

Report on the Fact-Finding Survey on Measures Taken by Procuring Agencies to Prevent Procurement Officials from Being Involved in Bid Rigging

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Japan Fair Trade Commission

I Purpose of Survey

1. From the viewpoint that the measures on the part of procuring agencies are extremely important to ensure the prevention of bid rigging and involvement in bid rigging etc. by officials of procuring agencies, the Japan Fair Trade Commission (“JFTC”) has conducted surveys with regard to measures to prevent bid rigging etc. in procuring agencies to clarify the current problems and challenges, and summarized measures etc. to solve such problems in a report and published it (see Note below).

(Note) In the most recent survey conducted in September 2011, the JFTC published the report titled “Report on the Fact-Finding Survey on Measures Taken by Procuring Agencies to Prevent Procurement Officials from Being Involved in Bid Rigging – Compliance Activities in Procuring Agencies,” based on the results of the questionnaire survey targeted at governmental agencies, local governments with a population of 50,000 or more, such as prefectures and ordinance-designated cities, and government-owned institutions.

2. Unfortunately, cases of bid rigging etc. in which officials of procuring agencies are involved have been often observed. There are various types of procuring agencies where such cases occur, including governmental agencies, local governments, and government-owned institutions. Particularly in local governments, such cases have also occurred in small and medium-sized municipalities with a population of less than 50,000.
3. Taking the current situation into consideration, the JFTC conducted a survey on measures taken by procuring agencies to prevent procurement officials from being involved in bid rigging, to contribute to the improvement of compliance in procuring agencies.

II Targets of Survey, etc.

1. Targets of survey

The JFTC set survey targets as governmental agencies, local governments, and government-owned institutions subject to the Act on Elimination and Prevention of Involvement in Bid Rigging etc. and Punishments for Acts by Employees that Harm Fairness of Bidding, etc.

All of the local governments are subject to this survey (conventional surveys were conducted in extraction method).

2. Method of survey

(1) Questionnaire survey

The JFTC sent questionnaires to 2,018 procuring agencies (in December 2017) and received responses from 1,768 procuring agencies (Response rate: 87.6%).

(2) Hearing survey

The JFTC conducted a hearing survey by means of telephone or interviews with 130 procuring agencies, which provided examples of their measures in description-type questionnaire responses, which will be useful for other procuring agencies as a reference.

III Results of Survey (refer to Exhibit)

1. The overview of the results of the survey is as stated in “No. 2 Results of Survey” of the Exhibit titled “Report on Actual Status of Measures Taken by Procuring Agencies to Prevent Procurement Officials from Being Involved in Bid Rigging (Overview)”. Particularly, the results revealed that preventive measures are by and large not progressing in small-sized procuring agencies that were included as targets of the survey for the first time.
2. Furthermore, either of the categories of procuring agencies (see Note below) shows the high percentage of outsourcing procurement related processes, procuring agencies have not implemented sufficient measures at outsourcing contractors to prevent bid rigging.

(Note) In this survey, targets are categorized into “Governmental agencies,” “prefectures or ordinance-designated cities,” “Core cities or local governments with population of 200,000 or more,” “Local governments with population of 50,000 or more and less than 200,000,” “Local governments with population of less than 50,000,” and “Government-owned institutions.”

IV Actions of the JFTC

1. In this report, the JFTC introduces a number of measures to prevent procurement officials from being involved in bid rigging etc. and other similar acts that will be useful for procuring agencies as a reference. At the same time, the JFTC prepared supporting tools, such as “Involvement Prevention Act in one minute” and “Test to determine the level of understanding” (refer to no. 4 of the reference materials for the report), since the JFTC received requests from many procuring agencies for the preparation of supporting tools that can be available at training sessions etc. and also obtained results from econometric analyses that the implementation of training is effective for the prevention of involvement in bid-rigging etc.
2. The JFTC will take strict actions against bid rigging etc., while proactively continuing measures

to support the compliance activities of procuring agencies, in addition to preparing supporting tools, through various activities including the provision of various training sessions and information, taking into consideration the results of this survey.