

Acquisition by Prime Polymer Co., Ltd., of SUMITOMO CHEMICAL COMPANY, LIMITED's Polypropylene and Linear Low-Density Polyethylene Manufacturing and Sales Business through an Absorption-type Company Split

I. The Parties

Prime Polymer Co., Ltd. (hereinafter referred to as “Prime Polymer”) is a joint investment company between Mitsui Chemicals, Inc. (JCN 4010401052081) (hereinafter referred to as “Mitsui Chemicals”) and Idemitsu Kosan Co., Ltd. (JCN 9010001011318) (hereinafter referred to as “Idemitsu Kosan”) (investment ratio: Mitsui Chemicals 65%, Idemitsu Kosan 35%).

Prime Polymer and SUMITOMO CHEMICAL COMPANY, LIMITED (hereinafter referred to as “SUMITOMO CHEMICAL”) are both engaged in the manufacture and sales of polyolefins (hereinafter referred to as “PO”) including polypropylene (hereinafter referred to as “PP”), and linear low-density polyethylene (hereinafter referred to as “L-LDPE”; PP and L-LDPE are sometimes collectively referred to as “the PO in question”).

Hereinafter, the group of companies that have already formed a joint relationship with Mitsui Chemicals, the ultimate parent company of Prime Polymer, is referred to as the ‘Mitsui Chemicals Group’; the group of companies that have already formed a joint relationship with SUMITOMO CHEMICAL as their ultimate parent company is referred to as the ‘SUMITOMO CHEMICAL Group’; Prime Polymer and SUMITOMO CHEMICAL are collectively referred to as the ‘Parties’; and the Mitsui Chemicals Group and the SUMITOMO CHEMICAL Group are collectively referred to as the ‘Parties Group’.

II. Outline of the Case and Applicable Provisions

The planned business combination between the Parties Group involves Prime Polymer succeeding, through an absorption-type company split, to the manufacturing and sales business of the PO in question, operated by SUMITOMO CHEMICAL, and, as consideration, issuing shares in Prime Polymer to SUMITOMO CHEMICAL (hereinafter referred to as “the Transaction”). As a result of the Transaction, Prime Polymer will become a joint venture among Mitsui Chemicals, Idemitsu Kosan and SUMITOMO CHEMICAL with equity interests of 52%, 28% and 20% respectively.

The applicable provision is Article 15-2 of the Antimonopoly Act.

III. Background of the Review, etc.

During the pre-notification discussion, the Parties Group voluntarily submitted written opinions and materials to the Japan Fair Trade Commission (hereinafter referred to as the “JFTC”) stating their view that the Transaction would not substantially restrain

competition, and the JFTC exchanged opinions with the Parties Group on several occasions at their request (opinion exchanges were temporarily suspended in the first half of 2025 due to the Parties Group's circumstances). Subsequently, on November 25, 2025, the Parties submitted a written notification of the plan regarding the Transaction based on the provisions of the Antimonopoly Act. The JFTC accepted this and commenced the primary review. As a result of advancing the primary review based on the aforementioned notification, as well as the written opinion and materials submitted by the Parties Group, it was determined that a more detailed review was necessary. Therefore, on December 25 of the same year, the JFTC requested the Parties to submit reports, etc., and started the secondary review, and publicly announced on the same day the commencement of the secondary review and the acceptance of written opinions from third parties¹.

During the secondary review, the JFTC exchanged opinions with the Parties Group on several occasions to explain and discuss the issues. Regarding requests for reports, etc., issued to the Parties, all reports, etc., had been submitted upon the submission of the report, etc., received on April 2, 2026. The JFTC proceeded with the review on the impact of the Transaction on competition, taking into account the reports, etc. submitted by the Parties, as well as the results of interviews with customers and competitors, written surveys, and economic analyses.

Below, among the fields of trade reviewed in connection with the Transaction the results of the assessment regarding the horizontal business combination of the PO in question, which was considered to have a relatively large impact on competition, are detailed.

IV. Definition of a Particular Field of Trade

1. Overview of the Product, etc.

(1) Classification of PO

PO are synthetic resins² manufactured by polymerizing ethylene or propylene, which are produced from naphtha³ using catalysts, etc., and generally refer to thermoplastic resins such as PP, which uses propylene as its main raw material, and polyethylene (hereinafter referred to as "PE"), which uses ethylene as its main raw material.

a. Classification and manufacturing methods of PP

There are three types of PP based on differences in molecular structure: homopolymer,

¹ No opinions were received from third parties by the deadline for submission.

² Resins include natural resins, such as pine resin and lacquer, and synthetic resins, which are manufactured artificially from crude oil. Synthetic resins are classified, in terms of their thermal properties, into thermoplastic resins, which soften when heated, and thermosetting resins, which harden when heated.

³ Naphtha is a product obtained by distillation and separation of crude oil using an atmospheric distillation unit, with a boiling point range generally between 30 and 180 degrees Celsius. It is also known as crude gasoline and is mainly used as a raw material for petrochemical products.

random copolymer, and block copolymer. In addition, there is a product group called PP compounds, which are produced by kneading PP with additive resins such as polyolefin elastomer, a type of synthetic rubber (elastomer) that enhances flexibility, to improve functionality and rigidity. PP compounds possess the characteristics of the added resins, etc., in addition to the characteristics of PP.

Manufacturing methods for PP include the slurry process (polymerizing propylene in a solvent), the gas-phase process (polymerizing gaseous propylene without a solvent), the bulk process (polymerizing liquid propylene without a solvent), and the hybrid process (a combination of the gas-phase and bulk processes). Although certain types of PP are easier to manufacture depending on the manufacturing method, all types of PP can be manufactured using any of these methods.

b. Classification and manufacturing methods of PE

PE includes high-density polyethylene (hereinafter referred to as “HDPE”) with a density of 0.94 g/cm³ or more, and low-density polyethylene (hereinafter referred to as “LDPE”) with a density of less than 0.94 g/cm³. In addition to LDPE manufactured under high pressure of 1,000 atm or more, there is also PE manufactured by copolymerizing alpha-olefins at low pressure with low energy consumption; this is classified as L-LDPE, which has properties similar to LDPE.

Manufacturing methods for PE primarily include the high-pressure process (polymerizing ethylene under high pressure) mainly used for LDPE, the slurry process (polymerizing ethylene polymers without dissolving them in a solvent) mainly used for HDPE, and the solution process (polymerizing ethylene polymers by dissolving them in a solvent) as well as the gas-phase process (circulating and polymerizing gaseous ethylene without a solvent), both mainly used for L-LDPE.

(2) Grades

The physical properties of POs are evaluated based on several criteria such as fluidity (processability), hardness, strength, impact resistance, and heat resistance. Each criterion is tested using measurement methods that meet certain standards, such as JIS standards, and is quantified. PO manufacturers adjust these physical properties by tuning the formulation of raw materials or administering additives, etc., to manufacture products with diverse specifications.

PO manufacturers manufacture various grades with differing specifications such as physical properties, and they publish catalogs listing these grades on their respective websites, etc., for sale. Products sold through such catalogs are referred to as general-purpose grades.

Additionally, PO manufacturers also sell special grades, which are independently

developed and customized products tailored to the individual specifications of customers. Special grades are often manufactured when the specifications of general-purpose grades cannot meet customers' requirements, ranging from slightly customized general-purpose grades to significantly modified ones. If requested by customers, each PO manufacturer can manufacture any grade of PO without requiring special manufacturing equipment. However, in the case of special grades, specifications are not publicly disclosed, and because they are developed and manufactured based on specifications provided by the customer, they tend to require more time and cost to manufacture than general-purpose grades.

While the POs are used for various applications, there are also applications for automobiles, etc., where customers have high standard requirements for physical properties, foreign matter control, etc. (hereinafter referred to as "High-Grade Applications"). For High-Grade Applications, customers conduct rigorous testing and evaluation when switching from a currently used product to another. In High-Grade Applications, special grades tend to be adopted more often, but general-purpose grades are also used.

2. Scope of Products

(1) PP

a. Substitutability between different types of PP

Homopolymer, random copolymer, and block copolymer each have different objective physical properties and generally different applications, so demand-side substitutability is not recognized.

On the other hand, PP manufacturers can manufacture all types of PP regardless of the PP manufacturing method. Therefore, supply-side substitutability is recognized among different types of PP.

Consequently, homopolymer, random copolymer, and block copolymer constitute the same scope of products.

b. Substitutability between PP and PP compounds

PP compounds are products whose performance is improved by adding additive resins, etc., to PP, and while standalone PP products and PP compound products are a series of product groups with incrementally different specifications, PP compounds are manufactured to achieve specifications that standalone PP cannot, thus demand-side substitutability is limited.

On the other hand, although manufacturing PP compounds requires compound equipment separate from PP manufacturing equipment, PP manufacturers do not need special know-how, etc., to manufacture PP compounds. PP manufacturers can

manufacture PP compounds using compound equipment within their own factories as part of customizing PP specifications, or, if necessary, they can outsource the compounding process to external businesses to manufacture PP compounds. In fact, all domestic PP manufacturers manufacture and sell PP compounds. Therefore, supply-side substitutability is recognized between PP and PP compounds.

Consequently, PP and PP compounds constitute the same scope of products.

c. Substitutability between different grades

As stated in 1(2) above, PP manufacturers manufacture and sell various general-purpose grades for each application, as well as special grades customized to the individual specifications of customers, and specifications such as physical properties differ by grade; thus, demand-side substitutability between different grades is limited.

On the other hand, PP manufacturers can generally produce any grade using same manufacturing processes and equipment. Specifically, the specifications of general-purpose grades are publicly available, and multiple PP manufacturers sell compatible grades. Regarding special grades, although the specifications of special grades including their physical properties are not publicly disclosed, each PP manufacturer has accumulated the technology, know-how, and other experience to adjust physical properties to meet the individual customer specifications, and is capable of producing special grades that satisfy a wide range of customer specifications. Accordingly, PP manufacturers are capable of producing any grade of PP, and supply-side substitutability between different grades is recognized.

Consequently, the different grades of PP constitute the same scope of products.

d. Summary

Based on the above, in this case, the JFTC defined the scope of product as “PP”.

(2) L-LDPE

a. Substitutability between HDPE, LDPE and L-LDPE

Although there is some overlap in applications among HDPE, LDPE, and L-LDPE, demand-side substitutability is limited because their objective physical properties are different.

Also, as stated in 1(1)b above, supply-side substitutability is limited because HDPE, LDPE, and L-LDPE each have different primary manufacturing methods.

Consequently, HDPE, LDPE, and L-LDPE each constitute different scope of products.

b. Substitutability between different grades

Similar to PP, different grades of L-LDPE constitute the same scope of products.

c. Summary

Based on the above, in this case, the JFTC defined the scope of product as “L-LDPE”.

3. Geographic Scope

For both PP and L-LDPE, transactions take place throughout Japan, there are no significant regional price differences, and there are no transportation constraints; therefore, the JFTC defined the geographic scope as “all regions of Japan”.

V. Impact of the Transaction on Competition

1. Type of Business Combination

The Transaction falls under a horizontal business combination concerning the manufacturing and sales business of PP in all regions of Japan, and a horizontal business combination concerning the manufacturing and sales business of L-LDPE in all regions of Japan.

2. Manufacture and Sale of PP (all regions of Japan)

(1) Applicability of the Safe Harbor Criteria in the Particular Field of Trade

The market shares of the manufacturing and sales of PP in all regions of Japan are as shown in Table 1. Since the post-Transaction HHI is approximately 2,900 and the HHI increment is approximately 700, this does not fall under the safe harbor criteria for horizontal business combinations.

[Table 1] Market Share of the PP Manufacturing and Sales (all regions of Japan) (FY2024)

Rank	Company Name	Market Share
1	Mitsui Chemicals Group	Approx. 35%
2	Company A	Approx. 25%
3	Company B	Approx. 15%
4	SUMITOMO CHEMICAL Group	Approx. 10%
	Imports	Approx. 15%
Total		100%
Combined market share and ranking: approx. 45% and 1st place		
HHI after the transaction: approx. 2,900		
Increase in HHI: approx. 700		

(2) Substantial Restraint on Competition by Unilateral Conduct

a. Position of the Parties Group and situation of competitors, etc.

(a) Position of the Parties Group and situation of competitors

Although the combined market share of the Parties Group is high at approximately 45% (1st place), there are powerful competitors in the market, such as Company A (market share approx. 25%, 2nd place) and Company B (market share approx. 15%, 3rd place).

(b) Competitors' excess capacity, etc.

Although the operating rate of production facilities among competitors is at a certain high level, given the sales volume of the Parties Group in FY2024, it can be evaluated that competitors possess a certain degree of excess capacity. Furthermore, given that domestic demand for PP has been declining due to factors such as population decline and changes in lifestyle habits, and this trend is expected to continue, and considering that PP manufacturing is a process industry characterized by the long-term use of large-scale production facilities, making it impossible to flexibly install or abolish manufacturing facilities, it is considered that competitors possess a certain excess capacity.

Moreover, for applications other than High-Grade Applications, there are no significant barriers to switching suppliers, so the competitive constraint from competitors is recognized. In this regard, for High-Grade Applications, customers have high standard requirements for PP physical properties and foreign matter control, etc., and have a strong tendency to adopt special grades manufactured to their required specifications. Additionally, customers conduct rigorous testing and evaluation to procure new PP. Therefore, it takes time and cost for them to switch suppliers; however, they can switch suppliers in the medium to long term, and due to customer procurement behavior based on this premise (see c(a) below), PP manufacturers are in a competitive relationship even in High-Grade Applications. Therefore, the competitive constraint from competitors is recognized even in High-Grade Applications.

(c) Summary

Based on the above, there are powerful competitors with excess capacity in the PP manufacturing and sales market, and the competitive constraint from competitors is recognized.

b. Imports

Imported products account for approximately 15% of the domestic market. In light of this situation and other relevant circumstances, institutional barriers to importation of PP are considered low, and there appear to be few problems in terms of transportation and distribution. In addition, production capacity among suppliers in Asia has recently increased at a rate far exceeding the growth in demand, while the operating rate at production facilities among PP manufacturers has been declining. These circumstances

indicate that there is also the potential for imports to increase.

On the other hand, imported products are mainly intended for applications such as daily necessities, that do not require particularly high standards in terms of physical properties of PP, foreign matter control, and other quality related factors. Many customers requiring PP for High-Grade Applications are reluctant to procure imported products. As a reason for this, customers using High-Grade Applications cite that the inability of overseas manufacturers to produce PP that meets their required specifications and the insufficient level of foreign matter control by such manufacturers. Accordingly, substitutability is recognized between imported products and products supplied by the Parties Group for applications other than High-Grade Applications, it is considered that there are differences in quality and other factors to a certain extent with respect to High-Grade Applications, and substitutability is considered limited.

In the light of the above, import pressure is limited with respect to High-Grade Applications but is recognized with respect to PP used for other applications.

c. Competitive pressure from customers

(a) Ease of changing suppliers

Domestic PP manufacturers are capable of producing any grade, and for applications other than High-Grade Applications, customers can readily switch suppliers.

Furthermore, even with respect to High-Grade Applications, although switching suppliers requires time and cost, customers are able to do so over the medium to long term, and price negotiations and other transactions are conducted on that premise. The interviews identified, among other things, cases in which customers negotiated prices using the prices of competing products as benchmarks; cases in which customers made continuous and periodic requests for price reductions on the premise that suppliers could be switched when regularly scheduled model changes took place, and cases in which customers promoted multi-sourcing by searching for and evaluating alternatives to the grades currently procured. In other words, customers are considered to have price negotiation power supported by their ability to switch suppliers over the medium to long term. In addition, customers requiring High-Grade Applications face competitive pressure from their main downstream customers, such as automobile manufacturers and consumers. They are not in a sufficiently advantageous position to pass price increases on easily to their downstream customers; and therefore seek to purchase PP at the lowest possible prices. Accordingly, competitive pressure from customers is recognized.

(b) Market Shrink

Domestic demand for PP is expected to continue declining. On the other hand, the PP manufacturing and sales business is a process industry characterized by the continued use

of large-scale production facilities over many years, making it difficult to flexibly install or retire product facilities.

In the light of these circumstances, the demand is expected to remain below supply to a certain extent. Customers are therefore considered to have a certain degree of bargaining power.

(c) Other factors

Information on the average domestic sales prices of PP and the average unit prices of imported products is publicly available. In addition, by maintaining business relationships with multiple PP manufacturers, customers are able to ascertain the appropriate price level of PP relatively easily.

Furthermore, the prices of propylene and ethylene, which are raw materials for PP, are linked to naphtha prices, and the manufacturing cost of PP is therefore largely affected by naphtha prices. Since naphtha prices are publicly available, customers are also able to ascertain such costs relatively easily.

In the light of the above, customers are able to ascertain information on the appropriate price levels and costs of PP relatively easily and therefore considered to have a certain degree of bargaining power.

(d) Summary

Therefore, competitive pressure from customers is recognized.

d. Economic analysis

The economic analysis primarily evaluated the likelihood of market price increases due to the business combination and whether import pressure could act as a competitive constraint after the business combination. To this end, the CMCR⁴ was calculated using two methods employing the Parties Group's market share and the price elasticity of demand⁵. In the first method, the demand function for domestic products was estimated using public data such as trade statistics, the Survey of Production, and producer price

⁴ CMCR (Compensating Marginal Cost Reduction) is a method of assessing the likelihood of market price increases resulting from a business combination by calculating the theoretical level of marginal cost reduction required to maintain current price levels before and after the business combination. Generally, a figure of 10% or more suggests a potential restraint of competition. Let the market share of firm j be s_j , the market share of firm k be s_k , and the price elasticity of demand be ϵ . Under the assumption of homogeneous Cournot competition, the CMCR is expressed as follows.

$$\text{Assuming homogenous Cournot competition, } \text{CMCR} = \frac{2s_j s_k}{\epsilon(s_j + s_k) - (s_j^2 + s_k^2)}$$

⁵ In addition, the JFTC conducted an analysis of the substitutability between domestic and imported goods using regression analysis of the quantity ratio and the price ratio between domestic and imported goods; however, no statistically significant results were obtained.

indices. Then, the CMCR was calculated using the resulting price elasticity of demand for domestic products and the Parties Group's market share in domestic products (excluding imported products). Subsequently, by calculating the critical import volume share at which the CMCR would not exceed 10%, it was examined whether import pressure could act as a competitive constraint after the business combination. In the second method, a total cost function was estimated using the Parties Group's cost data and other information. The average variable cost was then substituted into the Lerner index⁶ formula as a proxy for marginal cost to obtain the price elasticity of demand for the entire market (including imported products). Using this elasticity together with the Parties Group's market share in the entire market (including imported products), the CMCR was calculated to evaluate the likelihood of price increases resulting from the business combination.

In the analysis using public data, results showed that demand for domestic products was extremely inelastic. As a consequence, a strikingly high CMCR exceeding 100% was calculated, and the critical import volume share at which the CMCR would not exceed 10% was also estimated to be extremely high; however, there is a possibility that these results might be too extreme in light of qualitative assessments and the market structure. Therefore, taking into account changes in market trends, the analysis was conducted by shortening the data analysis period. This yielded a higher price elasticity of demand, and the resulting CMCR and critical import volume share suggested a possible restraint of competition; however, the analysis results could not be considered robust, as the results changed when the variables were estimated in first differences (period-over-period).

In the analysis based on the Parties Group's cost data and other information, multiple models were tested to estimate the total cost function, taking into account that the costs related to the relevant products were heavily influenced by naphtha prices. When the data from one of the two constituent groups were used, no statistically significant results were obtained. In contrast, when the data from the other group were used, a high CMCR was estimated. However, the analysis results could not be considered robust, as the results changed when the variables were estimated in first differences (period-over-period) the model was estimated using the first differences (period-over-period changes) of the variables. .

As described above, while the analysis did not produce results indicating the absence of competition concerns, the results that could suggest a restraint of competition were not robust either.

e. Summary

⁶ The Lerner monopoly power of firm i, assuming homogeneous Cournot competition, is as follows.

$$\frac{\text{Price} - \text{Firm i's marginal cost}}{\text{Price}} = \frac{\text{Firm i's market share}}{\text{Price elasticity of demand}}$$

As described above, for applications other than High-Grade Applications, competitive constraint from competitors, import pressure, and competitive pressure from customers are recognized, and for High-Grade Applications, competitive constraint from competitors and competitive pressure from customers are recognized; therefore, it cannot be said that the Transaction will substantially restrain competition through unilateral conduct in the PP manufacturing and sales market.

(3) Substantial Restraint on Competition by Coordinated Conduct

There is an aspect that coordinated conduct becomes easier due to the reduction of the number of competitors in the PP manufacturing and sales market from four to three as a result of the Transaction. Additionally, the primary raw materials for PP do not differ significantly among PP manufacturers, a large proportion of raw material prices is linked to naphtha prices, and their price trends are publicly available, making it arguably easy to reach a common understanding regarding coordinated conditions.

However, the formulation of raw materials in individual grades varies among companies. Particularly for special grades, the raw materials formulated and their formulation ratios differ according to individual customer specifications, and those specifications are not publicly available. Therefore, there is a certain degree of difference in cost conditions among PP manufacturers. Furthermore, as stated in (2) b and c above, import pressure (excluding High-Grade Applications) and competitive pressure from customers are recognized.

Therefore, it cannot be said that the Transaction will substantially restrain competition through coordinated conduct in the PP manufacturing and sales market.

(4) Summary

As described above, regarding the PP manufacturing and sales market, it cannot be said that the Transaction will substantially restrain competition in a particular field of trade through unilateral conduct by the Parties Group or coordinated conduct by the Parties Group and its competitors.

3. Manufacture and Sale of L-LDPE (all regions of Japan)

(1) Applicability of the Safe Harbor Criteria in the Particular Field of Trade

The market shares of the manufacturing and sales of L-LDPE in all regions of Japan are as shown in Table 2. Since the post-Transaction HHI is approximately 1,600 and the HHI increment is approximately 500, this does not fall under the safe harbor criteria for horizontal business combinations.

[Table 2] Market Share of the L-LDPE Manufacturing and Sales (all regions of Japan)

(FY 2024)

Rank	Company Name	Market Share
1	Mitsui Chemicals Group	Approx. 20%
2	Company C	Approx. 20%
3	SUMITOMO CHEMICAL Group	Approx. 10%
4	Company D	0–5%
5	Company E	0–5%
6	Company F	0–5%
	Imports	Approx. 35%
Total		100%
Combined market share and ranking: approx. 35% and 1st place		
HHI after the transaction: approx. 1,600		
Increase in HHI: approx. 500		

(2) Substantial Restraint on Competition by Unilateral Conduct

a. Impact of the Transaction on the market

Prime Polymer and SUMITOMO CHEMICAL engage in the L-LDPE manufacturing and sales business. They also hold shares in Evolve Japan Co., Ltd. (JCN 9010401052382) (hereinafter referred to as “Evolve Japan”), a joint venture in which Prime Polymer and SUMITOMO CHEMICAL hold equity interests of 75% and 25%, respectively. Evolve Japan also engages in the L-LDPE manufacturing and sales business.

Evolve Japan supplies its entire manufactured volume of L-LDPE to either Prime Polymer or SUMITOMO CHEMICAL, indicating that a joint relationship has already been formed between the Parties Groups with respect to part of the manufacture of L-LDPE. However, since the Transaction will strengthen this joint relationship, its impact on competition is examined below.

b. Position of the Parties Group and status of competitors

The combined market share of the Parties Group is approximately 35% (1st place), but Company C (market share approx. 20%, 2nd place) is a powerful competitor. In addition, considering that the operating rate of production facilities among competitors is low, and even when taking into account the sales volume of the Parties Group in FY2024, competitors can be evaluated as having excess capacity; that domestic demand for L-LDPE has been declining and this trend is expected to continue; and that the L-LDPE manufacturing and sales business, similar to PP, is a process industry, it can be said that competitors possess excess capacity.

In light of the above, there is a powerful competitor with excess capacity in the L-LDPE manufacturing and sales market, and competitive constraint from competitors is

recognized.

c. Imports

Imported products account for approximately 35% of the domestic market. In light of this situation, and other relevant circumstances, institutional barriers to the importation of L-LDPE are considered low, and there appear to be few problems in terms of transportation and distribution. In addition, production facilities exceeding demand have recently been installed in Asia, indicating the possibility of an increase in imports.

In light of the above, import pressure is recognized.

d. Competitive pressure from customers

Domestic demand for L-LDPE is expected to continue declining. On the other hand, as with PP, the L-LDPE manufacturing and sales business is also a process industry, and the demand is expected to remain below supply to a certain extent. Customers are therefore considered to have a certain degree of bargaining power.

Therefore, competitive pressure from customers is recognized.

e. Economic analysis

The analysis was conducted using the same method as for PP. In the analysis using public data⁷, results showed that demand for domestic products was extremely inelastic, and as a consequence, a strikingly high CMCR exceeding 100% was calculated, and the critical import volume share at which the CMCR would not exceed 10% was also estimated to be extremely high; however, these results might be too extreme in light of qualitative assessments and the market structure. On the other hand, when the data analysis period was shortened, the estimated demand elasticity remained low and was not statistically significant

In the analysis based on the Parties Group's cost data and other information, when the data from one of the two constituent groups were used, no statistically significant results were obtained. In contrast, when the data from the other group were used, a high CMCR was estimated. However, the analysis results could not be considered robust, as the results changed when the model was estimated using the first differences (period-over-period changes) of the variables..

As described above, while the analysis did not produce results indicating the absence of competition concerns, the results that could suggest a restraint of competition were not robust either.

⁷ The relevant item in the Ministry of Economy, Trade and Industry's the Current Survey of Production for L-LDPE is 'polyethylene (low-density, with a density of less than 0.94)', and as LDPE and L-LDPE are not distinguished in this item, the results of this analysis are for reference only.

f. Summary

As described above, competitive constraint from competitors, import pressure, and competitive pressure from customers are recognized; therefore, it cannot be said that the Transaction will substantially restrain competition through unilateral conduct in the L-LDPE manufacturing and sales market.

(3) Substantial Restraint on Competition by Coordinated Conduct

Although the L-LDPE manufacturing and sales market will be dominated by two major players, the Parties Group (market share approx. 35%) and Company C (market share approx. 20%), and there is an aspect that coordinated conduct becomes easier due to the reduction of competitors by one company, taking into account that four competitors exist in the market, and as stated in (2) c and d above, competitive pressures that hinder coordinated conduct, such as import pressure and competitive pressure from customers, are recognized, it cannot be said that the Transaction will substantially restrain competition through coordinated conduct in the L-LDPE manufacturing and sales market.

(4) Summary

As described above, regarding the L-LDPE manufacturing and sales market, it cannot be said that the Transaction will substantially restrain competition in a particular field of trade through unilateral conduct by the Parties Group or coordinated conduct between the Parties Group and its competitors.

VI. Conclusion

Based on the above, the JFTC did not find that the Transaction would substantially restrain competition in any particular field of trade.