

Evaluation of JFTC Policies in FY2008  
( Tentative Translation )

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Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC) conducted policy evaluation in the FY2008 in accordance with “Government Policy Evaluations Act” (Act No. 86 of 2001) and compiled the results. When compiling the evaluation results, the JFTC heard opinions from the Japan Fair Trade Commission Policy Evaluation Commission members (commissioned to outside experts) so their opinions are included.

1. Measures Subjected to Evaluation etc.

Measures	Activities
Rapid and effective operation of the Act	Merger review
	Merger review (FY2007)
	Measures against violations of the Antimonopoly Act
	Measures against violations of the Antimonopoly Act(FY2007)
	Improvement of trade practices after eliminating abuse of dominant bargaining position by large-scale retailers
Promotion of competitive society governed by rules	Measures against violations of the Subcontract Act
	Measures against violations of the Subcontract Act (FY2007)
	Improvement of written order issuance ratio in the subcontract business such as commissioning of services etc.
	Measures against violations of the Premiums and Representations Act
	Measures against violations of the Premiums and Representations Act (FY2007)
Positive creation of competitive environment	Improvement of compliance awareness
	Improvement of compliance awareness at ordering organizations in relation to the prevention of bid-rigging

## 2. Evaluation Results

In this policy evaluation, the measures of the JFTC were examined from the viewpoints of “Necessity”, “Effectiveness” or “Efficiency” in accordance with Paragraph 1, Article 3 of the Government Policy Evaluations Act. Examples of specific evaluation results in relation to the effectiveness and efficiency are as follows:

### (1) Evaluation from the viewpoint of effectiveness

#### -- Merger review

It can be confirmed that the merger review was carried out rapidly and appropriately because the review based on notification etc. and prior consultation processes was completed within the predetermined period and because the quality improvement of the merger review was achieved as intended by properly assigning the human resources required in large-scale and important cases including those that require collaboration with overseas competition authorities.

#### -- Measures against violations of the Antimonopoly Act

For the cases that were in violation of the Antimonopoly Act in FY2007, 1) 24 legal actions were taken; 2) A range of significant cases were processed; and 3) The average amount of final and binding surcharges imposed to each entrepreneur was the third largest in history. Because the objective of dealing strictly with violations of the Antimonopoly Act has been achieved, it is considered that the policies should be evaluated as being highly effective.

#### -- Improvement of trade practices after elimination of abuse of dominant bargaining position by large-scale retailers

Since the JFTC has taken legal actions, violations judged in the decisions were effectively excluded from the transactions of large-scale retailers A with its suppliers. It is considered that the trade practices have been improved.

#### -- Measures against violations of the Subcontract Act

The number of recommendations and the repaid amount to cover reduction of the subcontract consideration in accordance with recommendations or warnings in cases regarding violations of the Subcontract Act were the largest since the enforcement of the amended Subcontract Act. Because violations of the Subcontract Act in a wide range of fields were dealt with strictly, it is considered that the measures can be evaluated as highly effective in the light of the purpose of the act to protect the profits of subcontractors.

#### --Improvement of written order issuance ratio in the field of subcontract business such as commissioning of services etc.

Parental entrepreneurs' written order issuance ratio in the field of commissioning of services etc. in FY2004 was 85.1% and a target was set to increase this ratio to about 95% in the three years from FY2005 to FY2007 inclusive. In FY2007, that is the final fiscal year of the project, the written order issuance

ratio was 98.9%. Because the target that had been set was achieved, it is considered that the activities to improve the written order issuance ratio were effective.

--Measures against violations of the Premiums and Representations Act

The number of cease and desist orders and warnings against misleading representation cases was more than those in past years. In addition, as a result of the emphasis placed on issuing cease and desist orders as a legal action, the number of issued cease and desist orders totaled 56, the highest number ever in a single fiscal year for misleading representation cases. Further, the JFTC handled cases in a wide range of fields and achieved the objective of dealing strictly with violations of the Premiums and Representations Act. It is considered that the measures can be evaluated as highly effective.

-- Improvement of compliance awareness at ordering organizations in relation to the prevention of bid-rigging

At the training courses on the Antimonopoly Act and the Act Concerning Elimination and Prevention of Involvement in Bid Rigging etc., 90% of the attendees answered that their understanding of these acts was "Deepened" or "Deepened somehow" as a result of training. Therefore, dispatch of instructors to ordering organizations to provide training in relation to these Acts can be evaluated as an effective means for improving knowledge about these acts and improving awareness of the need for compliance among employees of ordering organizations.

(2) Evaluation from the viewpoint of efficiency

-- Merger review

For merger review, the review was completed within 30 days of the waiting period for all notified cases. In addition, all of the primary and secondary reviews in the prior consultation procedures were completed within the predetermined period.

-- Measures against violations of the Antimonopoly Act

For violation cases of Antimonopoly Act, the average investigation period for all cases where legal action was taken was about 9 months in fiscal year 2007. This has not changed from the average investigation period in fiscal year 2006.

-- Measures against Subcontract Act violations

The number of warnings against Subcontract Act violations was maintained at almost the same level as that in the previous fiscal year. About 92% of these warnings were processed within 30 days. The number of recommendations amounted to 13, the largest number since enforcement of the amended Subcontract Act. The average period required for processing these 13 cases

was slightly reduced when compared with the period in the previous fiscal year.

--Measures against violations of the Premiums and Representations Act.

The emphasis was placed on issuing cease and desist orders against violations of the Premiums and Representations Act. As a whole, the average period required for processing the cases involving cease and desist orders increased from that in the previous fiscal year, but 10 cases were processed within 6 months.