Major Business Combination Cases in Fiscal Year 2013
(Tentative Translation)

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Japan Fair Trade Commission

For the purpose of ensuring the transparency of reviews undertaken by the Japan Fair Trade Commission (hereinafter referred to as "JFTC") on business combination cases, and for the purpose of improving the predictability of the JFTC's reviews on cases, the JFTC has published "Guidelines to Application of the Antimonopoly Act concerning Review of Business Combination (hereinafter referred to as the "Business Combination Guidelines")"in applying the Antimonopoly Act (hereinafter referred to as the "AMA") to the JFTC's reviews on business combinations. In addition, the JFTC has also published the results of the reviews of major business combination cases each fiscal year.

This year, the JFTC also publishes the results of reviews of major business combinations in fiscal year 2013 and provides the data associated with these reviews.

The JFTC sincerely hopes that companies planning business combinations will make use of the published outcomes of the JFTC's reviews of major business combination cases, as well as the Business Combination Guidelines.

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(Note 1) The order of the cases in this document complies with the order used in the Japan Standard Industry Classification, applied to products subject to reviews of business combinations.

(Note 2) Confidential information and competitor names, etc. associated with the companies concerned are not disclosed in the respective cases.

(Note 3) Market share, HHI levels after business combinations, and number counts, i.e. the

increment, etc. of the HHI after business combinations, are shown as "approximate figures estimated by the JFTC" based on the calculations according to the documents/materials submitted by the companies concerned (note that the term "HHI" in this context refers to the Herfindahl-Hirschman Index; the same shall be applied hereafter). When it comes to market share, in principle, these figures are shown at 5% intervals.

(Note 4) In each case, a horizontal business combination refers to a business combination between companies with a competitive relationship in the same particular field of trade, a vertical business combination refers to a business combination between companies at different transaction stages, such as a merger between a manufacturer and a distributor that sells its products, and a compound business combination refers to a business combination that is neither a horizontal business combination nor a vertical business combination, such as the acquisition of shares between companies in different geographic ranges for the same particular field of trade.

(Note 5) Notification of the acquisition of Daiei Inc. shares by Aeon Co., Ltd. was received in FY 2012, but the review of the case was not released until July 19, 2013. Because this case could not be published in the Major Business Combination Cases in Fiscal Year 2012, it is included here as Case 9.

Case 1 Integration of the soda ash and calcium chloride sales businesses of Tokuyama Corp. and Central Glass Co., Ltd.

Part I Overview of the transaction

Tokuyama Corporation (hereinafter referred to as "Tokuyama"), which is engaged in the business of manufacturing and selling soda ash, calcium chloride, and other associated products (hereinafter referred to collectively as "the transaction products"), and the Central Glass Co., Ltd. (hereinafter referred to as "Central Glass"), which is engaged in the business of manufacturing and selling the transaction products, planned to integrate their respective sales businesses for the transaction products by establishing a joint venture company and transferring and consolidating the two companies' sales businesses to the joint venture company.

The applicable provision in this case is Article 16 of the AMA.

Note that Central Glass has decided to withdraw from manufacturing the transaction products at the end of May 2015 by shutdowning manufacturing operations of the transaction products and disposing of its manufacturing equipment.

Part II Soda ash

1. Summary

Soda ash is generally known as sodium carbonate. Soda ash can be into 2 types : synthetic ash produced through artificial chemosynthesis processes and natural ash obtained by dissolving and refining naturally occurring trona ore. Soda ash distributed in Japan is produced in mainly Japan, China, or the United States. The one produced in Japan and China the one produced in the US is synthetic ash, while U.S.-produced soda ash is natural ash. The composition of synthetic ash and natural ash is identical, apart from some slight differences in chlorine content.

Soda ash is further classified into dense ash and light ash, depending on the bulk density. Dense ash has a higher bulk density and light ash has a lower bulk density. Synthetic ash is available in both dense and light grades, whereas natural ash is available in dense grades only. Note that dense synthetic ash is produced by adding water to light ash and burning it.

Soda ash can be used to produce, mainly, plate glass, various types of glass (particularly glass for bottles), and powdered detergents. In general, dense ash and light ash are both used in all production above.

2. Particular field of trade

(1) The scope of product

A. Synthetic ash versus natural ash

Synthetic ash (produced in Japan and in China) and natural ash (produced in the United States) .no customers, however, in general, distinguish are different in chlorine content. are, no customers in general, synthetic ash and natural ash based on chlorine content.

Consequently, we find synthetic ash and natural ash can be substituted each other for consumers.

B. Dense ash versus light ash

Although individual consumers tend to prefer the either dense ash or light ash over the other, in general, no difference can be found in utility between the two grades, and the one can be substituted for the other.

Consequently, we find dense ash and light ash are substitutable for consumers.

C. Packaging formats

In Japan, soda ash is distributed in bulk form (transported by bulk cargo trucks or other carriers in an unpackaged state), in flexible bulk containers (bag-shaped packaging for protecting and shipping fine powders and particulate cargo), and in small bags. U.S.-produced soda ash, on the other hand, is not distributed in small bags.

Consumers purchase soda ash in the packaging format that suits their own production equipment and delivery installations. In general, consumers do not purchase soda ash in other packaging formats. Consequently, we find no substitutability for consumers among packaging formats.

The soda ash produced in Japan and the one produced in China are available in all packaging formats and the one produced in the US ash is available in bulk form and in flexible bulk containers. Therefore, because soda ash manufacturers and its importers suppliers can either manufacture or purchase in other packaging formats in a short timeframe and sell it, we can find suppliers have its substitutability in this respect.

D. Section summary

Given the findings above, the JFTC defines *soda ash* as the scope of product in this case.

(2) Geographic scope

The integrating parties in this case, which are domestic manufacturers and distributors of domestic soda ash, and importers both have warehouses and business locations all over Japan and sell soda ash throughout Japan. Because there are no constraints in Japan in terms of transportation difficulties or transportation costs, no matter where they sell in fact, would not result in different selling prices .consumers purchase soda ash from manufacturers all over Japan.

Consumers on the other hand, actively purchase the one produced in the US and the one in China. Therefore, if domestic prices were to rise relatively to import prices, we find high probability where the inflow of overseas products would increase in a short timeframe. Thus, it is possible to define a geographic scope beyond national borders.

Given that the parties provided market share and other data on the domestic market on based assumption that the geographic scope could be all regions of Japan, the JFTC defined the geographic scope as *all regions of Japan* in this case and decided to assess overseas products as competitive pressure from imports.

3. Impact of this merger on competition

(1) Market position of the parties

With this business combination, the combined market share of the parties would expand up is approximately 40 percent (the No. 1 share) and the HHI would increase by approximately 900 points. It follows the safe-harbor for does not apply to this case horizontal merger.

FY 2012 shares in the soda ash market

Rank	Company	Market Share
1	Central Glass	Approx. 20%
2	Tokuyama	Approx. 20%
-	Imports	Approx. 60%
Total		100%

(2) Competitive pressure from imports

There are no legal restrictions on importers of soda ash. The tariff rate is 3.3 percent on natural ash and 5.5 percent on synthetic ash, which do not obstruct from importing of overseas-produced soda ash, as shown by the market shares in Section (1) above.

Users recognize both the soda ash produced in the US and the soda ash produced in China are equivalent in quality to the soda ash produced in Japan. Therefore, it is estimated if the price of the soda ash in Japan would brought up, users would have shifted to overseas-produced soda ash. Because U.S. soda ash manufacturers and Chinese ones have excess supply capacity, they could easily increase the volume of soda ash they supply to Japan to meet such a users' demand shift.

Consequently, the JFTC finds that import pressure work well.

In small bag, U.S.-produced soda ash is not distributed in small bags and, at the same time, China-produced soda ash is in small bag not distributed in as high as volume the one transported in bulk form or flexible bulk containers. There are, however, importers who have increased sales of soda ash packaged in small bags in recent years and, at the same time, importers that repackage soda ash from bulk form and flexible bulk containers into small bags and sell them to meet users' demands. Therefore, users are able to easily purchase soda ash packaged in small bags from these importers. Furthermore, trading companies which have importing business with China, will be able to handle China-produced soda ash in small bags and, thus, users will be able to easily purchase soda ash packaged in small bags from China through these trading companies. It is also possible that importers shift repackaging and selling soda ash in small bags originally procured in bulk form or flexible bulk containers.

Consequently, the JFTC finds that import pressure works well for soda ash packaged in small bags.

(3) Section summary

As described above, this merger would reduce the number of competitors in the domestic soda ash market by one. However, because import pressure from U.S.-produced soda ash and China-produced soda ash works well, the JFTC concluded that this merger would not substantially restrain competition in the Japanese soda ash field of trade, both through unilateral conduct by the

parties and through coordinated conduct with competitors.

Part III Calcium chloride

1. Summary

(1) Calcium chloride

Calcium chloride is a compound of calcium with chlorine. Calcium chloride is found in a liquid state (hereinafter referred to as "liquid calcium chloride") and in a solid state (hereinafter referred to as "granular calcium chloride"), which is produced by solidifying liquid calcium chloride.

(2) How to use calcium chloride

Granular calcium chloride is used for antifreezing (as an agent base compound, its hygroscopic and soluble properties work to melt ice and snow and prevent water from freezing), a desiccant, dust reduction, and as a food additive. Liquid calcium chloride is used for an antifreezing agent (as a fixing agent, which is spread to prevent the base compound from scattering due to inclines or wind), a brine (as antifreeze liquid with circulates in cooling pipes for ice-making or cold storage), and in other chemical industry applications. Some consumers use sell liquid calcium chloride after first dissolving granular calcium chloride. There are instances where the parties in this merger provide granular calcium chloride on the assumption that consumers dissolve the granular calcium chloride to either obtain or sell liquid calcium chloride (for example, the parties provide granular calcium chloride for brine applications, even though granular calcium chloride cannot be used for brine, as it is since brine circulates through pipes in liquid from it.)

2. Particular field of trade

(1) The scope of product

Although there are two types of calcium chloride — granular calcium chloride and liquid calcium chloride, it is common that consumers, dissolve granular calcium chloride with water to obtain liquid calcium chloride. Therefore, we find granular calcium chloride can be used as a substitute for liquid calcium chloride. On the other hand, granular calcium chloride is used for its main applications — as an antifreezing (agent base compound) and a household desiccant — because of its inherent water absorbency and hygroscopic properties. Liquid calcium chloride cannot be used for these

applications, and it is difficult for consumers to solidify liquid calcium chloride to obtain granular calcium chloride. Therefore, liquid calcium chloride cannot be a substitute for granular calcium chloride. Consequently, we can just find substitutability for consumers only from granular calcium chloride to liquid calcium chloride in one direction.

Since liquid calcium chloride is the raw material for granular calcium chloride, manufacturers that actually produce both liquid calcium chloride and granular calcium chloride can reduce their production volumes of granular calcium chloride and increase their production volumes of liquid calcium chloride with no additional costs. (The parties in this merger supply both liquid calcium chloride and granular calcium chloride.) On the other hand, manufacturers that produce only liquid calcium chloride and do not currently produce granular calcium chloride would require capital investments of several hundreds of millions of yen or more to begin producing granular calcium chloride. In light of the current granular calcium chloride market conditions, such capital investments seems not to be realistic. Consequently, we find the substitutability for suppliers between granular calcium chloride and liquid calcium chloride is limited.

Given these findings, the JFTC concludes *granular calcium chloride* is different product from *liquid calcium chloride* in this analysis.

It should be noted that as mentioned above, granular calcium chloride can be used for a substitute for liquid calcium chloride, therefore, the JFTC takes into account the competitive pressure of granular calcium chloride on liquid calcium chloride as competitive pressure from a related market.

(2) Geographic scope

A. Granular calcium chloride

The parties in this merger and importers sell granular calcium chloride across all over of Japan without any regional distinction, and prices are basically the same in all regions. Furthermore, consumers throughout Japan purchase granular calcium chloride, without any regional distinction, from granular calcium chloride distributors across all over Japan.

In addition, because the situation with overseas products (China-produced products) is the same as that for soda ash, the JFTC defines *all regions of Japan* as the geographic scope in this analysis and takes into account overseas products as competitive pressure from imports.

B. Liquid calcium chloride

In the interest of lowering transportation costs, the parties and their competitors generally deliver, LCC according to the regional blocks segmented "basically" by the location of their plants or storage sites. It is appropriate, then, to define each regional block as a geographic scope for liquid calcium chloride. The parties compete in the *Kanto region*, the *Koshin-etsu region*, the *Tokai region*, the *Kansai region*, the *Chugoku / Shikoku region*, and the *Kyushu region*. Therefore, the JFTC defined these regional blocks as the geographical scope in this analysis.

3. Impact of this merger on competition

(1) Granular calcium chloride

A. Market position of the parties and the state of competitors

The parties' combined market share reaches approximately 70 percent, leading to the No. 1 share. The HHI after the transaction increases by about 2,400 points. It follows that the safe-harbor for horizontal mergers does not apply to this case.

FY 2012 shares in the granular calcium chloride market

Rank	Company	Market Share
1	Tokuyama	Approx. 35%
2	Central Glass	Approx. 35%
-	Imports (from China)	Approx. 30%
Total		100%

B. Competitive pressure from imports

There are no particular regulations between Japan or China that restrict the import of China-produced granular calcium chloride, and the tariff rate is low, at 3.3 percent.

Given that there are many calcium chloride manufacturers in China, it is believed Chinese manufacturers have sufficient excess capacity to supply granular calcium chloride.

China-produced granular calcium chloride is already being used in Japan in the same way as domestic products for an antifreezing agent, a dust reduction, and other applications. Therefore, we find China-produced

granular calcium chloride is be substitutable for domestic products.

It should be noted that imported products are less expensive than domestic products, and price competitive.

Consequently, the JFTC concludes that imported products have strong competitive pressure in this analysis.

C. Competitive pressure from new entrants

There are no legal or regulatory entry barriers to manufacturing and selling granular calcium chloride in Japan. Furthermore, Some of the manufactures, which do not produce any GCC at the present time, have the production facilities for it and would be all to resume producing it for the future .

Consequently, the JFTC finds competitive pressure from new entrants.

D. Competitive pressure from related markets

No products compete with granular calcium chloride in household desiccant applications or dust reduction applications. On the other hand, in the antifreezing agent production, for which more than half of GCC is used, consumers have been shifting to less expensive salt and magnesium chloride. Currently, the volume of salt used as antifreezing agent is several times larger than that of granular calcium chloride.

Furthermore, there are a variety of competing products with granular calcium chloride (which is generally used after dissolving with water) that is shipped for the use of other chemical industry applications.

Consequently, the JFTC finds that competitive pressure from related markets works in certain applications accordingly.

E. Section summary

This merger would reduce the number of competitors in the domestic granular calcium chloride market by one. The JFTC, however, concluded that this merger would not substantially restrain competition in the Japanese granular calcium chloride field of trade in Japan through unilateral conduct by the parties in the case, because of (a) imported products priced lower than domestic products works for competitive pressure, (b) pressure from new entrants, also works and (c) competitive pressure from adjacent markets in antifreezing agent (base compound) which account for more

than half of granular calcium chloride usage by volume.

(2) Liquid calcium chloride

A. Market position of the parties and the state of competitors

The parties in this case is competing in the Kanto region and to the west. However, the exact or estimated market share in each region are uncertain. There are no competitors other than the parties in the Tokai region and some competitors have certain market share in the Kanto and Koshin-etsu regions. Under the circumstances the JFTC presumes that the safe-harbor for horizontal merger does not apply to any field of trade, and therefore examines the market impact as follows.

This merger creates a big market share gap between the parties and its competitors even in geographic scopes where competitors do, the factors to be examined are common across the all geographic scopes. Therefore, the JFTC examines the competitive factors as a whole, regardless of with each different geographic scopes.

For reference, the following table lists the shares in the entire Japanese liquid calcium chloride market.

Reference: FY 2012 shares in the liquid calcium chloride market (for all regions of Japan)

Rank	Company	Market Share
1	Tokuyama	Approx. 40%
2	Central Glass	Approx. 30%
3	A	Approx. 20%
4	B	Approx. 5%
5	C	Approx. 5%
Total		100%

B. Competitive pressure from imports

Because the transport costs for liquid calcium chloride are high, it is difficult to import liquid calcium chloride from the standpoint of profitability. In fact, no imported liquid calcium chloride are distributed. Therefore, the JFTC finds no competitive pressure from imports.

C. Competitive pressure from new entrants

There are no regulatory entry barriers to manufacturing and selling liquid calcium chloride in Japan.

Furthermore, some of the manufactures, which do not produce LCC at all or partially do at the present time, have the production facilities for it and could resume producing it according to its price increase for the future. In addition, electrolyte manufacturers that currently do not produce liquid calcium chloride could begin producing liquid calcium chloride with a capital investment of estimated 20 million yen. In fact, some electrolyte manufacturers had considered manufacturing and selling liquid calcium chloride.

Consequently, the JFTC finds competitive pressure from new entrants.

D. Competitive pressure from related markets

For all liquid calcium chloride applications, consumers can obtain liquid calcium chloride generated by dissolving granular calcium chloride with water. Because many customers, in fact, do the same way, we finds, granular calcium chloride is substitutable for liquid calcium chloride. Large volumes of granular calcium chloride are imported from China, and Chinese manufacturers have sufficient excess capacity to supply granular calcium chloride. Therefore, China-produced granular calcium chloride has competitive pressure on the parties' liquid calcium chloride.

Aside from granular calcium chloride, salt (sodium chloride aqueous solutions), ethylene glycol, and industrial alcohol complete with liquid calcium chloride for the use of brine applications. Moreover, various types of calcium compounds complete with liquid calcium chloride for the use of wastewater treatment (fluoride removal) applications, and other chemical industry applications each have various competing products.

Consequently, the JFTC finds strong competitive pressure from related markets.

E. Competitive pressure from consumers

One of the primary applications of liquid calcium chloride is antifreezing agent (as a fixing agent). Liquid calcium chloride, however, is only spread to prevent the base compound granular calcium chloride, from scattering due to inclines or wind. Liquid calcium chloride does not necessarily need to be spread for the antifreeze to function. Therefore, if,

after this merger, prices of liquid calcium chloride would rise, customers could cease spreading liquid calcium chloride.

Consequently, the JFTC finds competitive pressure from customers works to some extent in antifreeze applications (where liquid calcium chloride is used as a fixing agent).

F. Section summary

As described above, this merger would reduce the number of competitors in the domestic liquid calcium chloride market by one. The JFTC, however, concluded that this merger would not substantially restrain competition in the field of trade for liquid calcium chloride, both through unilateral conduct by the parties and through coordinated conduct with competitors, in the Kanto region, the Koshin-etsu region, the Tokai region, the Kansai region, the Chugoku / Shikoku region, and the Kyushu region, because (a) competitive pressure from new entrants works, (b) competitive pressure from related markets since competing products exist in each application field, and (c) competitive pressure from consumers works in some application fields.

Part IV Conclusion

Following the reasoning given above, the JFTC concluded that this merger would not substantially restrain competition in the particular field of trade.

Case 2 M&A of operations between Thermo Fisher Scientific Inc. and Life Technologies Corporation

Part I Overview of the transaction

A subsidiary of Thermo Fisher Scientific Inc. (headquartered in the United States, the group of combined companies whose ultimate parent company is Thermo Fisher Scientific Inc. is hereinafter referred to as "Thermo Fisher") and Life Technologies Corporation (headquartered in the United States, the group of combined companies whose ultimate parent company is Life Technologies Corporation is hereinafter referred to as "Life Technologies") planned to merge, leaving Life Technologies Corporation as the merging corporation, and Thermo Fisher Scientific Inc. acquires all the shares of Life Technologies Corporation.

The applicable provisions in this case are Articles 10 and 15 of the AMA.

Thermo Fisher and Life Technologies are both engaged in the manufacturing and sales of analyzers, reagents, and other associated products in the fields of life sciences and biotechnology. As such, the horizontal relationships among products manufactured and sold by the two parties cover much ground. In this case, after examining 46 products in horizontal relationships, 40 of the products has been found to meet the safe-harbor criteria for horizontal merger and six products has been found not to meet the criteria. Parts II and III below describe the examinations into two of these six products where the parties in the case had relatively high market shares and where the merger could conceivably have a significant impact on competition.

Reference: Exchange of information with overseas competition authorities

The U.S. Federal Trade Commission and the European Commission also examined this merger. The JFTC proceeded with this merger review while exchanging information with the U.S. Federal Trade Commission and the European Commission.

Part II Particular field of trade

1. The scope of product

(1) SSP typing kits

SSP typing kits are for the reagents used in sequence specific primer (SSP) typing tests, which are one of the types of human leukocyte antigen (HLA) typing test (tests that determine HLA alleles). The primary users of SSP

typing kits are hospitals that perform organ and bone marrow transplants and businesses that provide HLA typing test services.

There are many varieties of HLA typing tests aside from SSP typing tests and each HLA typing kit can be used according to its own purpose. SSP typing tests, especially, tend to be used for urgent organ transplants because the HLA allele can be determined quickly and for retesting when other HLA typing tests do not give entirely conclusive results about which type the HLA allele is.

It should be noted that SSP typing tests are not suited for applications to test and determine many specimens simultaneously.

HLA typing tests differ in such aspects as their resolution, their cost, and the time needed for the test. Users select the appropriate HLA typing test, taking into account their purpose of use and the number of specimens, and purchase the suitable HLA typing kit. Therefore, substitutability between HLA typing kits on the demand side is limited.

The technology required to produce the reagents for HLA typing kits varies, and specific expertise is also required to develop the software to make each HLA typing kit. Therefore, we find no substitutability between HLA typing kits on the supply side.

Given these findings, the JFTC defined *SSP typing kits*, which both parties manufacture and sell, as the scope of the product in this analysis.

(2) Serum for bio-production customers

Serum is a plasma used as an additive in the production of cell cultures for the generation of medicines and vaccines and for experiments on cells, which is produced by removing or filtering out the coagulation components from the blood of cattle or other domestic livestock.

Serum can be broadly divided into 2 types, bio-production customers (pharmaceutical corporations) and serum for research customers (researchers). Serum for bio-production customers is required to meet high safety levels, since it is predominantly used for the production of pharmaceuticals. Japan has a general ban on the use of tissue-derived biomaterials collected in countries where there are infection risks of bovine spongiform encephalopathy (BSE) or other diseases. As a result, domestic bio-production customers select serum produced from blood collected from Australian and New Zealand cow fetuses or calves, because BSE and other diseases have not occurred in these countries.

Because serum for bio-production customers and serum for research customers demand different levels of quality, users respectively require the two types for different purposes. Therefore, we find no substitutability between the two types on the users' side.

Furthermore, the production sites and supply processes are different for the two types of serum. Therefore, we find no substitutability between the two types on the supply side.

Given these findings, the JFTC defined *serum for bio-production customers* as the scope of the product in this analysis.

2. Geographic scope

For both products described in Section 1 above, domestic users purchase products from domestic distributors and Japanese agents of overseas manufacturers (hereinafter referred to collectively as "distributors"). Furthermore, distributors play an important role in the distribution of the products (, from ascertaining users' needs to actual product sales and providing after-sales service,) and suppliers sell products to domestic users through distributors. In addition, users require the support of distributors to import products from overseas. In light of these facts, the JFTC concluded that a market for domestic consumers has formed.

Consequently, the JFTC defined *all regions of Japan (the market for Japanese consumers)* as the geographical range in this case.

Note that the parties submitted market share and other data for the Japanese market on the assumption that the geographic range is all regions of Japan.

Part III Impact of this merger on competition

1. SSP typing kits

(1) Market position of the parties

With this merger, the combined share of the parties in the SSP typing kit market reaches approximately 90 percent (the No. 1 share). The HHI after the business combination hits approximately 8,800 points, an increase of about 3,900 points. It follows that the S H for merger does not apply to this case.

2012 shares in the SSP typing kit market

Rank	Company	Market Share
1	Thermo Fisher	Approx. 60%
2	Life Technologies	Approx. 30%
3	A	Approx. 5%
Total		100%

(2) State of competitors

Although Company A's market share is not high now, it is relatively easy to increase production of SSP typing kits. Therefore, it is believed that Company A has sufficient excess supply capacity to act as a restraint on price increases by the parties.

(3) Competitive pressure from new entrants

The JFTC finds competitive pressure from new entrants to a certain extent, because (a) prominent SSP typing kit suppliers exist overseas, (b) other companies also that manufacture and sell other HLA typing kits in Japan possess the technology to produce SSP typing kits, and (c) no barriers for new entrants in terms of intellectual property rights, it is entirely plausible that these possible rivals would be able to enter the domestic SSP typing kit market.

(4) Competitive pressure from users

The parties deal in a large range of products, in addition to SSP typing kits, with users, and the volume of transactions in other products fundamentally outstrips that in SSP typing kits. Furthermore, the market for SSP typing kits amounts to only several tens of millions of yen, whereas the market for other products is overwhelmingly larger.

Given these circumstances, if, after this merger, the parties were to raise the price of SSP typing kits, they would run the risk where users might switch to their rivals product. Therefore, it can be said the parties have little incentive to raise SSP typing kit prices.

Consequently, the JFTC determined that competitive pressure from consumers works to some extent in terms of not only SSP typing kits but also other products.

(5) Competitive pressure from adjacent markets

As stated in Part II Section 1 above, SSP typing kits, although used in HLA typing tests, tend to be used by users who do not need to perform large numbers of the same tests, apart from when SSP typing kits are used for urgent organ transplants or for retesting when other HLA typing tests do not give entirely conclusive results about the HLA allele. Should a user's business operations expand, requiring more of the same tests, the users can use sequence specific oligonucleotide (SSO) typing kits as an alternative. SSO typing kits are used by users who repeatedly perform the same tests. Furthermore, demand for SSO typing kits exceeds that for SSP typing kits.

Consequently, the JFTC determined that competitive pressure from adjacent markets is working to some extent.

(6) Section summary

As described above, with this merger, the parties' market share will reach approximately 90 percent. Nevertheless, the JFTC concludes that the merger would not substantially restrain competition in the SSP typing kit field of trade in Japan, both through unilateral conduct by the parties and through coordinated conduct with competitors, because (a) there is a competitor believed to act as a restraint against price increases by the parties, (b) some competitive pressure from new entrants, would work(c) some competitive pressure from consumers would also work, and (d) competitive pressure from adjacent markets would work as well.

2. Serum for bio-production customers

(1) Market position of the parties

With this merger, the combined market share of the parties for serum for bio-production customers reaches approximately 35 percent (the No. 1 share). The HHI after the transaction hits by about 500 points. It follows that the safe-harbor for horizontal merger does not apply to this case.

2012 shares in the market for serum for bio-production customers

Rank	Company	Market Share
1	Life Technologies	Approx. 25%
2	P	Approx. 20%

3	Thermo Fisher	Approx. 10%
4	Q	Approx. 10%
5	R	Approx. 0 to 5%
	Other companies	Approx. 30%
Total		100%

(2) State of competitors

There are prominent competitors in the market, Company P with about a 20 percent share and Company Q with about a 10 percent share.

(3) Switchability of the business counterpart

Bio-production users emphasize such aspects as country of origin, the livestock the serum is collected from, and supply stability when selecting serum. Unless otherwise these factors change, then users can easily switch to products from competitors, because there are no major quality differences among the products in the market.

(4) Competitive pressure from adjacent markets

Japan has a general ban in the production of pharmaceuticals on the use of tissue-derived biomaterials collected in countries which have infection risks of BSE or other diseases. Furthermore, bio-production users tend to avoid any use of tissue-derived biomaterials in the production of pharmaceuticals and other products in order to lower the infection risks of other diseases besides BSE.

Due to these circumstances, bio-production users are tending to actively select serum-free culture media, which do not require serum, as a competing product to serum or culture media that requires serum as an additive. Therefore, the JFTC determines that competitive pressure from adjacent markets is working to some extent because demand is shifting from serum and culture media that requires serum as an additive to serum-free culture media.

(5) Section summary

The JFTC concluded that the business combination would not substantially restrain competition in the field of trade for serum for

bio-production customers in Japan, both through unilateral conduct by the parties and through coordinated conduct with competitors, because, as described above, (a) there are prominent competitors, (b) users can easily switch business partners, and (c) there is competitive pressure from adjacent markets works.

Note that in Europe and elsewhere, there are more product categories, including serum, than in Japan where there is a horizontal relationship between the parties and the parties' combined market share in these product categories is higher than in Japan. Because of this situation, the parties proposed, as a remedy, to the European Commission and other authorities that they will divestiture the cell culture product business, which includes the serum business, of one of the parties to a competitive rivals. This disposal is being carried out.

Part IV Conclusion

Following the reasoning given above, the JFTC concludes that the merger would not substantially restrain competition in the particular field of trade.

Case 3 Acquisition of Chuo Denki Kogyo Co., Ltd. shares by Nippon Denko Co., Ltd.

Part I Overview of the transaction

Nippon Denko Co., Ltd. (hereinafter referred to as "Nippon Denko"), which is engaged in manufacturing and selling ferroalloys[*1] and ferro boron for magnets,[*2] planned to acquire all shares of Chuo Denki Kogyo Co., Ltd. (hereinafter referred to as "Chuo Denki Kogyo"), which is engaged in manufacturing and selling ferroalloys and neodymium magnet alloys.[*3]

The applicable provision in this case is Article 10 of the AMA.

*1. Ferroalloys are auxiliary materials for steel products that are used as additives to improve properties of steel, such as strength, ductility, heat resistance, and corrosion resistance.

*2. Ferro boron is a raw material for neodymium magnet alloys that is used as a degassing agent and as an additive for alloy components.

*3. Neodymium magnet alloys are a raw material for neodymium-iron-boron magnets that are used in hybrid and electric vehicle motors, drive mechanisms in hard disks, air-conditioner motors and so on.

Part II Particular field of trade

1. Horizontal merger

(1) The scope of the product market

Ferroalloys are divided into many types according to their percentage content of carbon, silicon, and other elements. The product where the two parties have competed against each other and that may have a significant impact on competition is high-carbon ferromanganese.[*4]

Medium and low-carbon ferromanganese, which has lower carbon content than high-carbon ferromanganese, is used in higher quality steel products than high-carbon ferromanganese is. However, while it might be physically possible to substitute high-carbon ferromanganese with medium and low-carbon ferromanganese, steel manufacturers and other users usually use high-carbon ferromanganese and medium and low-carbon the price levels of medium and low-carbon ferromanganese are higher. Ferromanganese for different applications. Furthermore, high-carbon ferromanganese and medium and low-carbon ferromanganese require different equipment,

production processes, and technologies for production. In fact, both parties do manufacture only high-carbon ferromanganese but medium and low-carbon ferromanganese. Therefore, we find both demand-side and supply-side substitutability between high-carbon ferromanganese and medium and low-carbon ferromanganese are limited.

Consequently, the JFTC defined *high-carbon ferromanganese* as the scope of the product in this analysis.

*4. High-carbon ferromanganese is added as a deoxidization and desulfurization agent to increase the strength of steel and has higher carbon content compared to other ferromanganese additives.

(2) Geographic scope

There are no circumstances that could cause different selling prices based on location, because transporting high-carbon ferromanganese in Japan faces no constrains in terms of transportation difficulties or transportation costs and also because the parties in this merger and competitors sell high-carbon ferromanganese across all over Japan.

On the other hand, domestic Japanese users face no obstacles in importing and using high-carbon ferromanganese products from overseas manufacturers, and already a certain amount of high-carbon ferromanganese from overseas manufacturers is sold in Japan. Furthermore, in light of the fact that it is easy to switch to products from overseas manufacturers, domestic manufacturers set a price on request their products based on international market conditions, due to pressure from domestic Japanese consumers. As a result, if domestic prices were set higher compared to import prices, there is a high probability that the inflow of products from overseas manufacturers would increase in a short time. Thus, it is possible to define a geographic scope that crosses national borders.

Nevertheless, given that the parties provided market share and other data for the Japanese market on the assumption that the geographic scope is all regions of Japan, the JFTC defines the geographic scope for high-carbon ferromanganese as *all regions of Japan* in this analysis and decided to assess products from overseas manufacturers as competitive pressure from imports.

2. Vertical merger

(1) The scope of product

Ferro boron for magnets is a special type of ferro boron with reduced carbon content for use in high-grade magnets with strong magnetism. It is not possible to manufacture neodymium magnet alloys using other types of ferro boron or rare earths elements. Furthermore, neodymium magnet alloys are a raw material for neodymium-iron-boron magnets, which have strong magnetism, and it is not possible to manufacture neodymium-iron-boron magnets using other types of alloys or elements.

Consequently, the JFTC defined *ferro boron for magnets* as the scope of the product range for the upstream market and *neodymium magnet alloys* for the downstream market in this analysis.

(2) Geographic scope

There are no valid circumstances that would cause different selling prices based on location, because transporting the products defined in Section (1) above in Japan faces no constrains in terms of transportation difficulties or transportation costs and because the parties and competitors sell the products in all regions of Japan. Furthermore, the circumstances for products from overseas manufacturers is the same here as for high-carbon ferromanganese in Section 1 (2) above. Therefore, the JFTC defined the geographic scope for the products defined in Section (1) above as *all regions of Japan* in this analysis and decided to assess products from overseas manufacturers as competitive pressure from imports.

Part III Impact of this merger on competition

1. Horizontal merger front

(1) Market position of the parties

With this merger, the combined share of the parties in the high-carbon ferromanganese market reaches approximately 50 percent (the No. 1 share). The HHI after the merger hits approximately 3,900 points, an increase of about 1,200 points. It follows that the SH for horizontal merger does not apply to this transaction.

FY 2012 shares in the high-carbon ferromanganese market

Rank	Company	Market Share
1	A	Approx. 35%
2	Nippon Denko	Approx. 30%
3	Chuo Denki Kogyo	Approx. 20%
	Other companies	Approx. 10%
	Imports	Approx. 5%
Total		100%

(2) State of competitors

A. The number of competitors

One prominent competitor has a market share of about 35 percent. Competitors' facility operating ratios are most likely close to 100 percent, and, thus, the JFTC does not find the competitors are not seen as having excess supply capacity.

B. Previous state of competition

Both parties in this case and the competitor engage in manufacturing and sales activities that are primarily focusing on meeting the demands of large steelmakers, which are their main customers and with which they have capital ties. Therefore, it has not been the case that the parties and the competitor compete actively with each other to develop new customers.

(3) Competitive pressure from imports

High-carbon ferromanganese does not face import restrictions or import distribution problems. Furthermore, there is no significant difference in quality between the products of overseas manufacturers and less expensive of domestic ones. Some products of overseas manufacturers are cheaper than that of domestic manufacturers even after accounting for tariffs and shipping costs, and, lately, competitive products from Indian and other overseas manufacturers have started to flow into the Japanese market. Leading overseas manufacturers have twice to three times as large supply capacity as customers the size of the Japanese market.

As a result, large customers purchase products from overseas manufacturers, either directly or via trading companies, along with purchases of domestic manufacturers' products. There are also small and medium-sized

customers who make purchases by means of competitive bids from trading companies regardless of whether the products are from domestic manufacturers or overseas manufacturers. The trading companies, as well, purchase and sell products without distinction between domestic manufacturers and overseas manufacturers.

Given these circumstances, prices of high-carbon ferromanganese in Japan are determined based on international market conditions and not on the cost base of domestic manufacturers. In price negotiations too, competitive products from overseas manufacturers are far more often than products from other domestic manufacturers.

Consequently, the JFTC finds that competitive pressure from imports is working.

(4) Section summary

As described above, with this transaction, the parties' market share reaches approximately 50 percent. The JFTC, however, concludes that the merger would not substantially restrain competition in the high-carbon ferromanganese field of trade in Japan, both through unilateral conduct by the parties and through coordinated conduct with competitors, because (a) there is a prominent competitor and (b) competitive pressure from imports is working.

2. Vertical merger

(1) Market position of the parties

Nippon Denko is the only business in Japan that manufactures and sells ferro boron for magnets (upstream market). Chuo Denki Kogyo has a share of about 30 percent of the downstream neodymium magnet alloy market (No. 2 share) and an HHI score of approximately 3,000 points. It follows that the safe-harbor for vertical merger does not apply to this one.

FY 2012 shares in the neodymium magnet alloy market

Rank	Company	Market Share
1	A	Approx. 40%
2	Chuo Denki Kogyo	Approx. 30%
3	B	Approx. 20%
	Imports	Approx. 10%

Total	100%

(2) Potential risk for market foreclosure or exclusive dealing with input foreclose by Nippon Denko

Nippon Denko is the only business in Japan that manufactures and sells ferro boron for magnets. If Nippon Denko would sell ferro boron for magnets only to Chuo Denki Kogyo, depriving other Japanese customers of their supply source for ferro boron for magnets and causing market foreclosure or exclusive concern, this action would conceivably have had a significant impact on competition in the downstream market.

Ferro boron for magnets, however, does not suffer from import restrictions or import distribution troubles, and there are no legitimate circumstances that would cause a significant gap in prices between Nippon Denko products and products from overseas manufacturers. Furthermore, there are multiple manufacturers of ferro boron for magnets in China and these Chinese manufacturers together have several times as much as the supply capacity of Nippon Denko. Therefore, competitive pressure from imports is working to some extent.

Given these circumstances, even if Nippon Denki would refuse to sell ferro boron for magnets to domestic consumers, these customers would be able to switch to products from overseas manufacturers. This situation is seen as acting as a restrain against the parties refusing to sell ferro boron for magnets.

Consequently, the JFTC determined that problems of market foreclosure or exclusivity would not occur. The JFTC finds HBFH the market is contestable and the customers would be able to take a countermeasure against the refusal to deal.

(3) Potential risk for problems of facilitating collusion in the downstream market

Since Nippon Denko is the only supplier in the upstream market and Chuo Denki Kogyo commands a large share in the downstream market and since there are few competitors in the downstream market, there is potential that, with this merger, Chuo Denki Kogyo, through Nippon Denko, would be able to collect information on the purchase price of ferro boron for magnets paid by competitors in the downstream market. Moreover, this information would enable them to predict each other`s behavior, with a high degree of

accuracy. The coordinated practices among businesses lead to conceivably have a significant impact on competition in the downstream market.

Ferro boron for magnets, however, accounts for only a fraction of the manufacturing costs of neodymium magnet alloys. Therefore, even if Chuo Denki Kogyo, through Nippon Denko, would collect information on the purchase price of ferro boron for magnets paid by competitors in the downstream market, it would be very unlikely that this information alone would have been used immediately to foresee, with a high degree of accuracy, other companies' prices for neodymium magnet alloy; a finished product. Furthermore, neodymium magnet alloy does not suffer from any particular import restrictions or import distribution problems, and there is no significant gap in prices between Chuo Denki Kogyo products and products from overseas manufacturers. There are, in fact, customers (manufacturers of neodymium-iron-boron magnets) who purchase products from overseas manufacturers. Therefore, the JFTC finds competitive pressure from imports is functioning, to some extent, in the downstream market.

(4) Section summary

Given the circumstances described above, the JFTC concludes that the merger combination would not substantially restrain competition in the fields of trade of ferro boron for magnets and neodymium magnet alloys in Japan, either through unilateral conduct by the parties or through coordinated conduct with competitors.

Part IV Conclusion

Following the reasoning given above, the JFTC concludes that the merger combination would not substantially restrain competition in the particular field of trade.

Case 4 Absorption-type company split of IHI Metaltech Co., Ltd.'s rolling mill business by Mitsubishi-Hitachi Metals Machinery Inc.

Part I Overview of the transaction

Mitsubishi-Hitachi Metals Machinery Inc. (hereinafter referred to as "MH"), which is primarily engaged in the business of manufacturing and selling rolling mills for iron and other metals, planned to acquire, with an absorption-type company split, a business involved in manufacturing and selling rolling mills for various metals from IHI Metaltech Co., Ltd. (hereinafter referred to as "IHIMT"), which is primarily engaged in the business of manufacturing and selling rolling mills for iron and other metals.

The applicable provision in this case is Article 15-2 of the AMA.

Part II Particular field of trade

1. The scope of product

(1) Overview of rolling mills

Rolling mills consist of equipment used in rolling processes that form slabs (semi-processed ingots) of iron, stainless steel, aluminum, or copper into their final shape. Different rolling mills are used for different final shapes (plates, bars, pipes, etc.). Both parties in this case manufacture and sell only plate rolling mills.

Plate rolling mills can be divided into hot rolling mills, which roll metal under high temperatures, and cold rolling mills and foil rolling mills, which roll metal under normal temperatures. Hot rolling mills can be further divided into thin-plate rolling mills and thick-plate rolling mills according to the final plate thickness after rolling. Rolling mills also differ according to the type of metal being rolled (hereinafter referred to as the "materials"). There are specific rolling mills that accept iron and common steel, stainless steel, silicon steel, aluminum, and copper as their materials.

(2) Construction of rolling mills

Each rolling mill consists of the rollers that perform the actual rolling and peripheral equipment located before and after the rollers. By regularly maintaining the rollers and routinely replacing parts in the peripheral equipment, rolling mills can be used for between approximately 30 and 50 years.

(3) Forms of rolling mill business transactions

There are four forms of rolling mill business transactions: (1) new installations (a new installation of a complete rolling mill at a new rolling factory or the additional installation of new rolling mill equipment at an existing rolling factory), (2) upgrades (replacing existing rolling mill equipment with new equipment), (3) retooling (partially retooling existing rolling mill equipment following a new design), and (4) repairs (repairing existing rolling mill equipment without a new design).

(4) Substitutability among rolling mill equipment

As described in Section (1) above, there are four types of rolling mills: hot thin-plate rolling mills, hot thick-plate rolling mills, cold rolling mills, and foil rolling mills. The functions of the rolling mill equipment that make up each rolling mill are also different. Therefore, the JFTC finds no demand-side substitutability between types of rolling mills.

The JFTC is also finds no demand-side substitutability between rolling mill equipment by type of rolling mill, because different rollers and peripheral equipment exist to meet each necessary function in the rolling mill.

Furthermore, the structure and functions of rolling mill equipment are generally different for each material. Therefore, the JFTC finds no demand-side substitutability between most rolling mill equipment by type of material.

Rolling mill equipment manufacturers (hereinafter referred to simply as "manufacturers") require different equipment and expertise to manufacture and sell rolling mill equipment for each type of rolling mill and for each type of material. Therefore, the JFTC finds no supply-side substitutability between rolling mill equipment by type of rolling mill or by type of material.

(5) Section summary

Given the findings above, the JFTC defines the scope of the product in this case as *equipment for hot thin-plate rolling mills*, e*quipment for hot thick-plate rolling mills*, *equipment for cold rolling mills*, and *equipment for foil rolling mills*. Each of these ranges are further divided by the material processed — *common steel*, *stainless steel*, *silicon steel*, *aluminum*, and *copper*. The JFTC then assesses the products where the parties in the case compete.

2. Geographic range scope

Japanese customers purchase rolling mill equipment from nationwide manufacturers. There have been few purchases of rolling mill equipment from overseas manufacturers. Therefore, the JFTC defines the geographic scope as *all regions of Japan* in this case.

Part III Impact of the merger on competition

The merger would conceivably have a significant impact on competition in the equipment for hot thin-plate rolling mills and for hot thick-plate rolling mills that process common steel. The following sections describe the assessments of these products. Since the decision factors are the same for all equipment types, the JFTC assesses both types of mills together.

1. Rolling mill equipment for hot thin-plate rolling mills that process common steel

(1) State of competition

As described in Section 1(3) of Part II above, there are four types of rolling mill business transactions in Japan: new installations, upgrades, retooling, and repairs. Customers tend to order upgrades, retooling, and repairs from the original manufacturer that manufactured and sold the existing rolling mill equipment. And according to customers, there are no expectations of placing orders for new installations. Consequently, competition in the field of trade in this case is quite limited. Should a manufacturer of existing rolling mill equipment propose a very expensive quotation however, customers might switch to products from another manufacturer. Therefore, manufacturers are competing with each other to some extent.

(2) Market position of the parties

MH and IHIMT are the only large manufacturers of rolling mill equipment in Japan. With this merger then, there would be only one large manufacturer of rolling mill equipment in Japan.

(3) State of competitors

Other than the parties in this case, Company A is a manufacturer,

although not a large manufacturer, that manufactures and sells rolling mill equipment for hot thin-plate rolling mills (common steel), and Company B and Company C are businesses that can manufacture and sell this equipment. Company A and Company B are not believed to have the technological capabilities to compete with the parties, and Company C has only taken requests for quotations from consumers and sold very simple rollers.

Consequently, domestic competitors, while exerting some competitive pressure in the area of very simple rollers, are not thought to exert competitive pressure in other rolling mill equipment from the standpoint of their technological capabilities.

(4) Competitive pressure from imports

Although Japanese customers currently have not purchased hot thin-plate rolling mill equipment for processing common steel from overseas manufacturers, Company D, Company E, and Company F are overseas manufacturers with delivery track records that outperform the parties in overseas markets.

On this point, customers said they have been requesting quotations from these overseas manufacturers for most recent new installations, upgrades, and retooling projects in Japan. Although comparisons of prices are difficult because of currency-exchange fluctuations, in terms of quality and technological capabilities, these overseas manufacturers are on a par with domestic manufacturers. Japanese customers have experience deploying products from overseas manufacturers for projects overseas and have deployed equipment from overseas manufacturers used in manufacturing processes other than rolling processes in Japan. For these reasons, the JFTC determines that circumstances exist in which there are no particular obstacles to importing rolling mill equipment and in which customers would continue to actively consider deploying products from overseas manufacturers.

Consequently, although customers have not deployed products from overseas manufacturers at the present time, in the future should the prices of domestic manufacturers' products rise, the JFTC fully expects that customers would switch to products from overseas manufacturers and, thus, believes that competitive pressure from imports is working to some extent.

(5) Competitive pressure from customers

Customers have an incentive to hold down manufacturing costs as much as possible because they are exposed to intense competition in steel products and non-ferrous products, which are the downstream markets of this field of trade.

Furthermore, consumers request and negotiate quotations for new installations, upgrades, retooling, and repairs of rolling mill equipment with a fixed budgetary limit, which is based on the costs to manufacture each piece of rolling mill equipment and on comparisons with past purchase prices. Even though upgrades, retooling, and repairs are essential, and even when these are difficult to keep within budgetary limits (for example, in the case of an accident), customers still negotiate to curb purchase costs in Japan by hinting that they will switch to another manufacturer's products or work against the domestic manufacturer in purchases of rolling mill equipment for overseas rolling factories. Therefore, customers are thought to be able to restrain price increases by the parties.

Consequently, the JFTC determines competitive pressure from consumers is working to some extent.

(6) Section summary

In a market where there are few orders for new installations, the JFTC concludes that the merger would not substantially restrain competition in the field of trade of rolling mill equipment for hot thin-plate rolling mills that process common steel in Japan, because, as described above, (a) some pressure from imports in new installations, upgrades, and retooling work, (b) some competitive pressure from customers in new installations, upgrades, retooling, and repairs, and also work,(c) some competitive pressure from a domestic competitor, on top of these other competitive pressures, in the area of simple rollers work as well.

2. Rolling mill equipment for hot thick-plate rolling mills that process common steel

Although hot thick-plate rolling mills that process common steel use different rolling mill equipment from hot thin-plate rolling mills, the mills are similar because the rolling process itself is nearly the same as the hot thin-plate rolling process. Therefore, the state of competition is equivalent to that for rolling mill equipment for hot thin-plate rolling mills that process common steel.

As described above, and as concluded in Section 1 above, the JFTC concludes that the merger would not substantially restrain competition in the field of trade of rolling mill equipment for hot thick-plate rolling mills that process common steel in Japan.

Part IV Conclusion

Following the reasoning given above, the JFTC concludes that the merger would not substantially restrain competition in the particular field of trade.

Case 5 Acquisition of Toko Inc. shares by Murata Manufacturing Co., Ltd.

Part I Overview of the transaction

Murata Manufacturing Co., Ltd., which is engaged in manufacturing and selling ceramic capacitors, coils, filters, and other electrical components, planned to acquire shares of Toko Inc., which is engaged in manufacturing and selling coils, filters, and other electrical components, and, thus, obtain a majority of Toko voting rights.

The applicable provision in this case is Article 10 of the AMA.

Part II Particular field of trade

1. The scope of product

(1) Coils

A coil is an electrical component with voltage-stabilizing, signal-selection, and other functions that is used in electrical circuits in a wide scope of products, including mobile phones, computers, televisions, and automobiles. Coils can be broadly classified as *inductors*, whose applications include voltage stabilization and signal tuning, *common-mode choke coils*, whose applications include cancelling common-mode noise,[*1] and *transformers*, which are used to transform A.C. voltages. The parties in this case compete in inductors and common-mode choke coils.

Inductors come with different inductances,[*2] current ratings,[*3] and other specifications. Therefore, the JFTC finds no substitutability for consumers between inductors with different specifications.

Coil manufacturers, however, manufacture different specifications of inductors with the same equipment and facilities. Therefore, substitutability does exist for suppliers.

As with inductors, common-mode choke coils come in different specifications, and, thus, the JFTC finds no substitutability for consumers, but substitutability does exist for suppliers.

Consequently, the JFTC defines *inductors* and *common-mode choke coils* as the product ranges in this case.

*1. Common-mode noise is noise generated by currents that flow from the circuit board's ground plane to wiring on the circuit board.

*2. Inductance is the numerical value of an inductor's ability to produce

magnetic flux (the measurement unit is the henry (H)).

*3. The current rating indicates the maximum current that can flow through the inductor.

(2) Filters

A filter is an electrical component that selects a signal in a particular frequency band from radio signals picked up by an antenna and that prevents interference and noise. Categories of filters include *surface acoustic wave (SAW) filters*, which are mainly used in electrical circuits in mobile-phone handsets, and *dielectric filters*, which are mainly used in electrical circuits in mobile-phone base stations.*4 The parties in this case compete in dielectric filters.

Dielectric filters are differentiated by their corresponding frequency band and other specifications. Therefore, the JFTC finds no substitutability for consumers between dielectric filters with different specifications.

Dielectric filter manufacturers, however, manufacture different specifications of dielectric filters with the same equipment and facilities. Therefore, substitutability does exist for suppliers.

Consequently, the JFTC defines *dielectric filters* as the product range in this case.

*4. Base stations consist of equipment for transmitting and receiving radio signals.

2. Geographic scope

Transportation costs and tariff costs account for only a few percent of the final sale prices for the products defined in Section 1 above. As a result, the customers of these products — such as domestic and overseas mobile phone manufacturers and auto parts manufacturers — purchase the products without distinction between domestic and overseas manufacturers. Furthermore, domestic and overseas manufacturers of these products sell the products at essentially the same price globally, regardless of where consumers are located.

Therefore, the JFTC defines *worldwide* as the geographical range in this case.

Part III Impact of the merger on competition

1. Inductors

With this merger, the parties' combined market share will be approximately 10 percent. The HHI after the combination will increase by about 40 points. The safe-harbor for horizontal merger does not apply to this case.

2. Common-mode choke coils

With this merger, the parties' combined market share will be approximately 15 percent. The HHI after the combination will increase by about 70 points. The safe-harbor for horizontal merger does not apply to this case.

3. Dielectric filters

With this merger, the parties' combined market share will be approximately 15 percent. The HHI after the combination will increase by about 50 points. The safe-harbor for horizontal merger does not apply to this case.

Part IV Conclusion

Following the reasoning given above, the JFTC concludes that the merger would not substantially restrain competition in the particular field of trade.

Case 6 Acquisition of KYB Motorcycle Suspension Co., Ltd. shares by Yamaha Motor Co., Ltd.

Part I Overview of the transaction

Yamaha Motor Co., Ltd. (hereinafter referred to as "Yamaha"), which is primarily engaged in the business of manufacturing and selling of motorcycles, planned to acquire the shares of KYB Motorcycle Suspension Co., Ltd. (hereinafter referred to as "KYBMS"), which is primarily engaged in the business of manufacturing and selling of hydraulic shock absorbers for motorcycles. KYBMS was established as a company in order to develop, manufacture, and sell hydraulic shock absorbers for motorcycles together with Yamaha when Kayaba Industry Co., Ltd. (hereinafter referred to as "KYB"), which is primarily engaged in the business of manufacturing and selling of hydraulic shock absorbers, spun off its motorcycle business division. This transaction was planned to take place on the same day as the establishment of KYBMS.

The applicable provision in this case is Article 10 of the AMA.

Part II Particular field of trade

1. Upstream market (motorcycle hydraulic shock absorbers)

(1) The scope of product

Hydraulic shock absorbers (also referred to as suspension) are broadly classified into those for motorcycles, automobiles, and other vehicles based on the category of vehicle on which they are installed. Hydraulic shock absorbers for motorcycles are divided into front forks (hereinafter referred to as "FF"), which are installed at the front of motorcycles, and rear cushioning units (hereinafter referred to as "RCU"), which are installed at the rear. FFs are further categorized into upright forks, a standard product, and upside-down forks, which offer better rigidity, and RCUs are further categorized into single-cylinder rear suspension and double-cylinder rear suspension, according to differences in their construction. In addition, among single-cylinder RCUs are high-end models with a pressurized sub-tank. Hydraulic shock absorbers are designed and developed specifically for the model of motorcycle on which they are installed, and their specifications, such as length and width, vary between different motorcycle models.

Motorcycle hydraulic shock absorbers can also be divided into *genuine* products for motorcycle manufacturers and *commercial* products for ordinary

consumers.

Because of differences in specifications, prices, etc., the JFTC finds no demand-side substitutability between hydraulic shock absorbers across the categories described above. It is also generally difficult, in terms of costs and time, for hydraulic shock absorber manufacturers to switch production between the categories described above by converting production lines. Therefore, in general, the JFTC finds no substitutability on the supplier side.

On the other hand, it is not difficult to switch production between the same products intended for different types of motorcycles or between double-cylinder RCUs and single-cylinder RCUs (without pressurized sub-tanks) by converting production lines. Therefore, the JFTC recognizes supplier-side substitutability between these products.

Consequently, the JFTC defines the scope of the product in this case to be (1) *upright FFs*, (2) *upside-down FFs*, (3) *RCUs with pressurized sub-tanks*, and (4) *RCUs without pressurized sub-tanks*. (All the products are limited to genuine products, as the case is a vertical merger. Hereinafter, all four products will be referred to collectively as "motorcycle hydraulic shock absorbers".)

(2) Geographic scope

There are no restrictions on the transportation of motorcycle hydraulic shock absorbers within Japan, and domestic motorcycle manufacturers purchase motorcycle hydraulic shock absorbers on a nationwide basis. Furthermore, there are no price differences for the same product between regions in Japan.

Consequently, the JFTC defines *all regions of Japan* as the geographic range in this case.

2. Downstream market (motorcycles)

(1) The scope of product

Motorcycle license categories differ depending on the engine displacement category, and motorcycles themselves can be classified into small models, sport models, and others according to their application and design. The JFTC finds no substitutability on the demand side between motorcycles in different engine displacement categories or between motorcycles of different types.

On the other hand, motorcycle manufacturers can switch production between motorcycles with different engine displacement categories or between motorcycles of different types by converting production lines without undue cost or time. Therefore, the JFTC recognizes supplier-side substitutability between motorcycles in different engine displacement categories and between motorcycles of different types.

Consequently, the JFTC defines *motorcycles* as the scope of the product in this case.

(2) Geographic scope

Motorcycle manufacturers maintain dealerships in all regions of Japan, and ordinary consumers, the consumers of motorcycles, purchase products from motorcycle manufacturers in all regions of Japan.

Consequently, the JFTC defines *all regions of Japan* as the geographic scope in this case.

Part III Impact of the merger on competition

1. Market position of the parties

(1) Upstream market (motorcycle hydraulic shock absorbers)

The tables below give the shares in the two upstream markets — the FF market for (1) upright FFs and (2) upside-down FFs, and the RCU market for (3) RCUs with pressurized sub-tanks and (4) RCUs without pressurized sub-tanks. Since there are no major differences in performance, quality, or scope of the motorcycle hydraulic shock absorbers that KYB, Company A, and Company C deal in, according to motorcycle manufacturers, KYB is estimated to have approximately 60 percent share of both upstream markets.

Therefore, although KYB's share of the upstream markets is not known precisely, the safe-harbor doesn't apply to this case for vertical merger.

FY 2012 shares in the FF market

Rank	Company	Market Share
1	KYB	Approx. 60%
2	A	Approx. 40%
3	B	Approx. 0 to 5%
Total		100%

FY 2012 shares in the RCU market

Rank	Company	Market Share
1	KYB	Approx. 60%
2	C	Approx. 40%
	Imports	Approx. 0 to 5%
Total		100%

(2) Downstream market (motorcycles)

Yamaha's share in the downstream market is approximately 20 percent, and the HHI is about 3,300 points. Therefore, the safe-harbor doesn't apply to this case for vertical merger.

FY 2012 shares in the motorcycle market

Rank	Company	Market Share
1	D	Approx. 50%
2	Yamaha	Approx. 20%
3	E	Approx. 15%
4	F	Approx. 5%
—	Imports	Approx. 10%
Total		100%

2. Refusal by KYBMS to sell motorcycle hydraulic shock absorbers to businesses other than Yamaha (input foreclosure)

(1) Ability to cause an input foreclosure

Company D, one of Yamaha's competitors, relies almost exclusively on Company A and Company C for purchases of motorcycle hydraulic shock absorbers and almost never purchases from KYB. Therefore, after this merger, if KYBMS would cause an input foreclosure on motorcycle hydraulic shock absorbers against Company D, it would be thought not to bring a major obstacle to Company D's business of manufacturing and selling motorcycles.

On the other hand, Company E and Company F do rely on KYB for a substantial portion of their purchases of motorcycle hydraulic shock absorbers. Company A and Company C are prominent competitors to KYB in both upstream markets and both have excess supply capacity. Additionally, there are no major differences in performance, quality, or scope of the motorcycle hydraulic shock absorbers that KYB, Company A, and Company C deal in. Despite this, for Company E or Company F to switch suppliers for products under development or for products already developed and being supplied, it would require contracting the new supplier from the product development stage again. Therefore, after this merger, if KYBMS would cause an input foreclosure against Company E or Company F, it would be undeniable that Company E or Company F would have found it difficult to immediately switch suppliers to either Company A or Company C and, even if the company

could switch suppliers, during the period until it begins receiving products from Company A or Company C, Company E or Company F would face major obstacles to its business of manufacturing and selling motorcycles.

(2) Incentive to bring about an input foreclosure

The benefit, if KYMBS bring about an input foreclosure against Company E or Company F after this merger, would be the benefits realized by Yamaha seizing market share from Company E or Company F. If we, however, consider the presence of Company D, a prominent competitor to Yamaha, this benefit is only a benefit in the abstract that is far from certain. Even if Yamaha would be able to enlarge its market share by means of an input foreclosure, it would have been nothing more than a temporary gain until Company E or Company F begins purchasing products from Company A or Company C.

Furthermore, sales to Company E and Company F account for a substantial proportion of KYB's sales of motorcycle hydraulic shock absorbers. Therefore, if KYBMS would bring about an input foreclosure after this merger, KYBMS would lose its sales of motorcycle hydraulic shock absorbers to Company E or Company F should the company proceed to switch suppliers. In addition, KYB has a significant amount of business with Company E and Company F in other products. Therefore, if KYBMS would bring about an input foreclosure against Company E or Company F after this merger, Company E or Company F might be able to switch away from KYB to other suppliers for these other products.

Consequently, the JFTC does not believe this merger would give KYBMS the incentive to bring about an input foreclosure against Company E or Company F.

(3) Section summary

Given the circumstances described above, the JFTC determines that this merger would not cause any problems of market foreclosure or exclusivity due to KYBMS implementing an input foreclosure against Yamaha's competitors.

3. Refusal by Yamaha to purchase motorcycle hydraulic shock absorbers from businesses other than KYBMS (customer foreclosure)

Company A and Company C, competitors of KYB in the upstream markets,

sell almost no motorcycle hydraulic shock absorbers to Yamaha. Therefore, even if Yamaha would bring about a customer foreclosure against Company A after this merger, there is no concern that the action would obstruct Company A's business of manufacturing and selling motorcycle hydraulic shock absorbers.

Consequently, the JFTC determines that this merger would not cause any problems of market foreclosure or exclusivity due to Yamaha affecting a customer foreclosure against KYBMS's competitors.

4. Coordinated practice

Motorcycle hydraulic shock absorbers are designed and developed for the specific motorcycle model they are installed on, and each model has different specifications and prices. The motorcycle hydraulic shock absorbers Yamaha purchases from Company A and Company C are installed on only very few of the motorcycle models Yamaha manufactures and sells. Therefore, if, after this merger, KYBMS would collect information on Company A or Company C's sale prices and other details from Yamaha, it would be only a small amount of information. Consequently, the JFTC determines there is no concern that, with this merger, KYBMS and its competitors would take any coordinated practice.

KYB does supply motorcycle hydraulic shock absorbers to Yamaha's competitors. However, even if, after this merger, Yamaha would collect information on its competitors' purchase prices and other details from KYBMS, the purchasing costs of motorcycle hydraulic shock absorbers account for only a fraction of a motorcycle's manufacturing costs. Consequently, the JFTC determines there is no concern that, with this merger, Yamaha and its competitors would take any coordinated practice.

5. Section summary

Given the circumstances described above, the JFTC concludes that the merger would not substantially restrain competition in the fields of trade of motorcycle hydraulic shock absorbers and motorcycles in Japan, both through unilateral conduct by the parties and through coordinated conduct with competitors.

Part IV Conclusion

Following the reasoning given above, the JFTC concludes that the merger would not substantially restrain competition in the particular field of trade.

Case 7 Acquisition of Diamond Power Corporation shares by Chubu Electric Power Co., Inc.

Part I Overview of the transaction

Chubu Electric Power Co., Inc. (hereinafter referred to as "Chubu Electric Power"), a general electricity utility,[*1] planned to acquire shares of Diamond Power Corporation (hereinafter referred to as "Diamond Power"), a specified-scale electricity utility,[*2] and, thus, obtain a majority of Diamond Power voting rights.

The applicable provision in this case is Article 10 of the AMA.

*1. A general electricity utility (as defined in Article 2-1(ii) of the Electricity Business Act (Act No. 170 of 1964)) is one of 10 utilities, including the Tokyo Electric Power Company (hereinafter referred to as "TEPCO") and the Kansai Electric Power Co., Inc., that have received a license from the Minister for Economy, Trade and Industry to operate a business supplying electricity to meet general demand (meaning demand for household power, excepting demand in the power-distribution sector (hereinafter referred to as the "non-regulated sector") where customers with contract demands in excess of 50 kilowatts, as a rule, receive electricity via high-voltage or extra-high-voltage distribution lines).

*2. A specified-scale electricity utility (as defined in Article 2-1(viii) of the Electricity Business Act) is a company that has notified the Minister for Economy, Trade and Industry that it will engage in a business supplying electricity to meet demand from customers in the non-regulated sector.

Part II Particular field of trade

1. The scope of service

(1) Electricity retail services

The electricity retail services have 2 types of customers, customers in the non-regulated sector and customers in the regulated sector. The distinction is that customers in the non-regulated sector receive supplies of electricity from general electricity utilities and specified-scale electricity utilities (pursuant to Article 2-1(vii) of the Electricity Business Act), on the other hand customers in the regulated sector receive supplies of electricity only from general electricity

utilities (pursuant to Article 2-1(i) of the same Act).

Therefore, it is appropriate to divide the scope of the service into services for customers in the non-regulated sector and services for customers in the regulated sector. The parties in this case compete only in services for customers in the non-regulated sector. Thus, the JFTC defines the scope of the service in this case as *electricity retail services for customers in the non-regulated sector*.

(2) Wheeling services

Wheeling services are based on a contract with a specified-scale electricity utility in which a general electricity utility supplies electricity to customers designated by the specified-scale electricity utility using the general electricity utility's distribution grid in its service area.*3 The specified-scale electricity utility has no other means of distributing electricity other than the wheeling service, and, therefore, there are no services that can be substituted for the wheeling service.

Thus, the JFTC defines the scope of the service in this case as *wheeling services*.

*3. A service area is given to each general electricity utility in which it is obliged under the Electricity Business Act to supply electricity to meet general demand.

2. Geographic scope

(1) Electricity retail services for customers in the non-regulated sector

The nationwide state of the non-regulated sector is such that nearly all customers receive their supplies of electricity from general electricity utilities and that general electricity utilities have rarely supplied electricity to consumers in other service areas.

Therefore, it is appropriate to define each general electricity utility's service area as the geographic scope of electricity retail services for customers in the non-regulated sector. Chubu Electric Power provides electricity retail services in its own service area and Diamond Power provides electricity retail services in the service areas of Chubu Electric Power and TEPCO. Thus, the JFTC defined *Chubu Electric Power's service area* (hereinafter referred to as the "Chubu Electric Power area") and *TEPCO's service area* (hereinafter referred to

as the "TEPCO area") as the geographical scopes in this case.

(2) Wheeling services

Because each general electricity utility provides exclusive wheeling services in its respective service area, it is appropriate to define each general electricity utility's service area as the geographic scope wheeling services. Since Chubu Electric Power provides wheeling services in its own service area, the JFTC defined the *Chubu Electric Power area* as the geographic scope in this case.

Part III Impact of the merger on competition

1. Horizontal merger

(1) Market position of the parties

The parties together will reach approximately 100 percent (the No. 1 share) of the market for electricity retail services for customers in the non-regulated sector in the Chubu Electric Power area. The HHI after the merger will be approximately 9,700 points, but the HHI increase is only about 20 points since Diamond Power's market share is very small. These levels meet the safe-harbor criteria for horizontal mergers. The JFTC also recognizes the circumstances described below.

FY 2012 shares in the market for electricity retail services for customers in the non-regulated sector in the Chubu Electric Power area

Rank	Company	Market Share
1	Chubu Electric Power	Approx. 100%
2	A	Approx. 0 to 5%
3	B	Approx. 0 to 5%
4	Diamond Power	Approx. 0 to 5%
	Other companies	Approx. 0 to 5%
Total		100%

(2) State of competitors

There are about 80 competitors (all are specified-scale electricity utilities) — including Company A and Company B, which have larger market shares than Diamond Power. Furthermore, as given in Section 2(2) below, it is difficult for Chubu Electric Power, as a general electricity utility, to refuse to

provide wheeling services without justifiable grounds or to treat a specific competitor in an unfair and discriminatory manner when these competitors request wheeling services to new customers.

Consequently, although the competitors' market share is not large at the present time, the JFTC finds some competitive pressure from competitors.

(3) Competitive pressure from new entrants

A company satisfies the legal requirements to enter the market for electricity retail services for customers in the non-regulated sector as a specified-scale electricity utility by filing a notification pursuant to Article 16-2 of the Electricity Business Act. Furthermore, the business does not need to make new capital investments in distribution lines or other facilities when operating electricity retail services by means of an electricity wheeling service. Thus, the barriers to entry are considered to be low. In fact, looking nationwide, the number of new specified-scale electricity utility entrants is on the rise each year.

Consequently, the JFTC determined there is some pressure from new entrants.

(4) Section summary

As described above, with this merger, the corporate group's market share will reach approximately 100 percent, but the safe-harbor criteria for horizontal merger are met because Diamond Power's market share is very small. Furthermore, the JFTC recognizes some pressure from competitors and some pressure from new entrants. Therefore, the JFTC concluded that the merger would not substantially restrain competition in the field of trade of electricity retail services for customers in the non-regulated sector in the Chubu Electric Power area, either through unilateral conduct by the parties or through coordinated conduct with competitors.

2.Vertical merger

(1) Market position of the parties

Chubu Electric Power has a 100 percent share of the upstream market (wheeling services in the Chubu Electric Power area) and the combined shares of the parties in the downstream market (electricity retail services for customers in the non-regulated sector in the Chubu Electric Power area) will

be approximately 100 percent (the No. 1 share), as described in Section 1 above. Therefore, it follows the safe-harbor for vertical merger doesn't apply to this case.

(2) Refusal by Chubu Electric Power to provide wheeling services to its competitors and competitors of Diamond Power (input foreclosure)

Since Chubu Electric Power has monopoly power in the upstream market, if it were to affect an input foreclosure against its competitors and competitors of Diamond Power, there is concern where the competitors would be excluded from the downstream market.

However, because Chubu Electric Power's current share in the downstream market is approximately 100 percent and because Chubu Electric Power's position in the downstream market will not change noticeably with this merger, Chubu Electric Power's capability and incentive to affect an input foreclosure will not change before and after the merger. It is also thought to be difficult for Chubu Electric Power to affect an input foreclosure because the Minister for Economy, Trade and Industry can issue an order to provide wheeling service if Chubu Electric Power refuses to provide wheeling service without justifiable grounds (under Article 24-3 (5) of the Electricity Business Act) and can issue an order to revise the provisions of wheeling service contract if Chubu Electric Power treats a certain business in an unfair and discriminatory manner with respect to the wheeling service contact provisions that require prior notification (under Article 24-3 (3)(5) of the same Act).

(3) Section summary

Given the conditions described in Section (2) above, the JFTC determines that this merger would not cause any concerns of market foreclosure or exclusivity due to Chubu Electric Power affecting an input foreclosure against Diamond Power's competitors.

3. Compound (territory expansion) type merge

(1) Market position of the parties

Diamond Power has approximately 0 to 5 percent share of the market for electricity retail services for customers in the non-regulated sector in the TEPCO area, but, as given in Section 1 above, the parties together have

approximately 100 percent (the No. 1 share) of the market for electricity retail services for customers in the non-regulated sector in the Chubu Electric Power area. Therefore, it follows the safe-harbor for compound mergers doesn't apply to this case.

FY 2012 shares in the market for electricity retail services for customers in the non-regulated sector in the TEPCO area

Rank	Company	Market Share
1	TEPCO	Approx. 95%
2	C	Approx. 0 to 5%
3	D	Approx. 0 to 5%
4	Diamond Power	Approx. 0 to 5%
	Other companies	Approx. 0 to 5%
Total		100%

(2) Market foreclosure or exclusivity due to the compound merger (territory expansion)

Because the parties have approximately 100 percent share of the market for electricity retail services for customers in the non-regulated sector in the Chubu Electric Power area, it is possible that they would gain a competitive advantage in the electricity retail services for customers in the non-regulated sector in the TEPCO area by supplying electricity in both the Chubu Electric Power area and TEPCO area to customers who receive supplies of electricity in both service areas.

However, although Chubu Electric Power planned this merger with the aim of smoothly entering the TEPCO area, TEPCO still has approximately 95 percent of the market for electricity retail services for customers in the non-regulated sector in the TEPCO area. Therefore, it is considered highly unlikely that the parties will immediately gain a competitive advantage.

(3) Section summary

Given the conditions described in Section (2) above, the JFTC determines that this merger would not cause any concerns of market foreclosure or exclusivity due to the compound merger (territory expansion).

Part IV Conclusion

Following the reasoning given above, the JFTC concludes that the merger would not substantially restrain competition in the particular field of trade.

Case 8 Acquisition of Arkadin International SAS shares by NTT Communications Corporation

Part I Overview of the transaction

NTT Communications Corporation (hereinafter referred to as "NTT Com"; the group of combined companies whose ultimate parent company is the Nippon Telegraph and Telephone Corporation (hereinafter referred to as "NTT"), the parent company of NTT Com, is referred to as the "NTT Group"), which primarily operates a telecommunications business, planned to acquire shares of Arkadin International SAS (hereinafter referred to as "Arkadin"; the group of combined companies whose ultimate parent company is the Arkadin is referred to as the "Arkadin Group"), which is engaged in a business providing services for audio (telephone), web, and video conferencing systems (hereinafter referred to collectively as "remote conferencing systems"), and, thus, obtain a majority of Arkadin voting rights.

The applicable provision in this case is Article 10 of the AMA.

Part II Particular field of trade

1. Overview of the business

Remote conferencing system services enable conference participants located a certain distance apart to hold a conference via communication devices. Remote conferencing system services are used in situations that normal telephone services cannot handle, such as when the participants are located in three or more separate locations.

Remote conferencing systems are categorized by the communication media and lines they use into (1) audio (telephone) conferencing systems (hereinafter referred to simply as "audio conferencing systems"), (2) web conferencing systems, and (3) video conferencing systems.

(1) Audio conferencing systems

Audio conferencing systems enable remote conferences with audio via telephone lines using phone equipment (land line or wireless) or dedicated audio conferencing devices. There are also operator-assisted audio conferencing services with event operators who verify the ID or participation credentials of callers to the access point, for sensitive conferences, such as corporate IR conference calls or remote seminars.

(2) Web conferencing systems

Web conferencing systems enable remote conferences with video and audio between multiple locations, in the same way as a videophone, but using computers and, generally, Internet connections. This system also permit direct uploading of materials stored in computers and sharing desktops. Ordinary web conferencing systems do not provide the same levels of audio and visual quality as video conferencing systems, described below, because they use simple web cameras and other devices. Systems are, however, being developed that provide high audio and visual quality (hereinafter referred to as "enhanced web conferencing systems").

(3) Video conferencing systems

Video conferencing systems enable remote conferences with bidirectional video and audio spanning multiple locations, in the same way as a videophone, but using TV monitors as dedicated communication devices. Many video conferences connect the locations via a network (a LAN or WAN) and use cameras and microphones installed in each location.

2. Provision configurations of remote conferencing system services

The different types of remote conferencing systems described in Section 1 (1) through Section 1 (3) above require a multipoint control unit (hereinafter referred to as an "MCU)[*1] and a communication network connected between communication devices to enable the transmission of video and audio.

There are two ways services provide these communication networks and MCUs: (a) the ASP model,[*2] in which consumers use conferencing servers or the cloud provided by the service provider, and (b) the server architecture model,[*3] in which the user constructs a conferencing server system by installing equipment and devices on the user's corporate network. Web conferencing systems generally use the ASP model, while video conferencing systems generally use the server architecture model.

*1. An MCU is a network device (server) through which video, audio, and data (application sharing and high-resolution video transmissions) are transmitted between multiple locations.

*2. The ASP model is a system in which the necessary conferencing functions are accessed from a web browser or other software program via a

network. Users access the service by connecting to the service provider's MCU. Users pay only the service usage fees and do not need to purchase any infrastructure equipment or devices. The server provider is responsible for maintaining and managing the software and other components of the system.

*3. The server architecture model is a system that lets users access remote conferencing from dedicated software via the networks or MCUs installed at their own company. Users purchase and install their own infrastructure and conferencing devices. The user is also responsible for maintaining and managing the software and other components of the system.

3. Remote conferencing system types and service provision configurations in which the corporate groups compete

The corporate groups in this case compete in the business of providing ASP model services for (1) audio conferencing systems and (2) web conferencing systems.

4. Consumers of remote conferencing system services

The main distinction of remote conferencing system services is the function that enables conferences between multiple locations. Almost all consumers of these services are corporations, as the services are principally used for business.

5. Definition of the particular field of trade

(1) The scope of service

A. Audio, web, and video conferencing systems

There is no substitutability for consumers between audio conferencing systems, which enable calls with audio only, and web conferencing systems and video conferencing systems, which can send and receive video and data in addition to audio.

Furthermore, there is no substitutability for suppliers, because audio conferencing systems use different communication networks and devices from web and video conferencing systems and because the equipment and devices needed to provide services are different.

The big distinctions of web conferencing systems, whose main purpose is the sharing of materials and data, are the ability to participate in

conferences from anywhere, provided participants have a computer and an Internet connection, and the ability for conference participants to perform group work quickly. On the other hand, video conferencing systems offer high-quality audio and high-resolution video transmissions, which allow many participants to conduct long, but stress-free conferences with a feeling of being there. Because of these differences, there is limited substitutability for consumers between web conferencing systems and video conferencing systems.

Furthermore, there is no substitutability for suppliers between web conferencing systems and video conferencing systems, because the service provision models are different (web conferencing systems use the ASP model and video conferencing systems use the server architecture model) and because the equipment and devices needed to provide services are different.

Consequently, the JFTC defines *audio conferencing systems*, *web conferencing systems*, and *video conferencing systems* as the separate scope of the service.

B. Normal audio conferencing systems and operator-assisted audio conferencing systems

The audio conferencing system service can be divided into normal audio conferencing systems and operator-assisted audio conferencing systems in. The former is intended for normal meetings, and the latter is intended for sensitive meetings, such as corporate IR conference calls. As the consumer needs are different, and given that operator-assisted audio conferencing systems are around twice as expensive as normal audio conferencing systems, there is no substitutability between the two types of systems for consumers.

There is no substitutability between the two types of systems for suppliers either, as a supplier must deploy dedicated operators in order to provide a new operator-assisted audio conferencing system service as well as make the requisite labor and physical capital investments.

Consequently, the JFTC defines *normal audio conferencing systems* and *operator-assisted audio conferencing systems* as the separate scope of the service within the audio conferencing system service range.

C. Web conferencing systems and enhanced web conferencing systems

Web conferencing systems and enhanced web conferencing systems use the same communication devices and communication lines, and have the same application of sharing video and audio. Nevertheless, web conferencing systems are specialized in sharing materials and other functions, and enhanced web conferencing systems are specialized in mutual recognition functions through higher video quality. Therefore, there is limited substitutability for consumers between the two types of systems.

There is substitutability for suppliers between the two types of systems, however, as it is easy to switch providing services between the two systems because they both use the same communication devices and because both systems' services can be provided using existing system and equipment.

Consequently, the JFTC defines *web conferencing systems (including enhanced web conferencing systems)* as a single service scope.

D. The ASP model and the server architecture model

With the ASP model, the initial costs are comparatively inexpensive, but the service provider's system must be relied on for security. With the server architecture model, on the other hand, the initial costs and maintenance costs are comparatively expensive, but these can be depreciated as fixed assets and the model is superior in terms of customization and strong security policies to meet the consumer's operations and in terms of stability, such as being immune to the effects of external networks. There is limited substitutability for consumers between the models, since consumers select the appropriate model for them after weighing each model's cost, convenience, functionality, and security.

Furthermore, there is no substitutability between the two models for suppliers, as the equipment and devices needed to provide services differs between the two models.

Consequently, the JFTC defines *ASP models* and *server construction models* as separate service scope.

E. Section summary

Given the descriptions above, the JFTC defines the service scopes in which the corporate groups in this case compete to be *audio conferencing*

systems (ASP models), *operator-assisted audio conferencing systems (ASP models)*, and *web conferencing systems (ASP models)*.

(2) Geographic scope

Because remote conferencing systems are provided over telephone lines or Internet connections, consumers can access services from providers under the same conditions in all locations in Japan.

Consumers can access the same services globally in areas where telephone lines or Internet connections are prevalent. Thus, it is possible to define a geographic scope that crosses national borders.

consumers, however, select from providers operating businesses in Japan because they want support in the Japanese language and because the providers' access points are in Japan. Different price ranges have also formed, as usage fees in many countries are differentiated between services for Japan and services for other regions. Therefore, the JFTC defines the geographic scope as *all regions of Japan* in this case for all service scope defined in Section (1) above.

Part III Impact of the merger on competition

1. Audio conferencing systems (ASP models)

(1) Market position of the parties

With this share acquisition, the combined market share of the corporate groups will be about 50 percent, and the HHI increase after the transaction will be about 900 points. The safe-harbor doesn't apply to this case for horizontal merger.

FY 2010 shares of the audio conferencing system (ASP model) market

Rank	Company	Market Share
1	NTT Group	Approx. 40%
2	A	Approx. 25%
3	Arkadin Group	Approx. 10%
	Other companies	Approx. 20%
Total		100%

(2) State of competitors

Aside from the corporate groups in this case, there are more than 10

competitors, including Company A, a prominent competitor with a market share of approximately 25 percent. All competitors have excess supply capacity.

(3) State of competition

Competitors generally negotiate prices with consumers based on a prepared price list. Therefore, it is difficult for service providers to know each other's prices.

Price competition is active in the market because prices are the main competitive factor, aside from user support, and because the levels of service quality have matured substantially for all remote conferencing systems, including audio conferencing systems.

Note that there are no circumstances of particularly active competition between the NTT Group and the Arkadin Group.

(4) Competitive pressure from consumers

It is difficult for service providers to distinguish themselves, since most have set prices without requiring any initial costs and because the service quality levels are mature. Therefore, consumers can easily switch between service providers. Currently, price negotiations are active not only with new consumers but also with existing consumers. During the course of these price negotiations, consumers sometimes cite competitors' prices. Therefore, the JFTC recognizes a certain amount of competitive pressure from consumers.

(5) Section summary

As described above, this merger would result in the corporate groups having a combined market share of approximately 50 percent. Nevertheless, the JFTC concludes that the merger would not substantially restrain competition in the field of trade for audio conferencing systems (ASP models) in Japan, either through unilateral conduct by the parties or through coordinated conduct with competitors, because (a) there are multiple competitors, including one prominent competitor, in the market, (b) price competition has been active in the market, and (c) there is a certain amount of competitive pressure from consumers.

2. Operator-assisted audio conferencing systems (ASP models)

(1) Market position of the parties

With this merger, the combined market share of the corporate groups will be about 60 percent, and the HHI increase after the transaction will be about 800 points. The safe-harbor doesn't apply to this case for horizontal merger.

FY 2010 shares of the operator-assisted audio conferencing system (ASP model) market

Rank	Company	Market Share
1	NTT Group	Approx. 55%
2	B	Approx. 20%
3	Arkadin Group	Approx. 5%
	Other companies	Approx. 15%
Total		100%

(2) State of competitors

There are more than eight competitors in Japan, including Company B, a prominent competitor with a market share of approximately 20 percent (the No. 2 share). The existing competitors have excess supply capacity.

(3) State of competition and competitive pressure from consumers

The state of competition and competitive pressure from consumers in this market are the same as described in Sections 1 (3) and (4) above.

(4) Section summary

As described above, this merger would result in the corporate groups having a combined market share of approximately 60 percent. Nevertheless, the JFTC concludes that the merger would not substantially restrain competition in the field of trade for operator-assisted audio conferencing systems (ASP models) in Japan, either through unilateral conduct by the parties or through coordinated conduct with competitors, because (a) there are multiple competitors, including one prominent competitor, in the market, (b) price competition has been active in the market, and (c) there is a certain amount of competitive pressure from consumers.

3. Web conferencing systems (ASP models)

With this merger, the combined market share of the corporate groups will

be about 15 percent. The HHI after the transaction will be approximately 2,000, an increase of about 20 points. These levels meet the safe-harbor criteria for horizontal merger.

FY 2011 shares of the web conferencing system (ASP model) market

Rank	Company	Market Share
1	C	Approx. 30%
2	D	Approx. 25%
3	NTT Group	Approx. 15%
4	E	Approx. 10%
5	F	Approx. 5%
—	Arkadin Group	Approx. 0 to 5%
	Other companies	Approx. 15%
Total		100%

Part IV Conclusion

Following the reasoning given above, the JFTC concludes that the merger would not substantially restrain competition in the particular field of trade.

Case 9 Acquisition of Daiei, Inc. shares by AEON CO., LTD.

Part I Ovrview of the transaction

AEON CO., LTD. (hereinafter referred to as "AEON") which is a holding company and owner of various businesses including supermarkets. In this document, AEON and all companies operating supermarkets which already have a joint relationship with AEON, will be collectively referred to as the "AEON Group." is planning to acquire the shares of Daiei In this document, Daiei and all its subsidiary companies operating supermarkets will be collectively referred to as the "Daiei Group." which engages in the supermarket business through a takeover bid.

The provision of applicable law is Article 10 of the Antimonopoly Act (hereinafter referred to as "the AMA").

Part II Reviewing process and outline of the review result

1. Reviewing process

Since February 2013, the Japan Fair Trade Commission (hereinafter referred to as "JFTC") had been in discussion with AEON, upon AEON's request regarding the Acquisition plan. On March 1, 2013, AEON submitted the notification regarding the Acquisition as required by Article 10, paragraph (2) of the AMA. The JFTC accepted the notification and launched the primary review. Having conducted the primary review based on the notification, the JFTC judged that a more detailed review was necessary and on March 29, 2013, requested AEON to submit necessary reports, etc. pursuant to Article 10, paragraph (9) of the AMA and launched the secondary review. On the same day, the JFTC announced that it would invite third parties to comment on the Acquisition.

During the secondary review, the JFTC held several meetings with the Parties upon their request. The JFTC also reviewed the reports, etc. and other documents submitted by the Parties, as well as the results of interviews with competitors, etc. in the effort to analyze the Acquisition's impact on competition. In June 2013, since the Parties requested an explanation about issues, etc., the JFTC explained them based on its understanding at that point, though the JFTC had received only a portion of the reports, etc. originally requested to AEON. In response, the Parties made further claims and provided more information, all of which was taken under consideration by the JFTC.

All of the reports, etc. requested by the JFTC were submitted by the Parties

by July 9, 2013.

2. Outline of the review result

The JFTC concluded that the Acquisition would not substantially restrain competition in any particular fields of trade.

The detailed results of the review are discussed in Sections III through IV.

(reference)

Receipt of the notification regarding the Acquisition by AEON on March 1, 2013 (start of the primary review)

Request for reports, etc. by the JFTC on March 29, 2013 (start of the secondary review)

Receipt of all requested reports, etc. from AEON on July 9, 2013 (the due date for a prior notice was set on October 8, 2013)

Notification to AEON that a cease and desist order will not be issued on July 19, 2013

Part III Joint relationship to be strengthened by the Acquisition

Currently, AEON already controls nearly 20% of Daiei's voting rights, making it the second largest voter. AEON and Daiei also have interlocking directorates and business alliances. This shows that AEON and Daiei already have had a joint relationship to a certain degree. Through the Acquisition, AEON will obtain additional Daiei's voting rights, making the latter its subsidiary, strengthening their joint relationship. It is, therefore, necessary to survey the impact that the strengthening of a joint relationship by the acquisition would have on the competition.

Part IV Particular field of trade

1. The scope of service

The Parties operate general supermarkets ("General Merchandise Store" GMS) that sell a wide range of goods including groceries, daily commodities, and clothing, as well as food supermarkets that sell mostly groceries. Both GMS and food supermarkets have well-supplied stocks of perishable food and other groceries, targeting customers. GMS and food supermarket operators recognize that competition is not limited to stores in the same category, but is also

between GMS and food supermarkets. At the same time, consumers do not actually consider whether it is GMS or a food supermarket when purchasing groceries.

Convenience stores, drug stores, and home centers offer overlapping selection of products with supermarkets. Shops in the former group are now supplying a wider range of groceries, obscuring the difference between each type of stores. However, when compared with supermarkets, which have competitive edge in perishable food and other groceries, other types of stores are not as well stocked with these items, and consumers are selective when shopping in supermarkets and other types of stores in accordance with their own purposes.

Accordingly, the JFTC defined the "supermarket business" (GMS and food supermarkets) as the service range.

2. Geographic scope

It is considered that supermarkets compete with each other on store-by-store basis. Each operator uses customer surveys and other methods to find out where repeat customers live and to define its trading area for sending out fliers and studying competitors. Trading areas may vary depending on location (downtown or suburb) and size of each store.

The JFTC has, in this case, defined the geographic range for each store to be an area within a radius of 500 to 3,000 meters of the store, which is considered to be a trading area for each store, depending on the store location, size, and other factors.

During the review, the JFTC focused on the geographic range for each Daiei group's store. Since the actual trading area may not be an exact circle because of landform, like rivers, hills, or mountains, major roads, or other factors, the competition status in the actual trading area had been considered when necessary.

Part V Impact of this merger on competition

1. Status of competition in each geographic scope

(1) Overview

There are approximately 260 geographic ranges in which a Daiei Group store and an AEON Group store compete with each other. While it is

technically difficult to calculate the market share for each supermarket store in these geographic ranges (or to determine whether each geographic range falls under the safe harbor standards for horizontal business combinations), it can be generally considered that the greater number of stores in one area creates more competition. Consequently, the impact of the Acquisition should be greater in geographic ranges with a smaller number of stores run by competitors.

Supermarkets operating in larger facilities and selling a wider selection of products usually have the advantage in gaining customers, which makes them more competitive. For consumers, the distances between their homes and store may be the most important factor in choosing where to shop. Supermarkets are in fact involved in heavier competition with neighboring stores than with other competitors' stores in the same geographic range.

Supermarket operators analyze the location and size of neighboring competitors' stores in each trading area as well as their own stores before choosing the main competitor and engage in active competition with it. This may lead to active competition between Parties' stores in case one Party's store has chosen the other Party's store as the main competitor, and should such active competition were to be removed by the Acquisition, it will have a comparably huge impact on competition. However, as described in VI. 4 below, Daiei has been showing poor performances and, with its business ability limited, the actual competition between AEON Group stores and other competitors' stores is equivalent or more active compared to the competition between AEON Group and Daiei Group stores in many of the geographic ranges.

There are about 260 geographic ranges where the Parties' stores compete with each other. Of these, there are about 100 geographic ranges requiring specific consideration for various reasons, including that one Party's store has chosen the other Party's store as the main competitor, or there are few stores run by competitors.

(Note) Supermarket operators generally set uniform prices which will be applied in each prefecture or areas that surpass prefectures. Accordingly, the JFTC considered competition within ranges of prefectures besides within a geographic range defined in V.2. Results showed that there was no prefecture in which the Parties'

competitiveness greatly advanced for such reason that the majority of regional stores are occupied by the Parties.

(2) Status of competition in geographic scopes requiring specific considerations

For the approximately 100 geographic ranges requiring specific considerations, the JFTC has reviewed the impact the Acquisition may have on competition in each range by using information on location, size, and other aspects of the Parties' and their competitors' stores in each geographic range and actual trading area, and also by using customer survey reports and other data provided by the Parties.

Through this review, the JFTC found that all geographic ranges falls under either situation described below and the JFTC concluded that, even after the Acquisition there will still be active competition between the Parties' and their competitors' stores.

A. Where the Parties' store was in a weaker competitive position due to size or other disadvantages, there was one or more competitive stores of other competitors.

B. Where one Party's store is located relatively apart from the other Party's store within the same geographic range, there exist one or more competitive stores, located relatively close to the Parties' store, which is owned by other competitors.

C. Where one Party's store is located relatively close to the other Party's store and in active competition with each other, there also existed one or more competitive stores of other competitors within the same actual trading area. Consumers in this region may switch between the Parties' and the competitors' stores. Thus, the JFTC concluded that, even after the Acquisition there will still be active competition between the Parties' and their competitors' stores.

2. Entry pressure

Permission to sell processed meat, required by the Food Sanitation Act (Act No.233 of 1947), or any other permission mandatory under the law, cannot be considered as an institutional entry barrier against the supermarket business.

Similarly, for supermarket operators planning to open a new supermarket, their initial investment level cannot be considered to be an entry barrier for new store opening, since the sum required to open a standard-sized supermarket is normally a few hundred million yen, recoverable in a few years under general circumstances.

In order to maintain the living environment around the planned location, all large-scale retail facilities with floor area exceeding 1,000 square meters are required to submit applications to the local prefecture or ordinance-designated city beforehand under the Act on the Measures by Large-Scale Retail Stores for Preservation of Living Environment (Act No.91 of 1998). This procedure has been widely accepted and many applications have been submitted. There are also many new supermarkets with 1,000 square meters or smaller floor areas.

Therefore, the JFTC recognizes that there is entry pressure to a certain degree.

3. Competitive pressure from related markets

(1) Competitive pressure from other businesses including convenience stores

Products being sold in supermarkets are also offered at other types of stores, including convenience stores, drug stores, and home centers, although the latter group's selection of products may be limited. While supermarkets have an advantage over other types of stores in selling perishable food and other groceries, it is recognized that there is a certain level of competition over prices and customer services in selling products that overlap between them, using special offers and other methods, to lure customers.

Therefore, the JFTC recognizes that there is competitive pressure from other businesses to a certain degree.

(2) Competitive pressure from geographically neighboring markets

Consumers may visit supermarkets outside their usual shopping area. In areas neighboring the geographic range defined in V.2, there are supermarkets operated by competitors. The Parties' stores are engaged in a certain level of competition over prices and customer services, using special offers and other methods to lure customers, with competitors' stores in these neighboring areas.

Therefore the JFTC recognizes that there is competitive pressure from geographically neighboring markets to a certain degree.

4. Daiei's financial condition

Daiei has been showing poor performances with ordinary losses in three out of last five fiscal years up to February, 2013, while making net losses for five consecutive fiscal years. Actual competition between AEON Group stores and other competitors' stores is equivalent or more active compared to the competition between AEON Group stores and Daiei Group stores in many of the geographic ranges, since Daiei Group's business ability has been limited.

Part VI Conclusion

It can be concluded that in all of the geographic ranges requiring specific consideration for various reasons, including that one Party's store has chosen the other Party's store as the main competitor, or there are few stores run by competitors, there will still be active competition between the Parties' stores and competitive stores owned by competitors after the Acquisition. It is also concluded that there is entry pressure and competitive pressure from neighboring markets to a certain degree. Therefore the JFTC concludes that the Acquisition would not substantially restrain competition through unilateral conduct of the Parties or through coordinated conduct of the Parties with competitors.

Case10 The Proposed Integration in Thermal Power Generation Systems Businesses of Mitsubishi Heavy Industries, Ltd. and Hitachi, Ltd.

Part I Overview of the transaction

(ⅰ) Mitsubishi Heavy Industries, Ltd. (hereinafter referred to as "MHI", and a group of combined companies whose ultimate parent company is MHI will be referred to as the "MHI Group") which is engaged in manufacturing of industrial machinery, etc. plans to transfer the thermal power generation systems businesses within its corporate group to MHPS (hereinafter MH Power Systems, Ltd. before the integration will be referred to as "MHPS" and the same company after the integration will be referred to as "the Integrated Company."), and (ⅱ) Hitachi, Ltd. (hereinafter referred to as "Hitachi", and a group of combined companies whose ultimate parent company is Hitachi will be referred to as the "Hitachi Group") also plans to transfer the same businesses within its corporate group to MHPS in the form of absorption-type company split. MHI and Hitachi, both of which manufacture and sell industrial machinery, etc. plan to integrate their thermal power generation systems businesses.

The JFTC received a notification by MHPS and Hitachi with respect to the transaction referred in above (ⅱ).

The applicable provision in this case is Article 15-2 of the AMA.

(Note 1) The manufacture and sale business of machinery such as boilers, steam turbines, gas turbines which constitute thermal power plants as well as the design and construction business of thermal power plants are collectively referred to as the thermal power generation systems business.

Part II Reviewing process and outline of the review result

1. Reviewing process

Since March 2013, the Parties had voluntarily submitted written opinions and relevant documents to the Japan Fair Trade Commission (hereinafter referred to as the "JFTC") stating that the Parties consider that the Integration will not substantially restrain competition. The JFTC held multiple meetings with the Parties at their request. Thereafter, on August 7, 2013, a notification of a plan regarding the absorption-type company split was submitted by the Notifying

Companies pursuant to Article 15-2 of the AMA. Accordingly, the JFTC accepted the notification and launched a primary review on the same day. The JFTC conducted the primary review considering materials including the above notification and documents that were submitted by the Parties, interviews with customers and competitors, etc. As a result, it was determined that a more detailed review was necessary. Accordingly, on September 6, 2013, the JFTC requested that the Notifying Companies submit reports and other necessary documents, and commenced a secondary review. In addition, the JFTC announced the commencement of the secondary review and began to accept opinions regarding the Integration from third parties.

In the secondary review, the JFTC held multiple meetings with the Parties at their request. In addition, the JFTC conducted a further review of the effects of the Integration on competition considering a series of reports and other documents submitted by the Notifying Companies, the results of interviews with customers and competitors and questionnaire surveys.

As to the JFTC's request to the Notifying Companies, the Notifying Companies completed their obligations in respect of the JFTC's request with the requested reports and necessary documents submitted on November 21, 2013.

2. Outline of the review result

Regarding this case, the JFTC has concluded that the Integration will not substantially restrain competition in the fields of trade regarding "supercritical pressure thermal power plants supply business," "supercritical pressure boilers," "large steam turbines," and "large gas turbine combined cycle power generation plant supply business" (hereinafter, gas turbine combined cycle will be referred to as "GTCC"), in which the Parties compete with each other and in which the Integration seemed to have significant impact on competition. The JFTC has also concluded that the Integration will not substantially restrain competition in respect to any other fields of trade.

Details of the results of the review on the fields of trade regarding "supercritical pressure thermal power plants supply business," "supercritical pressure boilers," "large steam turbines," and "large GTCC power generation plant supply business" are described in III and IV below.

(reference)

Receipt of the notification regarding the integration on August 7, 2013 (start of the primary review)

Request for reports, etc. by the JFTC on September 6, 2013 (start of the secondary review)

Receipt of all requested reports, etc. from MHPS and Hitachi on November 21, 2013 (the due date for a prior notice was set on February 20, 2014)

Notification to MHPS and Hitachi that a cease and desist order will not be issued on December 12, 2013

Part III Particular field of trade

1. The scope of product (including a service: the same will apply hereinafter)

Thermal power plants mainly include steam-power generation plants in which the power of the steam generated by burning fuels such as coal rotates steam turbines to generate power, and GTCC power generation plants in which after gas turbines rotate to generate power by burning gas fuels such as liquefied natural gas (LNG), the power of steam generated by its waste-heat recovery system rotates steam turbines.

(1) Steam-power generation plants

Steam-power generation plants consist of individual machinery such as boilers and steam turbines, and the performance of the entire power generation plant depends on the performance of boilers and steam turbines, which are central to the plants.

When customers order steam-power generation plants, they separately order individual machinery such as boilers and steam turbines (hereinafter referred to as “Separate Orders”), or they order major services as a package including the design of the entire steam-power generation plant and the procurement of various machinery including individual machinery such as boilers and steam turbines (hereinafter referred to as “Package Orders”). In the case of Separate Orders, customers need to coordinate each machinery by themselves, therefore customers who can place Separate Orders are limited to those who have certain knowledge of steam-power generation plants.

When steam-power generation plants are ordered through Separate Orders, product ranges are defined according to each machinery because machinery such as boilers or steam turbines are procured separately. On the

other hand, when steam-power generation plants are ordered through Package Orders, product ranges are defined as business supplying steam-power generation plants (hereinafter referred to as "steam-power generation plants supply business.").

A. Boilers (in the case of Separate Orders)

Boilers are machinery which converts pressurized water to steam by converting the chemical heat of fuel such as coal and petroleum into heat by combustion. They are categorized into two main types: supercritical pressure boilers which deliver large power and have higher operating pressure than the critical pressure of water (22.064MP), and subcritical pressure boilers which deliver medium and small power and have lower operating pressure than the critical pressure.

Customers considering the procurement of a supercritical pressure boiler will not procure several smaller power subcritical pressure boilers to substitute a supercritical pressure boiler, and customers considering the procurement of a subcritical pressure boiler will not procure a more expensive supercritical pressure boiler as the power obtained by a subcritical pressure boiler is sufficient for them. Supercritical pressure boilers are manufactured with a higher level of technology than subcritical pressure boilers. Accordingly, manufacturers of supercritical pressure boilers are very different from those of subcritical pressure boilers.

Therefore, substitutability between supercritical pressure boilers and subcritical pressure boilers is not recognized either for customers or for suppliers. Consequently, the JFTC defined two product ranges: supercritical pressure boilers and subcritical pressure boilers. However, since the Parties do not compete in the field of trade of subcritical pressure boilers, the JFTC's examination below considers supercritical pressure boilers.

B. Steam turbines (in the case of Separate Orders)

Steam turbines are machinery which drives generators by converting the thermal energy of steam into rotational energy. They are categorized into two main types: large steam turbines used in combination with supercritical pressure boilers, and medium and small steam turbines used in combination with subcritical pressure boilers.

Medium and small steam turbines are not procured as steam turbines

to be used in combination with supercritical pressure boilers. Similarly, large steam turbines are rarely procured as steam turbines to be used in combination with subcritical pressure boilers.

Large steam turbines are manufactured with a higher level of technology than medium and small steam turbines. Accordingly, manufacturers of large steam turbines are very different from those of medium and small steam turbines.

Therefore, substitutability between large steam turbines and medium and small steam turbines is not recognized either for customers or for suppliers. Consequently, the JFTC defined two product ranges: large steam turbines and medium and small steam turbines. However, since the Parties do not compete in the field of trade of medium and small steam turbines, the JFTC's examination below considers large steam turbines.

C. Steam-power generation plants supply business (in the case of Package Orders)

When steam-power generation plants are ordered through Package Orders, manufacturers of boilers or steam turbines on which the performance of the entire power generation plant depends engage in steam-power generation plants supply business (hereinafter, companies engaged in plants supply business will be referred to as "plant manufacturers").

Steam-power generation plants are categorized into two main types: supercritical pressure thermal power plants using supercritical pressure boilers and large steam turbines both of which deliver large power, and subcritical pressure thermal power plants using subcritical pressure boilers and medium and small steam turbines both of which deliver medium and small power. Customers considering the procurement of a supercritical pressure thermal power plant will not procure several smaller power subcritical pressure thermal power plants to substitute a supercritical pressure thermal power plant, and customers considering the procurement of a subcritical pressure thermal power plant will not procure a more expensive supercritical pressure thermal power plant as the power obtained by a subcritical pressure thermal power plant is sufficient for them.

As described in above A. and B., machinery used in supercritical

pressure thermal power plants is manufactured with a higher level of technology than that used in subcritical pressure thermal power plants, and the designs of the entire thermal power plants are largely different from one another. Therefore, the desired capabilities are different in each steam-power generation plants supply business. In addition, manufacturers of boilers or steam turbines engage in steam-power generation plants supply business, and as described in above A. and B., manufacturers of the machinery used in supercritical pressure thermal power plants are different from those of the machinery used in subcritical pressure thermal power plants. Consequently, plant manufacturers engaged in business of supplying supercritical pressure thermal power plants (hereinafter referred to as "supercritical pressure thermal power plants supply business") are very different from those engaged in business of supplying subcritical pressure thermal power plants (hereinafter referred to as "subcritical pressure thermal power plants supply business").

Therefore, substitutability between supercritical pressure thermal power plants supply business and subcritical pressure thermal power plants supply business is not recognized either for customers or for suppliers. Consequently, the JFTC defined two product ranges: supercritical pressure thermal power plants supply business and subcritical pressure thermal power plants supply business. However, since the Parties do not compete in the field of subcritical pressure thermal power plants supply business, the JFTC's examination below considers supercritical pressure thermal power plants supply business.

(2) GTCC power generation plants

GTCC power generation plants consist of individual machinery such as gas turbines and steam turbines. The performance of the entire power generation plant depends on that of gas turbines and steam turbines, and of them, gas turbines are core machinery, whose performance is valued.

GTCC power generation plants are always ordered through Package Orders. Manufacturers of gas turbines or those of steam turbines engage in, as plant manufacturers, business of supplying GTCC power generation plants (hereinafter referred to as "GTCC power generation plants supply business").

GTCC power generation plants are categorized into two main types:

large GTCC power generation plants using large gas turbines which deliver large power, and medium and small GTCC power generation plants using medium and small gas turbines which deliver medium and small power.

Customers considering the procurement of a large GTCC power generation plant will not procure several smaller power medium and small GTCC power generation plants to substitute a large GTCC power generation plant, and customers considering the procurement of a medium and small GTCC power generation plant will not procure a more expensive large GTCC power generation plant as the power obtained by a medium and small GTCC power generation plant is sufficient for them.

Machinery used in large GTCC power generation plants are manufactured with a higher level of technology than those used in medium and small GTCC power generation plants, and the designs of the entire power generation plant are largely different from one another. Therefore, the desired capabilities are different in each GTCC power generation plants supply business. In addition, manufacturers of gas turbines or steam turbines engage in GTCC power generation plants supply business and manufacturers of this machinery used in large GTCC power generation plants are different from those of this machinery used in medium and small GTCC power generation plants. Consequently, plant manufacturers engage in large GTCC power generation plants supply business are very different from those engage in medium and small GTCC power generation plants supply business.

Therefore, substitutability between large GTCC power generation plants supply business and medium and small GTCC power generation plants supply business is not recognized either for customers or for suppliers. Consequently, the JFTC defined two product ranges: large GTCC power generation plants supply business and medium and small GTCC power generation plants supply business. However, since the Parties compete in the field of medium and small GTCC power generation plants supply business in a very limited way, the JFTC's examination below considers large GTCC power generation plants supply business.

1. Geographic scope

(1) Supercritical pressure boilers and large steam turbines

Domestic manufacturers provide products to not only domestic

customers but also overseas customers. On the other hand, in selecting suppliers, domestic customers take into consideration past supply records in Japan, the presence of maintenance systems, etc. Accordingly, suppliers which meet the needs of domestic customers are limited to domestic manufacturers or overseas manufacturers forming cooperative relationships with domestic manufacturers.

Therefore, all of Japan (the market for customers in all of Japan) is defined as being the geographic range for these products.

(2) Supercritical pressure thermal power plants supply business and large GTCC power generation plants supply business

Domestic plant manufacturers provide services to not only domestic customers but also overseas customers. On the other hand, in selecting suppliers, domestic customers take into consideration past supply records in Japan, the presence of maintenance systems, etc. Accordingly, suppliers which meet the needs of domestic customers are limited to domestic plant manufacturers.

Therefore, all of Japan (the market for customers in all of Japan) is defined as being the geographic range for these services.

Part IV Influences of the integration

Hereinafter, "supercritical pressure thermal power plants supply business" in the case of supercritical pressure thermal power plants being ordered through Package Orders, "supercritical pressure boilers" and " large steam turbines" in the case of the above-mentioned power generation plants being ordered through Separate Orders, and "large GTCC power generation plants supply business" pertaining to large GTCC power generation plants always ordered through Package Orders, will be reviewed in that order.

While heretofore, supercritical pressure thermal power plants and large GTCC power generation plants have been directly ordered by large-scale customers such as general electricity utilities,[*2] since general electricity utilities are now required to call for tenders for procurement of thermal power supply (hereinafter referred to as "IPP tender")[*3] when, henceforth, they newly build, etc., thermal power supplies with a capacity of one or more MW by themselves, and since these power generation plants would be ordered within the framework of only IPP tender system, the JFTC's examination below takes into

consideration IPP tender.

(Note 2) 10 companies including Tokyo Electric Power Co., Inc. and Kansai Electric Power Co., Inc.

(Note 3) In September, 2012, Agency for Natural Resources and Energy developed and announced "Guidelines on Application of New Tendering Systems of Thermal Power Supply" (revised on May 17, 2013) in which in principle, general electricity utilities are required to call for tenders for all thermal power supplies in case they newly or additionally build, or replace thermal power supplies with a capacity of one or more MW by themselves. IPP tender means a tender conducted in accordance with these guidelines. See the flowchart in 1. (3) below for IPP tender and procurement of power generation plants.

1. Supercritical pressure thermal power plants supply business

(1) Outline of plant manufacturers engaged in supercritical pressure thermal power plants supply business

As noted in above Ⅲ1(1)c., manufacturers of supercritical pressure boilers or large steam turbines, on which the performance of the entire power generation plant depends, engage in supercritical pressure thermal power plants supply business as plant manufacturers. While plant manufacturers set out to get orders for supercritical pressure thermal power plants supply business using their machinery in the case of manufacturing them, both of the Parties manufacture supercritical pressure boilers and large steam turbines.

On the other hand, when manufacturers which produce either supercritical pressure boilers or large steam turbines by themselves set out to get orders for supercritical pressure thermal power plants supply business as plant manufacturers, they need to gain cooperation of the manufacturers which produce machinery that they do not produce according to each project. Cooperating manufacturers are not always the same, and can be replaced depending on projects. In addition, cooperating manufacturers include not only domestic manufacturers but also major overseas manufacturers.

(2) State of competitors

For the past decade, there have been only a few cases in which supercritical pressure thermal power plants are ordered through the Package

Orders (the cases in which orders have been placed with respect to supercritical pressure thermal power plants supply business). In the past, there had been active competition among the MHI Group, the Hitachi Group, and Company A. However, Company B has recently entered the market.

Although the Integration will result in the decrease of one competitive unit, each company has excess capacities. Therefore, it is considered that competition continues to be active between the Integrated Company and Company A, a major competitor, and that Company B, a new entrant, and it will function as a competitive constraint on the Integrated Company.

As supercritical pressure thermal power plants designed by each plant manufacturer have their own features and are different from each other, supercritical pressure thermal power plants supply is considered as a service for which coordinated conduct with competitors is unlikely to occur.

(3) Influences of IPP tender on competition

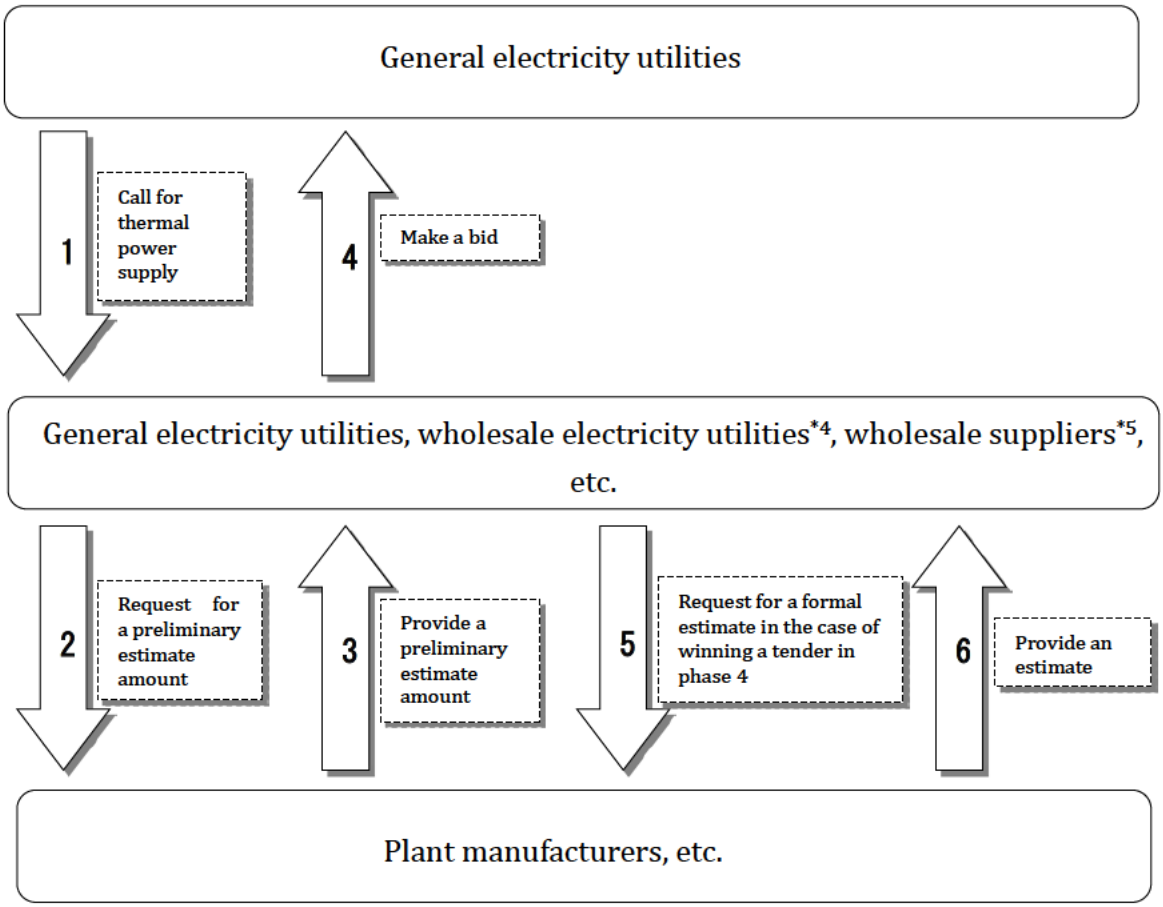
In IPP tender, multiple companies make bids, aiming for power supply to general electricity utilities who will make orders, and companies winning a bid in IPP tender order supercritical pressure thermal power plants supply business to plant manufacturers.

The companies participating in IPP tender request that plant manufacturers provide a preliminary estimate amount. However, even if multiple companies participate in the same IPP tender, the sizes of supercritical pressure thermal power plants which they plan to build, and the plant manufacturers which they request to provide a preliminary estimate amount can be different.

When plant manufacturers provide an expensive preliminary estimate amount to companies participating in IPP tender and such companies lose competitiveness, it is possible that they give up making a bid in IPP tender due to unprofitability or that they cannot win even if they participate in IPP tender. As a result, in such cases, plant manufacturers cannot supply such companies with supercritical pressure thermal power plants.

Thus, the IPP tender makes the form of competition more complicated than ever before, which is considered to act as a certain constraint on the Integrated Company's unilateral conduct and its coordinated conduct with competitors.

Flowchart of IPP tender and procurement of power generation plants



(Note 4) Wholesale electricity utilities mean companies permitted by the Minister of Economy, Trade and Industry, which supply power to general electricity utilities, and whose power-generating facilities deliver over 2,000 MW of power in all.

(Note 5) Wholesale suppliers mean companies, which supply power to general electricity utilities, and whose power supply contract period is 10 years or more and whose power supply is over one MW, or whose power supply contract period is five years or more and whose power supply is over 100 MW (in general, also referred to as Independent Power Producer).

(4) Competitive pressure from new entrants

As described in above (2), since not only Company B has entered the market but also other companies are considering to enter the market of supercritical pressure thermal power plants supply business, the JFTC recognizes that there is entry pressure to a certain degree.

(5) Competitive pressure from customers

In ordering supercritical pressure thermal power plants, customers select a plant manufacturer to which they give the right of first negotiation (priority on negotiation) by means such as competitive quotes and further negotiate a price with such plant manufacturer, and conclude a contract with it at a price both agree on.

It is large-scale customers that order supercritical pressure thermal power plants, and these customers are capable to calculate prices appropriate for them of thermal power plants they order based on information such as the past procurements and estimate amounts of other manufacturers, and negotiate a price with plant manufacturers to make a price appropriate for them.

Only a few supercritical pressure thermal power plants have been ordered in recent years. Therefore, plant manufacturers negotiate a price, considering of the insistence of customers to a certain degree to get limited orders in Japan, and it seems that in the case of customers making requests to lower prices based on reasonable grounds, plant manufactures accept such requests.

In addition, it is considered that customers will negotiate prices more severely as they place more emphasis on costs than ever before in the procurement of supercritical pressure thermal power plants because of IPP tender.

Accordingly, the JFTC recognizes that there is robust competitive pressure from customers.

(6) Section summary

Although the Integration will result in the decrease of one competitive unit in supercritical pressure thermal power plants supply business, the JFTC recognizes that the Integration will not substantially restrain competition in the field of supercritical pressure thermal power plants supply business through the Integrated Company's unilateral conduct and its coordinated

conduct with competitors, for the following reasons: (i) competition continues to be active among the Integrated Company and the major competitor or the competitor acting as a competitive constraint; (ii) there is entry pressure to a certain degree; (iii) there is robust competitive pressure from customers; and (iv) IPP tender makes competition active.

2. Supercritical pressure boilers

(1) State of competitors

For the past decade, there have been only a few cases in which supercritical pressure thermal power plants are ordered through Separate Order and supercritical pressure boilers are ordered separately from other machinery. In the past, there has been active competition among the MHI Group, the Hitachi Group, and Company C.

Although the Integration will result in the decrease of one competitive unit, it is considered that each company has excess capacities, and that competition continues to be active between the Integrated Company and Company C, a major competitor.

Moreover, as supercritical pressure boilers designed by each manufacturer have their own features and are different from each other, supercritical pressure boilers are considered to be products for which coordinated conduct with competitors is unlikely to occur.

In addition, although the Integration will result in competition between two companies in Separate Orders, naturally customers who have the ability to place Separate Orders (as described in above IV-1(1), the ability to coordinate each machinery) can choose Package Orders instead of Separate Orders. It is considered that this will function as a certain competitive constraint on the Integrated Company's unilateral conduct and its coordinated conduct with competitors.

Finally, IPP tender acts as a competitive constraint on the Integrated Company's unilateral conduct and its coordinated conduct with competitors in this case as well as in the case of supercritical pressure thermal power plants supply business as described in above 1(3).

(2) Competitive pressure from customers

The JFTC recognizes that there is robust competitive pressure from customers in this case as well as in the case of supercritical pressure thermal

power plants supply business as described in above 1(5).

(3) Section summary

Although the Integration will result in the decrease of one competitive unit in the field of trade of supercritical pressure boilers, the JFTC recognizes that the Integration will not substantially restrain competition in the field of trade of supercritical pressure boilers through the Integrated Company's unilateral conduct and its coordinated conduct with competitors, for the following reasons: (i) competition continues to be active between the Integrated Company and the major competitor; (ii) there is robust competitive pressure from customers; and (iii) IPP tender makes competition active.

3. Large steam turbines

(1) Competitive situation

For the past decade, there have been only a few cases in which supercritical pressure thermal power plants are ordered through Separate Order and large steam turbines are ordered separately from other machinery. In the past, there has been active competition among the MHI Group, the Hitachi Group, Company D, and Company E.

Although the Integration will result in the decrease of one competitive unit, it is considered that each company has excess capacities, and that competition continues to be active among the Integrated Company, and Company D and Company E, major competitors.

Moreover, as large steam turbines designed by each manufacturer have their own features and are different from each other, large steam turbines are considered to be products for which coordinated conduct with competitors is unlikely to occur. In addition, the choice of Package Orders by customers and IPP tender act as a competitive constraint on the Integrated Company's unilateral conduct and its coordinated conduct with competitors in this case as well as in the case of supercritical pressure boilers as described in above 2(1).

(2) Competitive pressure from customers

The JFTC recognizes that there is robust competitive pressure from customers in this case as well as in the case of supercritical pressure thermal power plants supply business as described in above 1(5).

(3) Section summary

Although the Integration will result in the decrease of one competitive unit in the field of trade of large steam turbines, the JFTC recognizes that the Integration will not substantially restrain competition in the field of trade of large steam turbines through the Integrated Company's unilateral conduct and its coordinated conduct with competitors, for the following reasons: (i) competition continues to be active among the Integrated Company and the major competitors; (ii) there is robust competitive pressure from customers; and (iii) IPP tender makes competition active.

4. Large GTCC power generation plants supply business

(1) Market position of the parties and competitive situation

While there have been just under 30 cases in which large GTCC power generation plants are ordered through Package Orders (the cases in which orders have been placed with respect to large GTCC power generation plants supply business) for the past decade, the market share of each plant manufacturer is shown in the table below. After the Integration, the combined post-integration market share of the Parties will be approximately 70 percent (ranked first) and HHI will increase by about 1,800 to approximately 5,600, which will not meet the safe harbor threshold for horizontal business combinations.

Market share of large GTCC power generation plants supply business for the past decade

Rank	Company name	Market share
1	The MHI Group	Approximately 50%
2	Company F	Approximately 30%
3	The Hitachi Group	Approximately 20%
4	Company G	Approximately 0-5%
Total		100%

*Based on output capacity

As described in above Ⅲ 1(2), while the performance of large gas turbines,

the core machinery, is valued in large GTCC power generation plants, in large GTCC power generation plants supply business, price competition as well as technology development competition to improve the performance of plants is active, and large gas turbine manufacturers compete to develop highly efficient gas turbines.

Plant manufacturers other than the MHI Group do not manufacture large gas turbines by themselves. They construct and supply large GTCC power generation plants that meet customers' needs by procuring large gas turbines from overseas manufacturers. The Hitachi Group is limited in its competitiveness because not only does it not manufacture large gas turbines by itself, but also it has been affected by troubles with machinery it has supplied in the past.

Although the Integration will result in the decrease of one competitive unit, it is considered that each company has excess capacities and that competition will continue to be active between the Integrated Company and Company F, a major competitor which has the advantage of highly efficient large GTCC power generation plants with approximately 30% of market share, etc. And it is considered that Company G will act as a competitive constraint on the Integrated Company with its increasing presence in the market in recent years.

Moreover, as large GTCC power generation plants designed by each plant manufacturer have their own features and are different from each other, large GTCC power generation plants supply is considered to be a service for which coordinated conduct with competitors is unlikely to occur.

In addition, the IPP tender will act as a specific competitive constraint on the Integrated Company's unilateral conduct and its coordinated conduct with competitors in this case as well as in the case of supercritical pressure thermal power plants supply business as noted in above 1(3).

(2) Competitive pressure from customers

The JFTC recognizes that there is robust competitive pressure from customers in this case as well as in the case of supercritical pressure thermal power plants supply business as noted in above 1(5).

(3) Section summary

Although the Integration will result in the decrease of one competitive

unit in large GTCC power generation plants supply business, the JFTC recognizes that the Integration will not substantially restrain competition in the field of large GTCC power generation plants supply business through the Integrated Company's unilateral conduct and its coordinated conduct with competitors, for the following reasons: (i) with the Hitachi Group having limited competitive ability, competition continues to be active among the Integrated Company and the major competitor or the competitor acting as a competitive constraint; (ii) there is robust competitive pressure from customers; and (iii) IPP tender makes competition active.

Appendix 1

Regulations on Business Combinations

1. Regulations on business combinations

The AMA prohibits acquisition or possession of the shares of a company, the merger of companies, the split of a company, joint-share transfer or the acquisition of business where it creates a business combination that is likely to substantially restrain competition in any particular fields of trade. In response thereto, the Japan Fair Trade Commission (hereinafter referred to as "the JFTC") has been conducting reviews of business combinations pursuant to the provisions of the AMA.

2. Notification system regarding business combination plans pursuant to the AMA (for a flowchart on reviews of business combinations, see paragraph 2, Appendix 2)

When a business combination is implemented between companies that satisfy certain requirements, the AMA requires such companies to make a notification on their business combination plan in advance to the JFTC (for a summary of the conditions requiring notification, see paragraph 1, Appendix 2).

The JFTC conducts a review of whether or not the business combination regarding which prior notification has been made needs a detailed review within 30 days after receiving the notification. When the case in question does not raise any issues in light of the provisions of the AMA, the JFTC concludes its review within the prescribed period. If the JFTC judges that the case requires further review, it requests that the companies submit reports, etc. and determines whether or not the business combination in question may raise any issues, in light of the provisions of the AMA, within 90 days after receiving all the reports, etc.

In a case where the JFTC judges that the business combination raises an issue in light of the provisions of the AMA, the JFTC notifies the person(s) to be designated as the addressee of the order of the possible contents, etc. of the cease and desist order, and then the JFTC provides the person(s)/addressee(s) with an opportunity to deliver opinions and provide evidence, and finally the JFTC issues a cease and desist order against the person(s)/addressee(s). Moreover, the person(s)/addressee(s) is capable of requesting a hearing by the JFTC and a judgment by a court if the person(s)/addressee(s) is dissatisfied with the cease and desist order issued.

Appendix 2

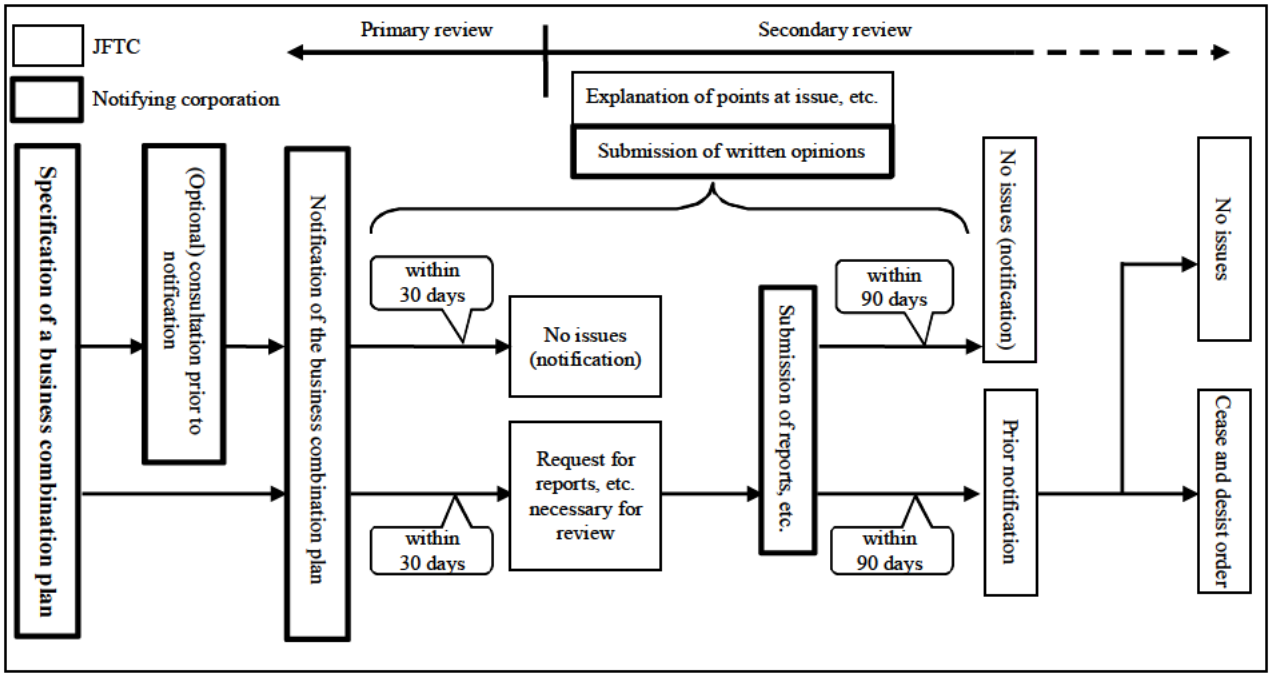
1. Summary of conditions requiring notification for business combinations

Type of business combination (the provisions of the AMA applied to the case)		Summary of conditions requiring notification for business combinations
Acquisition of shares (Article 10)		(1) A company with domestic total turnover (Note 1) exceeding 20 billion Japanese yen (2) acquires shares of a company whose domestic turnover, together with those of its subsidiaries, exceed 5 billion Japanese yen and (3) whose proportions of voting rights held (Note 2) accounts for more than 20% or 50%.
Merger (Article 15), Joint share transfer (Article 15-3)		(1) A company with domestic total turnover exceeding 20 billion Japanese yen and (2) a company with domestic total sales exceeding 5 billion Japanese yen (3) merge (or conduct a joint share transfer).
Split (Article 15-2)	Joint incorporation-type company split	(1) A company with domestic total turnover exceeding 20 billion Japanese yen and (2) a company with domestic total turnover exceeding 5 billion Japanese yen (3) establish a company by joint incorporation-type company split, to which all the businesses are transferred, etc.
	Absorption-type company split	(1) A company with domestic total turnover exceeding 20 billion Japanese yen and (2) a company with domestic total turnover exceeding 5 billion Japanese yen (3) acquire all the businesses, etc.
Acquisition of business, etc. (Article 16)		(1) A company with domestic total turnover exceeding 20 billion Japanese yen (2) acquires all the businesses transferred from a company with domestic turnover exceeding 3 billion Japanese yen; or (1) A company with domestic total turnover exceeding 20 billion Japanese yen (2) acquires any substantial part of a business with domestic turnover exceeding 3 billion Japanese yen (or all or any substantial part of the fixed assets used for business).

(Note 1) Domestic total turnover mean the aggregate domestic turnover of companies, etc. belonging to a business combination group (a group consisting of "the ultimate parent company" of the notifying company and its subsidiaries).

(Note 2) Proportion of voting rights held means the proportion of voting rights held by the group of combined companies to which the notifying company belongs.

2. Flowchart for review of business combinations



3. Safe Harbor Criteria

(1) Safe-harbor criteria for horizontal business combinations

In cases where the relevant corporate group after the business combination meets any of the conditions (a) through (c) below, the horizontal business combination is not normally considered to substantially restrain competition in the particular field of trade.

(a) The HHI[*3] after the business combination is no more than 1,500;

(b) The HHI after the business combination is more than 1,500 but no more than 2,500, and the HHI increase[*4] is no more than 250; or

(c) The HHI after the business combination is more than 2,500, and the HHI increase is no more than 150.

*3. The HHI score is calculated as the sum of the squares of the market shares of each relevant party in the particular field of trade.

*4. When there are two parties in a transaction, the HHI increase caused by the business combination can be calculated by multiplying by two the result of multiplying together the market shares of the relevant parties.

(2) Safe-harbor criteria for vertical business combinations and compound business combinations

In cases where the market share of the relevant corporate group after the business combination meets either (a) or (b) below, the vertical business combination or compound business combination is not normally considered to substantially restrain competition in the particular field of trade.

(a) The market share of the relevant corporate group after the business combination is no more than 10 percent in all particular fields of trade related to the relevant parties; or

(b) The market share of the relevant corporate group after the business combination is no more than 25 percent and the HHI after the business combination is no more than 2,500 in all particular fields of trade related to the relevant parties.

Appendix 3

Status of Notifications of Recent Acquisition of Share, etc. Received and Reviewed

	2011	2012	2013
Number of notifications	275	349	264

Review status

Cases closed at the primary review	270	340	257
Cases closed at the secondary review	4	6	1
Cases decided to raise no issues under the AMA given the implementation of remedies	3	3	0

(Note) "Review status" is the status as of May 31, 2014 regarding acquisition of shares, etc. notified for the respective fiscal years. Cases not included in the "review status" column are under review or have been withdrawn by the notifying companies due to their circumstances concerning the proposed business combinations as of May 31, 2014.

*For the status of notifications in 2013, see the JFTC Web site at:
(http://www.jftc.go.jp/dk/kiketsu/toukeishiryo/joukou.html)