

Standard Format: Report for Policy Evaluation - Management by Objective (MBO)

(The Japan Fair Trade Commission 23-(4))

Name of Activity	Measures against violations of the Subcontract Act, etc. Appropriate administration of the Subcontract Act						
Outline of Activity	Gathering information through written surveys, etc., conducting necessary investigations (on-site investigations, summoning, etc.) with respect to suspected violations of the Subcontract Act, and taking necessary measures (legal measures (recommendations pursuant to Article 7 of the Subcontract Act) or instructions) in cases where violations are acknowledged. Disseminating and promoting the Subcontract Act by hosting training for promoting proper subcontracts.						
Goal	Promoting fairness in subcontract transactions and protecting the interests of subcontractors by dealing speedily and accurately with main subcontracting entrepreneurs who violate the Subcontract Act by delaying payment, reducing the amount of subcontract proceeds, etc. (aiming for a processing period of no more than six months) and seeking to eliminate such practices, and by seeking to disseminate information and knowledge about the Subcontract Act.						
Budget-Related Activity	Breakdown of Budget		FY2008	FY2009	FY2010	FY2011	Requested amount for FY2012
	Amount Allocated (thousand yen)	Budget Supplemented (a)	110,242	95,121	116,948	133,076	131,713
		Budget Carried (b)	0	0	0	0	0
		Total (a + b)	110,242	95,121	116,948	133,076	131,713
	Executed amount (thousand yen) (c)		75,060	87,389	107,644		
Important Cabinet Policy Related to the Activity (Main Administrative Policy Speeches, etc.)	Name of the administrative policy speech, etc.			Date		Relevant part (excerpt)	
	Charter for Small and Medium Entrepreneurs of Japan (Cabinet decision)			June 18, 2010		3. (5) Enhancing fairness in markets The Government will strictly enforce the laws designed to protect the legitimate profits of SMEs, prevent large enterprises from delaying payment or reducing the amount of payment to SMEs, and remove all actions by large enterprises that demand excessive quality which inflicts unreasonable costs on SMEs.	
	Economic and Fiscal Reform 2009 - Basic Policies (Cabinet decision)			June 23, 2009		○ Chapter 2 Strengthening Growth Potential 5. Revitalizing SMEs and strengthening R&D (1) Revitalizing SMEs “...comprehensively support SMEs by means such as tightening and strengthening control by the Antimonopoly Act, the Subcontract Act and other relevant legislation.”	

Evaluation Index	Implementation status of written surveys concerning subcontract transactions (firms) (See Notes 1 & 2)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
	No. of main subcontracting entrepreneurs	29,502	30,268	34,181	36,342	38,046
	No. of subcontractors	162,521	168,108	160,230	201,005	210,166
	Number of violations processed (recommendations) (cases)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		11	13	15	15	15
	Number of violations processed (instructions) (cases)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		2,927	2,740	2,949	3,590	4,226
	Processing period for recommendations and instructions (Percentage of cases processed within 6 months) (%)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		98.9	98.2	98.3	97.8	97.5
	Target Figures for Each Year		100	100	100	100
	Processing period for recommendations (Number of cases processed more than 6 months) (cases)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		8	11	10	13	12
	Processing period for instructions (Percentage of cases processed within 6 months) (%)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		99.1	98.6	98.6	98.3	97.9
	Interests of subcontractors directly protected by measures (10,000 yen) (See Note 3)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		58,137	116,048	318,614	60,615	149,543
	Number of training sessions for promoting proper subcontracts hosted (times)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		27	30	31	32	30
	Number of participants in training for promoting proper subcontracts (firms)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		4,368	4,092	4,080	4,307	3,935
	Understanding of the Subcontract Act (scope of application of the Subcontract Act and duties of main subcontracting entrepreneurs) after training (%)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		-	-	-	-	93.2
	Understanding of the Subcontract Act (prohibited activity for main subcontracting entrepreneurs) after training (%) (See Note 4)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		-	-	-	-	96.4

- Note 1: The Subcontract Act defines “main subcontracting entrepreneurs” and “subcontractors” according to the nature of commissioned transactions, the capital of the entrepreneurs commissioning transactions, and the capital of the entrepreneurs commissioned to undertake transactions.
- Note 2: Given the characteristics of subcontract transactions, even if a subcontractor suffers a disadvantage as a result of a violation of the Subcontract Act by a main subcontracting entrepreneur, the subcontractor is unlikely to voluntarily provide information about the relevant violation. To redress this situation, the JFTC regularly conducts written surveys of main subcontracting entrepreneurs and their subcontractors.
- Note 3: Total value of restoration measures (return of reduced amount of subcontract proceeds, etc.) taken by main subcontracting entrepreneurs with respect to disadvantages suffered by subcontractors in accordance with measures taken by the JFTC.
- Note 4: The figure for understanding is the percentage of participants who answered “Clearly understood” or “Largely understood” in a questionnaire survey .

Evaluation index	Number of accesses to brochures about the Subcontract Act published on the JFTC website	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		-	-	-	-	155,049
	Number of accesses to texts of training for promoting proper subcontracts published on the JFTC website	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		-	-	-	-	46,937
	Number of accesses to FY2010 recommendations published on the JFTC website	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		-	-	-	-	156,430
	Amount of coverage of recommendations in daily newspapers (lines) (See Note 5)	Actual Results				
		FY2006	FY2007	FY2008	FY2009	FY2010
		1,159	1,538	3,970	1,328	1,850

Note 5: Calculated based on the assumption that one column of a newspaper is approximately 70 lines.

Results of Evaluations of Activity	Status of Achievements	Violations of the Subcontract Act in relation to which the JFTC issued a recommendation or instruction were, on the whole (97.5%), processed within the target processing period of 6 months.
	Directions for Future Activity	<p>Evaluated based on the evaluation indexes as a whole, the activity can be evaluated as being necessary and effective for promoting the fairness of subcontract transactions and protecting the interests of subcontractors. However, the activity has the following issues.</p> <p>In FY2010, although the JFTC worked hard to process cases, with the number of measures taken against main subcontracting entrepreneurs hitting record highs of 15 for recommendations and 4,226 for instructions, the JFTC needs to strive to improve the investigation capability of officers in charge and further strengthen systems of investigative divisions in order to shorten the processing period, given that 12 out of 15 cases with recommendations were not processed within the target processing period, for reasons such as the time taken to gather evidence fit for recommendation and publication. The JFTC also needs to strive to enhance convenience for participants in training for promoting proper subcontracts, such as by taking the location and access of venues into consideration when selecting venues, based upon feedback in seminar questionnaires.</p>

Use of Expert Knowledge	<p>- If there is some kind of trend in the frequency of measures taken in each sector, that should be included. (Mr. Tanabe) (We made revisions based on this opinion.)</p> <p>- The processing period for violations of the Subcontract Act should be evaluated separately for recommendations and instructions. (Mr. Tanabe) (We made revisions based on this opinion.)</p>
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Materials and Other Information Used in the Policy Evaluation Process	<p>(1) “Status of Enforcement of the Subcontract Act, etc. and Measures for Fairness of Inter-Entrepreneur Transactions in FY2010” Drafted by: The JFTC Published on : May 18, 2011</p> <p>(2) Questionnaire about Hosting of Seminars for Promotion of Equitable Subcontractor Transactions Survey entrepreneurs: 3,935 firms Survey method: Questionnaire survey of seminar participants Drafted by: The JFTC Survey period: November 2010 Number of valid responses: 1,701 firms (this figure is for the number of collected questionnaires, as the number of valid responses varies with each questionnaire item)</p> <p>(Note) The above materials are all held by the General Affairs Division, Secretariat, General Secretariat, the JFTC</p>
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Responsible Department	Inter-Enterprise Trade Division, Subcontracts Inspection Office	Responsible Person	<p>Tetsuya Fujimoto, Director of Inter-Enterprise Trade Division</p> <p>Akira Kamada, Manager of Subcontracts Inspection Office</p>	Year/Month for Policy Evaluation	April - July, 2011
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