

Major Business Combinations in FY 2023 (Overview)

List of Major Business Combinations in Fiscal Year 2023

	Case (Main field of review)	Form of business combination, etc.				Method of the review			
		Horizontal	Vertical	Conglomerate	Remedy	Request for information and comments	Utilization of internal documents	Utilization of economic analysis	Information exchange with overseas authorities
1	Integration of the non-woven fabric businesses by Mitsui Chemicals, Inc. and Asahi KASEI Corporation (Non-woven fabric for sanitary materials)	✓	✓						
2	Acquisition of the manufacture and sales business of male infertility drugs of Mochida Pharmaceutical Co., Ltd. By Fuji Pharma Co., Ltd. (Ethical drugs)	✓							
3	Acquisition of shares in TAKISAWA Co., Ltd. by NIDEC Co., Ltd. (Machine tools)	✓	✓	✓					
4	Integration of the manufacturing business of multifunction devices by Ricoh Co., Ltd. and Toshiba Tec Corporation (Multifunction devices)	✓	✓						
5	Integration of the generators business by Mitsubishi Electric Corp. and Mitsubishi Heavy Industries, Ltd. (Generators)	✓	✓						
6	Acquisition of shares in Ashimori Industry Co., Ltd. by Toyoda Gosei Co., Ltd. (Airbag)	✓		✓					
7	Acquisition of shares in TOYOTA MAPMASTER INCORPORATED by ZENRIN CO., LTD. and AISIN CORPORATION (Map database)	✓	✓						
8	Acquisition of shares in U-NEXT HOLDINGS Co., Ltd. by TBS HOLDINGS, INC. (Video content)	✓	✓						
9	Acquisition of shares in Asiana Airlines Inc. by Korean Air Lines Co., Ltd. (International Air Passenger Transport and International Air Cargo Transport) (Details of the review results were published on June 19, 2024)	✓			✓		✓	✓	✓
10	Absorption-type split of the headquarters business of the franchise chain of Culture Convenience Club Co., Ltd. by MPD Co., Ltd. (Bookstores)	✓							

(Note) "Horizontal" means that the Parties Groups are in a competitive relationship in the same particular field of trade.

"Vertical" means that the Parties Groups are in different layer of trading positions.

"Conglomerate" means neither "horizontal" nor "vertical" type of business combination.

No. 9 was published as an individual project.

In "Towards the Active Promotion of Competition Policy in response to Socioeconomic Changes as represented by Digitalization – Coordination and Strengthening of Competition Policy Advocacy and Law Enforcement – " published in June 2022, JFTC made it clear that it would promote prompt and appropriate enforcement through efforts such as

- Request for information and comments from third parties
- Utilization of internal documents
- Utilization of economic analysis.

https://www.jftc.go.jp/en/policy_enforcement/220616_1.pdf

© The number of business combinations that the JFTC completed reviewing in fiscal year 2023 using each method.

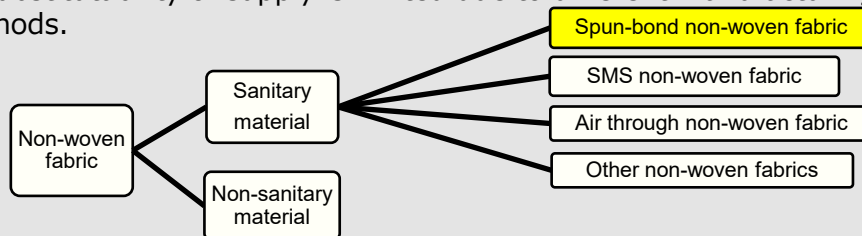
Method of the examination	Count
Request for information and comments from third parties	1
Utilization of internal documents	10
Utilization of economic analysis	7
Exchange of information and opinions with overseas authorities	5

1. Particular Field of Trade

Spun-bond non-woven fabric (all over Japan)

[Horizontal and Vertical (Downstream)]

- Substitutability of demand is limited because each type of non-woven fabric is used according to its properties.
- Substitutability of supply is limited due to different manufacturing methods.



PP, PET, PE (raw material of non-woven fabric) (all over Japan)

[Vertical (Upstream)]

- Substitutability of demand is limited because raw materials are used according to the performance required by customers.
- Substitutability of supply is limited due to different manufacturing methods.

2. Status of the Parties and Competitors

Spun-bond non-woven fabric (all over Japan)

Rank	Company	Market Share
1	Mitsui Chemicals Group	Approx. 35%
2	Company A	Approx. 25%
3	Company B	Approx. 20%
4	Asahi Kasei Group	Approx. 10%
5	Company C	Approx. 5%
—	Others	0-5%
Total		100%
Combined market share/ranking: Approx. 45%: 1st		
HHI after the Transaction (maximum): Approximately 3,300		
HHI incremental: Approximately 800		

The safe-harbor(SH) criteria for a horizontal business combination are **not met**.

PP, PE (all over Japan)

The SH criteria for a vertical business combination are **not met**.

PET (all over Japan)

Mitsui Chemicals Group's market share: 10% or less (0-5%)
⇒ The SH criteria for a vertical business combination are **met**.

3. Impact of the Transaction on Competition

[Horizontal] Spun-bond non-woven fabric

Restraining power from competitors	Import	Entry	Competitive pressure from adjacent markets	Competitive pressure from consumers
✓	✓	×	✓	✓

[Vertical] Upstream market: PP / PE

Input foreclosure

The Parties Group has not supplied PP and PE to the competitors (spun-bond non-woven fabric manufacturers).

⇒ The Parties Group does not have the ability to close the input.

Downstream: spun-bond non-woven fabric

Customer closure

Even if the Parties Group refuses to purchase, it is easy for the competitors (raw materials manufacturers) to find other customers because there are multiple strong competitors with certain market share.

⇒ The Parties Group does not have the ability to close customers.

The JFTC concluded that the Transaction would not substantially restrain competition in a particular field of trade.

4. Characteristics of the Case

- ✓ A particular field of trade is defined after confirming in detail the functions, applications, and sales prices of various non-woven fabrics.

Case 2: Acquisition of the manufacture and sales business of male infertility drugs of Mochida Pharmaceutical Co., Ltd. by Fuji Pharma Co., Ltd.



1. Particular Field of Trade

Male infertility drugs(all over Japan)

- The subject products are fertility drugs for male (original drugs + generic drugs) and the functions and utilities are the same. They are classified as **ATC code level 3 "G3B androgen (male hormone)"** according to the European Association for Drug Marketing (EphMRA).
- Of the drugs sold in Japan, the subject products are **only classified as the code and there is no drugs which have similar functions and effects.**
⇒the product range is defined as **"male infertility drugs"** (based on ATC code level 3).

2. Status of the Parties and Competitors

Rank	Company	Market Share
1	Company A	Approx. 70%
2	Mochida Pharmaceutical	Approx. 20%
3	Fuji Pharma	Approx. 10%
Combined market share/ranking: Approx. 30%/2nd		
HHI after the Transaction (maximum): Approx. 6,000		
HHI incremental: Approx. 300		

The safe-harbor criteria for a horizontal business combination are **not met**.

3. Impact of the Transaction on Competition

[Unilateral Conduct]

Product	Fuji Product (generic drugs)	Mochida Product	Product A (manufactured by Company A)
Process			
Manufacturing drug substances	Company B	Company B	Company B
Formulating	Fuji Pharma	Fuji Pharma	Fuji Pharma
Packaging	Fuji Pharma	Company C	Fuji Pharma

Fuji Pharma is entrusted with manufacturing the Product A.

⇒ If Fuji Pharma refuses to accept the contract, Company A cannot be a competitor.

○ The restraining power from competitors

Considering the following points, Fuji Pharma cannot refuse contract manufacturing of the Product A. Therefore, Company A is recognized as a competitor.

- Because it takes a considerable time to change the supplier of the drug substances, **the amount of these Fuji can use is limited.**
 - Fuji Pharma has low profits from sales of its own products.
 - Fuji Pharma may take an adverse disposition such as an order to suspend business, in case that Fuji Pharma refuses to supply.
- There is a certain level of **competitive pressure from consumers.**

[Coordinated Conduct]

Since all the subject products are formulated by Fuji Pharma, the market affected by the transaction is the sales market of the subject products. Considering the following points, it is **difficult** for Fuji Pharma **to take coordinated conduct** by using Company A's cost information.

- The person who decides the selling price of Fuji products cannot access the cost information (e.g. formulating/packaging) and the proportion of the cost to selling price of the drug is low.**
- Strong pressure to lower prices from large-scale drug wholesalers, which are demanding, will be a factor preventing coordinated action.**

The JFTC concluded that the Transaction would not substantially restrain competition in a particular field of trade.

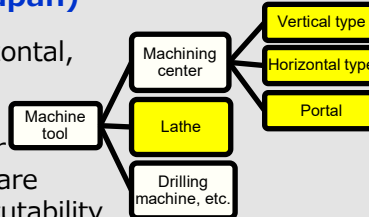
4. Characteristics of the Case

- ✓ Integration of the manufacturing and sales business of original drugs and generic drugs.
- ✓ Considering that the company is entrusted with the manufacture of competitors' products, we examined whether competitors would have restraining power.

1. Particular Field of Trade Vertical machining centers (all over Japan) [Horizontal / Conglomerate]

Each type of machining center (vertical, horizontal, etc.) is used for different workpieces, so the substitutability of demand is limited.

The height of the factory building required for manufacturing and the capacity of the crane are greatly different, so there is no supply substitutability.

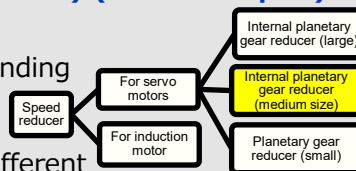


Lathe (all over Japan) [Vertical(Downstream), Conglomerate]

Lathes, which have various types with or without numerical control function, are used depending on the processing details and accuracy, so the substitutability of demand is limited. The manufacturer of the lathe can easily manufacture both types, so there is supply substitutability.

Internal planetary gear reducer (medium size) (all over Japan) [Vertical (Upstream)]

Various types of speed reducers are used depending on motor output and weight capacity, so the substitutability of demand is limited. It takes a considerable development period to produce different types, so there is no supply substitutability.



2. Status of the Parties and Competitors Vertical machining centers (all over Japan)

Rank	Company	Market Share
-	NIDEC Group	0-5%
-	TAKISAWA Group	0-5%
-	Others	Approx. 95%
Total		100%
Combined market share/ranking: 0-5%/ unknown		
HHI after the Transaction: Unknown		
HHI incremental: 150 or less		

The safe-harbor(SH) criteria for a horizontal business combination are **met**.

Lathes (all over Japan)

⇒ The SH criteria for a vertical business combination are **met**.

Internal planetary gear reducers (medium size) (all over Japan)

⇒ The SH criteria for a vertical business combination are **not met**.

Machining Center (Vertical / Horizontal, etc.) + Lathe (Combination Supply)

The detailed market share of the Parties Group and Competitors in the market of machining centers(vertical and horizontal) is unknown.

⇒ **Review the business combination assuming that** the SH criteria for a **conglomerate** business combination are **not met**.

3. Impact of the Act on Competition [Vertical]

Upstream market: Internal planetary gear reducer (medium size) Downstream market: Lathe

Input foreclosure

In addition to the fact that sales in NIDEC Group are insignificant, there are multiple competitors which have a relatively high market share compared to NIDEC Group. Therefore, **NIDEC Group has no capacity for input closure**.

[Conglomerate (Expansion of Products)]

Machining center (vertical / horizontal, etc.) + Lathe

Combined supply and acquisition of confidential information

The market share of the group of companies seems to be small due to the existence of several strong competitors in each market. Both products are used independently of each other, which indicates that **it is not expected to obtain confidential information** for ensuring connectivity of the two products.

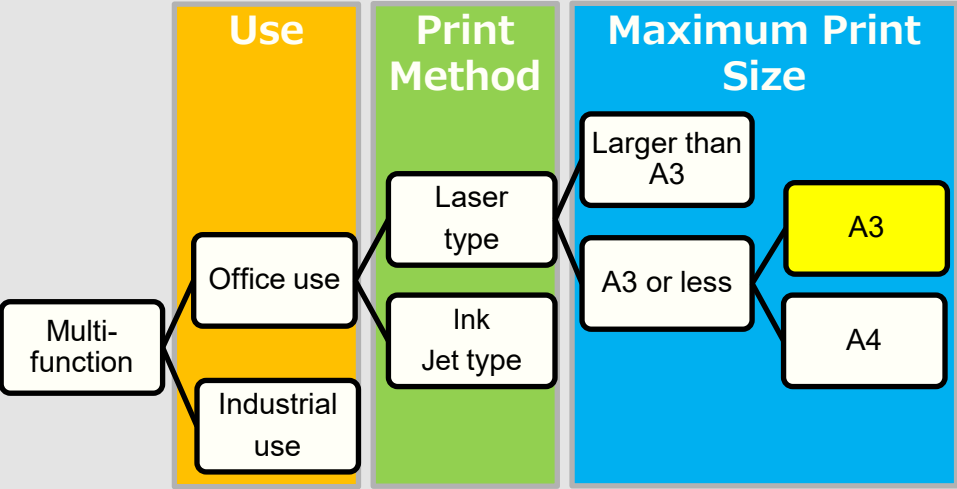
The JFTC concluded that the Transaction would not substantially restrain competition in a particular field of trade.

4. Characteristics of the Case

✓ The effect on the competition was discussed mainly from the viewpoint of vertical and conglomerate, considering the characteristics of the machine tool market and the superiority of the Parties in the market.

1. Particular Field of Trade

<Product range>
Laser type A3 multifunction device for office use
<Geographical range>
All over Japan



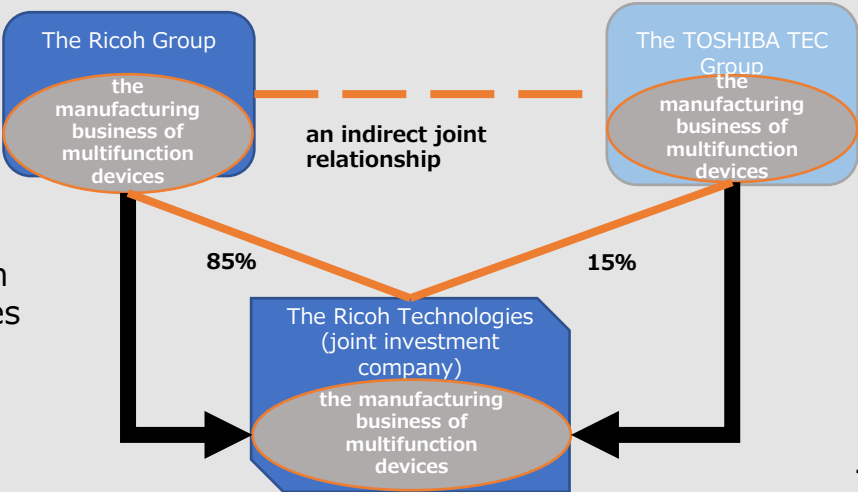
2. Status of the Parties and Competitors

Rank	Company	Market Share
1	Company A	Approx. 30%
2	Ricoh Group	Approx. 20%
3	Company B	Approx. 15%
4	Company C	Approx. 15%
5	Company D	Approx. 5%
6	Company E	Approx. 5%
7	TOSHIBA TEC Group	0-5%
	Others	0-5%
Total		100%
Combined market share/ranking: Approx. 25%/2nd		
HHI after the Action: Approx. 2,100		
HHI incremental: Approx. 100		

⇒The safe-harbor criteria for a horizontal business combination are **met**.

3. Characteristics of the Case

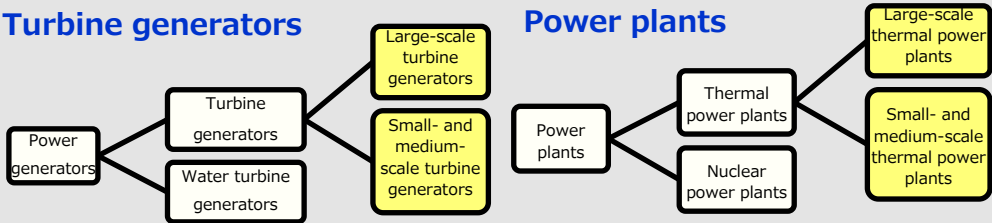
- ✓ This case is an integration by a manufacturer and seller of multifunction devices in response to the recent progress in dematerialization. After detailed market definition, the JFTC judged the applicability of SH criteria.
- ✓ Ricoh Technologies was reviewed as a joint venture of Ricoh and Toshiba Tec. The horizontal relationship between the sales businesses of the Ricoh Group and the TOSHIBA TEC Group, and the vertical relationship between Ricoh Technologies and the TOSHIBA TEC Group are also taken into consideration.



Case 5: Integration of the generators business by Mitsubishi Electric Corp. and Mitsubishi Heavy Industries, Ltd.



1. Particular Field of Trade



Business/Functions		Mitsubishi Electric Group	Mitsubishi Heavy Industries Group
Thermal power generation related	Large-scale turbine generators	✓	✓
	Large-scale thermal power plants		✓
	Small- and medium-scale turbine generators	✓	
	Small- and medium-scale thermal power plants		✓

2. Status of the Parties and Competitors

Large-scale turbine generators

Rank	Company	Market Share
1	Mitsubishi Electric	Approx. 45%
2	Company A	Approx. 25%
3	Company B	Approx. 5%
4	Mitsubishi Heavy Industries	Approx. 5%
-	Others	Approx. 15%
Total		100%
Combined market share and ranking: Approx. 50%/ 1st		
HHI after the Transaction (Max): Approx. 3,500		
HHI increment: Approx. 600		

Small- and medium- scale turbine generators

Rank	Company	Market Share
-	Mitsubishi Electric	Approx. 25%
-	Company C	Approx. 25%
-	Others	Approx. 55%
Total		100%
HHI after the Transaction: Unknown		

⇒ The market shares other than Mitsubishi Electric and the Company C are unknown.

Large-scale thermal power plants/ Small- and medium-scale thermal power plants

⇒ The market share is unknown.

⇒ Review the business combination, assuming that the safe-harbor criteria for a vertical business combination are not met.

3. Impact of the Act on Competition

[Horizontal] Large-scale turbine generators

Restraining power from competitors	Import	Entry	Competitive pressure from consumers
✓	×	×	✓

* The Parties Group effectively supplies thermal power generation together, and the degree of competition among the groups is also extremely limited.
⇒ The impact of the Transaction on competition in this market is extremely limited.

[Vertical (1)]

Upstream market: Large-scale turbine generators
Downstream market: Large-scale thermal power plants

Input foreclosure and customer foreclosure

- The Parties Group's large-scale turbine generators are only inside Mitsubishi Heavy Industries Group's large-scale thermal power plants.
 - Mitsubishi Heavy Industries Group's large-scale thermal power plants use only the Parties Group's large-scale turbine generator.
- ⇒ The problem of market closure and exclusivity is not expected to arise in the downstream market.

[Vertical (2)]

Upstream market: Small- and medium- scale turbine generators
Downstream market: Small- and medium- scale thermal power plants

Input foreclosure

Because there are many standardized products in the upstream market, which have a certain degree of interchangeability, and the large number of competitors, the Mitsubishi Electric Group does not have the ability to close inputs.

Customer foreclosure

There are multiple competitors in the downstream market, and the MHI Group has little procurement from other companies. Therefore, the Mitsubishi Heavy Industries Group has no ability to close customers.

The JFTC concluded that the Transaction would not substantially restrain competition in a particular field of trade.

4. Characteristics of the Case

The impact on competition was examined considering the conventional relation of the Parties Group (competitive and business relationship).

1. Particular Field of Trade

Various types of automobile airbags (all over Japan)

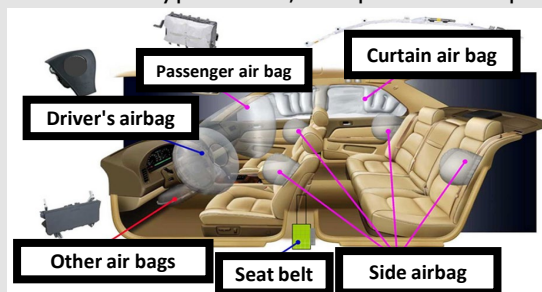
Driver's seat airbag, passenger's seat airbag, side airbag, and curtain airbag are different in application and installation location and there is no substitutability of demand, but substitutability of supply is recognized. However, considering the mode of procurement of auto manufacturers, the impact of this transaction on competition is considered to be different for each type. Thus, the product scope is defined as each product.

Seat belts for automobiles (all over Japan)

The number of fixed points varies depending on the type of vehicle and seat, and there is no substitutability of demand, but there is a substitutability of supply.

Steering wheel (all over Japan)

The shape and material of the limb differ from product to product, but these differences are only in response to requests from auto manufacturers, and therefore the substitutability of demand is recognized.



2. Status of the Parties and Competitors

[Horizontal] Various types of airbags for automobiles / automobile seat belts

[Conglomerate] Driver's seat airbag + steering wheel

Various types of airbags + seat belts

Product	Rank	Market Share	Competitors' Market Share
Driver's seat airbag	1	Approx. 55%	0-5%~approx. 25%
Passenger's seat airbag	1	Approx. 45%	0-5%~approx. 20%
Curtain airbag	2	Approx. 35%	0-5%~approx. 35%
Side airbag	1	Approx. 55%	0-5%~approx. 35%
Seat belt	1	Approx. 50%	Approx. 15%~approx. 40%
Steering wheel	1	Approx. 60%	0-5%~approx. 20%

⇒ The safe-harbor criteria for both a horizontal and a conglomerate business combination are **not met**.

3. Impact of the Transaction on Competition

[Horizontal] Various types of airbags for automobiles / automobile seat belts

Restraining power from competitors	Competitive pressure from consumers
✓	✓

There is little difference in quality between suppliers, and consumers can switch to competitors' products without hindrance. In addition, the competitors have a considerable surplus supply capacity, **which indicates the restraining power from competitors**.

If selected as a supplier, it can obtain large and stable transactions, and there is a large incentive for airbag manufacturers and seat belt manufacturers to obtain transactions. That's why the power of price negotiations by consumers is strengthened. To negotiate prices periodically after starting transactions **indicates that the competitive pressure from consumers**.

[Conglomerate] Driver's seat airbag + steering wheel, various types of airbags + seat belt

Combination supply and acquisition of confidential information:

The combination supply of products by the Toyoda Gosei Group and Ashimori Industry Group has enhanced the position of the Parties Group in the market, **which may raise concerns of weakening the restraining power from the competitors and causing the problem of market closure and exclusivity**.

⇒ Combination supply is also possible for competitors, and the combination of products of both parties does not immediately raise the position. And also, there is a limit to grasp technical and price information from leaked confidential information.

The JFTC concluded that the Transaction would not substantially restrain competition in a particular field of trade.

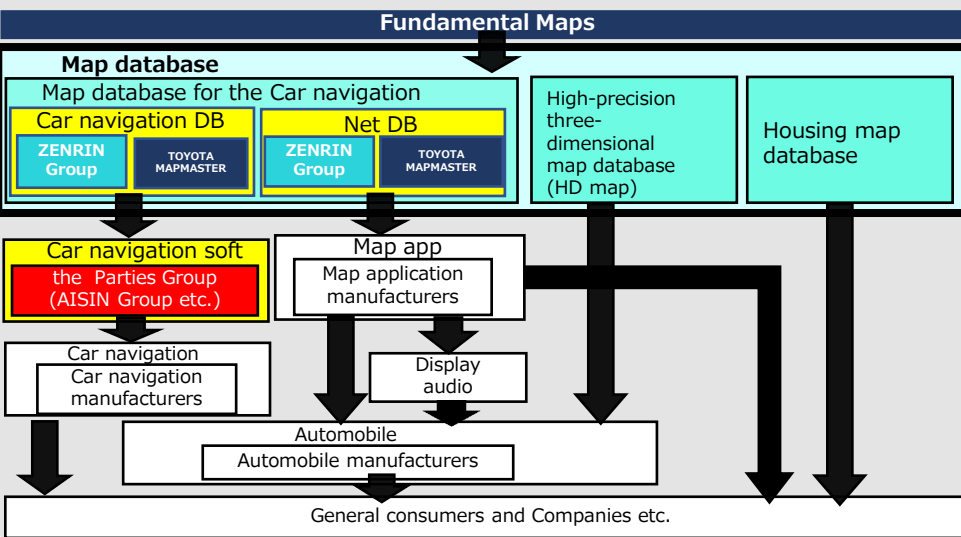
4. Characteristics of the Case

The impact on competition was considered in terms of the connection technology advantage of the combined production.

Case 7: Acquisition of shares in TOYOTA MAPMASTER INCORPORATED by ZENRIN CO., LTD. and AISIN CORPORATION

1. Particular Field of Trade

The product range is defined as "car navigation DB," "Net DB," and "car navigation software" (the geographical range is all over Japan).



2. Status of the Parties and Competitors

Car navigation DB

[Horizontal / Vertical (upstream)]

Rank	Company	Market Share
1	ZENRIN Group	Approx. 30%
2	TOYOTA MAPMASTER	Approx. 30%
-	Others	Approx. 35%
Total		100%
Combined market share and ranking: Approx. 65% and No.1		
HHI after the Transaction: Approx. 3,000		
HHI increment: Approx. 2,000		

⇒ The safe-harbor (SH) criteria for a horizontal and vertical business combination are **not met**.

Net DB [Horizontal]

The market share of the Company Group is unknown.

⇒ Review the business combination assuming the SH criteria for a horizontal business combination are **not met**.

Car navigation software

[Vertical (downstream)]

Rank	Company	Market Share
1	AISIN Group	Approx. 30%
2	Company A	Approx. 15%
3	Company B	Approx. 15%
4	Company C	Approx. 10%
5	Company D	Approx. 5%
-	Others	Approx. 25%
Total		100%
Combined market share and ranking: Approx. 30% or more, and No.1		
HHI after the Transaction: Unknown		
HHI increment: Unknown		

⇒ The safe-harbor criteria for a vertical business combination are **not met**.

3. Impact of the Transaction on Competition

[Horizontal] Car navigation DB and Net DB

Competitive pressure from Adjacent market (*)	Competitive pressure from customers
✓	✓

* Car navigation DB:

Since switching the car navigation to "application service" (used for the map application on display audio) which does not require car navigation is progressing, application service is recognized as restraining force against the Parties Group raising the price of the car navigation DB (a competitive pressure from indirect adjacent market).

* Net DB:

"Set map data", which has similar utility to Net DB, is recognized as restraining force against the Parties Group raising the price of the Net DB.

The JFTC concluded that the Transaction would not substantially restrain competition in a particular field of trade.

[Vertical] Upstream market: Car navigation DB/Downstream market: Car navigation software

Input foreclosure:

The Parties Group **has the capability to perform input closure**. However, even if the Parties Group can increase its market share in the market for car navigation software by performing input closure, **switching the car navigation to application service in the adjacent market works as competitive pressure**, which will be a factor preventing the Parties Group from raising the price of the car navigation software.

Customer foreclosure:

The Parties Group **does not have the ability to close customers** because there are several competitors with a certain level of market share in the downstream market (car navigation software market).

4. Characteristics of the Case

✓ The JFTC takes competitive pressure from indirectly related products (indirect competitive pressure from adjacent markets) into account.

✓ This is the case related to the utilization of digitized maps.

Case 8: Acquisition of shares in U-NEXT HOLDINGS Co., Ltd. by TBS Holdings, INC.

1. Particular Field of Trade

Video content production business (all over Japan)

This business involves planning, producing, filming and editing various video contents, and selling broadcasting rights of produced video contents to video contents distributors.

Video content distribution business (all over Japan)

This business involves purchasing broadcasting rights for video content produced by video content production businesses and brokering the sale of such broadcasting rights to video content distributors, etc.

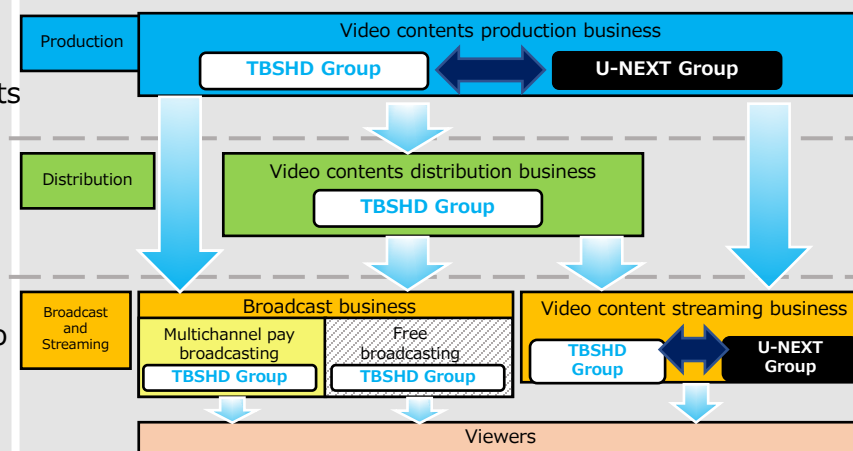
Video content streaming business (all over Japan)

This business involves providing viewers with streaming services of video content produced by themselves or procured from video content production businesses via the Internet.

Multichannel pay broadcasting (all over Japan)

This business involves providing viewers with broadcasting services of video content produced by themselves or procured from video content production businesses through wired communication networks.

2. Status of the Parties and Competitors



Market share in each field is unknown.

⇒ Review the business combination assuming that the safe-harbor criteria are not met.

3. Impact of the Transaction on Competition

【Horizontal①】 Video Content Production Business

Restraining power from competitors	Competitive pressure from customers
✓	✓

【Horizontal②】 Video content streaming business

• In the video content streaming market, "subscription video on demand," which is one form of video content streaming services, accounts for more than 80% of total sales, and **there are several major competitors in this market***. On the other hand, the market share of the Parties Group in the subscription video on demand market is limited to approximately 15% at the maximum.

* Including parties that offer both subscription video on demand and pay-per-view.

⇒ It is unlikely that the Parties Group has large share in the market.

【 Vertical①】 Upstream market: Video content production business

Downstream market: Video content distribution, streaming, multichannel pay broadcasting business

【 Vertical②】 Upstream market: Video content distribution business

Downstream market: Video content streaming business

The Parties Group **does not have the ability to close inputs and customers**, as there are several major competitors in both upstream and downstream markets.

The JFTC concluded that the Transaction would not substantially restrain competition in a particular field of trade.

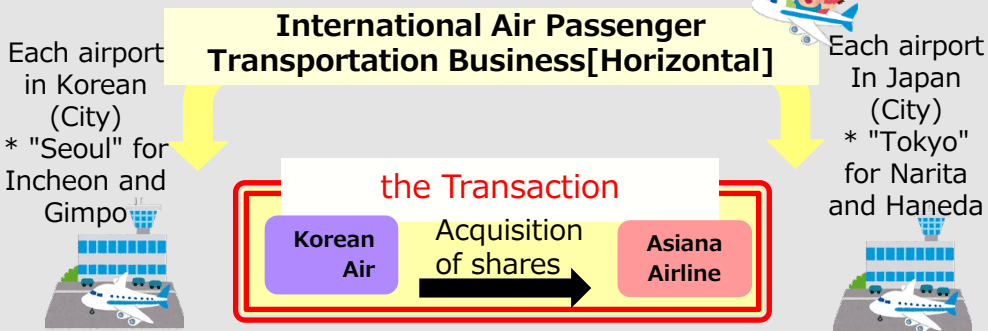
4. Characteristics of the Case

The JFTC reviewed the various layers of video content businesses and examined the type of business combinations that could pose a problem.

Case 9: Acquisition of shares in Asiana Airlines Inc. by Korean Air Lines Co., Ltd. (passenger) 1/2



1. Particular Field of Trade



- FSC and LCC are defined as the same service range. (However, the degree of the LCC's ability to restrain the FSC is considered in analyzing the competition of each route and assessing the remedy.)
 - Define a geographical range for each route (round trip) that originates from or departs from a specific airport.
- ⇒ The JFTC **examined 10 routes** on which the Parties Group competes (Tokyo-Seoul, Osaka-Seoul, Sapporo-Seoul, Nagoya-Seoul, Fukuoka-Seoul, Okinawa-Seoul, Tokyo-Pusan, Osaka-Pusan, Sapporo-Pusan and Fukuoka-Pusan).

2. Impact of the Act on Competition

Solitary action

① **Position of the Parties Group**

- The combined market share of the Parties Group is approximately 50% to 75% (ranked first).

② **Restraining power from competitors**

- Especially for Seoul routes (except for Tokyo and Seoul), after the Transaction, competition between FSCs will be completely lost (The restraining power against FSCs from LLC are relatively weak and have a significant impact on the competition.).
- Despite the increase in the number of flights scheduled by the Parties Group and competitors, the restraining power from competitors is limited.

③ **Entry**

- Except for Tokyo-Seoul, there is no realistic possibility of entry.

④ **Competitive pressure from adjacent markets and consumers**

- There is no competitive pressure from adjacent markets (transit flights, etc.), users.

⑤ **Economic Analysis**

- The lower one airline makes the fare, the lower other airline also do .
- Except for Okinawa-Seoul and Tokyo-Busan, upward pressure on prices (price increase incentive) is recognized.

Coordinated conduct

It is judged that coordinated conduct is not likely to substantially restrain competition.

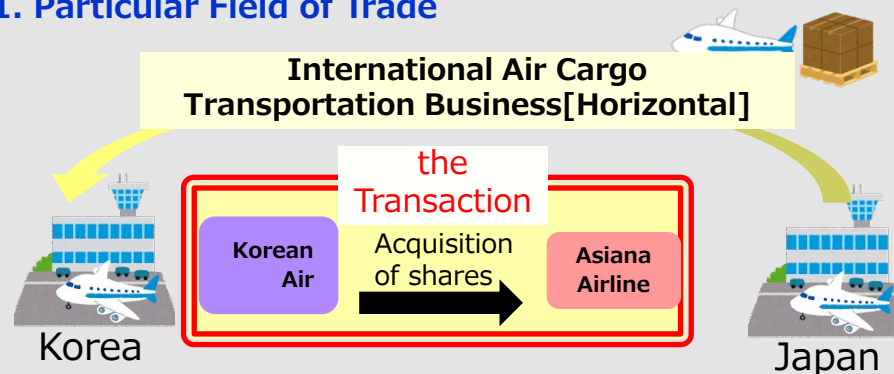
This Transaction will substantially restrain competition on **seven of the ten routes (Osaka-Seoul, Sapporo-Seoul, Nagoya-Seoul, Fukuoka-Seoul, Osaka-Pusan, Sapporo-Pusan and Fukuoka-Pusan).**

3. Remedy (proposed from the Parties Group)

- ① As to the above seven routes, **the Parties shall transfer the slots** (arrival and departure slots) **held by one Party of the Parties Group to a specific international passenger air transportation enterprise.**
- ② If the number of slots to be transferred pursuant to ① above is fewer than the number of slots held by the relevant Party of the Parties Group, the Parties Group shall **accept requests from unspecified inter-national air passenger transportation enterprises to transfer slots for the shortfall.**
- ③ To supplement the competitiveness of international air passenger transportation enterprises to which slots are transferred as a result of the remedial measures in ① and ② above, the Parties shall establish support measures such as concluding lounge use agreements, ground operation service agreements, etc., if desired by the said enterprises.
- ④ The Parties Group shall continue to take necessary remedial measures to maintain competition after the date of this Transaction until the time when the expansion of supply or entry by Passenger Remedy Takers becomes a reality.
- ⑤ The Parties shall appoint an independent third party as a monitoring trustee and have the Slot Transfer Monitoring Trustee continuously monitor the implementation of measures ① to ④ above and report regularly to the JFTC.

On the precondition that the Remedy is implemented,
the JFTC concludes that **this transaction does not substantially restrain competition in a particular field of trade.**

1. Particular Field of Trade



Cargo transport by aircraft departing from Japan to Korea (one way)

<Service range>

• The market for transportation services provided by integrators (from collection to delivery performed within the company) is different from that for ocean cargo transportation.

<Geographic range>

• The routes from Japan to Korea and from Korea to Japan are in different markets.

2. Impact of the Transaction on Competition

Solitary action

- ① The competitive situation in the market such as the position of the Parties Group and competitors
 - The combined share of the Parties Group is over 60% (ranked first). The gap with the second-ranked and lower companies would be significant.
 - Asiana Airlines tends to offer lower prices than Korean Air.
- ② Competitors' spare capacity and degree of differentiation
Although the competitors have a certain degree of excess capacity, the Parties and competitors are differentiated in terms of whether they operate large freighters and whether they operate flights to and from airports in western Japan.
- ③ Entry pressure is limited.
- ④ Competitive pressure from adjacent markets
Competitive pressure from transportation services provided by integrators, ocean cargo transportation and transit flights is limited.
- ⑤ Competitive pressure from consumers
Because the Parties and competitors are differentiated, it is difficult for users to change their business partners, meaning that competitive pressure from users is limited.
- ⑥ Economic Analysis
 - The Parties exert a mutual restraining influence on each other.
 - The Parties will have an incentive to raise their prices after this Transaction.

Coordinated conduct

It is judged that coordinated conduct is not likely to substantially restrain competition.

This action will substantially restrain competition international air cargo transportation market departing from Japan to Korea

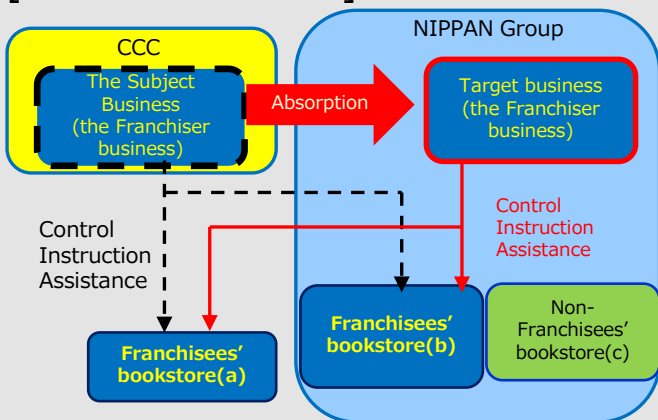
3. Remedy (proposed from the Parties Group)

- ① Asiana Airlines shall **divest its global air cargo business operated by its dedicated freighters to an independent third party that has sufficient resources, expertise, and incentive to maintain and develop the divested business.**
- ② The Parties Group shall **enter into Block Space Agreement** (An agreement to provide a certain amount of cargo space to competitors) with certain carrier, and shall provide such certain carrier with cargo space of flights at a certain competitive price.
- ③ The Parties shall appoint a suitable Monitoring Trustee, who will continuously monitor the performance of the measures described in ① and ② above and make periodic reports to the JFTC.
- ④ With regard to the Freightier Business Divestment described in (a) above, the Parties shall appoint a Divestiture Trustee as necessary to ensure the execution of the Freightier Business Divestment.

**On the precondition that the Remedy is implemented,
the JFTC concludes that this transaction does not substantially restrain competition in a particular field of trade.**

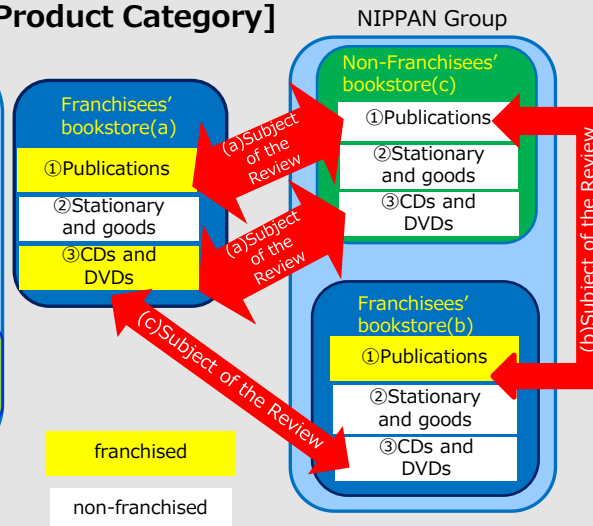
Case 10: Absorption-type split of the headquarters business of the franchise chain of Culture Convenience Club Co., Ltd. by MPD Co., Ltd.

1. Particular Field of Trade [Outline of the Action]



* MPD which is a subsidiary of NIPPAN Group Holdings acquired the business through an absorption-type company split.

[Competitive Relationships by Product Category]



<Service range> Bookstore Business

Substitutability of demand:
Compared to other distribution channels, it is a bookstores' own feature that consumers can actually pick up a publication and compare it with other publications, so substitutability of demand is limited.

Substitutability of supply:
The facilities and know-how required by the Internet mail order business and the electronic book distribution business are significantly different from those of the bookstore business, so substitutability of supply is limited.

<Geographical area>

A radius of 3 km from each store

2. Impact of the Transaction on Competition

44 of the 48 regions with competitive product category experiencing the impact

There is at least one bookstore that is owned by a competitor that handles a competing product category in the same region, and the restraining power from competitors is recognized. Competitive pressure from adjacent markets is recognized (see below).

Of the 48 regions, 4 regions (3 regions compete in paper publications, a region competes in CD/DVD)

Restraining power from competitors	Competitive pressure from adjacent markets (*)
×	✓

* In addition to the competitive pressure from the geographic adjacent markets, the following points are considered as competitive pressure from the adjacent markets.
Paper publications: Internet sales, electronic publication distribution, etc.
CDs and DVDs: Rental, subscription services, etc.

The JFTC concluded that the Transaction would not substantially restrain competition in a particular field of trade.

3. Characteristics of the Case

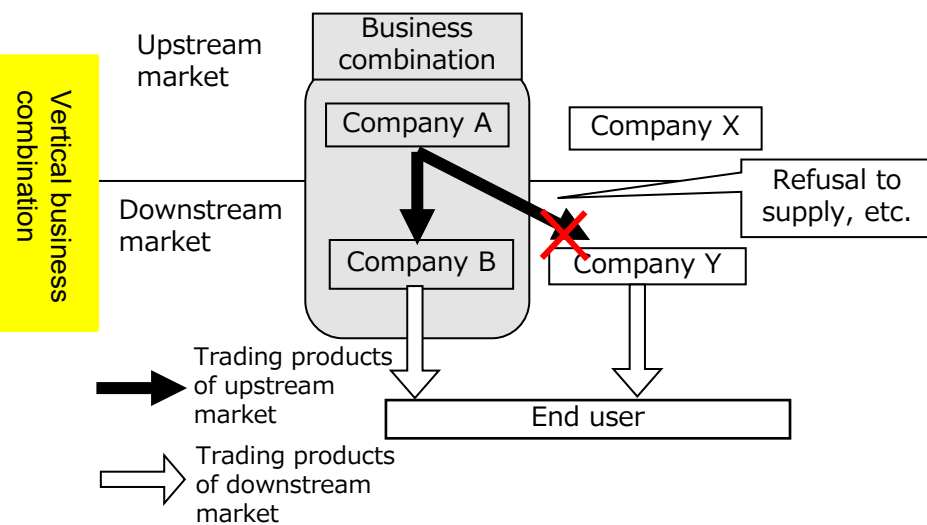
- ✓ Based on the characteristics of the franchise system, the headquarters business of the FC will be succeeded, but the JFTC categorized and examined as a horizontal business combination of the bookstore business.
- ✓ Actual competitive situation is examined by product category, not by store.

(Reference) Problems arising from vertical and conglomerate business combinations

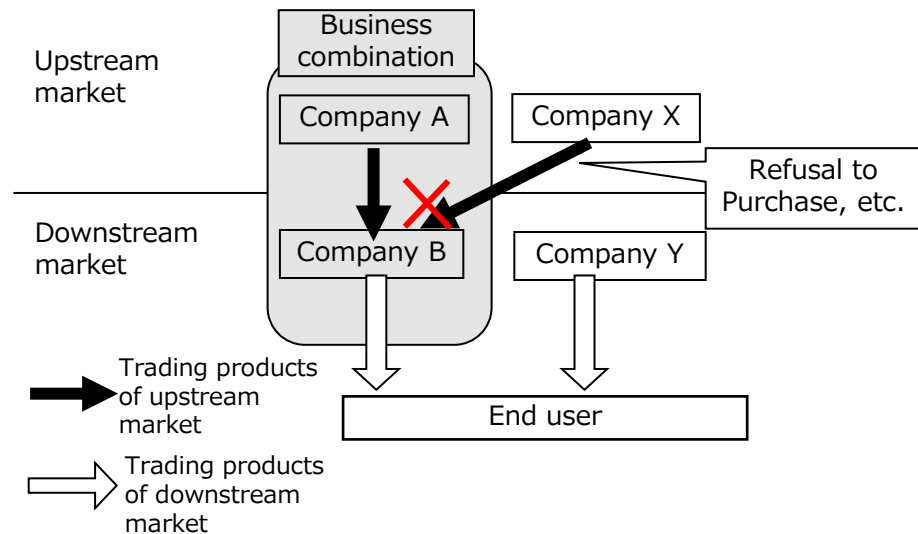


公正取引委員会
Japan Fair Trade Commission

○ Input foreclosure
(Problems of market closure and exclusivity in downstream markets)



○ Customer foreclosure
(Problems of market closure and exclusivity in upstream markets)



○ Combination supply (By using one's high position in the commodity market as leverage, the position in the other commodity market is rising) ⇒ The problem of the closure and exclusiveness of the market

○ Acquisition of Confidential Information (by using the acquired Confidential Information to own advantage, the competitiveness of competitors is declining) ⇒ Problems of market closure and exclusivity

