

## **Annual Report of the Japan Fair Trade Commission (April 2024-March 2025)**

The Japan Fair Trade Commission (JFTC), which reports annually to the Diet via the Prime Minister on the status of enforcement of the Antimonopoly Act and other laws and regulations under its jurisdiction pursuant to Article 44, Paragraph 1 of the Antimonopoly Act, submitted today to the Diet its Annual Report for FY2024.

To enhance business vitality, increase consumer welfare, and stimulate innovation through fair and free competition, the JFTC actively implemented competition policy in FY2024. This was achieved through two complementary strategies: "enforcement" and "advocacy." Enforcement involves eliminating violations and restoring competition through the strict and appropriate enforcement of laws and regulations under jurisdiction of the JFTC. Advocacy focuses on improving business practices and proposing revisions to regulations and systems to develop a competitive environment. The JFTC's efforts in FY2024 were centered on the following measures:

### **1 Developments in Antimonopoly Act (AMA) and Relevant Regulations**

#### **1.1 Establishment of the Act on Improvement of Transactions between Freelancers and Enterprises**

The Act on Improvement of Transactions between Freelancers and Enterprises, which was passed and enacted during the 211th Diet session on April 28, 2023, and promulgated on May 12, 2023, came into effect on November 1, 2024.

On May 31, 2024, in conjunction with the order for enforcement of the Act on Improvement of Transactions between Freelancers and Enterprises, the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators (Cabinet Order No. 200 of 2024) was enacted. On the same day, the JFTC established the "Rules on Ensuring Proper Transactions Involving Specified Entrusted Business Operators under the Japan Fair Trade Commission" (the Japan Fair Trade Commission Rules No. 3 of 2024).

#### **1.2 Enactment of the Mobile Software Competition Act**

Considering the significant role smartphones play in both the daily lives and economic activities of the Japanese people, the Bill for the Act on Promotion of Competition for Specified Smartphone Software, commonly known as the Mobile Software Competition Act "was submitted in the 213th Diet session on April 26, 2024. This law aims to promote fair and free competition concerning certain software used in smartphones by prohibiting businesses that provide such software from using their position to gain a competitive advantage for their own products or services, as well as from harming the business activities of other companies

using the software. The goal is to contribute to the improvement of people's lives and the healthy development of the national economy. The bill was passed and enacted by the House of Representatives on May 23, 2024, and by the House of Councillors on June 12, 2024, before being promulgated on June 19, 2024 (Act No. 58 of 2024).

The Mobile Software Competition Act is set to come into effect on a date specified by Cabinet Order, within a period not exceeding one year and six months from the date of promulgation, excluding provisions related to the designation of regulated providers. The provisions regarding the designation of regulated providers came into effect on December 19, 2024, which is six months after the promulgation date.

On December 13, 2024, in conjunction with the enforcement of provisions related to the designation of regulated providers, the Cabinet Order Specifying Business Scale under Article 3, Paragraph 1 of the Act on Promotion of Competition for Specified Smartphone Software (Cabinet Order No. 376 of 2024) was enacted. On the same day, the JFTC established the Rules for Enforcement of the Act on Promotion of Competition for Specified Smartphone Software (the Japan Fair Trade Commission Rules No. 5 of 2024).

On March 26, 2025, the JFTC designated Apple Inc., iTunes KK., and Google LLC as regulated providers under Article 3, Paragraph 1 of the Mobile Software Competition Act.

In preparation for the full implementation of the Act, the JFTC is advancing the development of relevant Cabinet Orders and the Japan Fair Trade Commission Rules through initiatives such as the establishment of the Study Group on Promoting Competition in Mobile Software.

### **1.3 Submission of the Bill to Amend the Subcontract Act to the Diet**

In response to the recent sharp increases in labor costs, raw material prices, and energy costs, the government has introduced a bill aimed at promoting fair pricing and transactions between contractors and subcontractors, based on a balanced relationship. The amendment includes measures such as prohibiting the determination of consignment prices without proper consultations, banning payment of prices through promissory notes, and adding the delegation of transport to the types of transactions subject to regulation and promotion. The Bill to amend the Subcontract Act and the Act on the Promotion of Subcontracting Small and Medium-sized Enterprises was submitted to the 217th Diet session March 11, 2025.

## **2 Strict and Accurate Law Enforcement**

### **2.1 Active Elimination of the AMA Violations**

2.1.1 Under the fundamental policy of conducting prompt and effective case investigations, the JFTC takes strict and active measures against diverse cases that accurately respond to social needs. These include price-fixing cartels and bid-rigging cases that have significant impacts on the public, abuse of superior bargaining positions that unjustly disadvantage

Small and Medium-sized Enterprises (SMEs), and unjust low-price sales (predatory pricing).

2.1.2 In FY2024, the JFTC opened investigations against 124 cases of suspected the AMA violations and of these, completed 105 cases.

2.1.3 During the same period, the JFTC took 24 legal measures, including 21 cease and desist orders and three approvals of commitment plan. In terms of conduct types, these legal measures addressed one private monopolization, four price-fixing cartels, six bid-rigging cases (in public demand), six bid-rigging (in private demand) cases, and seven unfair trade practice cases (See Figure 1). The JFTC also ordered the payment of surcharges (administrative fines) totaling JPY3.71 billion(approximately USD 24.82 million) to a total of 33 enterprises (See the table below).

Under the leniency program, the JFTC received a total of 109 applications for self-reporting their violations in FY2024.

<Cases Involving Cease and Desist Orders in FY2024>	
Price-Fixing Cartel	<ul style="list-style-type: none"> <li>• Cease and Desist Orders and Surcharge Payment Orders against Manufacturers of Valves for Liquefied Petroleum Gas Cylinders</li> <li>• Cease and Desist Orders and Surcharge Payment Orders against Non-Life Insurance Companies</li> </ul>
Bid-Rigging (in Public Demand)	<ul style="list-style-type: none"> <li>• Cease and Desist Orders and Surcharge Payment Orders against Participants in Biddings for School Lunch Service for Junior High Schools Ordered by Nagoya City</li> <li>• Cease and Desist Orders against Participants in Biddings for the Operations of Transporting Patients with COVID-19 Ordered by Aomori City</li> <li>• Cease and Desist Orders and Surcharge Payment Orders against Non-life Insurance Companies</li> <li>• Cease and Desist Orders and Surcharge Payment Orders against Participants in biddings for classical swine fever vaccine ordered by Yamagata Prefecture</li> </ul>
Bid-Rigging (in Private Demand)	<ul style="list-style-type: none"> <li>• Cease and Desist Orders and a Surcharge Payment Order against Participants in biddings for livestock vaccines ordered by Yamagata Livestock Industry Association</li> <li>• Cease and Desist Orders and Surcharge Payment Orders against Manufacturers of Parking Systems</li> </ul>
Resale Price Maintenance	<ul style="list-style-type: none"> <li>• Cease and Desist Order against Seki Furniture Co., Ltd.</li> </ul>
Tie-in Sales	<ul style="list-style-type: none"> <li>• Cease and Desist Order against ASP Japan G.K.</li> </ul>
Trading on Restrictive Terms	<ul style="list-style-type: none"> <li>• Cease and Desist Order against the Kumamoto Prefectural Federation of Fisheries Cooperative</li> <li>• Cease and Desist Order against the Saga Prefecture Fishery Cooperative Federation</li> </ul>
Interference with a Competitor's Transactions	<ul style="list-style-type: none"> <li>• Cease and Desist Order against MC Data Plus, Inc.</li> </ul>

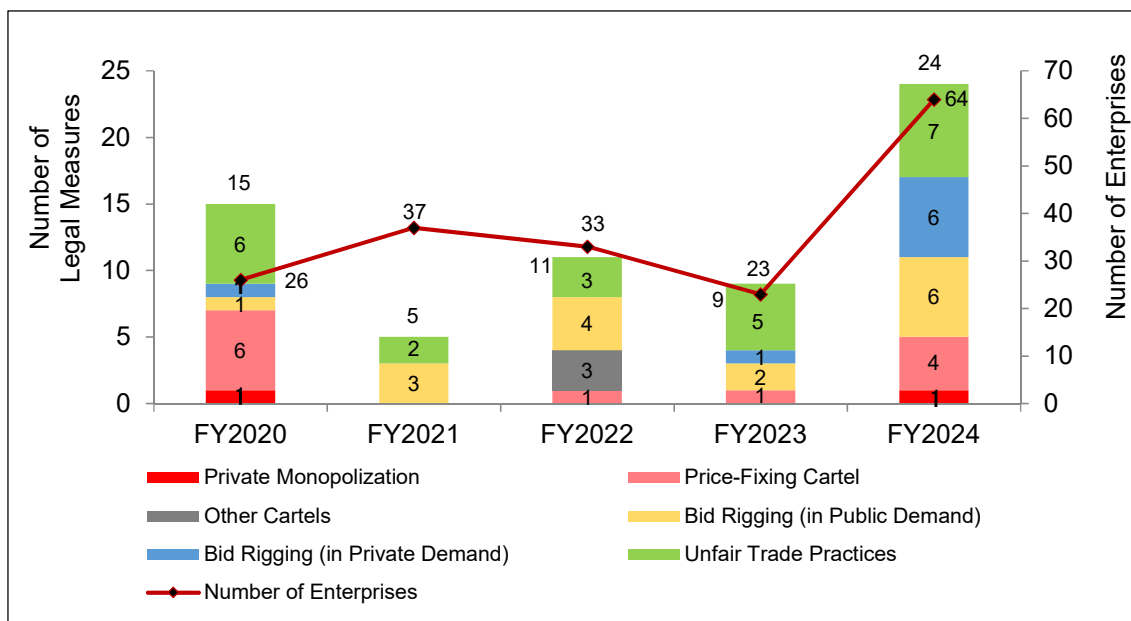
<Cases Involving Approvals of the Commitment Plans in FY2024>	
Private Monopolization, Other Refusal to Trade, Interference with a Competitor's Transactions	<ul style="list-style-type: none"> <li>• Approval of the Commitment Plan submitted by Google LLC</li> </ul>
Abuse of Superior Bargaining Position (Logistics Special Designations)	<ul style="list-style-type: none"> <li>• Approval of the Commitment Plan submitted by Hashimoto Sogyo Co., Ltd.</li> </ul>
Tie-in Sales	<ul style="list-style-type: none"> <li>• Approval of the Commitment Plan submitted by Sysmex Corporation</li> </ul>

2.1.4 In FY2024, the JFTC issued eight warnings.

<p>&lt;Cases Involving Warnings in FY2024&gt;</p> <ul style="list-style-type: none"> <li>• Warning to NISSIN FOOD PRODUCTS CO., LTD</li> <li>• Warning to Nippon Professional Baseball Organization</li> <li>• Warnings to Nagayama Petroleum Co., Ltd. And EKKA Co., Ltd.</li> <li>• Warning to ITOKI CORPORATION</li> <li>• Warning to DAIZEN CO., LTD</li> <li>• Warning to Atre Co., Ltd.</li> <li>• Warning to KYUSHU CGC</li> </ul>
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(Refer to Figure 2 for numbers of the cases mentioned above)

Figure 1: Number of Cases Involving Legal Measures (Note 1)



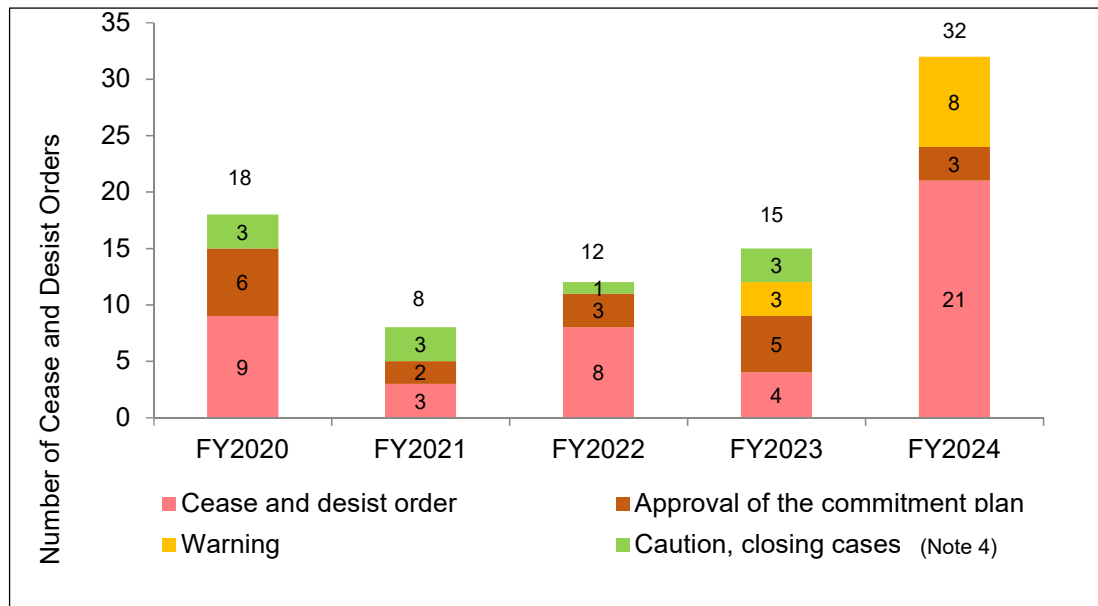
Fiscal year	FY2020	FY2021	FY2022	FY2023	FY2024
Details (Note 2)					
Private Monopolization	1	0	0	0	1
Price-Fixing Cartel	6	0	1	1	4
Other Cartels (Note3)	0	0	3	0	0
Bid-Rigging (in Public Demand)	1	3	4	2	6
Bid-Rigging (in Private Demand)	1	0	0	1	6
Unfair Trade Practices	6	2	3	5	7
Total	15	5	11	9	24

(Note 1) "Legal Measures" consist of Cease and Desist Orders, Surcharge Payment Orders, and Approvals of Commitment Plan. If a Cease and Desist Order and a Surcharge Payment Order are jointly issued for a single case, these are inclusively counted as one legal measure.

(Note 2) If a case relating to both provisions concerning Private Monopolization and Unfair Trade Practices, such case is classified as Private Monopolization.

(Note 3) "Other cartels" are cartels involving quantity, sales channels, prohibitions on customer movement, facility restrictions, etc.

Figure 2: Number of Cease and Desist Orders, Approvals of the Commitment Plan, Warning, etc.



Fiscal year	FY 2020	FY2021	FY 2022	FY2023	FY2024
Cease and desist order	9	3	8	4	21
Approvals of the Commitment Plan	6	2	3	5	3
Warning	0	0	0	3	8
Caution, closing cases <sup>(Note 4)</sup>	3	3	1	3	0
Total	18	8	12	15	32

(Note 4) "Caution, closing cases" only include cases for which summaries were published.

Table: Amount of Surcharge (Administrative Fine)

Fiscal year	FY 2020	FY2021	FY 2022	FY2023	FY2024
Surcharge Payment Order					
Amount of Surcharge (JPY Billion) <sup>(Note 5)</sup>	4.32	2.18	101.98	0.22	3.7
Number of Enterprises	4	31	21	16	33

(Note 5) Surcharges have been rounded down to the nearest ten million yen.

2.1.5 In addition, the JFTC's efforts for appropriate and prompt law enforcement included 322 cautions (including 253 cautions for promptly dealing with unjustly low-price sales cases) on practices likely to lead to the AMA violations.

2.1.6 The JFTC makes requests or recommendations to ordering agencies and relevant organizations when, in the course of taking measures against violators, it determines that additional measures are necessary from the perspective of competition policy.

In FY2024, the JFTC made such requests or recommendations to the Fisheries Agency, Japan Contract Food Service Association, Aomori City and Japan Association of Travel Agents, the Financial Services Agency and the General Insurance Association of Japan, Japan Animal Drug Instrument Distributer Association, and Japan Parking System Manufacturers Association Incorporated.

## **2.2 Promotion of Fair Trade Practices**

### **2.2.1 Efforts against Abuse of Superior Bargaining Position**

The JFTC has conducted surveillance to prevent the abuse of superior bargaining position, which constitutes an unfair trade practice under the AMA, and has tackled such violations. In addition, a Task Force on Abuse of Superior Bargaining Position Cases has been established to conduct investigations into acts of abuse of superior bargaining position in an efficient and effective manner and to take necessary corrective measures.

In FY2024, led by the Task Force on Abuses of Superior Bargaining Position Cases, the JFTC issued 3 warnings against suspected abuses of superior bargaining position likely to constitute the AMA violations, and 41 cautions against conduct likely to result in such violations.

### **2.2.2 Efforts against Unjust Low-Price Sales (Predatory Pricing)**

The JFTC takes prompt action against unjust low-price sales in the retail industry. When unjust low-price sales by retailers are repeated, or conducted by large-scale retailers, and are considered to significantly affect other competing retailers operating in neighbouring areas, the JFTC investigates the impact of their conduct on respective competing retailers. If the JFTC finds it anticompetitive, it takes stern actions including legal measures.

In FY2024, the JFTC issued a warning in two cases in the retail sector of petroleum products on the grounds of practices likely to lead to unjust low-price sales. Additionally, the JFTC issued 253 cautions in the retail sector, including liquor and petroleum products, because of the practices likely to lead to unjust low-price sales (18 cases for liquor, 186 for petroleum products, and 49 for products in other categories).

### **2.2.3 Proactive Elimination of Violations of the Subcontract Act**

2.2.3.1 In light of the reality of subcontracting transactions, where it is difficult to expect voluntary provision of information from subcontractors, the JFTC, in cooperation with the Small and Medium Enterprise Agency, has been making efforts to detect violations of the Subcontract Act by conducting regular surveys of main subcontracting enterprises and their



subcontractors. In addition, in order to ensure that the independent business activities of small and medium-sized enterprises are not hampered by the still severe business environment surrounding them, the JFTC strives to ensure fairness in subcontracting transactions and to protect the interests of subcontractors through prompt and effective implementation of the Subcontract Act.

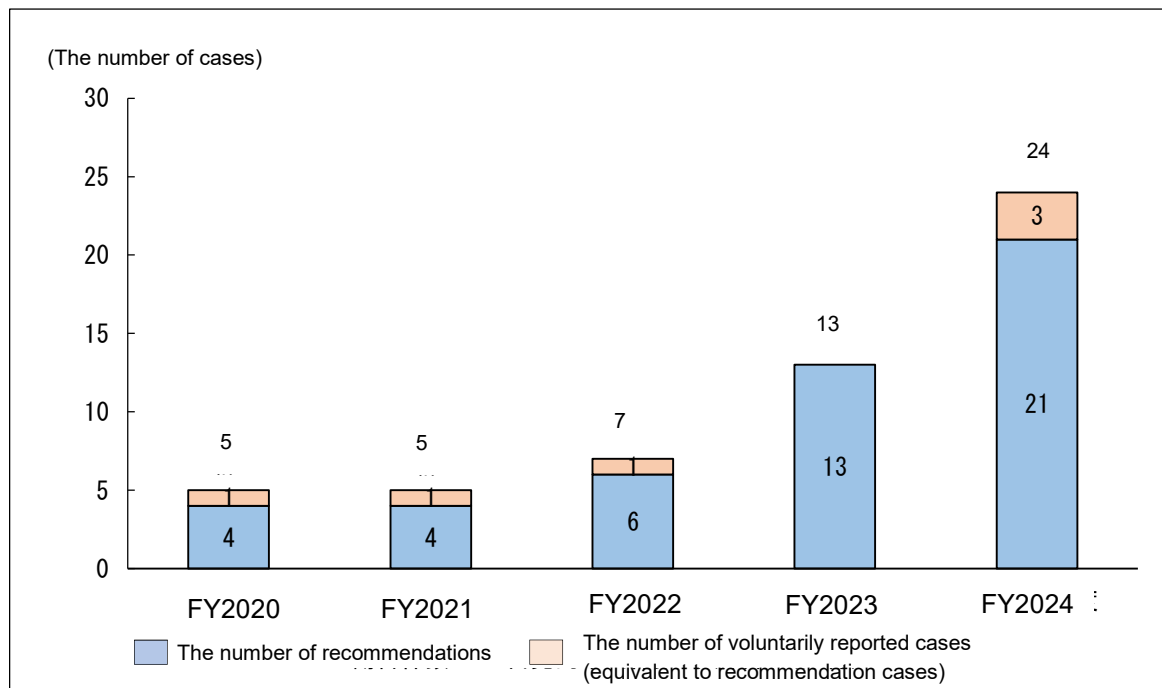
In FY2024, periodic surveys were conducted on 90,000 main subcontracting enterprises and 330,000 subcontractors doing business with them. As a result of the periodic surveys, 21 recommendations were issued and 8,230 cases of guidance were given based on the Subcontract Act (See Figure 3).

<Recommendation Cases in FY 2024>

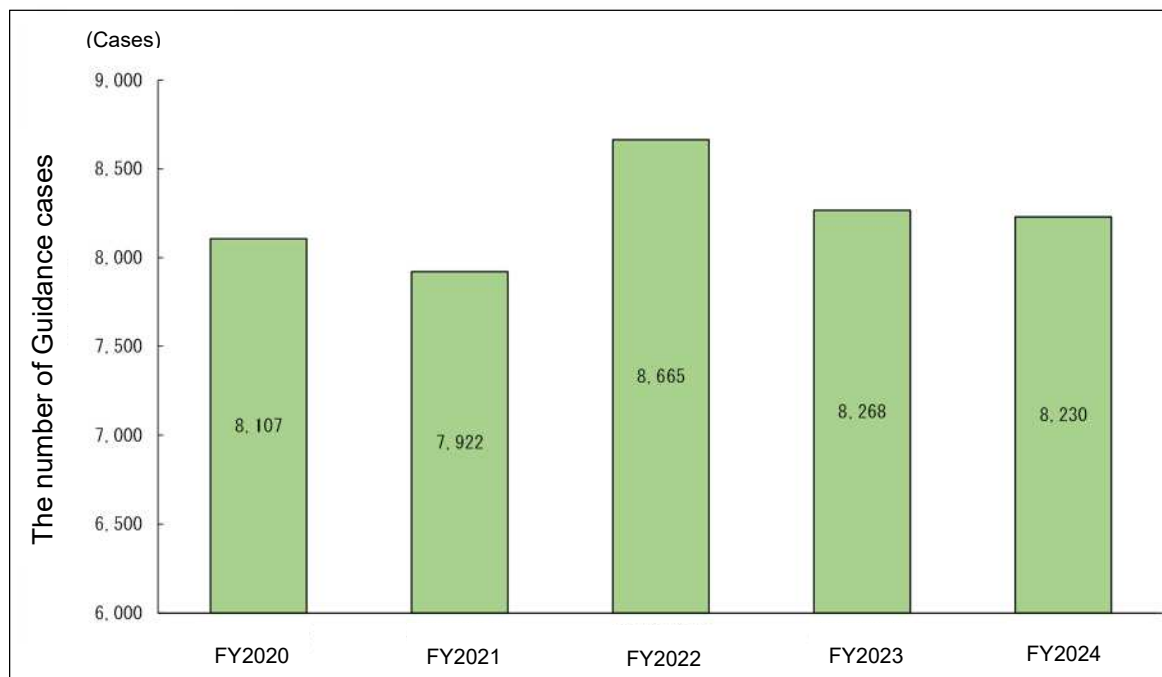
- A case of reduction of subcontract proceeds in the retailing of food, etc.
- A case of reduction of subcontract proceeds in the manufacturing and sales of pickled vegetables.
- A case of unjust changes in provision and request for rework in the manufacturing and sales of printed materials such as labels
- A case of unjust return of goods and unjust requests for the provision of economic benefits in the manufacturing and sales of exterior and interior components for vehicle body modifications
- A case of reduction of subcontract proceeds in wholesaling of food, etc.
- A case of reduction of subcontract proceeds and unjust requests for the provision of economic benefits in the manufacturing and sales of plumbing fixtures, etc.
- A case of reduction of subcontract proceeds in the manufacturing and sales of building materials
- A case of unjust changes in provision and request for rework in VTuber video production
- A case of unjustly setting subcontract proceeds at a level conspicuously lower than usual in publishing, video production, and E-commerce businesses
- A case of unjust requests for the provision of economic benefits in the manufacturing and sales of rolling mill rolls, marine chains, etc.
- A case of unjust requests for the provision of economic benefits in the manufacturing and sales of telecommunications equipment, etc.
- A case of unjust requests for the provision of economic benefits in the manufacturing and sales of heat exchangers such as radiators and automobile body parts such as fuel tanks
- A case of unjust requests for the provision of economic benefits in the manufacturing and sales of automotive springs, etc.
- A case of unjust requests for the provision of economic benefits in the manufacturing and sales of automotive parts such as automobile engines
- A case of reduction of subcontract proceeds and unjust requests for the provision of economic benefits in the manufacturing and sales of commercial refrigerators, freezers, and refrigerated display cases

- A case of unjust requests for the provision of economic benefits in the manufacturing and sales of standard pumps, custom pumps, etc.
- A case of reduction of subcontract proceeds in the sales of household electrical appliances, etc.
- A case of forced purchase/use in the provision of ceremonial services for weddings and funerals, etc.
- A case of unjust requests for the provision of economic benefits in the manufacturing and sales of automotive parts
- A case of reduction of subcontract proceeds in the manufacturing and sales of commercial vehicle brakes, etc.
- A case of refusal to accept delivery and unjust requests for the provision of economic benefits in the manufacturing and sales of confectionery and related products

Figure 3: Number of the Subcontract Act Cases



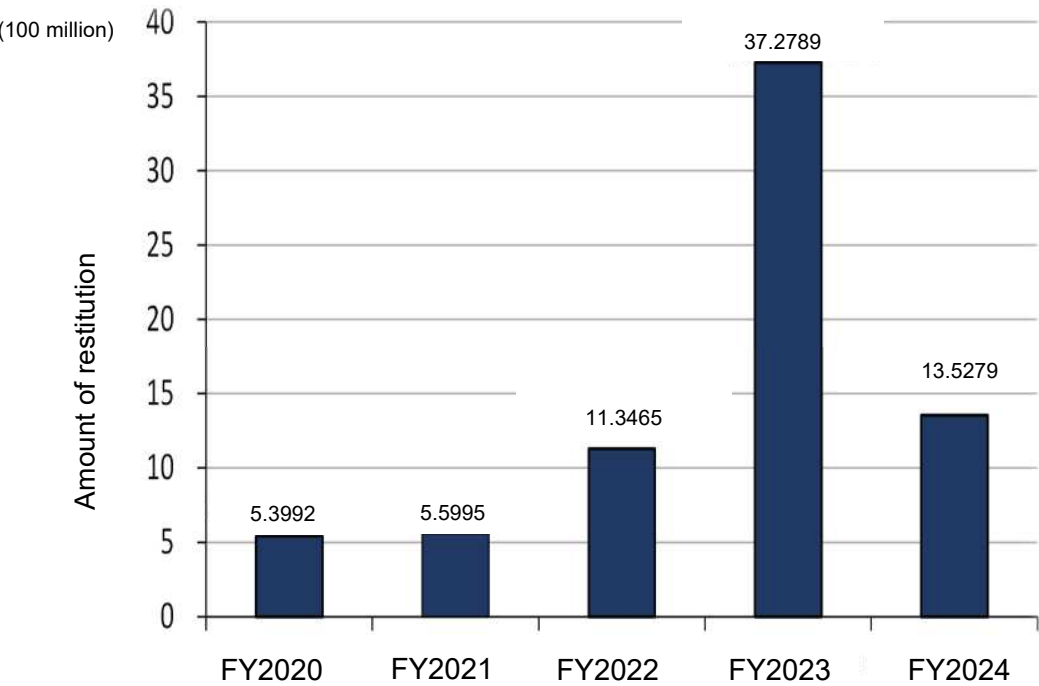
(Note) Refer to 2.2.3.3 below about voluntarily reported cases.



2.2.3.2 In FY2024, a total of 1,352.79 million yen worth of restitution was made to 3,026 subcontractors by 149 main subcontracting enterprises for disadvantages suffered by the subcontractors, including restitution of reduced subcontract proceeds (see Figure 4). The main items included in this amount were as follows: (1) in a case involving a reduction of subcontract proceeds, the main subcontracting enterprise returned a total of 1,001.64 million yen to the subcontractors; (2) in a case involving an unjust request for the provision of

economic benefits, the main subcontracting enterprise returned to the subcontractor a total of 189.59 million yen as benefits provided; and (3) in a case involving return of goods, the main subcontracting enterprise withdrew goods worth 60.48 million yen in total from the subcontractors. (4) in a case involving a delay in payment of subcontract proceeds, the main subcontracting enterprise paid a total of 56.78 million yen as interest for the delay.

Figure 4: Amount of Restitution



2.2.3.3 In light of the fact that voluntary improvement measures by the main subcontracting enterprises contribute to the early recovery of the disadvantages suffered by the subcontractors, the JFTC, in cases where it finds reasons such as voluntary reporting of violations and voluntary improvement measures being taken before the JFTC initiates an investigation, encourages compliance with laws and regulations by the main subcontracting enterprises. From the viewpoint of encouraging compliance by the main subcontracting enterprises, the JFTC has decided to treat such cases as not requiring a recommendation to take necessary measures to protect the interests of the subcontractor, and has made a public announcement to this effect (December 17, 2008).

In FY2024, there were 32 cases of voluntary reporting of violations by the main subcontracting enterprises. There were 36 cases of voluntary submissions processed in the same fiscal year.

## **2.2.4 Efforts to Achieve Appropriate Price Pass-Through**

### **2.2.4.1 FY 2024 Special Study on Facilitation of Transferring Higher Costs**

Based on the results of the study conducted in 2023 regarding the abuse of superior bargaining position under the AMA, the JFTC carried out a “special study on facilitation of transferring higher costs” (hereinafter referred to as the “2024 Special Study”) involving over 110,000 enterprises across 43 industries covered by the 2023 Special Study, as well as 8,175 enterprises who had received warning letters.

Moreover, on December 16, 2024, the JFTC compiled and published the results of the study. The publication also included information on the issuance of letters of warning to 6,510 enterprises found to have engaged in conduct corresponding to examples in the “Frequently Asked Questions (Antimonopoly Act)” section on the JFTC’s website, and to 9,388 enterprises that failed to take actions in line with the Guidelines on Price Negotiation for Appropriate Pass-through of Labor Costs (hereinafter, “Guidelines for Labor Costs Pass-through”).

Additionally, based on “the policy on the disclosure of enterprise names following the results of the study on facilitation of transferring higher costs” published on November 8, 2023, individual investigations were conducted targeting ordering parties who were frequently named by contractors in the 2024 Special Study for leaving transaction prices unchanged and significantly impacting their business activities. These ordering parties were informed that their enterprise names might be disclosed. Following this notification, the JFTC conducted the individual investigations which include on-site inspections and reporting orders based on Article 40 of the AMA.

As a result of the individual investigations, on March 14, 2025, the names of 3 enterprises were published under the provisions of Article 43 of the AMA. These enterprises were identified as having left transaction prices unchanged without consultation with a significant number of their contractors.

### **2.2.4.2 Amendment of the Guidelines Regarding the Implementation of the Subcontract Act**

On May 27, 2024, the JFTC amended the Guidelines Regarding the Implementation of the Subcontract Act (JFTC Secretary General Notification No. 18 of 2003). This amendment was made in light of the Guidelines for Labor Costs Pass-through, with the aim of providing greater clarity on the interpretation of “ unjustly setting subcontract proceeds at a level conspicuously lower than usual ” under the Subcontract Act.

### **2.2.4.3 Revision of the Guidelines on the Use of Promissory Notes and Other Instruments for Subcontract Payments**

On April 30, 2024, the JFTC established a notification titled Revision of the Guidelines on the

Use of Promissory Notes for Subcontract Payments (Deputy Secretary General Notification on April 30, 2024) and also revised the Guidance on the Use of Lump-sum Payment Methods for Subcontract Payments (Director General Notification of the Trade Practices Department on December 25, 1985) and the Guidance on the Use of Electronically Recorded Monetary Claims for Subcontract Payments (Director General Notification of the Trade Practices Department on June 19, 2009). The revised guidelines, effective from November 1, 2024, set a uniform maximum payment term of 60 days across all industries when using promissory notes, lump-sum settlement methods, or electronically recorded monetary claims (collectively referred to as “promissory notes, etc.”) as payment methods for subcontract payments. If a main subcontracting enterprise uses promissory notes, etc. with a term exceeding 60 days, such payment methods may be regarded as difficult-to-discount promissory notes—or as delayed payments in the case of lump-sum settlement methods or electronically recorded monetary claims—and the JFTC will provide guidance to the relevant enterprise accordingly.

#### **2.2.5 Efforts under the Act on Improvement of Transactions between Freelancers and Business Operators**

The JFTC, in cooperation with the Small and Medium Enterprise Agency and the Ministry of Health, Labour and Welfare, is working to detect violations of the Act on Improvement of Transactions between Freelancers and Business Operators (Freelance Act), including by conducting surveys on transactions with freelancers targeting outsourcing enterprises. When violations are identified through the surveys, the JFTC takes prompt and appropriate action against the relevant enterprises.

In FY2024, the JFTC conducted a survey on transactions with freelancers targeting 30,000 ordering enterprises in industries with a high number of problematic cases and issued guidance in 54 cases.

#### **2.2.6 Efforts for Smooth Pass-On of Consumption Tax**

The Act on Special Measures for Pass-On of Consumption Tax expired on March 31, 2021. However, in accordance with Article 2, Paragraph 2 of the Supplementary Provisions of the Act, the provisions for investigations, guidance, and recommendations for violations committed prior to the expiration of the Act shall remain in effect even after the Act expires. Therefore, the JFTC will continue to promptly and appropriately deal with acts of refusal to transfer that were committed prior to the expiration of the provisions that occurred before the expiration of the Act.

The JFTC provided guidance in 1 case under the Act on Special Measures for Pass-On of Consumption Tax. In addition, a total of 27.31 million yen was restored to its original state.

## 2.3 Improvement in Merger Review

The AMA prohibits an acquisition of shares, shareholding, merger and other transactions (hereinafter collectively referred to as "merger(s)") that would substantially restrain competition in a particular field of trade. The JFTC operates merger regulations in a prompt and appropriate way in order to ensure competitive market structure in Japan. The JFTC also actively utilizes economic analysis in merger review if necessary.

In FY2024, based on Articles 9 to 16 of the AMA, the JFTC approved 20 cases of acquiring and holding of voting rights of non-financial companies by banks or insurance companies; and it also received 123 reports from holding companies on their business and 437 prior notifications of mergers, and conducted necessary review on these cases.

Additionally, the JFTC announced the review results of the proposed acquisition of Nippon Cargo Airlines Co., Ltd. by ANA Holdings Inc. on January 30, 2025; the proposed acquisition of Ansys, Inc. by Synopsys, Inc. on March 13, 2025; and the proposed acquisition of shares in the newly established manufacturing subsidiary of Nippon Chutetsukan K.K. by Kubota Corporation on March 27, 2025.

## 3 Improvement of Competitive Environment (Advocacy)

### 3.1 Revision of Guidelines, etc.

The JFTC has established and published Guidelines that identify the actions that may actually be the AMA violations in activities of enterprises and trade associations, in order to prevent enterprises and trade associations from violating the AMA and to help them promote proper business activities.

< Revision of Major Guidelines, etc. in FY2024 >

- Revision of the Guidelines Concerning the Activities of Enterprises, etc. Toward the Realization of a Green Society Under the Antimonopoly Act
- Revision of the Guidelines for Proper Electric Power Trade
- Compilation of a Casebook under the Antimonopoly Act for Industrial Structure Reform to Ensure Stable Supply of Generic Drugs

### 3.2 Market Study

The JFTC has conducted market studies in a variety of fields actively and, based on their results, pointed out problems and issues from a viewpoint of the AMA and competition policy to encourage enterprises and trade associations to improve the trade practices by themselves, and recommended that regulatory authorities should review regulations and systems, thereby promoting competitive environment.

< Major Market Studies in FY2024 >

- The Second Market Study Report on the Electric Vehicle (EV) Charging Service
- Market Study on Transactions Between Performers and Entertainment Agencies in the Music and Broadcasting Industry
- Market Study on Business Practices in the Food Supply Chain
- Market Study on Generative AI

### **3.3 Study Group on Innovation and Competition Policy**

Ensuring a competitive environment conducive to innovation is an important and new policy issue in competition policy, and it is essential to properly assess the long-term impact of potential future innovation on the competitive environment. Based on this recognition, the JFTC held the "Study Group on Innovation and Competition Policy" and published the final report of the Study Group on June 28, 2024.

### **3.4 Efforts to Prevent Bid-Rigging**

Since procurement officers' efforts are extremely important for the thorough elimination of bid-rigging, the JFTC has been holding training seminars on the AMA and the Act for the Prevention of Involvement in Bidding at the Initiative of Government Officials for procurement officers at local governments, providing them with practical knowledge about competition law and policy. The JFTC has also been cooperating with other government ministries and agencies, local governments and publicly owned companies by dispatching its officials as resource persons or providing materials to the related seminars organized by those ministries and agencies.

In FY2024, the JFTC held 42 training seminars and dispatched resource persons to 256 training seminars hosted by government ministries and agencies, local governments and publicly owned companies.

### **3.5 Efforts for Enhancing the AMA Compliance**

Based on the results of the AMA compliance surveys conducted so far and similar efforts by competition authorities in various countries and regions, the JFTC compiled the "Guide for the Design and Implementation of an Effective Antimonopoly Act Compliance Program: Focusing on Responses to Cartels and Bid-Rigging" and published on December 21, 2023. The JFTC is also working to raise awareness and promote understanding of the guide among enterprises and other relevant entities.

On the other hand, in recent years, there have continued to be cases in which cease and desist orders issued against companies for violating the AMA have included requirements to implement recurrence prevention measures, such as establishing effective compliance systems. These cases raise concerns that the AMA compliance is still not functioning effectively in practice. In light of this situation, the JFTC has been conducting the Fact-finding Survey on the Status of Design and Implementation of an Antimonopoly Act Compliance



Program in Companies since October 8, 2024.

### **3.6 Consultation Services**

The JFTC answers questions about the AMA and related laws from enterprises, trade associations, general consumers, etc. in writing or orally.

In particular, to enhance transparency in law enforcement and improve the consultation system, the JFTC has established a preliminary consultation system, under which it provides written responses to enterprises and trade associations regarding the legality of specific planned conduct under the AMA and other relevant laws.

On December 23, 2024, based on this preliminary consultation system, the JFTC responded to an inquiry from the Japan Seed Trade Association regarding a proposed questionnaire survey of its member companies, stating that the proposed conduct does not raise concerns under the AMA. The content of this response was also made public.

## **4 Reinforcement of Foundations for Operation of Competition Policy**

### **4.1 Development of Theoretical and Empirical Foundations for Competition Policy**

Since its establishment in the JFTC in June 2003, the Competition Policy Research Center (“CPRC”) has been strengthening theoretical and empirical foundations for the enforcement of the AMA, and for planning, policy making and evaluation of the JFTC’s competition policy. In FY2024, the CPRC held two symposiums and one “Open Seminar.”

### **4.2 Utilization of Economic Analysis in Competition Policy and Law Enforcement**

The JFTC utilizes economic analysis in its investigation of cases involving alleged violations of the AMA, merger reviews, and various market studies.

Among these cases with results published in FY2024, the ones that utilized economic analysis and had their content published are as follows:

< Ex-post Evaluation >

- Ex-post Evaluation of the Merger Review of the Proposed Joint Share Transfer by The Daishi Bank, Ltd. and The Hokuetsu Bank, Ltd.

### **4.3 Strengthening International Cooperation**

#### **4.3.1 Reinforcement of Cooperation with Foreign Competition Authorities**

Based on bilateral and multilateral competition agreements, the JFTC closely cooperates with foreign competition authorities through the ways such as notifying competition authorities of the related jurisdictions of enforcement actions. The JFTC holds bilateral meetings with competition authorities in countries or areas with particularly active economic

relations with Japan.

#### **4.3.2 Efforts Related to Economic Partnership Agreements, etc.**

The JFTC recognizes that it is important that the Economic Partnership Agreements (EPAs) should be one that further promotes competition in the markets, and therefore, the JFTC is participating in efforts to conclude the EPAs. In FY2024, the JFTC participated in negotiations on the Indo-Pacific Economic Framework (IPEF), the Japan–Bangladesh EPA, the Japan–GCC EPA, and the Japan–UAE EPA.

#### **4.3.3 Participation in the Multilateral Conferences**

The JFTC's chair has been a member of the ICN Steering Group, which oversees the overall activities of the ICN, since its establishment. Additionally, the JFTC has served as acting co-chair of the Advocacy Working Group since October 2023 and became co-chair of the same working group in May 2024.

In FY2024, a survey was conducted among member competition authorities as part of the “Interaction Project between Competition Authorities and Regulatory Authorities” project led by the JFTC. In addition, the JFTC took the lead in compiling the final report of the project.

Also, The JFTC’s commissioner and participated in meetings of the Competition Committee of the Organisation for Economic Cooperation and Development (OECD).

Moreover, in October 2024, the Chair of the JFTC attended the G7 Joint Competition Summit held in Rome, Italy, which was attended by the heads of G7 competition authorities and policy makers. At the Summit, participants discussed a wide range of competition issues related to digital and AI markets. As a result of the discussions, the “Digital Competition Communiqué” was adopted as an outcome document.

In addition, the Chair and Commissioners of the JFTC actively participated in the East Asia Top Level Officials’ Meeting on Competition Policy (EATOP).

#### **4.3.4 Technical Assistance**

The JFTC has been providing technical assistance regarding competition law and policy to competition authorities of the developing countries such as dispatching its officials or providing training courses.

In FY2024, the JFTC carried out technical assistance projects in Thailand, Malaysia and Fiji, and in cooperation with the Japan International Cooperation Agency (JICA), and also provided training courses on competition law and policy for officials from jurisdictions where competition laws are in the process of being introduced or strengthened.

#### 4.4 Public Relations and Outreach Activities Related to Raising Public Awareness of Competition Policy

The JFTC solicited opinions, requests and suggestions from members of the “Antimonopoly Policy Cooperation Committee” for the purpose of utilizing them in implementing competition policy, and of promoting better understanding of it.

In order to ensure a timely response to socioeconomic changes and advance competition policy in an effective and appropriate manner, the JFTC organizes the “Council on Antimonopoly Policy” to promote broad exchanges of views with experts from a wide range of sectors and greater public understanding of competition policy. In FY2024, three council meetings were organized.

In FY2024, the JFTC commissioners held meetings with locally based experts in nine cities. The JFTC also arranged meetings with business and consumer groups, meetings between the directors of the JFTC’s regional offices and locally based experts in various districts, and meetings with bar associations and other legal professionals across Japan. Additionally, to better understand the perspectives of enterprises in the field, the JFTC commissioners visited business sites such as factories and held discussions with enterprise representatives.

Moreover, the JFTC hosted “Consumer Seminars” to introduce an overview of the AMA and the JFTC’s activities to general consumers in cities without its headquarter or regional offices, in order to further increase people’s awareness of the AMA and consultation services.

The JFTC’s efforts also included activities for raising awareness of competition policy through school education. The JFTC dispatches its officials to junior high schools, high schools and universities (including graduate schools) and they introduce the roles of competition in economic activities to the students. The effort is called “Antimonopoly Act Class” or “Delivery Lecture.”

##### < Main Initiatives in FY2024 > <sup>(Note)</sup>

- Hearing opinions from Members of Antimonopoly Policy Cooperation Committee (147 cases)
- Organizing Antimonopoly Policy Council meetings (3 times)
- Holding meetings to exchange opinions with business groups (5 times)
- Holding meetings to exchange opinions with consumer groups (10 groups)
- Holding meetings with locally based experts (Hokkaido Hakodate, Morioka, Gunma Takasaki, Tsu, Kyoto, Tottori, Kochi, Kagoshima and Naha cities)
- Holding meetings with other locally based experts (98 times)
- Holding meetings with bar associations (18 times)
- Factory visits and round table discussions at the factories and other facilities of enterprises (19 times)

- Hosting Consumer Seminars (88 times)
- Holding Antimonopoly Act Classes (50 times for junior high school students, 46 times for high school students, 143 times for university students, etc.)

(Note) In addition to in-person meetings, the meetings were held using web conferencing formats.