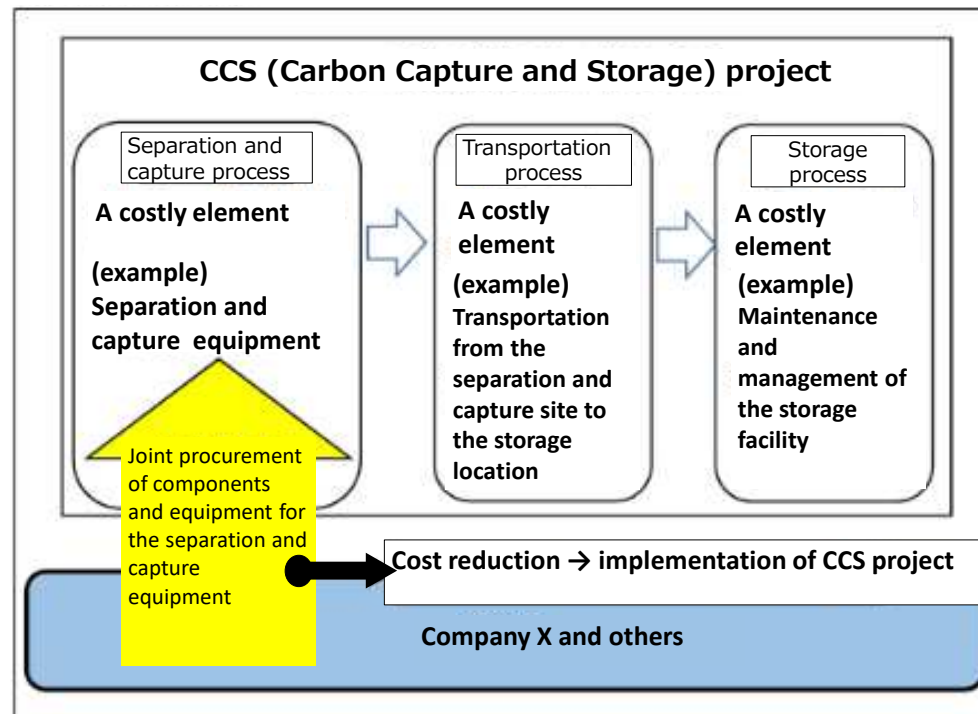


Consultation case on joint procurement in emerging markets by businesses (1)

A case in which it was concluded that joint procurement by several businesses of equipment and materials necessary for the introduction of devices required to jointly implement a CCS (Carbon Capture and Storage) project aimed at reducing carbon dioxide does not pose a problem under the Antimonopoly Ac.

○ Overview of the initiative



Consultation case on joint procurement in emerging markets by businesses (2)

View points from Antimonopoly Act

- ✓ Whether or not it constitutes an “**unfair restriction of trade**” by restricting competition among the businesses

Analysis by the JFTC 1

(Regarding the impact of this initiative on the procurement market for the components of CO₂ separation and capture equipment, which are the subject of joint procurement)

- As technologies for each stage of the CCS project are not yet fully established, **it cannot be said that a stable and continuous market currently exists. The market share held by Company X and others in the procurement market for the components of separation and capture equipment is unknown.** However, **there are over a dozen other companies in the market** that compete with Company X and its partners.
- The components of separation and capture equipment are essential for carrying out the separation and capture phase of the CCS project. Since there are only a limited number of suppliers for each type of component, **it is considered that these suppliers possess countervailing bargaining power in negotiations with Company X and its partners.**

(Regarding the impact of this initiative on the market for CO₂ separation and capture services)

- At the current stage, since technologies for each phase of CCS projects are not yet established and the government is supporting the overall commercialization of CCS projects, **not only Company X and its partners but also other companies that are leading CCS initiatives in Japan are, in concrete terms, only at the stage of considering CO₂ separation and capture at their own plants.** Based on this, **it is considered that the present initiative will not have an immediate impact on the market for CO₂ separation and capture services.**

Consultation case on joint procurement in emerging markets by businesses (3)

Analysis by the JFTC 2

In light of the above, **the competitive restrictive effect of this initiative is considered to be limited.**

Moreover, this initiative aims to significantly reduce carbon dioxide emissions into the atmosphere and is a step toward realizing a green society. **The initiative's purpose is deemed reasonable.** A major challenge in launching and implementing CCS projects as viable businesses lies in reducing the procurement costs of components for CO₂ separation and capture equipment. Joint procurement by Company X and its partners is one of the few available and **appropriate means** of addressing this challenge under the current circumstances.

Furthermore, by reducing the procurement costs of such components, the initiative supports the viability of CCS projects as business ventures for Company X and its partners. This, in turn, is expected to expand the number of CCS project operators in Japan and **promote competition in the market.**



JFTC's Answer:

This initiative is not problematic under the Antimonopoly Law