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ICN Advocacy Workshop
Breakout Session #4

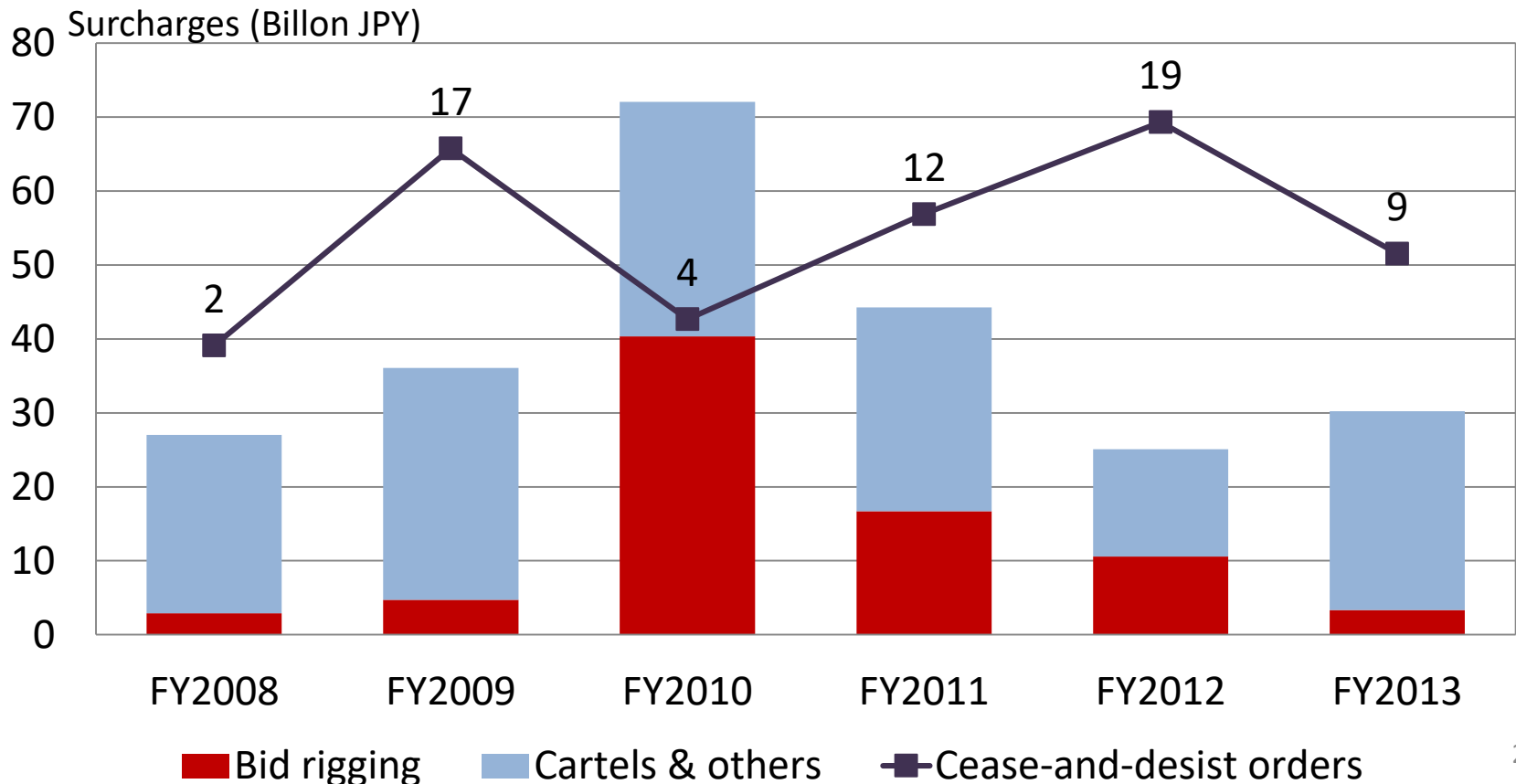
JFTC's advocacy activities for preventing bid rigging in public procurement

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The JFTC's Enforcement Against Bid Rigging

Bid rigging in public procurement has been observed nationwide both at central and local levels in Japan – and even now!

“One of top priorities in the JFTC's enforcement agenda”



Importance of Non-Enforcement Efforts (1)

Huge public procurement activities in value

- Government & affiliated organs: 7.1 trillion JPY(FY2012)
- Local governments: 12.7 trillion JPY(FY2011)

The JFTC has only about 800 staff

- Law enforcement alone is not sufficient to secure effective deterrence to bid rigging.
- Supplemental measures are necessary.

Importance of Non-Enforcement Efforts (2)

Supplemental measures are designed to bring sound competition culture to:

- Businesses (cf. compliance promotion)
- Consumers, regulators, legislators and other stakeholders (cf. awareness raising)

And, in bid rigging context,

- Procurement agencies
(= Designer and user of tender system)



“Shut off main valve” of bid rigging risks

Outreach to Procurement Agencies Can Help...

1. To make them more conscious of importance of competitiveness in public procurement and harms by bid rigging
2. To help procurement officials improve their capability to prevent/detect bid rigging
3. To build more effective relationship with them
 - c.f.) information exchange, “hot-line” for reporting
4. To prevent official’s involvement in bid rigging process

Involvements of Procurement Officials

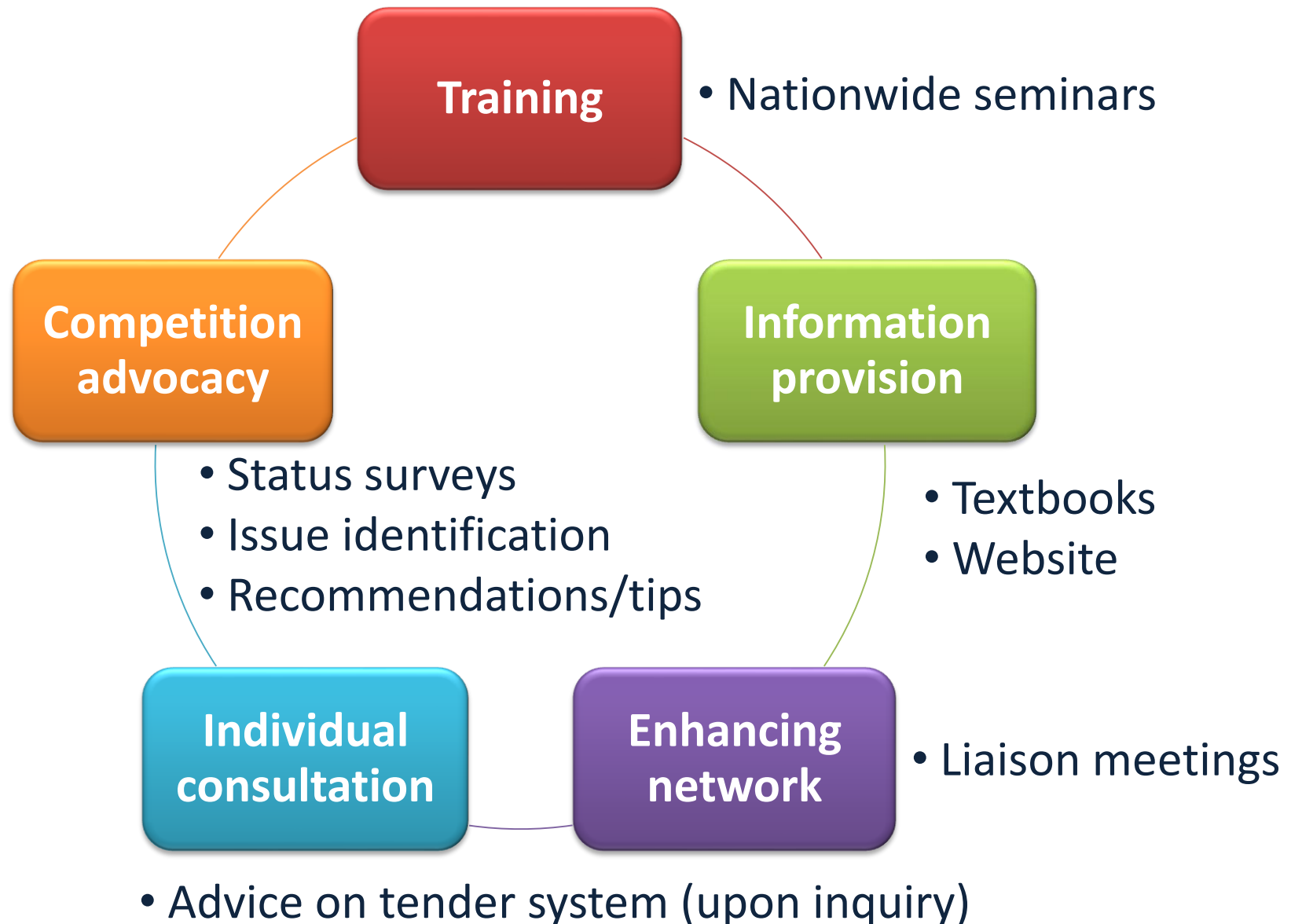
Part of bid rigging cases have been found to be instructed or assisted by officials of the relevant procurement agency.

(Motives of the procurement officials to be involved in the bid rigging)

- Expecting golden parachutes
- React to lobbying
- To continue exiting contract
- To preserve interest of industry/local business etc.

⇒ Along with criminal & disciplinary penalties, high needs to improve awareness & culture among procurer side

Program Components of the JFTC's Outreach (1)



Program Components of the JFTC's Outreach (2)

Status surveys

- Analyzing public procurement market and competition issues
- Recommended measures:
 - To make tender systems more competitive and resistant to bid rigging (2003, 2004, 2006 & 2008)
 - To prevent officials from being involved in bid rigging (2005 & 2011)

Strengthening relationship

- Appoint liaison persons in each central governmental agency
- Set up annual meetings with them for deeper channel and information exchange, since 1993
(FY2013: 9 place in Japan, 10 times)

Training Seminars for Procurement Officials (1)

The JFTC hosts seminars and/or dispatches its staff to seminars by each procurement agency.

- The staff members of HQ office as well as 8 local offices assigned as lecturers
- No fees and expenses needed
- All materials (e.g. textbooks) provided by the JFTC



Training Seminars for Procurement Officials (2)

Textbook ...

- Updated annually
- 26,000 copies distributed a year
- Downloadable online
- Contains:
 - (i) Basic facts and cases
 - (ii) Skills & knowledge to prevent/detect bid rigging
 - (iii) How to report to the JFTC
 - (iv) Risks/costs of involvement in bid rigging



Training Seminars for Procurement Officials (3)

Keep increasing from year to year

	Staff dispatched	Trainings hosted
FY2008	87	16
FY2009	99	18
FY2010	142	23
FY2011	158	20
FY2012	214	21
FY2013	288	24

A total of about 21,000 officials participated in FY2013.

Positive feedbacks from trainees

96% says “it helps better understanding”

95% says “it is useful in practice”

Many repeat clients

Next Step

The JFTC keeps striving for extending its message to those who really need it.

Key targets

- Agencies less conscious of and/or employing tender system vulnerable to bid rigging
 - ⇒ Identified by the data collected through status surveys
 - ⇒ Active approach (e.g. door-knocks, flyers)
- Officials in ordering departments (not contracting dept.) or field offices
 - More direct interest in the order & less competition-minded
 - More potential risks of involvement

Thank you for your attention !!



Japan Fair Trade Commission
(<http://www.jftc.go.jp/en/index.html>)