major source of revenue for digital platform operators, and digital platform operators play key roles as platforms connecting media (publishers) and advertisers (including ad agencies) in digital advertising transactions. On the other hand, publishers, which have previously earned revenue from advertising, have been forced to change their earning structure. Therefore the way digital platform operators run their businesses related to digital advertising has been having a significant impact on the media businesses.

33. Given these situations, the JFTC conducted a fact-finding survey regarding trade practices in the digital advertising sector, which aims at promoting the prevention of violations of the AMA and the efforts by stakeholders to ensure a fair and free competitive environment in the sector by clarifying the actual status of transactions and the state of competition surrounding digital platform operators in the sector and by presenting the issues and the views concerning the AMA and competition policy. The "Final Report Regarding Digital Advertising" was published on February 17th, 2021⁴.

4.3. Release of the "Report on Algorithms/AI and Competition Policy" by the Study Group on Competition Policy in Digital Markets

34. In order to ensure fair and free competition and to promote creative initiatives of businesses in digital markets, which are rapidly changing due to expeditious development of technologies in recent years, it is important to effectively and appropriately pursue competition policy in these markets in line with trading conditions and competitive environments in the markets.

35. Algorithms and AI (Artificial Intelligence) are key technologies for innovation in digital markets; many businesses conduct activities by using algorithms and AI. Therefore, it is crucial to understand the changes in business activities and competitive environments

⁴ See <https://www.jftc.go.jp/en/pressreleases/yearly-2021/February/210217.html>

brought by algorithms and AI, in order to pursue sound competition policy in digital markets.

36. Moreover, while algorithms and AI would bring significant benefits to the society, for example, in the course of streamlining business activities and/or increasing consumer convenience, there have been some foreign competition cases in which algorithms and AI were used for anti-competitive conduct. Against this backdrop, there is an increasing need for discussing issues and challenges regarding algorithms/AI and competition policy in Japan.

37. The JFTC established the "Study Group on Competition Policy in Digital Markets", which is hosted by Director General of the Economic Affairs Bureau of the JFTC, in order to study issues and challenges on the AMA and competition policy in digital markets. After having eight meetings of the Study Group since July, 2020, under the theme of algorithms/AI and competition policy, the JFTC, on March 31st, 2021, released the "Report on Algorithms/AI and Competition Policy", which was compiled by the Study Group⁵.

4.4. Release of the "Survey Report on Transaction between Convenience Store Headquarters and Member Stores"

38. In recent years, there have been movements to review the relationship between convenience store headquarters and member stores, such as issues on the 24 hour business. Also, a certain period had elapsed since the publication of the last fact-finding survey on transaction between convenience store headquarters and member stores in 2011. In these circumstances, the JFTC conducted a large-scale fact-finding survey targeting all the member stores (57,524 stores) of major convenience store chains in Japan for the first time, and published the report summarizing the results of the survey on September 2nd, 2020.

39. In the report, the JFTC pointed out some potential competitive concerns under the AMA. Then, the JFTC sent letters to convenience store headquarters not only conveying the results of the questionnaire for each convenience store headquarter, but also requesting (i) follow-up reviews and voluntary improvements in a timely manner, and (ii) the report of the results of (i) to the JFTC. Also, the JFTC requested the Japan Franchise Association, to which many franchise headquarters belong, to inform all members of the JFTC's survey report. Moreover, the JFTC revised the "Guidelines concerning the Franchise System under the Antimonopoly Act" in order to clarify the views on concerns under the AMA that were identified through the survey and to prevent problematic activities. (See also 4.5 below.)

4.5. Revision of the "Guidelines concerning the Franchise System under the Antimonopoly Act"

40. The JFTC published the "Guidelines Concerning the Franchise System under the Antimonopoly Act" (April 24th, 2002), to prevent franchisers (hereinafter referred to as "headquarters" in this section) from violating the AMA and to help them promote proper business activities, by identifying the activities that present a problem with the business transactions between the headquarters and the franchisees (hereinafter referred to as "member stores" in this section) under the AMA.

41. As described in 4.4 above, the JFTC conducted a large-scale fact-finding survey on transaction between convenience store headquarters and member stores using a franchise system to conduct business activities. As a result of the survey, many issues which still

⁵ See <https://www.jftc.go.jp/en/pressreleases/yearly-2021/March/210331.html>

needed to be addressed were identified, and therefore, the JFTC revised the "Guidelines concerning the Franchise System under the Antimonopoly Act" on April 28th, 2021.

4.6. Release of the "Survey Report on Business Practices of Start-ups"

42. Start-ups have the potential to greatly contribute to the productivity improvement of Japanese economy by promoting innovation. In recent years, the productivity improvement through open innovation in which start-ups collaborate with large enterprises has been considered important in order to realize the future development of Japanese economy. Therefore, it is crucial to ensure a fair and free competitive environment for start-ups.

43. In addition, ensuring a fair and free competitive environment for start-ups enables them to easily enter the market, which leads to the creation of new jobs and ultimately to the development of Japanese economy.

44. From these perspectives, the JFTC conducted a fact-finding survey to grasp the actual status of business practices of start-ups, not only in the manufacturing industry but also in a wide range of industries, and released a report on November 27th, 2020.

4.7. Establishment of "Guidelines on Business Partnership Contracts with Start-ups"

45. It is important to foster and utilize human resources with the challenge spirit, and to further promote the competitiveness of Japanese economy by the business collaboration between large enterprises and start-ups. On the other hand, regarding the collaboration between large enterprises and start-ups, some start-ups point out the unfair status that patent rights are monopolized and other related patents are locked up by the large enterprises when the large enterprises and the start-ups conduct joint researches.

46. In addition, in the "Survey Report on Business Practices of Start-ups" (November 27th, 2020) mentioned in 4.6 above, the JFTC pointed out the problematic cases relating to non-disclosure agreements, proof of concept agreements, joint research agreements, and licensing agreements between start-ups and collaborating enterprises.

47. In light of these backgrounds, the JFTC and the Ministry of Economy, Trade and Industry (hereinafter referred to as the "METI") have jointly developed and published the "Guidelines on Business Partnership Contracts with Start-ups" on March 29, 2021, in order to present ideal approaches to contracts concluded between start-ups and collaborating enterprises.

4.8. Establishment of "Guidelines for creating a safe environment where people can work on a freelance basis", etc.

48. After publishing the "Report of the Study Group on Human Resource and Competition Policy" compiled by the Competition Policy Research Center (hereinafter referred to as the "CPRC") on February 15th, 2018, the JFTC has continuously advocated its views on applications of the AMA to competition for human resources, and studied anti-competitive conduct and practices in various fields in FY2020.

49. Following the result of these efforts as well as the "Action Plan of the Growth Strategy" approved by the Cabinet on July 17th, 2020, which stipulated that the government would work together to establish the protection rules in order to create an environment where people can work on a freelance basis with peace of mind, the Cabinet Secretariat,

the JFTC, the Small and Medium Enterprise Agency, and the Ministry of Health, Labour and Welfare jointly drafted and published the "Guidelines for creating a safe environment where people can work on a freelance basis"⁶ on March 26th, 2021 for the purpose of clarifying the application of the AMA, the Subcontract Act, and labor laws and regulations to transactions between business operators and freelance workers.

4.9. Revision of "Guidelines for Proper Gas Trade"

50. From the viewpoint of fair and effective competition in the gas market, the JFTC and the METI jointly compiled and published the "Guidelines for Proper Gas Trade" in March, 2000, which clarified problematic activities under the AMA or the Gas Utility Industry Law, and have revised it in a timely manner.

51. Following the publication of the "Survey Report on the City-Gas Business Sector after the Complete Liberalization in the Retail Market" in June, 2019 and the publication of the "Closing of the investigation on the suspected violation of the Antimonopoly Act by Osaka Gas Co., Ltd." in June, 2020, the JFTC revised the guideline on February 25th, 2021.

4.10. Release of "Survey Report concerning transactions in Common Point Service"

52. In Japan, common point services have prevailed in various businesses which are closely related to the consumption. The convenience of consumers can be improved by receiving common points, and retailers can improve the customer attraction and strengthen their sales capability by issuing common points. At the same time, consumers' personal information and retailers' transaction information of goods and services are utilized in the common point service. The common point service functions as a digital platform connecting consumers and member stores, and affects people's lives such as consumers' choice of goods and services and economic activities of retailers.

53. In this regard, the JFTC has been making efforts to improve the competitive environment in the field related to digital platforms as a response to the progress of the digitization of the economy.

54. As a part of these efforts in the digital field, the JFTC conducted a fact-finding survey on transactions in common point services and released a report on June 12th, 2020.

4.11. Release of Survey Report regarding "Issues Concerning Competition Policy in the Mobile Phone Market" (Survey in FY2021)

55. Mobile phones are indispensable for people's lives, and the proportion of charges for the mobile phone communication service in the household has been on the increasing trend. Thus, it becomes an important issue of the government to improve the competitive environment in a bid to achieve the reduction of charges and the improvement of the service.

56. In August 2016 and June 2018, the JFTC published survey reports regarding issues concerning competition policy in the mobile phone market respectively. However, after publishing the survey report in June 2018, the competitive environment in the mobile phone market has changed in various aspects, such as the enforcement of the amended Telecommunications Business Law on October 1st, 2019, which provides a complete separation of communication service charges from mobile terminal charges, and the entry of Rakuten Mobile Co., Ltd. as an MNO (Mobile Network Operator). Therefore, the JFTC

⁶ See https://www.jftc.go.jp/en/legislation_gls/210611.pdf (outline only)

carried out a survey including the follow-up of the previous survey report published in 2018 in order to grasp the current status of competition in the mobile phone market and to consider issues concerning the competition policy, and published the result of the survey on June 10th, 2021.

57. In this survey, in addition to the follow-up of the matters taken up in the previous survey report published in 2018, the JFTC examined and considered the following topics: (i) challenges on improving the environment in which consumers can easily choose the optimum price plan, (ii) challenges on mobile phone terminals, (iii) challenges on ensuring the competitive environment for MVNOs (Mobile Virtual Network Operators), and (iv) challenges on transaction between MNOs and sales agents, etc.

58. The JFTC, in cooperation with the Ministry of Internal Affairs and the Communications (hereinafter referred to as the "MIC") and the Consumer Affairs Agency (hereinafter referred to as the "CAA"), will continue to improve the competitive environment in a bid to achieve the reduction of charges and the improvement of the service.

59. Furthermore, as a part of these efforts, in the purpose of strongly promoting initiatives for the sound development of the mobile phone market with coordination and cooperation among the MIC, the JFTC and the CAA, the first meeting of the "Two Ministers' Meeting for the Reduction of Mobile Phone Charges" was held in December 2020 by the Minister of Internal Affairs and Communications and the Minister of State for Special Missions of the Cabinet Office (in charge of administrative affairs related to the CAA and the JFTC), and has been held sequentially since then.

4.12. Implementation of Competition Assessment

60. Since October 2007, all of the government ministries and agencies have been in principle mandated to conduct an Ex-ante Regulatory Impact Assessment ("RIA"), which includes an analysis of the impacts of the regulations on competition (competition assessment), when establishing, revising or abolishing regulations. The competition assessment system started in April 2010 on a trial basis, and was fully implemented on October 1st, 2017 with the amendment of the "Implementation Guidelines for Policy Evaluation of Regulations". The Ex-ante RIA requires the relevant ministries and agencies to fill out the "competition assessment checklist" and then submit the completed checklist together with an Ex-ante RIA report to the MIC. The MIC then forwards the checklists to the JFTC.

61. In FY2020, the JFTC received 125 competition assessment checklists from the MIC and conducted a full examination of each. In addition, the JFTC held three meetings discussing competition assessment with experts having knowledge or insights about economics and policy evaluation of regulation, in order to improve the approach of competition assessment, for the purpose of appropriate implementation of RIA.

4.13. Efforts to Prevent Bid Riggings

62. Since procurement officers' efforts are extremely important for the thorough elimination of bid rigging, the JFTC has been holding training seminars on the AMA and the Act for the Prevention of Collusive Bidding at the Initiative of Government Officials for procurement officers at local governments, providing them with practical knowledge about competition law and policy. The JFTC has also been cooperating with other government ministries and agencies, local governments and publicly owned companies by

dispatching its officials as resource persons or providing materials to the related seminars organized by those ministries and agencies.

63. In FY2020, the JFTC held 35 training seminars and dispatched resource persons to 123 training seminars hosted by government ministries and agencies, local governments and publicly owned companies.

4.14. Efforts to Improve Compliance with the AMA

64. The JFTC has been conducting surveys on the efforts carried out by enterprises for improving their compliance with the AMA, and publishing the result of the survey which includes the JFTC's suggestions for the further improvement of the AMA compliance.

65. In FY2020, the JFTC conducted a survey targeting 1,781 cooperatives, identifying and analyzing the compliance measures taken by the cooperatives and their understandings of the AMA and its exemption systems, and published the report "Status of Measures Taken by Cooperatives, Etc. Regarding Compliance with the Antimonopoly Act⁷", which summarized measures and important points deemed to be effective for further promoting compliance with the AMA.

5. Reinforcement of Foundations for Operation of Competition Policy

5.1. Development of Theoretical and Empirical Foundations for Competition Policy

66. Since its establishment in June 2003, the CPRC has been strengthening theoretical and empirical foundations for the enforcement of the AMA, and planning, policymaking and evaluation of the JFTC's competition policy. In FY2020, the CPRC held two symposiums, and the "Study Group on Competition Policy for Data Markets", which discussed various issues and challenges of competition policy in data markets, based on the actual circumstances of the markets in Japan. The study group organized eight meetings since November 2020. Finally, the CPRC published the "Report of the Study Group on Competition Policy for Data Markets⁸" on June 25th, 2021.

5.2. Response to Globalizing Economy

67. In recent years, the reinforcement of cross-border cooperation and coordination among competition authorities has become more necessary, as the number of cases involving violations of competition laws in multiple countries or jurisdictions, or requiring concurrent investigations by competition authorities of multiple countries or jurisdictions has increased. In light of these circumstances, the JFTC cooperates closely with foreign competition authorities to conduct joint enforcement activities in accordance with the relevant international agreements including bilateral competition agreements and economic partnership agreements.

68. Also, the JFTC is actively involved in multilateral frameworks such as the International Competition Network (ICN), the Organisation for Economic Co-operation and Development (OECD), the Asia-Pacific Economic Cooperation (APEC), the United

⁷ See https://www.jftc.go.jp/en/pressreleases/yearly-2020/June/200625_2.html

⁸ See <https://www.jftc.go.jp/en/pressreleases/yearly-2021/June/210625.html>

Nations Conference on Trade and Development (UNCTAD) and the East Asia Top Level Officials' Meeting on Competition Policy (EATOP).

69. In light of accelerated movements to strengthen existing competition laws or introduce new competition legislation in developing countries, the JFTC engages in technical assistance for competition authorities in those countries such as dispatching JFTC officials and offering trainings.

70. In addition, the JFTC aims to strengthen its international presence by disseminating Japan's competition policy worldwide. To this end, the JFTC endeavors to enhance its public relations by providing an English version of its press releases and other public announcements on its website and dispatches resource persons to seminars organized by overseas bar associations and other organizations.

71. In FY2020, the JFTC mainly worked on the following items:

5.2.1. Reinforcement of Cooperation with Other Competition Authorities

72. Based on bilateral and multilateral competition agreements, the JFTC closely cooperates with foreign competition authorities through the ways such as notifying competition authorities of the related jurisdictions of enforcement actions.

5.2.2. Bilateral Meetings between Competition Authorities

73. The JFTC regularly holds bilateral meetings with competition authorities in countries or areas where Japanese businesses are particularly active.

5.2.3. Economic Partnership Agreements

74. Japan signed the "Agreement between the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the "UK") and Japan for a Comprehensive Economic Partnership (hereinafter referred to as the "Japan-UK EPA")" with the UK on October 23rd, 2020. The Japan-UK EPA entered into force on January 1st, 2021. In addition, on November 15th, 2020, 15 countries including Japan signed the Regional Comprehensive Economic Partnership (RCEP) Agreement. Further, Japan is currently negotiating Economic Partnership Agreements (EPAs) and Free Trade Agreements (FTAs) with Turkey and other countries.

75. The JFTC considers competition policy as an important element in EPAs and participates in negotiations with an intention to incorporate the competition chapter including articles related to a cooperation framework in EPAs.

5.2.4. Participation to the Multi-National Conferences

76. The JFTC's chairman has been a member of the ICN Steering Group since its establishment, and the JFTC co-chaired the Cartel Working Group from May 2011 to April 2014, the Subgroup 1 (SG1) of the Cartel Working Group from April 2014 to May 2017, and the Merger Working Group from May 2017 to May 2020. The JFTC has also been a co-chair of the Unilateral Conduct Working Group since May 2020. Furthermore, the JFTC manages the "Framework for the Promotion of the Sharing of Non-confidential Information" under the Cartel Working Group and the "Framework for Merger Review Cooperation" under the Merger Working Group, both of which were formed under the initiative of the JFTC.

77. With regard to the OECD, the JFTC has been participating in the meetings of the Competition Committee and contributing to the discussions by, for example, sharing the JFTC's experiences and efforts in accordance with the topics of round tables.

5.2.5. *Technical Assistance*

78. The JFTC has been providing technical assistance regarding competition policy to competition authorities of the developing countries such as dispatching its officials or providing training courses. In FY2020, the JFTC carried out technical assistance projects in Vietnam, Mongolia and Malaysia in cooperation with the Japan International Cooperation Agency (JICA), and also provided training courses on competition law and policy for officials from jurisdictions where competition laws had been newly introduced or strengthened.

79. In addition, the JFTC and the Association of Southeast Asian Nations (ASEAN) member states, etc. implemented the joint research on competition law by using the Japan-ASEAN Integration Fund.

5.3. Raising Public Awareness on Competition Policy

80. The JFTC solicits voluntary opinions, requests and suggestions from members of the “Antimonopoly Policy Cooperation Committee” for the purpose of utilizing them in implementing competition policy and promoting better understanding of it.

81. To ensure a timely response to socioeconomic changes and advance competition policy in an effective and appropriate manner, the JFTC organizes the “Council on Antimonopoly Policy” with the aim of promoting broad opinion exchanges with experts and greater public understanding of competition policy. In FY2020, three council meetings were organized.

82. In addition, meetings between the JFTC commissioners and locally based experts were held in eight cities in FY2020. The JFTC also arranges meetings between directors of the JFTC's regional offices and locally based experts and members of bar associations in various districts in FY2020.

83. Moreover, the JFTC hosts events called “One Day JFTC” in cities without a regional office, in order to increase people’s awareness of the AMA and other related laws, and offer more enhanced consultation services, and holds “Consumer Seminars” in which the JFTC introduces an overview of the AMA and the JFTC’s activities to general consumers.

84. The JFTC’s efforts also include activities for raising awareness of competition policy in the context of school-based education. The JFTC dispatches its officials to junior high schools, high schools and universities (including junior colleges) and they introduce the roles of competition in economic activities to the students (called “Antimonopoly Act Class” or “Delivery Lecture”).

6. Resources

6.1. Budget

85. The budget of the JFTC is as follows:

Table 5.

Fiscal Year	FY2016	FY2017	FY2018	FY2019	FY2020
Budget Amount (JPY billion)	11.0	11.2	11.0	11.4	11.6
Budget Amount (USD million) (Note)	106.4	108.6	106.2	110.2	111.8
Change over Previous Year (%)	2.4%	2.1%	-2.2%	3.8%	1.4%

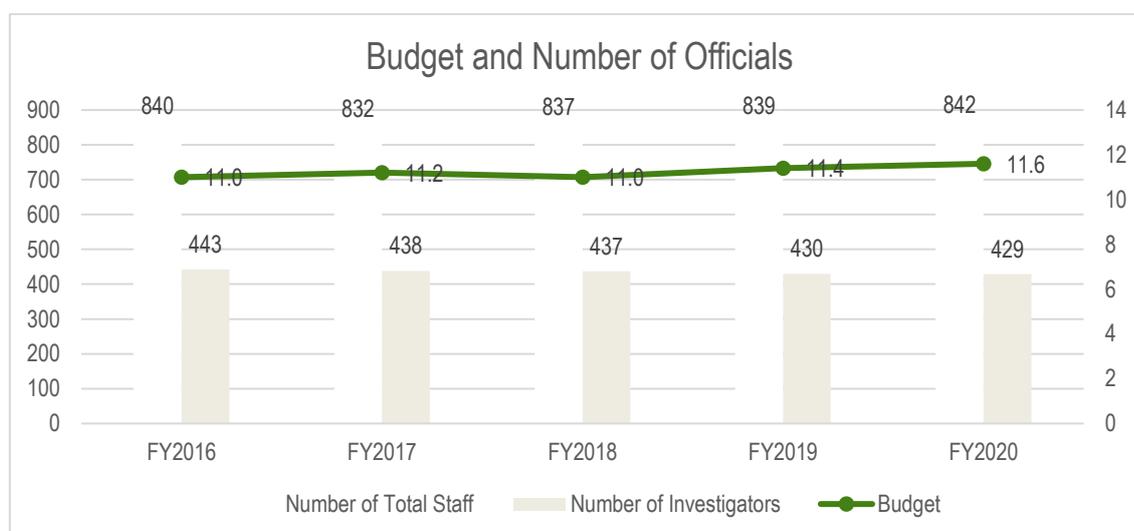
Note: Based on the USD-JPY exchange rate as of December 30th, 2020.

6.2. Number of Officials

86. The number of officials in the General Secretariat of the JFTC is as follows (unit: persons):

Table 6.

Fiscal Year	FY2016	FY2017	FY2018	FY2019	FY2020
Number of Officials	840	832	837	839	842
Enforcement against Anti-Competitive Practices	443	438	437	430	429
Merger Review Enforcement	41	39	41	44	43
Advocacy Efforts	33	33	33	35	43



7. Other activities (Responses to the spread of Coronavirus Disease 2019)

87. In responding to the situation where Coronavirus Disease 2019 (hereinafter referred to as “COVID-19”) pandemic has various impacts on businesses’ activities and distributions of COVID-19 related supplies, the JFTC took the following actions from the viewpoint of competition policy.

7.1. Release on Q & A concerning Activities addressing COVID-19 under the AMA, etc.

88. The JFTC posted “Q & A concerning activities addressing COVID-19 under the Antimonopoly Act” on its website on April 23rd, 2020.

89. In addition, on June 9th, 2021, the JFTC released some examples of the consultations from enterprises related to business activities concerning COVID-19 which would be helpful for other enterprises.

7.2. Release of Q & A concerning the Subcontract, Act etc.

90. The JFTC and the Small and Medium Enterprise Agency jointly published the “Q & A concerning the Subcontract Act etc.” on May 13th, 2020, considering the impact of the spread of COVID-19 on the business of SMEs and subcontractors.

7.3. Responses to Collaborative Activities in related to the Spread of COVID-19

91. In responding to the situation where COVID-19 pandemic had various impacts on businesses’ activities and distributions of COVID-19 related supplies, the JFTC compiled its responses and published a statement on April 28th, 2020.

92. In addition, the JFTC made clear that it would take a strict action against conduct of businesses putting an unjustifiable disadvantage on SMEs or subcontractors and conduct such as price-fixing cartels impairing the interest of consumers by taking advantage of the shortage of the supplies.