

Promotion of Regulatory Reform and The FTC's Position on Competition Policy
— At the Time of the Three Year Program for the Promotion of Regulatory Reform —

March 30, 2001

The Fair Trade Commission

The Three Year Program for the Promotion of Regulatory Reform was approved at a Cabinet meeting today. The Three Year Program aims to build a clearly defined, fair, reliable and internationally opened economy by promoting structural reform, as explained in “1. Purpose of the Program and the Basic Policies for Promoting Regulatory Reform” in “I. Common Aspects”. It calls for aggressive and radical promotion of regulatory reform in all administrative areas in a systematic manner, and for aggressive implementation of a competition policy aimed at facilitating market functions. The fundamental rule of the competition policy is as stated in “3. Competition Policy, II. Broad Measures”: “In order to stimulate the Japanese economy and achieve an affluent society, it is necessary to review the conventional socioeconomic structure and aggressively promote fair and free competition in the market. Competition Policy will therefore be promoted by clarifying the application of the Antimonopoly Act, reinforcing the enforcement of the Act, and abolishing regulations that limit consumers’ freedom of choice and undermine the creative efforts by businesses.”

The Fair Trade Commission (FTC), following the regulatory reform policies shown in the Program and taking into consideration the importance of the role competition policy plays, continues to address Antimonopoly Act violations strictly and vigorously with a view to promoting fair and free competition in the Japanese market. The FTC also continues its efforts to ensure and promote fair and free competition in both public sectors including regulations and private sectors.

Following are actions taken or to be taken by the FTC.

The FTC welcomes public views and opinions regarding its roles in the promotion of regulatory reform and implementation of competition policy.

Inquiries and opinions should be sent to:

Somu-ka (General Affairs Division),
Keizai Torihiki-kyoku (Economic Affairs Bureau),
Jimu-sokyoku (General Secretariat),
Kosei Torihiki-iinkai (Fair Trade Commission)
100-8987 Chuo Godo-chousha No.6B
1-1-1 Kasumigaseki, Chiyoda-ku, Tokyo
Phone: (03) 3581-5476
Fax: (03) 3581-1945
Website: <http://www.jftc.go.jp>

(Note) Quotes from the Program are indicated in italics.

1. Strict, Swift and Vigorous Actions against Violations

(1) Antimonopoly Act Violation Cases

Efforts shall be made to strengthen the enforcement of the Antimonopoly Act, including such measures as to reinforce the structure of the Fair Trade Commission in terms of its investigative and other resources. Strict and vigorous measures, including accusation for criminal prosecution, shall be taken against price cartels, bid riggings and other types of violation of the Antimonopoly Act.

[(2) Measures relating to Enforcement and Administrative Process, 3. , II. Broad Measures]

A. Legal Measures Taken

In fiscal 2000, the FTC took legal actions, such as recommendations, in 18 cases. The FTC ordered 724 persons to pay surcharges of a total of 8,591.76 million yen.

Fiscal Year	Legal Measures (Recommendations, etc.)		Surcharge Orders (Notes 1, 2)		
	Cases	Persons	Cases	Orders	Total Amount in Yen
2000	18	608	16	724	8,591.76 million
1999	27	938	20	335	5,458.91 million
1998	27	586	16	576	3,149.15 million

(Note 1) The total amount of the surcharges includes those which were ordered to pay, but excludes those of which the hearing procedures were initiated by the complaints.

(Note 2) As a rule, orders to pay surcharges and other payment orders given to only some (not all) of the parties to the case are not included in the number of cases. (The number of cases are counted in the fiscal year in which the initial order to pay surcharges were issued.)

B. Recent Major Cases

(i) Price Cartels and Bid Rigging Cases

- Construction companies and survey/architect firms rigged a public bidding for agricultural engineering works ordered by Kamikawa-shicho, Hokkaido. (Recommendation decision issued in June 2000)

- A total of 45 companies rigged a public bidding for petroleum products ordered by the Fisheries Agency. (Recommendation decision issued in October 2000)
- A total of 4 companies rigged a public bidding for batteries for communication equipment ordered by the Ground Self-Defense Force. (Recommendation decision issued in December 2000)
- Companies rigged a public bidding for civil engineering works, construction works and paving works ordered by Machida City. (Recommendation decision issued in February 2001)
- A total of 4 truck dealers in Yamaguchi Prefecture formed a cartel to restrict the number of trucks for sale. (Recommendation decision issued in July 2000)
- A total of 4 truck dealers in Kumamoto Prefecture formed a cartel to fix the price and restrict the number of trucks for sale. (Recommendation decision issued in December 2000)
- A total of 4 medical care companies rigged a public bidding. (Recommendation decision issued in April 2000)

(ii) Impediments to Market Access and Exclusion of Competitors Cases

- An association of companies selling automobile repairing glass restricted the number of imports to be sold by its members. (Recommendation decision issued in February 2000)
- Nippon Telegraph and Telephone East Corporation (NTT East) was suspected of preventing new DSL operators from entering the market. (Warning issued in December 2000)
- A newspaper publisher prevented new companies from entering the market and excluded their business activities. (consent decision issued in February 2000)
- An ampoule material tube seller excluded competitors. (Recommendation decision issued in February 2000. The FTC initiated hearing procedure in March 2000.)
- An automobile goods seller bound an automobile goods maker to trade under unfair terms and conditions. (Recommendation decision issued in May 2000)
- A total of 17 firms who use Rock Man method in sewage pipe works and sellers of the machines used in such works prevented other companies from entering the market. (Recommendation decision issued in October 2000)

- A ready-mixed concrete cooperative obstructed dealings with competitors. (Recommendation decision issued in February 2001)

(iii) Unfair Trade Practices in the Distribution Sector

- A manufacturer of cellular phones forced retailers to maintain resale prices. (Recommendation decision issued in December 1999)
- A dressings manufacturer forced retailers to maintain resale prices. (Recommendation decision issued in August 2000)
- A car audio and car navigation system manufacturer bound retailers to display certain prices. (Recommendation decision issued in January 2001)

(iv) Non-governmental Restriction in the Private Sector

- An association of textbook publishers restrained editing and publishing of textbooks by its member companies. (Recommendation decision issued in November 1999)
- An association of refrigerated warehouse operators restricted its members' activities associated with reporting the fees to competent government agencies. (hearing decision issued in April 2000)

C. Ensuring the Transparency of Measures Taken

Releasing to the public the details of warnings and cautions, which is currently implemented, should continually be encouraged. Warnings and cautions should continue to be properly issued.

[(vii) Warning and Caution, (4) Individual Items, 3. Competition Policy II. Broad Measures]

D. Strengthening the Organization and the Operation

In an effort to step up investigations into Antimonopoly Act violations, the FTC will strengthen mainly its investigative section, upgrading its capacity for investigation.

the number of the FTC personnel

[unit: person]

Fiscal Year	1997	1998	1999	2000	2001
Total Staff	545	552	558	564	571
Investigators	248	254	260	263	269

(2) Efforts to deal with the Globalization of Business Activities

The FTC will properly apply the Antimonopoly Act in line with the progress in the globalization of the economy and form close ties with competition authorities in other countries.

A. Proper Application of the Antimonopoly Act

(i) International Trade

- A supplier of radioactive material for medical use excluded competitors by concluding long-term exclusive contracts with users (Recommendation decision issued in September 1998)
- Both Japanese and foreign manufacturers of graphite electrodes allegedly allocated international market shares. (Warning issued in March 1999)

(ii) Regulations on Mergers & Acquisitions corresponding to International Mergers, Acquisitions and Reorganization

The FTC examines mergers and acquisitions of corporations taking account of actual market conditions, including a competitive environment in international markets, and enforces the law promptly, transparently and properly.

- With the 1998 amendment, the Antimonopoly Act can now be applied to mergers and acquisitions abroad.
- “Guidelines for interpretation on the stipulation that the “effect may be substantially to restrain competition in a particular field of trade” concerning M&As”, usually called the guideline for mergers and acquisitions, was worked out and released to the public. (December 1998)

The examinations of mergers and acquisitions will be conducted case by case, taking into account not only market shares but also other concrete factors including foreign competition, imports and competitive pressures from adjoining markets.

B. Cooperation with Foreign Authorities

- Japan and the U.S. concluded an agreement concerning cooperation on anticompetitive activities. (October 1999)
- Japan and the EU understood each other's basic stance in the negotiations for concluding an agreement concerning cooperation on anticompetitive activities. (July 2000)

2. Developing the Foundations for a Fair and Free Economy

Competition policy must be actively implemented and deregulation must be promoted in order to build an economy that is free, fair, vital and open internationally. It is important to develop the foundations to make that possible. The FTC therefore engages in activities aimed at the revision of the Antimonopoly Act, conducts surveys and makes proposals for deregulation, corrects administrative guidance that might restrict competition, curbs non-governmental restrictions in the private sector and encourages entrepreneurs to comply with the Antimonopoly Act, as described below.

(1) Activities aimed at the Revision of the Antimonopoly Act

A. Improvement of Private Remedies

For private remedies against violations of the Antimonopoly Act, the Act was amended to improve the infrastructure for promoting deregulation, which resulted in the introduction of the injunction relief system against the Antimonopoly Act violations relating to unfair trade practices and the improvement of the damage suit system. (Enforced in April 1, 2001)

When it is deemed necessary based on the careful observation of the implementation status of the system and the accumulation of cases, a study should be started in order to improve the system, including the expansion of the definition of acts in violation of the Antimonopoly Act that may be subject to a civil injunction suit, so as to include private monopolization and unreasonable restraint of trade.

[(vi) Private Remedies, (4) Individual Items, 3. Competition Policy, II. Broad Measures]

- Since April 1, 2001, The FTC has carefully observed the implementation status of the

system and properly handled the court's request for the opinion of the FTC.

- Establishing an Information System that supports the Injunction Relief System

In parallel with the introduction of an injunction relief system against violations of the Antimonopoly Act, an information system that supports the system has been established, so that a database of decisions by the FTC and judgments relating to the Antimonopoly Act is made widely available over the Internet, with functions that enable victims interested in the system to use it.

B. Revision of the Overall Concentration Regulations

The existing restrictions on holding companies, on the total amount of stock held by large non-financial companies and on stockholding by financial companies, which are imposed on a pro forma basis for a certain volume of stocks held, shall be abolished as much as possible. The need for introducing effective regulations shall be studied on the purpose of removing the harmful effects of the excessive concentration of economic power. Conclusions of the study shall be reached by the end of FY2001, and necessary measures shall be taken by the end of FY2002.

[(iv) Revision of the General Concentration Regulations (Restrictions on holding companies, on the total amount of stock held by large non-financial companies and on stockholding by financial companies), (4) Individual Items, 3. Competition Policy, II. Broad Measures]

For the purpose of increasing efficiency of the investigation, eliminating arbitrariness and securing transparency of procedure, FTC studies necessity and possibility for introducing the corporate leniency program to the present surcharge payment system, in which FTC reduces the amount of surcharge to the entrepreneurs who meet certain conditions, such as cooperating fully with the FTC's investigation and not playing important role in the illegal activity, in order to support the investigation and deterrence of cartels and Dangos. FTC also studies other ways of the effective investigation if necessary.

[(i) Stronger Enforcement against Cartels and Bid-rigging, (4) Individual Items, 3. Competition Policy, II. Broad Measures]

In February 2001, the Antimonopoly Act Study Group (chairman: honorary professor Kenichi Miyazawa of Hitotsubashi University) was established to consider and to review the Antimonopoly Act. Two subgroups have been organized under the Group, one specializing

in and concentrating on the regulations of overall concentration and the other on the provisions on procedures (Overall Concentration Subgroup and the Procedures Subgroup). The Group is due to issue a report around autumn 2001.

(2) Promotion of Competition in Regulated Industries

If any policy proposal needs to be made to perform administrative work in association with the introduction of competition in electric power, gas, telecommunications, transport or other industries in which restrictions have been traditionally imposed against new entrants, the FTC will continue to investigate the competition status in these industries in view of promoting competition, and actively make policy proposals if there is any room for improvement.

For the purpose of promoting competition, the relevant government ministries and agencies and the FTC shall study a framework of collaboration for establishing and reviewing schemes for competition, including the establishment of guidelines.

[(iii) Promotion of Competition in Regulated Industries, (4) Individual Items, 3. Competition Policy, II. Broad Measures]

A. Surveys and Proposals for Reviewing Government Regulations and Working Out Conditions for Fair Competition after Reviewing

(The Study Group on Government Regulations and Competition Policy, chaired by Professor Toshimasa Tsuruta of Senshu University) is studying how fair competition could be ensured in the public utilities sector where deregulation is under way in power and gas services etc.

- A report on issues relating to competition policy in the electric power sector was released to the public. (November 1999)
- A report on issues relating to the competition policy in the gas sector was released to the public. (December 1999)
- A report on issues relating to the competition policy in the domestic air passenger transportation sector was released to the public. (February 2000)
- A report on issues relating to the competition policy in the telecommunication sector was released to the public. (June 2000)
- A report on deregulation and Competition Policy in public utilities sector was released to

the public. (January 2001)

- A report on issues relating to competition policy for the introduction of competition into postal services was released to the public. (November 2000)

B. Ensuring Fair Competition in the Public Utilities Sector after System Reforms

- “Guidelines on fair electricity trade” were established and released to the public. (December 1999. Collaborated with the Ministry of International Trade and Industry)
- “Guidelines on fair gas trade” were established and released to the public. (March 2000. Collaborated with the Ministry of International Trade and Industry)

Considering the progress of system reform in the telecommunications sector, guidelines for the Antimonopoly Act shall be established and released to the public by the end of 2001, such that examples of cases deemed problematic under the Act are specified in the guidelines, including the prevention of new entry by the refusal of trade without plausible reason regarding the access to facilities that are essential for providing telecommunication services.

[(viii) Clarification of Guidelines for the Telecommunications Sector based on the Antimonopoly Act, (4) Individual Items, 3. Competition Policy, II. Broad Measures]

C. Strict Enforcement of the Antimonopoly Act in the Telecommunications Sector

- Nippon Telegraph and Telephone East Corporation (NTT East) was suspected of preventing new DSL operators from entering the market. (Warning issued in December 2000)

(3) Review of Exemption Systems from the Application of the Antimonopoly Act

In parallel with deregulation, exemption systems from the application of the Antimonopoly Act have been reviewed step by step since 1995. Exemption provisions under respective laws were repealed or reduced in 1997, and those under the Antimonopoly Act were reduced and the exemption law was repealed in 1999. Exemption provisions for acts unique to nature-monopolizing businesses were repealed in 2000.

(4) Anticompetitive Administrative Guidance

Ministries and government offices concerned, following the “Guidelines concerning Administrative Guidance under the Antimonopoly Act”, are required to hold prior consultations with the FTC to ensure that deregulation does not give way to anticompetitive administrative guidance.

[(2) Measures relating to Enforcement and Administrative Process, 3. Competition Policy, II. Broad Measures]

- When the FTC finds administrative guidance anticompetitive during its investigations into Antimonopoly Act violation cases, fact-finding surveys or other means, it will request ministries and government offices concerned to take corrective measures.

(5) Non-governmental Restrictions in the Private Sector

Regarding non-governmental restrictions in the private sector, the FTC takes strict actions against Antimonopoly Act violations. The FTC also carries out fact-finding surveys and corrects restrictive trade practices in the private sector. In case the FTC finds anticompetitive the administrative guidance behind the restrictive trade practices, both the FTC and ministries and government offices concerned take corrective measures immediately. In case no ministries or government offices are involved, the ministries and government offices concerned are required to clarify their responsibility by, among others, declaring their non-involvement.

[(2) Measures relating to Enforcement and Administrative Process, 3. Competition Policy, II. Broad Measures]

A. Actions against Non-governmental Restrictions in the Private Sector

The FTC continues to take strict actions against such violations as preventing start-up companies from accessing to markets by existing companies or trade associations. In case the FTC finds anticompetitive administrative guidance involved, it asks ministries and government offices concerned to take corrective actions if necessary. It also conducts fact-finding surveys and advises companies and trade associations to correct those practices which are not in compliance with competition policy.

B. Strict Actions against Antimonopoly Act Violations

- An association of textbook publishers restrained editing and publishing of textbooks by its member companies. (Recommendation decision issued in November 1999)
- An association of refrigerated warehouse operators restricted its members' activities associated with reporting the fees to competent government agencies. (hearing decision issued in April 2000)

C. Fact-finding Surveys on non-governmental restrictions in private sectors

- Survey on the situation of automobile maintenance business. (April 2000)
- Survey on the situation of price lists compiled by constructions associations in "Price Data for Construction Cost Estimating", "Price of Construction Materials and Wages". (September 2000)

- a. In order to ensure fair and effective competition among qualified professionals, fact-finding shall be done in regard to self-regulatory efforts made by the associations of qualified professionals for whom the establishment of an association and membership is mandatory under the laws (certified public accountant, administrative scrivener, lawyer, judicial scrivener, real estate appraiser, tax accountant, social & labor insurance consultant and patent attorney), and measures shall be taken which are required to improve the situation based on the findings.*
- b. In consideration of the facts and the characteristics of the associations of qualified professionals mentioned above, the relationship between the associations' activities and the Antimonopoly Act shall be clarified, released to the public and widely understood. In the event of any consultation cases that will be instructive for the future, the details shall be disclosed as much as possible to prevent future violations of the Antimonopoly Act.*
- c. Associations of qualified professionals stated in paragraph a. above shall be encouraged to have Antimonopoly Act Compliance Programs, and necessary measures shall be taken to assist them.*

((xi) Study on Registration and Membership Scheme, (1) Monopolistic Business Qualification Schemes, Individual Measures for Qualification Schemes, Exhibit 2)

- An association of real estate appraisers was suspected of preventing its members from concluding agreements individually with local governments for appraising and

evaluating standard housing sites ordered by local governments. (Warning issued in March 2001)

(6) Prevention of Illegal Practices and Encouraging Competition

A. Prevention of Illegal Practices and Ensuring Transparency

(i) Actions to Prevent Bid Rigging

In order to promote fair and free competition, the FTC studies the adequate measures to tackle the problem of the government official involvement in Dango, with a view of possible introduction of the new legislation, aiming at removing Antimonopoly Act violations and preventing recurrences.

[(ii) Introduction of Measures against Contract-awarding Public Offices involved in Bid Rigging, (4) Individual Items, 3. Competition Policy, II. Broad Measures]

- **Collaboration and Cooperation with Contract-awarding Public Offices to Prevent Bid Rigging**

The FTC shall organize conferences and training schemes aimed at collaborating and cooperating with contract-awarding public offices, in order to wipe out bid rigging.

- **Request to Contract-awarding Public Offices**

If there are any problems in the procurement procedures or operations, the FTC shall request the contract-awarding public offices to take corrective measures.

(ii) Establishment and Public Release of Guidelines based on the Antimonopoly Act and Proper Handling of Inquiries from firms

- Major consultation cases regarding business activities of firms and trade associations were released to the public. (June 2000, March 2001)
- A consultation case regarding the establishment of a BtoB market aimed at the collective procurement of raw materials was released to the public. (November 2000)
- Consultation cases in the prior-consultation scheme for patent and know-how licensing agreements were released to the public. (December 2000)
- Public releases of prior consultation cases regarding planned mergers and acquisitions were upgraded.

(iii) Actions for Common Enterprises aimed at Recycling

Clear guidelines shall be produced for common enterprises aimed at recycling, which shall describe what kind of common enterprises are problematic under the Antimonopoly Act in

detail.

[(vii) Promotion of Common Enterprises aimed at Recycling and Competition Policy, B. Recycling and Waste, (3) Individual Items, 2. Environment, II. Broad Measures]

B. Support to Entrepreneurs who are making Efforts to Comply with the Antimonopoly Act

When requested, the FTC is willing to support entrepreneurs who are working out their own compliance programs to comply with the Antimonopoly Act or making efforts to comply with the Act.

C. Ensuring the Fair Competition in the Public Utilities Sector after System Reforms

- “Guidelines on fair electricity trade” were established. (December 1999. Collaborated with the Ministry of International Trade and Industry)
- “Guidelines on fair gas trade” were established. (March 2000. Collaborated with the Ministry of International Trade and Industry)
- Guidelines for the telecommunications sector based on the Antimonopoly Act shall be established and released to the public by the end of 2001.

D. Acting on the Program of “Antimonopoly Policy Cooperators”

The program of “Antimonopoly Policy Cooperators,” established in fiscal 1999, should be developed to promote public understanding of competition policy and to contribute to policy implementation following actual economic conditions. The FTC invites experts on local economies to listen to their views and suggestions regarding the Antimonopoly Act enforcement and the Commission. Respecting those opinions and suggestions, the FTC implements competition policy following actual economic conditions.

3. Ensuring Fair Competition after Deregulation

In order to ensure fair competition after regulatory reform, strict and active measures shall be taken against unfair trade practices, including unjust low price sales and the abuse of dominant position that damages small- and medium-sized businesses. In particular, cases involving unjust low price sales shall be handled strictly and promptly by the FTC assisted by other ministries and government offices concerned in personnel resources:

- (1) Cases reported shall be processed as quickly as possible;*
- (2) Cases involving unjust low price sales by a large business or repetitive unjust low price*

sales shall be investigated on an individual basis if they are deemed to have a significant impact on retailers in the neighborhood, so as to determine the impact on such retailers' business activities, and strict action shall be taken against cases that are deemed problematic; and

(3) If necessary, the price trends shall be monitored after action has been taken.

[(2) Measures relating to Enforcement and Administrative Process, 3. Competition Policy, II. Broad Measures]

(1) Strict and Prompt Actions against Unfair Trade Practices that Damage Small- and Medium-sized Businesses

A. Unjust Low Price Sales

Because selling at unjustifiable low prices in the retail business gives adverse effects to small- and medium-sized businesses seriously, the FTC intends to act on prospective unjust low-price sales swiftly. With any incipient facts of cases, the FTC will send officials to stores involved, and, if necessary, give a caution or other remarks to retailers on the spot.

In cases involving unjust low price sales by a large business or repetitive unjust low price sales, the FTC investigates each case on an individual basis if they are deemed to have a significant impact on retailers in the neighborhood, so as to determine the impact on such retailers' business activities, and takes strict action against cases that are deemed problematic. In March 2001, the FTC issued a warning against 8 liquor retailers.

Recent Unjust Low Price Sales Cases

(unit: case)

Fiscal Year	Liquor	Petroleum	Home Appliances	Others	Total
2000 (April 2000 – Feb. 2001)	627	99	2	34	762
1999	429	215	4	24	672
1998	339	185	18	57	599
1997	83	94	9	31	217

B. Abuse of Dominant Position

(i) Antimonopoly Act Violations (As of February 28, 2000)

- Warning: 1 case Caution: 5 cases
- A fact-finding survey was conducted on consigned transactions in the motor truck transportation business and the software development business. (December 2000)

(ii) Precise Application of the Subcontract Act

Recent Subcontract Act Violation Cases

(unit: case)

Fiscal year	Recommendation	Warnings	Types of Violations									
			Rejecting to receive products	Curtailing payments	Sending back products	Beating window prices	Forcing to buy products	Delayed payment	Earlier settlement of account	Long-term bills	Failing to make documents	Failing to keep documents
2000 (April 2000 – Feb. 2001)	4	1,014	20	109	9	40	43	194	35	186	747	110
1999	3	1,101	21	132	29	27	20	234	36	191	826	134
1998	1	1,271	42	97	23	31	28	226	34	218	1,039	102
1997	3	1,348	60	121	22	48	74	269	58	205	1,064	135

(Note) In some cases, more than two violations were committed simultaneously. Therefore, the total number of types of violations does not correspond to the total number of recommendation and warning cases.

- “Guidelines for the abuse of dominant positions in consigned transactions of services based on the Antimonopoly Act” was released to the public. (March 1998)
- FTC rules and administrative standards were revised as the application policy of the Subcontract Act was revised. (July 1999)
- Provisions of the Subcontract Act were revised for providing procurement information and storing subcontract transaction records with the use of information and communication technologies. (Revision based on the law for organizing laws relating to the use of information and communication technologies for furnishing documents, etc. Enforced on April 1, 2001)

(2) Actions against Misleading Representations

A. Actions against Misleading Representations

Misleading Representation Cases

(unit: case)

Fiscal Year	Cease and Desist Orders	Warnings
2000 (April 2000 – Feb. 2001)	2	164
1999	2	206
1998	7	277
1997	4	293

- A warning was issued against the misleading representations of the country of origin of meat. (June 2000)
- A warning was issued against the misleading representations of the country of origin of traditional handicraft products. (September 2000)
- A warning was issued against the unjust double price display of fishing products. (September 2000)
- A warning was issued against the misleading representations of pay nursing homes for the elderly. (November 2000)
- A cease and desist order was issued against the misleading representations of the raw materials of soft drinks. (December 2000)
- A warning was issued against the misleading representations of the raw materials of processed shellfish products. (January 2001)
- A cease and desist order was issued against the unjust double price display of golf products. (February 2001)

B. Prevention of Misleading Representations and Guidelines

- “Guidelines for the unjust price display based on Premiums and Representations Act” were established. (June 2000)
- “Internet Surf Day” was implemented to check E-commerce websites with regard to representations of health products claiming to have dieting effects. (December 2000)
- “The FTC’s actions corresponding to BtoC e-commerce, focusing on issues concerning representation on advertisement” was released to the public. (January 2001)
- “Internet Surf Day” was implemented to check online clothing shop. (February 2001)

(3) Upgrading of Consultation and Guidance Services for Small and Medium-sized Businesses

- The “Antimonopoly Act consulting network” shall be utilized in collaboration with the

Chambers of Commerce and Industry across the country.

4. Actions corresponding to the IT Revolution

In response to the progress in the IT revolution and e-commerce, the FTC is taking action to promote competition in the information and communications sector, which will serve as the foundations, ensure the fairness of e-commerce which makes use of information and communication technologies, and achieve an electronic government. The outline of FTC's action was released to the public in the form of a report titled "Actions corresponding to the IT Revolution." (January 2001)

(1) Promotion of Competition in the Information and Communications Sector

A. Strict Enforcement of the Antimonopoly Act in the Telecommunications Sector

- Nippon Telegraph and Telephone East Corporation (NTT East) was suspected of preventing new DSL operators from entering the market. (Warning issued in December 2000)

B. Guidelines for the telecommunications sector based on the Antimonopoly Act shall be established and released to the public by the end of 2001.

C. A study group shall be organized to study the issues relating to Competition Policy amid the convergence of broadcast and telecommunications, and a report shall be produced by the end of 2001.

(2) Actions for E-commerce

A. Clarification of Guidelines for BtoC E-commerce based on the Antimonopoly Act

In January 2001, the FTC published a report titled "The FTC's actions corresponding to BtoC e-commerce, focusing on issues concerning representation on advertisements" in regard to actions under Premiums and Representations Act for representations in e-commerce from consumers' point of view and representations that are easy to understand for consumers. The FTC shall identify the actual status of e-commerce in 2001 and review the report if needed.

[(ix) Clarification of Guidelines for BtoC E-commerce based on the Antimonopoly Act, (4) Individual Items, 3. Competition Policy, II. Broad Measures]

B. Clarification of Guidelines for BtoB E-commerce based on the Antimonopoly Act

- A consultation case regarding the establishment of a BtoB market aimed at the collective procurement of raw materials was released to the public. (November 2000)

C. Clarification of Standards for Applying Regulations on Premiums in line with the Spread of E-commerce

In order to deal with e-commerce and other new forms of trade, the FTC shall promptly study and clarify the regulations on premiums in e-commerce, such as the standards for premiums given over a website.

[(v) Review of Regulations on Premiums, (4) Individual Items, 3. Competition Policy, II. Broad Measures]

(3) Problems concerning Intellectual Property Rights, etc.

The FTC shall identify the actual status of software license agreements in view of Competition Policy and clarify the interpretation of the Antimonopoly Act by the end of FY2001.

[(x) Clarification of Guidelines for Software License Agreements based on the Antimonopoly Act, (4) Individual Items, 3. Competition Policy, II. Broad Measures]

(4) Actions for realizing an Electronic Government

A. In principle, online application and notification procedures shall be established on the Internet, etc. by 2003.

B. An information system* that supports the injunction relief system shall be developed, so that a database of decisions by the FTC and judgments relating to the Antimonopoly Act will be made widely available through the Internet, with search and use functions.

*Japanese only