

FY 2013 Japan Fair Trade Commission Performance Evaluation Report (Standard Format)

(The Japan Fair Trade Commission 25-(5))

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 sessions 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 processing periods of within 10 months in cases of recommendations and within three months in cases of instructions) and seeking to eliminate such practices, and by seeking to disseminate and promote the Subcontract Act.							
Budget-Related Activity	Breakdown of Budget		FY 2010	FY 2011	FY 2012	FY 2013	Amount requested for FY 2014	
	Amount Allocated (thousand yen)	Budget Supplemented (a)	116,948	133,076	139,726	134,997	137,252	
		Budget Carried (b)	0	0	0	0	0	
		Total (a + b)	116,948	133,076	139,726	134,997	137,252	
Executed amount (thousand yen) (c)		107,644	101,460	118,394				
Important Cabinet Policy Related to the Activity (Main Administrative Policy Speeches, etc.)	Name of the administrative policy speech, etc.		Date		Relevant part (excerpt)			
	Comprehensive Measures on Yen Appreciation: Toward the Construction of a Risk-Tolerant Society (Cabinet decision)		October 21, 2011		II. Specific Measures 1. Mitigating the pain of yen appreciation (2) Enhancement of financial and other assistance to small and medium-sized businesses suffering from yen appreciation. Furthermore, measures to maintain the capital of medium-sized businesses whose net worth has been damaged, assistance for the merger or combination of small and medium-sized businesses, and strict enforcement of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, the Government will strengthen the functions of the Shitauke Kakekomidera (Subcontractors' "Safe Haven") such as running free lawyer counselling sessions.			
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.				
Evaluation Index	Implementation status of written surveys concerning subcontract transactions (firms) [See Notes 1&2]		Actual Results					
			FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
			No. of Main subcontracting entrepreneurs	34,181	36,342	38,046	38,503	38,781
			No. of Subcontractors	160,230	201,005	210,166	212,659	214,042
	Number of violations processed (recommendations) (cases)		Actual Results					
			FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
			15	15	15	18	16	
	Number of violations processed (instructions) (cases)		Actual Results					
			FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
			2,949	3,590	4,226	4,326	4,550	
	Processing period for recommendations (Percentage of cases processed within 10 months) (%)		Actual Results					
			FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
		73.3	46.7	46.7	38.9	56.3		
Target figures for Each Fiscal Year		100	100	100	100	100		
Processing period for instructions (Percentage of cases processed within 3 months) (%)		Actual Results						
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012		
		96.2	96.7	95.9	97.2	98.5		
Target figures for Each Fiscal Year		100	100	100	100	100		
Interests of subcontractors directly protected by measures (10,000 yen) [See Note 3]		Actual Results						
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012		
		318,614	60,615	149,543	322,203	570,094		

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.

Evaluation Index	Number of the training sessions to promote proper subcontracts hosted (times)	Actual Results				
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
		31	32	30	33	30
	Number of participants in the training sessions to promote proper subcontracting transactions (firms)	Actual Results				
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
		4,080	4,307	3,935	4,412	3,845
	Understanding of the Subcontract Act (scope of application of the Subcontract Act and duties of main subcontracting entrepreneurs) after training (%) [See Note 4]	Actual Results				
		FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
		-	-	93.2	91.4	92.2
Understanding of the Subcontract Act (prohibited activity for main subcontracting entrepreneurs) after training (%) [See Note 4]	Actual Results					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
	-	-	96.4	94.3	94.8	
Number of accesses to brochures about the Subcontract Act published on the JFTC website	Actual Results					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
	-	-	155,049	172,623	326,659	
Number of accesses to texts of the training sessions to promote proper subcontracting transactions published on the JFTC website	Actual Results					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
	-	-	46,937	79,668	82,258	
Amount of coverage of recommendations in daily newspapers (lines) [See Note 5]	Actual Results					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
	3,970	1,328	1,850	1,892	5,872	
Number of accesses to FY2011 recommendations published on the JFTC website	Actual Results					
	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	
	-	-	156,430	252,396	237,955	

Note 4: The figure for understanding is the percentage of participants who answered "Clearly understood" or "Largely understood" in a questionnaire

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	<p>The target for processing the violations of the Subcontract Act issuing a recommendation was not met. 56.3 percent of these violations were processed within the target processing period of 10 months (300 days). The average processing length was 328 days.</p> <p>Violations of Subcontract Act in relation to which the JFTC issued a instruction were, on the whole(98.5%), processed within the target processing period of 3 months.</p>
	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.</p> <p>However, the activity has the following issues.</p> <p>In FY 2012, although the JFTC worked hard to process cases, with the number of measures taken against main subcontracting entrepreneurs hitting record highs of 16 for recommendations and 4,550 for instructions, 7 of the 16 cases of recommendations were not processed within the target processing period. This was the result of processing in time-intensive cases in which the main subcontracting entrepreneurs committed multiple violations against subcontractors, etc. The JFTC must work to further strengthen system of its investigative divisions in order to shorten processing period, and work to efficiently execute operations by revising investigative methods and taking other measures, and promote the increase and accumulation of know-how concerning the investigation of cases, particularly the collection and analysis of evidence by investigation division officers.</p> <p>The training sessions to promote proper subcontracting transactions can be evaluated as having had a certain amount of success in disseminating and promoting the Subcontract Act. Therefore, by continuing to actively encourage participation by people with low levels of understanding about the details of the Subcontract Act, the JFTC must further activities to increase the effects of disseminating and promoting the Subcontract Act, such as devising ways to direct people to the sessions, etc., for the purpose of maximizing the effects of training sessions.</p>

Use of Expert Knowledge	<ul style="list-style-type: none"> • I think actively encouraging people with low levels of understanding to participate in the training sessions to promote proper subcontracting transactions is a good activity to prevent violations of the Subcontract Act. However, according to questionnaires, around 65% of participants said they knew nothing about the details of the Subcontract Act prior to the training session. If this percentage is higher than in the previous fiscal year, then it might be worthwhile mentioning that more people with low levels of understanding attended than in the previous fiscal year as a result of actively encouraging their participation. (Mr. Konishi) (The section was adjusted as suggested.) • Publicizing the Subcontract Act is important. However, is it possible to set an indicator to measure the state of the public's knowledge about the Subcontract Act by, for example, making use of the surveys the JFTC conducts? (Mr. Tanaka) (We replied that we would like to study the suggestion at a later time.)
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Materials and Other Information Used During Policy Evaluation	<p>(1) "Status of Enforcement of the Subcontract Act, etc. and Measures for Fairness of Inter-Entrepreneur Transactions in FY2012" Drafted by: The JFTC Published on : May 22, 2013</p> <p>(2) Questionnaire about Hosting of the training sessions to promote proper subcontracting transactions Survey entrepreneurs: 3,845 firms Survey method: Questionnaire survey of seminar participants Drafted by: The JFTC Survey period: November 2012 Number of valid responses: 3,230firms (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	Hiroshi Mabuchi, Director of Inter-Enterprise Trade Division Fumio Nagasawa, Manager of Subcontracts Inspection Office	Year/Month for Policy Evaluation	April – July, 2013
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