

Treatment of Suspected Violation of the Antimonopoly Act Committed by Manufacturers of  
Vehicle Parking Space Certificates  
( Tentative Translation )

June 5, 2008  
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC), in accordance with the provisions of the Antimonopoly Act (AMA), investigated two manufacturers of vehicle parking space certificates <sup>(Note 1)</sup> (hereinafter, "Certificates") procured by the Metropolitan Police Department, other prefectural police departments or prefectural governments (hereinafter, "the police and other bodies"), namely Toppan Printing Co., Ltd. (hereinafter, "Toppan") and the National Printing Bureau (hereinafter, "the NPB") as it was suspected that they had jointly determined expected winners of bids to ensure that they would win the bid in violation of the provision in Article 3 of the AMA. The JFTC has today made a request as detailed in 3-(1) below to the National Police Agency and the Japan Traffic Management Technology Association (hereinafter, "the JTMTA") and issued a caution as detailed in 3-(2) below to the two manufacturers.

(Note) It refers to the parking space certificate prescribed in Article 6 of the *Act for Securing of Motor Vehicle Parking Spaces and Others*.

1. Outline of the Case

(1) Market circumstances and others

- a. A partial amendment to the *Act for Securing of Motor Vehicle Parking Spaces and Others* requires the owners of motor vehicles to display certificates on their motor vehicles from July 1, 1991. The police and other bodies procured such certificates through discretionary contracts from fiscal 1991 and through discretionary contracts, receipt of quotes from multiple designated operators or competitive bidding from fiscal 2000 at the latest.
- b. The two manufacturers won all the bids for the certificates from the police and other bodies from fiscal 1991, when the procurement for the certificates began, until fiscal 2007.
- c. To prevent forgery, the certificates are required to have holograms in them. From May 1991, the JTMTA was commissioned by the National Police Agency conduct quality control for the Certificates and other management relating to the certificates. In connection with this service, the JTMTA contracted with Toppan to manufacture hologram stickers to be adhered to the certificates and sold them.
- d. The hologram stickers to be adhered onto the Certificates were virtually limited to those manufactured and sold by the JTMTA.

(2) The acts of the National Police Agency, the JTMTA and the two manufacturers

- a. Around January 1991, prior to the first bid for the certificates, the National Police Agency issued a notice that it had designated Toppan as the party with which orders should be placed by 31 entities among the police and other bodies for the certificates, and that it had designated the NPB as the party with which such orders should be placed by 16 entities. Around March 1991, the National Police Agency gave explanations indicating this decision to the Metropolitan Police Department and other prefectural police departments with regard to the certificates to be procured by the police and other bodies in fiscal 1999.
- b. The JTMTA was commissioned to perform the service as detailed in 1-(1)-c above by the National Police Agency. Around every autumn from fiscal 1991 to fiscal 2006, it

received a report from the Metropolitan Police Department and the other prefectural police departments on the quantity of expected procurements for certificates in the following fiscal year to create separate lists of procurements expected from the 31 entities and those from the 16 other entities mentioned above. The list of procurements expected from the 31 entities was offered to Toppan while the other list concerned with the 16 entities to the NPB.

- c. Toppan and the NPB won bids for almost all Certificates from the 31 entities and from the 16 other entities respectively during the period from fiscal 1991 to fiscal 2007.

## 2. Circumstances after the Start of the JFTC's Investigation

In February 2008, the National Police Agency revised the standard specifications, which the police and other bodies consult for the purpose of procuring the certificates. On this occasion, it voluntarily introduced some measures to make it easier for new companies to enter the market for certificates procured by the police and other bodies. For example, the revised standard specifications clearly indicate that hologram stickers to be adhered to the certificates are not limited to those manufactured and sold by the JTMTA. In fiscal 2008, some companies other than the two manufacturers won bids for the certificates from multiple entities among the police and other bodies and the order price is on the decline.

In addition, the JTMTA discontinued its management and other services relating to the certificates and ceased to manufacture and sell hologram stickers in fiscal 2008.

## 3. Response of the JFTC

### (1) Request to the National Police Agency and the JTMTA

The activities of the National Police Agency and the JTMTA as specified in 1-(2)-a and -b above induced the two manufacturers to determine expected winners of bids for certificates from the police and other bodies in order to ensure that they win bids.

The JFTC has therefore issued a request to the National Police Agency and the JTMTA not to conduct any such act and additionally asked the National Police Agency to give guidance to the police and other bodies for ensuring competitive bid for certificates in the future.

### (2) Caution to the two manufacturers

The JFTC did not recognize any fact that supports the suspicion that the two manufacturers jointly determined the expected winners of bids for certificates from the police and other bodies to ensure that they win the bids. However it issued them with a caution as their activity specified in 1-(2) above may lead to a violation of Article 3 (prohibition of unreasonable restraint of trade) of the AMA.