

The JFTC Issued a Caution to DENTSU INC.

December 17, 2020

Japan Fair Trade Commission

The Japan Fair Trade Commission (hereinafter referred to as the “JFTC”) today issued a caution to DENTSU INC. (hereinafter referred to as “DENTSU”). In this case, its conduct described below was likely to be in violation of the Article 19 (Item 14 [Interference with a Competitor’s Transactions]) of the Antimonopoly Act.

The Small and Medium Enterprise Agency outsourced its operation of a subsidy program for sustaining businesses for FY2020 (hereinafter referred to as the “subsidy program for sustaining”), which aimed to support businesses during the COVID-19 crisis, to the Service Design Engineering Council. It re-outsourced a part of the operation to DENTSU.

Then, DENTSU further outsourced services for operating counters that support to apply for the subsidy program for sustaining to several enterprises via its affiliate The enterprises which had undertaken outsources from DENTSU also re-outsourced a part of the operation to other enterprises (hereinafter referred to enterprises undertaking the outsourced or re-outsourced operation as the “outsourced enterprises”).

In the meantime, the Small and Medium Enterprise Agency planned to outsource its operation of another subsidy program to reduce rent burdens for FY2020 (hereinafter referred to as “subsidy program for reducing rent burdens”). The persons in charge of the subsidy program for reducing rent burdens inquired DENTSU of its experiences regarding the operation of the subsidy program for sustaining for reference, since the operation of the subsidy program for sustaining was similar to that of the subsidy program for reducing rent burdens.

After the inquiry, DENTSU was concerned that its know-how

of the operation of the subsidy program for sustaining would be unveiled to third parties. On May 23rd, 2020, DENTSU conveyed to two major enterprises among the outsourced enterprises that if any outsourced enterprises related to the subsidy program for sustaining made a outsource contract of operating the subsidy program for reducing rent burdens with an enterprise other than DENTSU, DENTSU would not hereafter contract with those outsourced enterprises. DENTSU also ordered the two major enterprises to inform the other outsourced enterprises of DENTSU's statement above.

On May 24th, the two major enterprises sent the statement to the other outsourced enterprises via e-mail or other means.

Most of the outsourced enterprises did not have enough capacity to take the operation of the subsidy program for reducing rent burdens.

On the other hand, some of the outsourced enterprises had intention and capacity to take the operation of the subsidy program for reducing rent burdens, however, they did not receive any offers from participants of the bid concerning the program.

In addition, there were many enterprises which operated the similar businesses as those of the outsourced enterprises.

Therefore, the conduct by DENTSU did not result in having effects on transactions between participants of the bid concerning the subsidy program for reducing rent burdens and the outsourced enterprises.

*It should be noted that this announcement is a tentative translation.

*Please refer to the original text written in Japanese for more details.