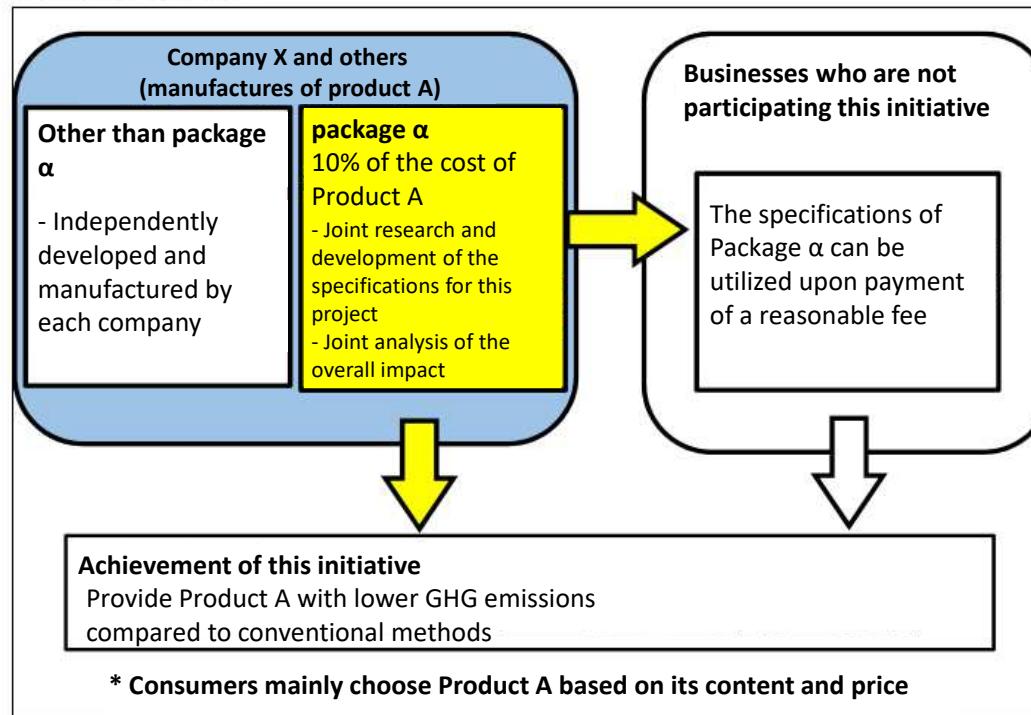


Consultation case on Joint research on packaging specifications aimed at reducing GHG emissions by manufacturers (1)

A case in which it was concluded that several manufacturers conducting joint research to downsize and reduce the weight of certain packaging components in order to reduce greenhouse gas emissions does not pose a problem under the Antimonopoly Act.

○ Overview of the initiative



View points from Antimonopoly Act

- ✓ Whether or not it constitutes an “**unfair restriction of trade**” by restricting competition among the manufacturers
- ✓ Whether or not it constitutes a “**private monopolization**” by excluding competitors of the manufacturers from the market

Analysis by the JFTC 1

(Regarding the impact of the joint research and development efforts in this initiative on competition in the manufacturing and sales of Product A)

- Company X and others, which together hold approximately 70% to 80% market share in the manufacturing and sales sector of Product A in Japan, are jointly conducting development research focused on changing specifications of Package a, which is part of Product A's packaging. This joint research is considered to have a high possibility of directly affecting competition in the product market. Also, it should be noted that the costs related to this research and development are not so enormous as to make it difficult for any single company to bear them alone.

On the other hand,

(1) Since there are multiple manufacturers of Product A as well as several packaging manufacturers domestically, a significant number of businesses serve as research, development, and manufacturing entities. Therefore, research and development aimed at further downsizing and reducing the weight of Package a can also be conducted by companies not participating in this initiative.

(2) Even after the start of this initiative, each company independently manufactures Package a and develops and manufactures Product A.

Analysis by the JFTC 2

(3) Consumers mainly choose Product A based on its content and price. Moreover, the cost of Package a as part of the total manufacturing cost of Product A accounts for only up to about 10% for each company. For these reasons, the impact of the research and development under this initiative on competition in the manufacturing and sales market of Product A is considered minimal.

(4) Information shared among Company X and others in the course of this initiative is limited to matters necessary for the initiative itself. Information related to costs, prices, quantities, and business partners concerning the manufacturing, distribution, and sales of Package a and Product A is not shared. Additionally, development and manufacturing of packages other than Package a, as well as Product A itself, are conducted independently by each company.

(5) Businesses not participating in this initiative are able to use the specifications of Package a resulting from this initiative by paying reasonable compensation. Furthermore, the manufacturing and sales of Product A are possible even without using the specifications of Package a from this initiative.

From the above, the impact of this initiative on competition in research and development of Package a is minimal, and its impact on the market for Product A, including its development and manufacturing, is also minimal.

- On the other hand, if the specifications of Package a in this initiative are put into practical use, Product A can be supplied with less greenhouse gas emissions compared to before, thereby promoting competition by creating new technologies and superior products.
- Considering all these factors comprehensively, it is concluded that this initiative does not pose any problem under the Antimonopoly Act.

Analysis by the JFTC 3

(Regarding the impact on competition in the manufacturing and sales sector of Product A of the joint analysis and joint consideration of countermeasures on the overall supply chain effects caused by the practical application of the specifications of Package a in this initiative)

- Although the initiative is conducted by Company X and others who hold a combined market share of approximately 70% to 80% in the manufacturing and sales sector of Product A in Japan, the scope of the analysis and consideration of the effects of the specifications—which are the results of the joint research and development—is limited to analyzing and examining the impact on manufacturing, distribution, sales, and other methods related to Product A, resulting from the downsizing and weight reduction of Package a. Taking into account the facts stated in items (2) through (5) above, this initiative does not affect competition in the manufacturing and sales sector of Product A and does not pose any issues under the Antimonopoly Act.



JFTC's Answer:
This initiative is not problematic under the Antimonopoly Law