

For Fair and Free Market Competition

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Japan Fair Trade Commission

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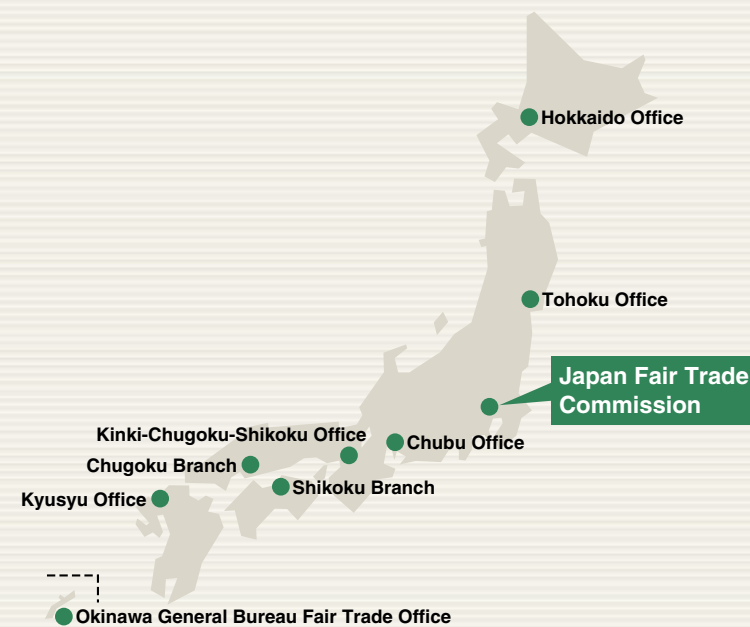
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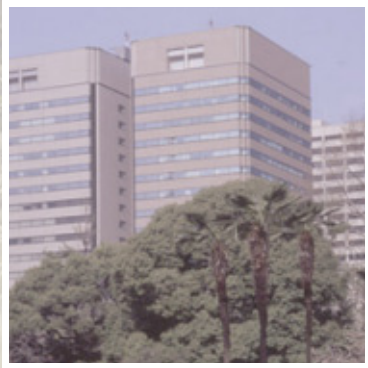
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Introduction

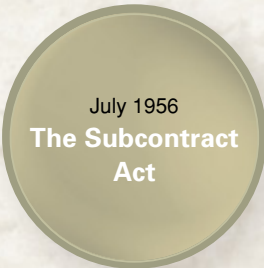
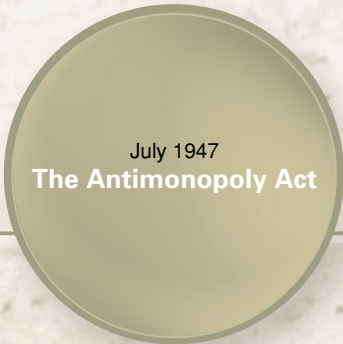
The Japan Fair Trade Commission vigorously enforces the Antimonopoly Act to maintain fair and free competition in a market.

The Japanese competition law known as the Antimonopoly Act (official name : Act on Prohibition of Private Monopolization and Maintenance of Fair Trade) was enacted in July 1947 as a part of measures to establish the economic foundation for supporting democratic society. It aims to promote the democratic and sound development of national economy as well as to assure the interests of general consumers by promoting fair and free competition through prohibition of private monopolization, unreasonable restraint of trade (such as cartels and bid riggings) and unfair trade practices.

In addition to the Antimonopoly Act, policies for promoting competition have been improved steadily through the enforcement of the complementary law, the Subcontract Act enacted in July 1956. The Antimonopoly Act has also been strengthened and amended repeatedly according to changes in

economy and industrial structure from the post-war high economic growth period until today. Its recent amendments made in April 2005 includes the introduction of a Leniency Program and criminal investigation powers, and those made in June 2009 expanded the scope of conduct subject to surcharges to exclusively type of private monopolization and certain types of unfair trade practices, and introduced a leniency application system for group enterprises etc.

It is an administrative commission (administrative agency by a council system) known as the Japan Fair Trade Commission (JFTC) that enforces the Antimonopoly Act and its related laws. The JFTC always supervises the functions of the market, economy and business activities in order to prevent or detect acts against the Antimonopoly Act, and strictly regulates and takes measures against illegal acts, if any.



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Thank you for taking your time to read this brochure. I would like to provide a short message, as the Chairman of the JFTC, regarding the state of competition policy in Japan and the issues and priorities for the JFTC.

The environment surrounding the Japanese economy has been changing rapidly with the recent progress of globalization and significant technological innovations. In enforcing the Antimonopoly Act as a basic rule of economic activities, and in implementing competition policy, I think that it is necessary to take account of such changes in the environment surrounding the economy.

Ensuring prompt and proper response to these changes in the economic environment, the Antimonopoly Act underwent its first comprehensive amendments in the last quarter century in April 2005. These amendments took effect on January 4, 2006, and they primarily aim to eradicate cartels and collusion so as to contribute to realizing a vital, energetic and robust economy and society. Among the specific provisions amended are an increase in the rate of surcharge. Specifically, the rate for large-sized manufacturers for example was increased from 6% to 10%, and as for repeat offenders, the rate is time and a half. In addition, a leniency program was introduced. This is similar to those already introduced in many other countries in which undertakings that report their violations to the competition authorities are able to enjoy immunity from and/or reduction of surcharges.

In 2009 further amendments were made and the amended act became effective in January 2010. The amendments include expansion of types of conduct subject to surcharges to exclusionary type of private monopolization and certain types of unfair trade practices,

introduction of the prior notification system of share acquisitions and revision of the notification threshold, and increase in maximum jail terms for cartels and bid riggings.

The amendments require greater compliance efforts on the part of corporations. The JFTC will closely monitor the status of compliance on the company’s side and encourage them to step up their efforts for better compliance. This is the second challenge facing us.

It is obvious that we need to further strengthen fair competition rules. The JFTC will continue to deal actively and strictly with unfair trade practices that disadvantage SMEs such as abuse of dominant bargaining positions. This is the third challenge.

In the area of international cooperation the JFTC perceives the need to strengthen cooperative ties with the competition authorities in other jurisdictions. This is the forth challenge for us. I believe that the JFTC, which has over 60 years of experience in enforcing the Antimonopoly Act, should shoulder an appropriate responsibility in light of Japan's position as an advanced country in competition law enforcement as well as a big economic power in the East Asia region.

The JFTC is committed to vigorous enforcement of the Antimonopoly Act and thereby meeting the expectations that have been placed on us. We look forward to your continued understanding on and support for our efforts.

Kazuhiko Takeshima
Chairman

Chairman of the JFTC
Kazuhiko Takeshima



Commissioners of the JFTC



Michiyo Hamada Akira Goto Kazuhiko Takeshima Seisui Kamigaki Kiyoshi Hosokawa

The JFTC vigorously enforces the Antimonopoly Act, and positively implements competition policies.

The JFTC is an independent administrative commission consisting of the Chairman and 4 commissioners. These members are appointed from among experts in law or economics by the prime minister with the consent of the Parliament. The JFTC is unique in that it performs its duties as independent administrative commission without being directed or supervised by other organs. Its organizational unit known as General Secretariat takes charge of clerical affairs of the JFTC with regard to investigation and supervision of those cases involving the Antimonopoly Act.

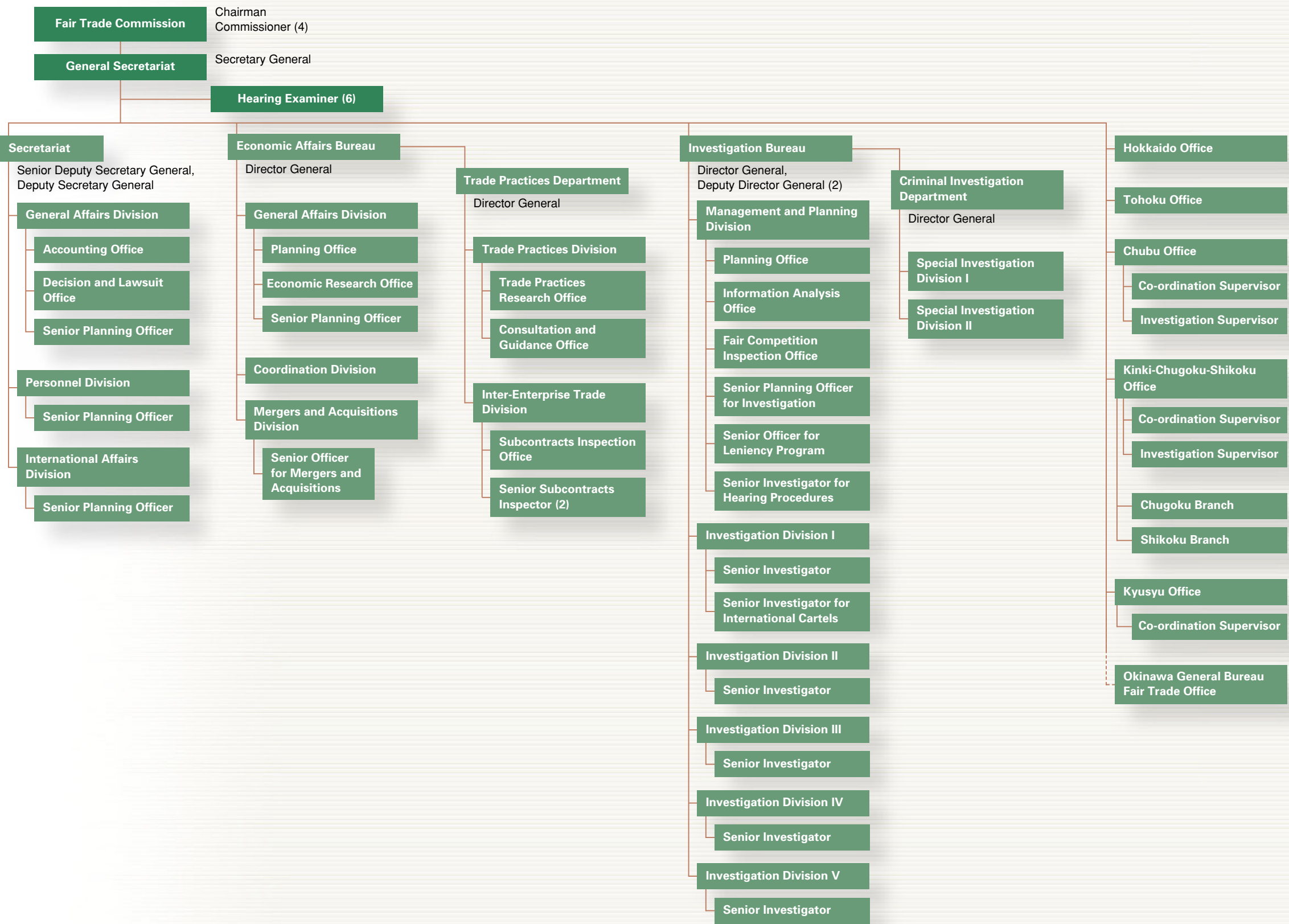
Organizational Chart

Enforcement of laws including the Antimonopoly Act as a law-enforcement agency

In order to maintain fair and free competition in a market, the JFTC enforces the Antimonopoly Act and the Subcontract Act. The JFTC makes its effort to restore competitive order immediately by giving cease and desist orders when illegal acts have been detected and surcharge payment orders when price cartels, etc. have taken place.

Positive implementation of competition policies as a policy-enforcement agency

In an effort to establish internationally-opened, free, fair and dynamic economic society, the JFTC devotes itself to the improvement of the foundation for promoting regulatory reforms and positively implementing competition policies. Its efforts are also directed toward further improvement of the Antimonopoly Act, researches and proposals for regulatory reforms, betterment of competition-restricting administrative guidance, promotion of improvement of public contract bidding systems, and establishing and amending various guidelines as preventive measures for violations.



The JFTC commits to building up close cooperative relations with competition authorities of each country.

Amid the recent globalization of economy, international cartels and mergers are on the increase, with the result that international cooperation among competition authorities is becoming more and more important. The JFTC endeavors to accelerate international cooperation in competition policies through exchanges of opinions with overseas competition authorities, execution of Bilateral Antimonopoly Cooperation Agreements and Economic Partnership Agreements, and positive participation in various international conferences. It also provides developing countries including East Asia with technical assistance regarding competition policies.



Bilateral Antimonopoly Cooperation Agreement between Japan and Canada

Strengthening cooperative relations with overseas competition authorities

The JFTC endeavors to build up international cooperative relations regarding competition policies by executing Bilateral Antimonopoly Cooperation Agreements with competition authorities of each country in order to cope properly with cases infringing on competition laws of various countries and those cases involving jurisdiction. Moreover, it positively exchanges opinions and information on competition policies with competition authorities of those countries which have close economic relations with Japan.

- Bilateral Antimonopoly Cooperation Agreement
 - * Japan and U.S.A. (concluded in October 1999)
 - * Japan and EC (European Community) (concluded in July 2003)
 - * Japan and Canada (concluded in September 2005)
- Exchanging opinions with overseas competition authorities (U.S., EU, Canada, Korea, etc.)

Competition policies in Economic Partnership Agreements

Improvement of competitive environments is intended to ensure benefits arising from the liberalization of trade and investment. “Promotion of competition policies” is defined as an important factor in Economic Partnership Agreements as well, and efforts are made to participate positively in negotiations for concluding such Agreements. The JFTC positively urges each contracting country to incorporate cooperative provisions in the field of competition into Economic Partnership Agreements, including the cooperation among competition authorities for properly excluding anticompetitive conducts.

- Economic Partnership Agreement with:
 - Singapore (concluded in 2002), Mexico (concluded in 2004), Malaysia (concluded in 2005), Philippines (concluded in 2006), Chile, Thailand, Indonesia (concluded in 2007), Vietnam (concluded in 2008), Switzerland (concluded in 2009)
- Conclusion of Economic Partnership Agreements with several countries as a whole is now under negotiation.

Participation in international conferences on competition law and policy

The JFTC participates in international organizations regarding competition laws, which are organized by governments and competition authorities of each country, to discuss competition policies. It also participates in various international meetings and seminars aimed at developing competitive environments in East Asia.

- Participation in various international conferences
 - Organisation for Economic Co-operation and Development (OECD), International Competition Network (ICN), Asia-Pacific Economic Cooperation (APEC), United Nations Conference on Trade and Development (UNCTAD), etc.
- The 7th ICN Annual Conference held in Kyoto in April 2008 hosted by JFTC.
- East Asia Top-Level Officials’ Meeting on Competition Policy.



7th ICN Annual Conference in Kyoto in April 2008 hosted by the JFTC

Technical assistance to developing countries, etc.

In order to facilitate smooth introduction, establishment, and proper enforcement of competition laws for competition authorities with less experience of competition law and policy, the JFTC takes full advantage of its long-term experience and know-how to provide them with various types of assistance.

- Acceptance of trainees
 - Acceptance of trainees from developing countries and implementation of training programs in terms of both theory and practice.
- Holding local seminars
 - Holding local seminars in supported countries in cooperation with them.
- Dispatch of experts
 - Dispatching staff members of the JFTC to competition authorities of supported countries in order to give support geared to the local situations.