

**Seoul Competition Forum 2004
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**Introductory Remarks by
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Introduction

Good morning, ladies and gentlemen. I am very honored to be given this opportunity today to address the opening session of the Seoul Competition Forum 2004. It is clear to all that our Korean hosts have worked very hard to prepare for and to ensure the success of this Forum and of the 3rd ICN Annual Conference. For this, I would like to express my heartfelt respect and gratitude to the Korea Fair Trade Commission and to Chairman Kang for his strong leadership.

When competition policies are discussed, people may immediately turn their attention to the United States and Europe. However, I have always felt that Asia deserves far greater attention than it receives in this area. Therefore, it is a source of great joy to me that the 3rd ICN Annual Conference and the Seoul Competition Forum are being held here in East Asia. I wish to take the opportunity given to me today to deepen your understanding for the state of competition policies in East Asia. I shall begin with a review of our efforts in Japan, as part of East Asia, to strengthen our Antimonopoly Act. Next, I shall comment on the current status of competition policies in East Asia and related initiatives of the Japan Fair Trade Commission (JFTC). Finally, I will comment on the need to strengthen cooperation among the competition authorities in East Asia.

I. Japan's Efforts Toward Strengthening the Antimonopoly Act

Japan's Antimonopoly Act was enacted in 1947, modeled after the U.S. antitrust laws. At the time in Japan, however, views of general public on competition policies differed significantly from those that prevailed in the United States. Coordination rather than competition was a key to economic growth. Therefore, the JFTC worked toward firmly establishing competition laws in Japanese society through enforcement of the laws and the review and revision of their provisions as needed. Thirty years after its enactment, the Antimonopoly Act was extensively reinforced in 1977 with the introduction of surcharge system and other revisions. Since then, more than a quarter of a century has passed, and we now find that the time has come to undertake another comprehensive review of the enforcement system of the Antimonopoly Act. Our attention is focused on determining whether the current legal framework is consistent with contemporary

economic conditions of our country and whether our antimonopoly framework stands on par with international standards.

For instance, one of the problems we see in Japan is that more than a few firms are prone to repeat violations. We believe this points to the insufficient level of deterrence of our laws as compared to the heavy criminal and administrative fines that are levied against violators in the United States and EU. Furthermore, we observe that leniency programs have been effectively utilized in the United States and EU to expose numerous international cartels and other violations. Korea has already adopted a leniency program and I understand that an improvement of this system is now planned.

The JFTC is presently examining a series of revisions designed to strengthen the Antimonopoly Act. These include the following: raising the surcharge rates, introduction of a leniency program, and enactment of compulsory measures for criminal investigations aimed at facilitating criminal charges. These revisions are met by unexpectedly strong opposition from influential business organizations and the road to the passage of amendment laws are not paved well. I believe that going through the process of gaining support to the JFTC proposals to amend the Antimonopoly Act is important and I am fully committed to making every effort to submit the bill for the revision of the Antimonopoly Act to the Diet during 2004.

II. Current Status of Competition Policies in East Asia – Technical Assistance

I often say to Japanese audiences, “no growth without competition.” I believe that it is market competition that fostered the growth and development of Japanese firms. The economic growth of a country is the natural result of this process and Japan is not an exception to this rule. When firms grow through active competition in the domestic market, this creates the power to compete internationally. Therefore, I like using the slogan “competing at home to win abroad.” The progress in economic globalization is deepening the economic ties among jurisdictions and activating all forms of international economic transactions, including foreign direct investments. In such an environment, it is extremely important for respective jurisdictions to develop and to enforce their competition laws in order to maintain and promote competition in their domestic markets. The countries of the East Asian region should be no exception to this.

What is the current status of competition policies in the economies of East Asia? On the one hand, we have seen numerous instances of the introduction of price regulations and consumer protection regulations. Another approach has been to include competition-related provisions in the business laws governing specific industries and businesses. However, thus far, only several economies

have gone so far as to enact and enforce comprehensive competition laws. Among these, some have just recently enacted such laws and started to apply and enforce them. Some others are currently engaged in drafting their comprehensive competition laws. These economies that are endeavoring to introduce or strengthen the enforcement of competition laws require support and assistance, primarily in the form of technical assistance.

As I mentioned earlier, for more than half a century, the JFTC has been engaged in firmly establishing the concepts of competition laws and policy in Japanese society. The wealth of experience that we have gained through this process is now being used to promote the development of the competition environment in East Asia. Currently, we are actively engaged in assistance in the area of competition advocacy and support for the implementation of training programs and other initiatives. We are fully committed to maintaining this active stance in the future. In this context, we believe it is very important for donor and recipient economies to engage in dialog with active participations of both sides. In East Asia, competition-policy related assistance from donor economies has been and will become increasingly important in the future. As we go forward in this direction, it will be vital for donor and recipient economies to work toward maintaining a proper level of consistency in the content of the assistance programs. Obviously, it will not be sufficient for donors to engage in coordinating the programs on their own. The recipients must be thoroughly involved in the process of developing effective and efficient assistance programs, and we strongly believe that this requires both sides to become fully engaged in dialog between them.

III. Current Status of Competition Policies in East Asia – Economic Cooperation

Let me move on to the economic cooperation in East Asia.

In 2002, Japan concluded an agreement with Singapore for economic partnership. Currently, Japan is engaged in negotiations with Korea, Thailand, the Philippines and Malaysia for the conclusion of Free Trade Agreements or Economic Partnership Agreements. Between Japan and our partners in negotiation, we have come to share a common understanding of the importance of competition. Thus, we have already resolved to include provisions concerning competition in these agreements.

Progress in economic globalization has multiplied the risks of international violations of competition laws. Therefore, given the close economic relations that exist in the East Asian region, we believe that solidarity and cooperation among the region's competition authorities will upgrade the level of deterrence against international anti-competitive activities and will have a major economic impact on

the East Asian economies. Furthermore, given the economic ties between the East Asian economies and the rest of the world, this line of action can be expected to have a global impact as well. Also from this it can be seen that cooperation among competition authorities in the field of competition is of great importance.

IV. Strengthening Cooperative Relations Among East Asian Competition Authorities

The competition authorities of the countries and regions of the world are organized in a couple of international organizations. First, there is the OECD whose membership consists of 30 developed countries. The other organization is the ICN whose 3rd Annual Conference gets underway tomorrow in Seoul. As you well know, the ICN is focused on achieving soft convergence through broad-based participation. The various achievements of ICN over the past two years correspond to this fundamental objective. For this reason, the organization has won the appreciation and acclaim of both its members and non-members. This high level of acceptance has encouraged a growing number of competition authorities to join the ICN.

In addition to this global trend, we must bear in mind that the East Asian region is characterized by close economic ties and an increasing level of integration. In light of this fact, we believe it is extremely important for the competition authorities of this region to participate in developing the competition environment for the entire East Asian region by creating a network of competition policies. This must be done through solidarity and communication among the region's competition authorities. To promote dialog and cooperation in the field of competition among East Asian jurisdictions, as Chairman of the JFTC, I would like to propose that, under an open-door policy, the top officials of the competition authorities and related agencies in East Asia come together to jointly create a forum for sharing and developing our views and understanding of competition policies. We believe that such an initiative will also contribute importantly to effective and efficient implementation of the technical assistance in East Asia.

Such undertakings always contain certain challenges and obstacles. However, let us work together to gain the understanding and cooperation of the responsible authorities of East Asia, so that we may be able to realize this valuable objective in East Asia.

Thank you.