

Follow-up Survey on Gasoline Transaction

April 28, 2016

Japan Fair Trade Commission

Previously, the Japan Fair Trade Commission (hereinafter, “JFTC”) published “Survey Report on Gasoline Transaction” in July 2013. In that survey report, the JFTC asked the primary oil distributors to improve their practices in order to ensure fair competition in the gasoline distribution market and decided to watch their actions closely. After that, we recognize some changes in competitive environment of the gasoline distribution market including a change of the method of determining wholesale prices from primary oil distributors to retailers. Therefore, the JFTC decided to conduct the follow-up survey so as to figure out the current condition of gasoline distribution and examine the ways to ensure fair trade competition in the gasoline distribution market.

Through this follow-up survey, the JFTC found that the practices which the JFTC had previously asked to improve were not exactly improved regarding the method of determining wholesale prices after the 2013 survey. In this follow-up survey, the JFTC pointed out as below to ensure fair competition.

1 Primary oil distributors who have established certain formulas to set their wholesale prices should negotiate sufficiently about the revision of the formulas and explain the meaning and use of the prices of each part and the related costs of distribution.

2 It should be noted that the conduct of a primary oil distributor to restrain an energy trading company from selling a dealership affiliated with the primary oil distributor the gasoline provided by the primary oil distributor to an energy trading company without the distributor’s trademark, when the conduct unfairly restricts the business activities, shall be in violation of the Antimonopoly Act (Trading on Restrictive Terms).

The JFTC asks appropriate measures to the primary oil distributors concerning the points above so as to ensure fair competition. Also the JFTC explains the contents of this report of the follow-up survey to energy trading companies and makes them allow each dealership affiliated with a primary oil distributor to purchase and sell the gasoline provided by the distributor to an energy trading company without the distributor’s trademark freely.

Besides that, the JFTC will take strict measures against offenders in case of where

it recognizes the facts regarding the possible violation of the Antimonopoly Act. The JFTC will continue to observe the competitive environment of the gasoline market including the actions of new companies organized by mergers and acquisitions between the primary oil distributors.