

Processing of Cases of Violations of the Antimonopoly Act in FY2003

(Summary)

May 27, 2004

Fair Trade Commission

Based on the basic policy of quick and effective application of the law, the Fair Trade Commission has dealt strictly and positively with violations of the Antimonopoly Act, particularly price cartels and acts of bid rigging, private monopolization and acts that impede new entry in the IT and public utilities fields, and other unfair trade practices such as abuse of dominant bargaining position to cause unfair disadvantage to small and mid-size firms and unjust low price sales.

1. Summary of cases investigated

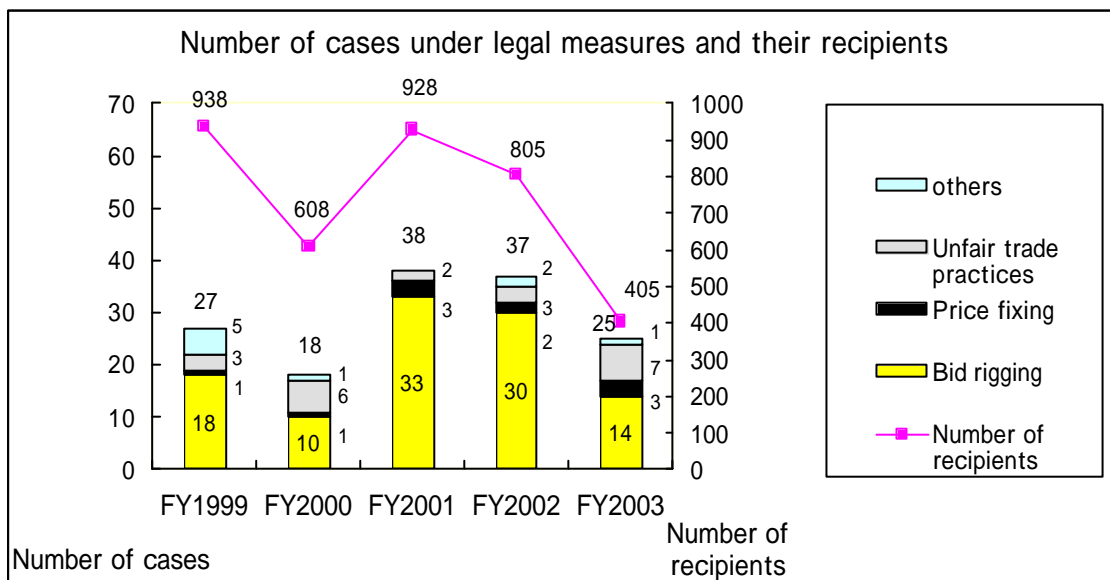
In FY2003, legal measures in 25 cases against a total of 405 entrepreneurs

In specific terms, effective processing of diverse cases accurately responding to social needs, with 14 cases of bid rigging, three cases of price cartels, one case of private monopolization, and seven cases of unfair trade practices (In FY2002 30 out of 37 legal measures were in cases of bid rigging). Moreover, in the IT and public utilities fields and the area of intellectual property rights, which need to be tackled as a particular priority, the Fair Trade Commission has previously set up task forces to deal with cases.

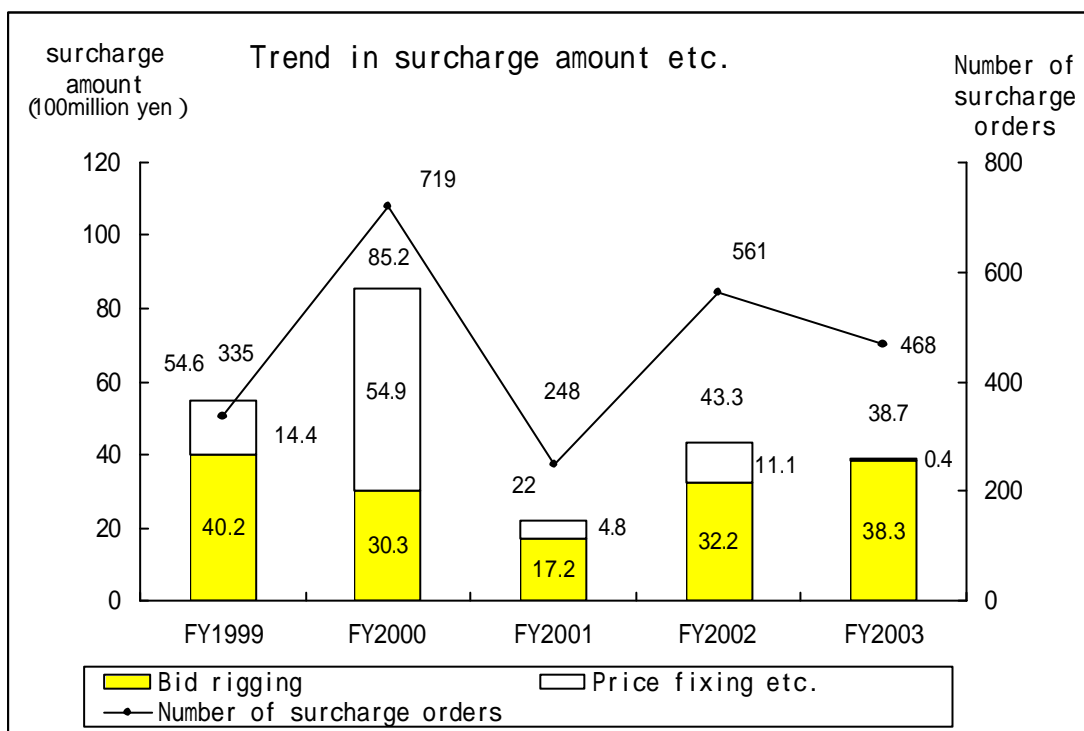
As regards speedy application of the law, the average investigation period of all cases in which legal measures were taken in FY2003 was about one month shorter than the previous year, Especially, in the IT and public utilities fields, where

speedy processing is required, the Fair Trade Commission is striving for speedy processing within three months.

The Fair Trade Commission made a criminal accusation with respect to a case of bid rigging relating to water meters ordered by the Tokyo Metropolitan Government (July 2. Four companies/five persons accused were found guilty. For one company/one person the decision is not final.)



In FY2003, with respect to surcharges, payment orders totaling ¥3.86996 billion were established in relation to a total of 468 entrepreneurs.



2. Main cases in FY2003

(1) Bid rigging and price cartels dealt with strictly

Case of bid rigging relating to water meters ordered by the Tokyo Metropolitan Government (August 7, 2003, Recommendation decision for 18 companies, February 5, 2004 consent decision for one company)

Case of bid rigging for sewage pump facility construction ordered by the Tokyo Metropolitan Government (March 30, 2004 Recommendation, May 12, 2004 Decision to commence hearing)

Case of price cartel relating to the sale of cold-rolled stainless steel sheets by major steel makers (January 27, 2004 Recommendation decision)

Case of sale price cartel for modifiers for vinyl chloride resin by three manufacturers of said products (December 11, 2003 Recommendation, February 2, 2004, Decision to commence hearing)

(2) Active response to IT and public utilities fields

Case of private monopolization in the FTTH service market for private houses (December 4, 2003 Recommendation, January 15, 2004 Decision to commence hearing)

Case relating to acts of trading with restrictive terms beyond the scope of execution of film screening rights and distribution rights (November 25, 2003, Recommendation decision)

Case relating to acts of interference with trade beyond the scope of execution of controlled composition copyrights (October 31, 2003 Recommendation, December 5, 2003 Decision to commence hearing)

(3) Cases of obstruction of entry and elimination of competition dealt with strictly

Case of interference with the trading of import sale firms in the trading of badminton shuttlecocks (November 27, 2003 Recommendation decision)

Case of interference in the business execution of an independent maintainer of mechanical parking devices (April 12, 2004 Recommendation decision)

(4) Violations causing unfair disadvantage to small and mid-size business, etc. dealt with strictly and speedily

Case of abuse of dominant bargaining position in relation to suppliers by large scale retailer (April 14, 2004, April 15, 2004 Recommendation decision)

Speedy response to acts of abuse of dominant bargaining position as a result of implementation of the consumption tax total representation system (Cautions in 5 cases during FY2003)

Case of unjust low-price sales of consumer electronics (November 20, 2003 Warning)

Case of unjust low-price sales of gasoline (December 17, 2003 Warning 2 cases)

Case of discriminatory treatment of breweries in liquor sales (December 8, 2003 Warning)

(5) Response to problem of dumping in public procurement field

Warning about dumping in bids relating to construction works, etc, ordered by national and prefectural governments (April 28, 2004 Warning)

Warning about dumping in bids relating to design consultancy work (April 28, 2004 Warning)

Request to clients to make use of low bidding price investigation system to prevent contracts being won at excessively low prices in the future

3. Hearings and hearing decisions

While making decisions to commence hearings in 77 cases, the Fair Trade Commission made hearing decisions via hearing proceedings in 20 cases.

The number of cases pending hearing in FY2003 was 160 (of which 137 relate to surcharge payment orders) and the past few years shows an upward trend.

