

Report regarding trade practices on digital platforms  
(Business-to-Business transactions on online retail platform and app store)

October 31, 2019  
Japan Fair Trade Commission

## 1. Purpose

The “Future Investment Strategy 2018,” which was decided by the Cabinet in June 2018, specifies that a set of rules should be put in place to deal with the rise of digital platform businesses and practical measures for it should be taken immediately. Based on the decision of the Cabinet, Ministry of Economy, Trade and Industry (METI), Japan Fair Trade Commission (JFTC) and Ministry of Internal Affairs and Communications (MIC) launched the “Study Group on Improvement of Trading Environment surrounding Digital Platforms” which included academic experts on July 2018. The members of the Study Group published the “Interim Discussion Paper: Improvement of Trading Environment surrounding Digital Platforms”. Following the Interim Discussion Paper, the METI, the JFTC, and the MIC jointly formulated the “Fundamental Principles for Improvement of Rules Corresponding to the Rise of Digital Platform Businesses”.

Given the Principles stipulate “(a)s a starting point to achieve transparency and fairness, understanding of the actual state of trade practices will be advanced through large-scale, comprehensive and thorough surveys”, the JFTC conducted, first of all, a fact-finding survey regarding trade practices on online retail platforms and app stores, both of which have been pointed as thorny, in order to identify whether there are any concerns for the Anti-Monopoly Act (AMA) or competition policy in Japan.

## 2. Outline

(1) What kind of trades the JFTC focused on

Business-to-Business transactions between online retail platform operators and app store operators (hereinafter collectively referred to as “digital platform operators”) and companies using those platforms.

(2) How the JFTC conducted the survey

a) Survey through Information-offering form on website

The JFTC received 914 inputs (including 795 inputs about online retail platform and 20 inputs about app store) from companies and consumers using those digital platforms through Information-offering form on the website since January 23, 2019, when the JFTC launched it.

b) Questionnaire survey for companies using digital platforms and consumers using

digital platforms

The JFTC conducted three specific surveys regarding trade practices on online retail platform, trade practices on app store and consumers using those digital platforms from February to March 2019. (The outlines of the results of these surveys are available at <https://www.jftc.go.jp/en/pressreleases/yearly-2019/April/190417.html>)

c) Voluntary interview

The JFTC interviewed 93 companies (8 digital platform operators and 85 users).

### **3. Result**

Please see the report (Japanese version only) and summary as attached.

### **4. Future initiatives**

In case recognizing any particular cases which include competitive concern, not limited to conducts referred to in this report, the JFTC shall apply strict and proper enforcement toward those cases in order to enhance competition in digital platform sector and increase consumer interests.

In addition, among issues identified in the report, the JFTC will continue taking a close look into the following practices particularly which include issues peculiar to the digital platform economy because of its fast-changing nature;

- 1) How digital platform operators revise their rules.
- 2) Whether digital platform operators make use of transaction data of the companies using those platforms for direct sales by the operators or their related companies.
- 3) Whether digital platform operators give themselves or their related companies preferential treatment by, for example, manipulating search algorithm.

In order to maintain competition environment in digital platform sector, it is necessary to discuss and take an action from varieties of perspective such as an appropriate control by sector-specific regulations, implementing a scheme to promote data transfer and openness, an appropriate protection of a personal information as well as an enforcement of the AMA. The JFTC participates in the discussion under Conference for Digital Market Competition, which was established recently, works actively on coordination and cooperation among relevant ministries, and maintains competitive environment.

Moreover, the JFTC will continue to conduct specific fact-finding surveys for other sphere in which digital platform operators do business and organize our thoughts on the AMA and competition policy in Japan.