

Surcharge Payment Order issued to bidders for high pressure gas pipe related works  
procured by Tokyo Gas Co., Ltd.,  
and medium pressure gas pipe related works procured by Osaka Gas Co., Ltd.

December 4, 2007  
Japan Fair Trade Commission

The Japan Fair Trade Commission (JFTC) had conducted investigations against the bid participants for high pressure gas pipe related works procured by Tokyo Gas Co., Ltd., and medium pressure gas pipe related works procured by Osaka Gas Co., Ltd., in accordance with the provisions of the Antimonopoly Act (AMA), and found the bidders in violation of Article 3 (prohibition of unreasonable restraint of trade) of the AMA. Accordingly, the JFTC, on 3 December 2007, issued following surcharge payment orders pursuant to the provisions of paragraph 2(1), Article 7 of the AMA.

1. Parties concerned and payment due of surcharge (See Appendix for the names of the companies and the amount of surcharge imposed on each company)

	Number of companies subject to the surcharge payment orders	Amount of surcharge
High pressure gas pipe related works procured by Tokyo Gas Co., Ltd	Two companies	¥408,870,000
Medium pressure gas pipe related works procured by Osaka Gas Co., Ltd	Four companies	¥330,010,000
Total	Total 6 companies (4 companies in actual number)	¥738,880,000

2. Violation subject to surcharge

(1) High pressure gas pipe related works procured by Tokyo Gas Co., Ltd.

At the latest since 18 January 2005, Sumitomo Metals Pipe & Tube Company and Nippon Steel Corporation, contrary to the public interest, had substantially restrained competition in the field of trade concerning high pressure gas pipe (note1) related works procured by Tokyo Gas Co., Ltd, by jointly with other companies determining a successful bidder and enabling it to win the bid.

(Note 1) High pressure gas pipe related works procured by Tokyo Gas Co., Ltd., by the method of designated competitive bidding (including the method called designated competitive bidding with the “Collective Work Zone” option as well as the method combining technique proposal type of designated competitive bidding and designated competitive bidding with the “Collective Work Zone” option).

## 2. Medium pressure gas pipe related works procured by Osaka Gas Co., Ltd.

At the latest since 1 April 2003, JFE Engineering Corporation and three other companies, contrary to the public interest, had substantially restrained competition in the field of trade concerning medium pressure gas pipe related works (note 2) procured by Osaka Gas Co., Ltd, by jointly with other companies determining a successful bidder and enabling it to win the bid.

(Note 2) Medium pressure gas pipe related works procured by Osaka Gas Co., Ltd. by the method of estimates bidding or simplified bidding (in other words, bidding of cost rate or bidding of discount rate) are maintenance, inspection and renovation of medium pressure gas steel pipe (including ancillary facilities associated with the medium gas pipe; the same shall apply hereinafter) and the works related to them.

(Both (1) and (2) above violate the provisions of Article 3 of the AMA, and are applicable to conducts “pertaining to consideration of services” as stipulated in Article 7-2, Paragraph 1 of the AMA.

## 3. Payment due date

4 March 2008

## Appendix

No.	Corporate Name	Address	Representative	Amount of surcharge (¥10,000)		
				Tokyo Gas ( Note 1 )	Osaka Gas ( Note 2 )	Total
1	Sumitomo Metals Pipe and Tube Company	2, Dejima Nishimachi, Sakai-ku, Sakai	Toshiro Shibata Representative Director	25,200	2,001	27,201
2	Nippon Steel Corporation	6-3, 2-chome, Otemachi, Chiyoka-ku, Tokyo	Akio Mimura Representative Director	15,687	8,953	24,640
3	JFE Engineering Corporation	5-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo	Osamu Saito Representative Director		18,283	18,283
4	Sumitomo Metal Industries, Ltd.	5-33, 4-chome, Kitahama, Chuo-ku, Osaka	Hiroshi Tomono Representative Director		3,764	3,764
Total				40,887	33,001	73,888

(Note 1) Refers to specified high pressure gas pipe related works procured by Tokyo Gas Co., Ltd.

(Note 2) Refers to specified medium pressure gas pipe related works procured by Osaka Gas Co., Ltd.