

Keynote Speech by Chair Kazuyuki Furuya

ABA Global Seminar Series Tokyo (9:15-9:30 on 29th November, Tekko Executive Lounge & Conference Rooms)

1. Introduction

Thank you for your introduction. And good morning everyone. I'm Kazuyuki Furuya, Chair of the Japan Fair Trade Commission.

I would like to thank you for the opportunity to speak at the start of today's seminar sponsored by the ABA.

The competition laws of Japan and the United States have a strong historical relationship. Inspired by U.S. antitrust law, Japan's Antimonopoly Act was enacted in 1947 as the world's third competition law following the United States and Canada. Since then, the competition authorities of Japan and the United States have regularly exchanged views at a high level. In 1999, Japan concluded the first Anti-monopoly Cooperation Agreement with the United States, which established a framework for the competition authorities of both countries to cooperate in enforcement activities and other matters, and we have thereby actively been working to cooperate with each other. The JFTC participates in the ABA Spring Meeting every year. It also provides a good opportunity for face-to-face communication with competition officials including the U.S. ones and everyone interested in competition law.

2. G7 summit and international cooperation

International cooperation, such as the Japan-U.S. relationship, has been increasingly important in the activities of competition authorities in the digital age. The G7 Enforcers and Policy Makers Summit held here in Tokyo on 8th of this month also reaffirmed the importance of international cooperation.

At the G7 Summit, under Japan's presidency, we discussed challenges and approaches in the digital market, measures to deal with emerging technologies, and compiled the results into the Digital Competition Communiqué.

The activities of Big Tech platform operators cross national borders and spread globally, bringing the same or similar issues to markets in each country and region. To address these competitive concerns in the digital market, countries and regions are actively enforcing competition laws, improving existing regulatory tools, and introducing new regulatory frameworks, including ex-ante regulations. The G7 affirmed that it is

necessary to find a consistent and effective approach to address these common challenges, and therefore close coordination and cooperation among competition authorities are essential.

The pace of growth and change in the digital economy is very fast and does not wait for us. ChatGPT, a conversational AI, was launched at the end of November last year, and now generative AI is rapidly expanding and spreading.

While these emerging digital technologies offer significant economic and social benefits and keys to innovation, and promote competitive markets, they can also potentially pose competitive concerns. In order to be able to anticipate and address such competitive concerns at an early stage, the G7 confirmed that it would strengthen cooperation by sharing knowledge and experience in each country and region to be prepared to catch up on the progress of emerging technologies through "horizon scanning" such as a market study.

3. Priority Areas of the JFTC

Today's seminar will address and discuss topics such as sustainability, merger developments, and the digital economy. The JFTC is focusing on these topics, and Secretary-General Fujimoto and Senior Planning Officer Suzuki will explain these points in detail later. Including these topics, I would like to briefly introduce what kind of issues we focus on and what we are now working on from a perspective of the current and future situations of the Japanese economy.

(Digital field)

First, in the digital field, the JFTC is engaged in both swift law enforcement and the development of new regulations and rules, while cooperating and collaborating with overseas competition authorities.

Regarding law enforcement, last month we launched an investigation concerning Google's suspected antitrust violation related to search applications on Android devices. In this case, given that competition in search services has entered a new phase with the advent of generative AI, we decided that it was necessary to collect diverse information and opinions from market participants regarding the competitive impact of Google's conduct on the Japanese market, and we officially announced the launch of the investigation.

In terms of the development of new regulations and rules, the JFTC released a market study report on the mobile OS this February. Based on the results of the study, the Cabinet's Headquarters for Digital Market Competition compiled the final report this

June, focusing on the development of rules to ensure competition in the mobile ecosystem. Following the policy outlined in the final report, the government is currently considering the necessary legal development toward introducing ex-ante regulations, while taking into account the situation of regulatory development in other countries, including the EU's DMA, and ensuring security and privacy protection. The JFTC is actively participating in the consideration.

(Merger)

Regarding merger review, in 2019, we revised the guidelines and the procedures policies in order to properly respond to business combination cases in the digital field, and review merger cases under the new guidelines. For example, this March we concluded that there would be no problem in the Japanese market with the integration of Microsoft Corporation and Activision Blizzard Inc. During the review, we exchanged opinions with many overseas authorities, including the U.S. FTC and the EU.

(Sustainability)

Next, when it comes to sustainability, while competition authorities in various countries and regions are studying it, the JFTC was quick to release its Green Guidelines at the end of this March.

In Japan, under the goal of achieving carbon neutrality by 2050, the activities of companies to transit to a green society are expected to be accelerated. The Green Guidelines are comprehensive, including joint acts and business combinations, with the aim of supporting companies' efforts to decarbonize from the aspect of the competition policy. Based on the subsequent exchanges of views with the business community, the Guidelines will be revised as early as next spring in order to further clarify the concept of the Antimonopoly Act.

We intend to continue supporting the Green Transformation, or GX, based on concrete initiatives taken by companies.

(Facilitation of Price Pass-through)

The digital economy and sustainability issues mentioned previously are global competition policy issues common to all countries and regions. As a competition authority, the JFTC is devoting considerable resources to addressing another issue the Japanese economy is facing.

Lastly, I would like to mention this issue.

It has become an important policy issue for the Japanese economy to overcome the

long-term deflationary stagnation that has persisted for about 30 years and to realize “a virtuous cycle of economic growth and distribution”. To this end, it is necessary to restore an economic cycle in which both prices and wages rise appropriately.

As part of this initiative, we are working to establish a fair trading environment so that small and medium-sized enterprises (SMEs) can shift prices appropriately and raise wages. Specifically, Japan's Anti-Monopoly Act prohibits unfair trade practices, such as abuses of superior bargaining position. Based on this regulation, the JFTC is strengthening market surveillance to prevent unfair trading.

I would appreciate it if you could understand that this approach addresses Japan's unique economic challenges, which differ from the post-COVID-19 economic situation in the US and Europe.

4. Closing

Finally, I would like to conclude my remarks by expressing my gratitude and expectation for today's seminar. The speakers for today's seminar are not only from the United States and Japan, but also from various countries and regions. In this context, I am pleased to introduce the JFTC's efforts and hope that we would deepen international discussions here in Tokyo.

Thank you for your listening.