

JFTC issues a Cease and Desist Order and a Surcharge Payment Order to
Harley-Davidson Japan K.K.

September 18, 2025
Japan Fair Trade Commission

Japan Fair Trade Commission (hereinafter referred to as the “JFTC”) today issued a cease and desist order and a surcharge payment order to Harley-Davidson Japan K.K. (hereinafter “Harley-Davidson Japan”) pursuant to the provisions of the Antimonopoly Act (hereinafter referred to as the “Act”).

In this case, Harley-Davidson Japan violated the provision of the Article 19 (falling under Article 2, paragraph (9), item (v) [Abuse of Superior Bargaining Position]) of the Act.

1. Violating Company and the Surcharge Amount

Corporate No.	2010401023943
Corporate Name	Harley-Davidson Japan K.K.
Address	Shinjuku Eastside Square 5F, 6-27-30 Shinjuku, Shinjuku-ku, Tokyo
Representative	Representative Director Kazufumi Tamaki
Outline of Business	Wholesale of motorcycles, etc.
Surcharge amount	¥211,470,000

2. Overview of the Transactions Concerning HD Vehicles

- (1) Harley-Davidson Japan sells nearly all Harley-Davidson products (hereinafter referred to as “HD products”), including HD vehicles^(Note 1), purchased from Harley-Davidson Motor Company Inc. located in the United States of America and Harley-Davidson Asia Pacific Private Limited located in the Republic of Singapore, to businesses that have entered into dealer agreements^(Note 2) with Harley-Davidson Japan (hereinafter referred to as “dealers”). Dealers generally purchase HD products from Harley-Davidson Japan and sell them to customers at sales outlets (hereinafter referred to as “sales outlets”) operated under the dealer agreement.

(Note 1) “HD vehicles” refers to Harley-Davidson brand motorcycles (including motor trikes).

(Note 2) “Dealer agreement” refers to the contract (including any ancillary agreements) concluded between Harley-Davidson Japan and its business partner, stipulating the terms and conditions for the sale of HD products. Typically, the contract term is three years

and does not automatically renew upon expiration.

- (2) In both fiscal years 2023 and 2024, the number of newly registered HD vehicles ranked first in Japan among all newly registered imported small motorcycles.
- (3) Most specified dealers ^(Note 3) had made substantial investments in facility equipment at sales outlets to meet the requirements stipulated in dealer agreements, etc.

Furthermore, all specified dealers had a high proportion of sales related to HD products within their total sales. Some specified dealers faced difficulties in securing sales equivalent to those from HD products if they initiated or expanded transactions with other businesses.

(Note 3) “Specified dealers” refers to dealers that the JFTC identified in the cease and desist order and the surcharge payment order as being subject to Harley-Davidson Japan’s superior bargaining position, and that were listed in the appendix to those orders.

- (4) Due to the circumstances described in (2) and (3) above, if specified dealers were unable to continue their business relationship with Harley-Davidson Japan, they would face significant operational difficulties. Consequently, the specified dealers were in a position where they had no choice but to accept significantly disadvantageous demands from Harley-Davidson Japan.

- (5)(A) Dealers were obligated under the dealer agreement to achieve the retail sales outlet (RSO) ^(Note 4) set with Harley-Davidson Japan.

(B) Harley-Davidson Japan presented dealers with a document called an “Agreement” (hereinafter referred to as the “Agreement”) each January, outlining the proposed RSO applicable for that year. Harley-Davidson Japan then finalized the RSO for that year by having dealers submit the signed and sealed Agreement.

(C) Harley-Davidson Japan treated the number of retail sales warranty registrations (RSWRs) ^(Note 5) as actual performance against the RSO. RSWRs were fundamentally divided into two types: RETAIL registrations ^(Note 6) and EX-DEMO registrations ^(Note 7).

(Note 4) “RSO” (Retail Sales Outlet) refers to the retail sales target (in units) (including those broken down quarterly or monthly) for each HD vehicle sales outlet for the one-year period from January 1 to December 31 of each year.

(Note 5) “RSWR” (Retail Sales Warranty Registration) refers to the registration performed by dealers to initiate the manufacturer’s warranty for HD vehicles.

(Note 6) “RETAIL registration” refers to the RSWR performed by a dealer based on the actual sale of a HD vehicle in brand-new condition.

(Note 7) “EX-DEMO registration” refers to the RSWR performed by a dealer based on the

actual sale of an HD vehicle that was used as a demonstration vehicle at the sales outlet.

- (6)(A) Harley-Davidson Japan set an evaluation standard called the B&S Program, which assessed dealers quarterly based on the total points earned (hereinafter referred to as “B&S Program points”) by evaluating items such as RSO achievement rates, facility equipment at sales outlets, and staffing levels.
- (B) Harley-Davidson Japan issued an NGS evaluation^(Note 8) to dealers who failed to meet a certain level of B&S Program points each quarter.

Dealers receiving an NGS evaluation twice consecutively would have their reward payments under the H-D1 Program^(Note 9) revoked. Furthermore, there was a possibility that Harley-Davidson Japan would not renew the dealer contract or request the dealers to transfer its business, such as sales of Harley-Davidson products, to another operator.

Therefore, the specified dealer recognized the need to increase its RSO achievement rate to avoid the consequences associated with such an NGS evaluation.

- (C) Harley-Davidson Japan set a model list specifying the number of display and demonstration vehicles dealers must maintain at their sales outlets, imposing an obligation on dealers to comply with it.

(Note 8) “NGS (Not in Good Standing) evaluation” refers to a low evaluation given to dealers.

In 2023, dealers who scored in the bottom 10% of all dealers in the B&S Program points, or whose monthly RSO achievement rate fell below 80% at least once, received an NGS evaluation. Furthermore, in 2024, dealers whose B&S Program points ranked in the bottom 10% of all dealers and whose points were 70% or below the average points of all dealers, among others, were subject to an NGS evaluation.

(Note 9) The “H-D1 Program” refers to the payment standards for rewards applied by Harley-Davidson Japan to dealers, based on evaluation items such as RSO achievement rates.

- (7) Among the methods used by specified dealers to increase their RSO achievement rates were sales to customers and self-registration^(Note 10).

When specified dealers performed self-registration via RETAIL registration, the sales price of the relevant HD vehicles was set below the new vehicle sales price, and in some cases, below the purchase price.

Furthermore, when a specified dealer performed self-registration via EX-DEMO registration, the dealer could no longer use the relevant HD vehicle as a demonstration vehicle, even though it should have been possible to use it for a longer period. This sometimes necessitated purchasing new demonstration vehicles to comply with the model list. Additionally, the payment due date for the purchase price

of the HD vehicle subject to this self-registration sometimes occurred earlier than it would have if the vehicle had continued to be used as a demonstration vehicle.

(Note 10) “Self-registration” refers to cases of RETAIL registration or EX-DEMO registration where a dealer registered a vehicle under their own name or that of their employees, etc., as the registered owner, and where there was no actual sale or prospect of sale to that registered owner.

3. Summary of Violations

Harley-Davidson Japan unilaterally set RSOs for the specified dealers that could only be achieved through self-registration, effective no later than January 31, 2023, as outlined in (1) below. It then compelled those dealers to conduct business activities in accordance with these RSOs through methods such as those described in (2) below.

- (1) Harley-Davidson Japan did not consult with the specified dealers regarding the proposed RSOs to be included in the Agreements prior to presenting the Agreements to the specified dealers, nor did it afford them an opportunity to express their opinions.

Furthermore, between presenting the Agreement to the specified dealers and having them submit the signed and sealed Agreements, Harley-Davidson Japan did not sufficiently explain to the specified dealers the basis for calculating the proposed RSO figures stated in the Agreements. Even if the specified dealers expressed opinions regarding the proposed RSO figures or requested downward revisions, Harley-Davidson Japan rarely held discussions with the specified dealers and did not revise the proposed RSOs downward.

Harley-Davidson Japan then finalized the RSOs as stated in the Agreements with the specified dealers by having them submit the signed and sealed Agreements.

- (2) Harley-Davidson Japan, under circumstances where a dealer’s RSO achievement rate failed to meet a certain threshold and the dealer received two consecutive NGS evaluations, thereby potentially leading to non-renewal of the dealer agreement, engaged in the following actions:
 - (A) Under circumstances where specified dealers lacked sufficient time to sell HD vehicles to customers by the end of each month in accordance with that month’s RSOs, sales representatives, acting under instructions from the sales director, strongly urged these specified dealers via phone calls and other means to increase their RSO achievement rates for that month.
 - (B) For specified dealers receiving an NGS evaluation, Harley-Davidson Japan required them to create improvement plans for RSO achievement rates and other metrics for the following quarter and beyond. Furthermore, during meetings with

representatives of these specified dealers, the company secured commitments to implement these plans.

4. Summary of the Cease and Desist Order

- (1) Harley-Davidson Japan must resolve the following matters at its board of directors meeting
 - (A) Confirm that it has ceased the acts described in Section 3 above.
 - (B) Refrain from engaging in acts similar to those described in Section 3 above in the future.
- (2) Harley-Davidson Japan must notify its dealers of the measures taken based on (1) above and ensure thorough dissemination of this information to its employees. The methods for these notifications and dissemination must be approved in advance by the JFTC.
- (3) Harley-Davidson Japan must not engage in acts similar to that described in Section 3 above in the future.
- (4) Harley-Davidson Japan must take necessary measures to implement the following items. The content of these measures must be sufficient to ensure compliance with the measures ordered in (3) above and must receive prior approval from the JFTC.
 - (A) Thorough dissemination to its officers and employees of the action guidelines concerning compliance with the Antimonopoly Act in transactions with dealers
 - (B) Regular training for its officers and employees on compliance with the Antimonopoly Act in transactions with dealers, and regular audits by third parties
- (5)
 - (A) Harley-Davidson Japan must promptly report to the JFTC the measures taken pursuant to (1), (2), and (4) above.
 - (B) Harley-Davidson Japan must report annually to the JFTC for the next three years on the implementation of the measures taken based on (4) (B) above.

5. Summary of the Surcharge Payment Order

Harley-Davidson Japan must pay the amount stated in the “Surcharge amount” column of Section 1 above (¥211,470,000) by April 20, 2026.