Directorate for Financial and Enterprise Affairs
COMPETITION COMMITTEE

Cancels & replaces the same document of 15 November 2017

Annual Report on Competition Policy Developments in Japan
-- 2016 --

4-5 December 2016

This report is submitted by Japan to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 5-6 December 2017.
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1. Introduction

In 2017, the AMA commemorates its 70th anniversary since the enactment and enforcement. Japan Fair Trade Commission (hereinafter referred to as “JFTC”) also marks 70 years of history as an enforcement agency of the AMA.

In the current economic society, it is essential to secure fair and free competitive environment as the infrastructure of economic activities is essential in order to promote sustainable and stable growth of the economy.

Accompanied by globalisation, the development of digital economy and the progress of regulatory reform, new business models are being launched one after another all over the world and the forms of business transactions are continuing to change.

Under this circumstance, JFTC recognises its agendas on competition policy as follows:

- coping with the globalisation, in which supply chain activities, transactions of goods and services and mergers are taking place across borders,
- applying competition policy to the fast-changing business models including platform-type business associated with the expansion of ICT and digitalisation,
- making market mechanisms work more effectively in regulated industries, and
- enabling effective and efficient law enforcement to resolve competition concerns immediately in these complicated and rapidly changing technology development.

From April 2016 to March 2017 (hereinafter referred to as “FY2016”), JFTC made various efforts in order to achieve these agendas: for example, JFTC sorted out issues of competition policy relating to data in the “Study Group on Data and Competition Policy”. Also, it amended the AMA in order to introduce the so-called “commitment procedure” and held the “Study Group on the Antimonopoly Act” to consider the possibility of introducing more flexible surcharge system, as well as taking legal actions in the agricultural sector.

This report describes details of JFTC’s major efforts in FY2016.

2. Amendment of the Antimonopoly Act (AMA)

2.1. Amendment of the AMA pursuant to the Trans-Pacific Partnership agreement

The Trans-Pacific Partnership agreement (hereinafter referred to as “TPP”), which includes an article stipulating that “[e]ach Party shall authorise its national competition authorities to resolve alleged violations voluntarily by consent of the authority and the person subject to the enforcement action” (Chapter 16, Article 16.2, 5.), was signed on February 4th in 2016 by 12 countries including Japan.

In response, JFTC decided to introduce the commitment procedure, which was a system to “resolve alleged violations voluntarily by consent”. The amendment bill to introduce the commitment procedure to the AMA was enacted on December 9th and promulgated on December 16th the same year (Its effective date was set on the day when the TPP would come into effect in Japan.).

Also, along with the establishment of the commitment procedure, JFTC stipulated necessary rules including the “Rules on the Commitment Procedure of the Japan Fair
Trade Commission” (Fair Trade Commission Rule No. 1 of 2017. Promulgated on January 25th, 2017. The effective date was set on the day when the bill would come into effect.).

2.2. Report by the Study Group on the AMA

10. Since the surcharge system on the AMA was introduced in 1977 as an administrative measure to impose the financial penalty on the violators and to deter violations, the system has gone through a number of revisions for around 40 years. However, as economic activities of companies and their forms have become increasingly globalised, diversified and complicated in recent years, the rigid surcharge system is unable to catch up with the current business activities, resulting in failures to respond some situations. For this reason, JFTC recognised the increasing necessity to discuss the better system which deals with constant economic and social change.

11. Based on this recognition, JFTC invited experts from various circles and held the “Study Group on the Antimonopoly Act” to discuss how the surcharge system should be revised from the perspectives of specialists since February 2016. The Study Group met 15 times by the end of March 2017, and based on the results of deliberation put together a report, which JFTC released on April 25th the same year.

3. Vigorous and appropriate law enforcement

3.1. Active prevention of violations of the AMA

- Under the fundamental policy of prompt and effective law enforcement, JFTC endeavours to adequately respond to social needs by addressing various types of violations, including, among others, violations that could have significant impact on the public such as price-fixing cartels, bid riggings, and market allocations, as well as unfair trade practices such as abuse of superior bargaining position and unjust low price sales that place SMEs at an unfair disadvantage.
- In FY2016, JFTC investigated 149 suspected violations of the AMA and completed investigations for 128 of them.
- In FY2016, JFTC issued cease and desist orders in 11 cases. These cases are classified as follows: one price-fixing cartel case, five market allocation cases (“bid rigging in public demand”), three market allocation cases (“bid rigging in private demand”), and two unfair trade practice cases (See Figure 1).
  o In addition, JFTC issued surcharge payment orders to a total of 33 companies for a total of JPY 9,796.96 million. After issuance of the administrative surcharge payment orders by JFTC, the court imposed criminal fines on some of the companies since their conduct were regarded as criminal violations and the fines were finalised. Based on the court decisions, JFTC made decisions to reduce the amount of surcharge for nine companies based on Article 63 (1) of the AMA, and to rescind a surcharge payment order for a company based on Article 63 (2) of the same Act. As a result, the total amount of surcharges were JPY 9,143.01 million and the number of surcharge payment orders were 32 in FY2016 (See Figure 2).
  o Under the leniency program to motivate companies to report their own violations, JFTC received 124 applications in total in FY2016.
In addition, JFTC published a case where it found violation but did not find a particular necessity to issue a cease and desist order thereby concluded investigation in FY2016.

Table 1. Major cases involving legal measures in FY2016

<table>
<thead>
<tr>
<th>Price-fixing cartel</th>
<th>· Price-fixing cartel by the distributors selling wallpaper (cease and desist order, March 2017) The distributors selling wallpaper agreed to raise sales price of wallpaper. (The total amount of the surcharge is JPY 24.6 million (approximately USD 230 thousand).)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bid rigging in public demand</td>
<td>· Bid rigging by the participants in bidding for the disaster restoration paving works for the Great East Japan Earthquake ordered by the Tohoku Branch of East Nippon Expressway Company Limited (cease and desist order, September 2016) The participants in the bidding designated successful bidders and enabled those bidders to win the biddings. (The total amount of adjusted surcharge is JPY 755.6 million (approximately USD 7 million).)</td>
</tr>
<tr>
<td>Resale price maintenance</td>
<td>· Resale price maintenance by Coleman Japan co, Ltd. (cease and desist order, August 2016) Coleman Japan co, Ltd. (hereinafter referred to as “Coleman Japan”) made retailers sell the Coleman’s camping equipment in accordance with the following rules: (1) A sales price of each Coleman’s camping equipment should be more than the minimum floor price set by Coleman Japan. (2) A discount sale of the Coleman’s camping equipment would be admitted only in case either (i) a retailer would conduct the discount sale covering all products including other brands or (ii) a retailer would conduct the discount sale for the purpose of clearance of stock at real shops without advertising on a flyer and after the date set by Coleman Japan.</td>
</tr>
<tr>
<td>Trading on restrictive terms</td>
<td>· Trading on restrictive terms by JA Tosa-Aki Agricultural Cooperative. (cease and desist order, March 2017) JA Tosa-Aki Agricultural Cooperative (hereinafter referred to as “JA Tosa-Aki”) was entrusted with sales of eggplants from its member in the following conditions in order to restrict shipping of eggplants to other buyers than JA Tosa-Aki. (1) JA Tosa-Aki did not accept sales of eggplants from its former members who had been expelled from JA Tosa-Aki due to the fact that they had shipped eggplants to other buyers than JA Tosa-Aki. (2) JA Tosa-Aki collected fees or fines from its members who had shipped eggplants to other buyers than JA Tosa-Aki.</td>
</tr>
</tbody>
</table>

Table 2. Case where JFTC found violation but didn’t issue a cease and desist order in FY2016

| Interference with a competitor’s transactions | · Interference with a competitor’s transactions by One-Blue, LLC. (press release, November 2016) One-Blue, LLC (hereinafter referred to as “One-Blue”), an licensing company, was engaged in negotiations regarding license of essential standard patents for recordable Blu-ray Disc with a manufacturer of recordable Blu-ray Discs, however, it was unable to reach an agreement with the manufacturer on the license fee. In order to advance the negotiations, One-Blue notified three of major customer retailers of the manufacturer that relevant patent holders had the right to seek injunction against their infringement of patent rights, so that one of the three customer retailers suspended the sale of the recordable Blu-ray Discs produced by the manufacturer for a certain period of time. |
Figure 1. Number of Cases Involving Legal Measures

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>Private monopolisation</th>
<th>Price-fixing cartel (Note 2)</th>
<th>Bid rigging (in public demand)</th>
<th>Bid rigging (in private demand)</th>
<th>Unfair trade practices</th>
<th>Others (Note 3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>0</td>
<td>1</td>
<td>4</td>
<td>15</td>
<td>0</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td>FY2013</td>
<td>0</td>
<td>8</td>
<td>2</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>18</td>
</tr>
<tr>
<td>FY2014</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>FY2015</td>
<td>0</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>FY2016</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>0</td>
<td>11</td>
</tr>
</tbody>
</table>

Notes: 
(1) Cases concerning multiple violation types are counted towards the major violation type.
(2) Cases concerning a price-fixing cartel and other types of cartels are counted towards price-fixing cartels.
(3) “Others” refer to cases of unjustly restricting the functions or activities of a constituent companies by a trade association.

Figure 2. Amount of Surcharges

Note: The amounts indicated above include the amounts covered by the decisions on surcharge payment orders based on the AMA prior to the amendment in 2005.
In addition to the measures taken to address violations, JFTC’s efforts for prompt and appropriate law enforcement include 10 warnings on practices likely to violate the AMA, 1,239 warnings on practices likely to lead to violations (including 1,155 warnings under the expedited investigation process applicable to cases of predatory pricing).

In the course of investigation into violations of the AMA, JFTC requests business associations or procurers to take appropriate measures when JFTC considers it is necessary from the view point of competition policy.

In FY2016, JFTC submitted demands to Textbook Publishers Association of Japan, notified procurers of digital wireless equipment for fire and emergency services about the case, and submitted requests to Miyagi Agriculture Development Public Corporation, a public interest incorporated foundation, not to incur similar violations.

In FY2016, 260 cases were referred to hearing procedures (130 of them concerning cease and desist orders and another 130 concerning surcharge payment orders) (See Figure 3). Among them, decisions were rendered in 14 cases within FY2016 under the law prior to the 2013 AMA revision (six cases concerning cease and desist orders and eight cases concerning surcharge payment orders). In addition, one hearing request was withdrawn by a respondent. As a result, 245 cases were under hearing as of the end of FY2016 (to carry over to FY2017).

Figure 3. Number of hearings

Notes: (1) The number of hearings represents the number of cases identified by case numbers assigned to hearing requests filed against administrative orders.
(2) The number of hearings involving a surcharge payment order includes cases recognised under the AMA prior to the amendment in 2005.
3.2. Promotion of fair trade practices

3.2.1. Efforts against abuse of superior bargaining position

- JFTC has long conducted surveillance to prevent abuse of superior bargaining position that constitutes unfair trade practices under the AMA and has tackled these violations.
  - For the purpose of investigating abuse of superior bargaining position cases and taking necessary measures effectively and efficiently, the “Abuse of Superior Bargaining Position Task Force” has been established within JFTC.
  - JFTC issued 48 warnings due to suspected abuse of superior bargaining position in FY2016.
- JFTC conducts fact-finding surveys in markets to promote fair trade practices for small-and-medium sized business, and makes efforts to further raise their awareness.
- JFTC organises training sessions to further promote compliance awareness for business in specific industries with specific examples in an easy-to-understand manner. The training sessions focus on markets such as where antitrust violations, particularly abuse of superior bargaining position, had been found or various fact-finding survey discovered other concerns.
  - In FY2016, JFTC provided 10 training seminars for shippers and logistics companies.
- JFTC holds regional outreach sessions intended for SMEs, including subcontractors. In these sessions, JFTC officials clearly explain the key points of the Subcontract Act and provide consultation.
  - In FY2016, JFTC held such consultation sessions at 45 locations throughout Japan. As well, JFTC dispatched officials to provide instruction at 10 training seminars organised by business associations.

3.2.2. Efforts against unjust low price sales (predatory pricing)

12. JFTC takes prompt action against unjust low price sales in the retail industry. When repeated unjust low price sales by large-scale retailers are considered to significantly affect other retailers operating in neighbouring areas, JFTC investigates the impacts on their respective business activities. If JFTC found them anticompetitive, it implements legal measures vigorously.

13. In FY2016, JFTC issued warnings on 1,155 cases in the retail sector, including the liquor, petroleum products and home appliance categories, on the grounds of suspected unjust low price sales (420 cases for liquor, 732 for petroleum products, one for home appliances, and two for products in other categories).

3.3. Improvement in merger review

14. The AMA prohibits acquisition of shares, shareholdings, mergers, and other transactions (hereinafter collectively referred to as “merger”) that would substantially
restrain competition in a particular field of trade. JFTC operates merger regulations in an appropriate way in order to ensure competitive market structure in Japan. JFTC also actively utilizes economic analysis if necessary, depending on each case.

15. In FY2016, based on Articles 9 to 16 of the AMA, JFTC approved two cases of acquiring and holding of voting interests by banks or insurance companies, received 108 reports from holding companies on their business, and received 319 prior notifications in connection with mergers and conducted necessary reviews on those cases.

16. JFTC appropriately reviewed following merger cases and released the results in FY2016.

### Box 1. Major merger cases in FY2016

- Acquisition of shares of Showa Shell Sekiyu K.K. by Idemitsu Kosan Co., Ltd. and acquisition of shares of Tonen General Sekiyu K.K. by JX Holdings, Inc.

JFTC received notifications regarding the proposed acquisition of shares of Showa Shell Sekiyu K.K. by Idemitsu Kosan Co., Ltd. and the proposed acquisition of shares of Tonen General Sekiyu K.K. by JX Holdings, Inc.

JFTC reviewed the impact on competition in approximately 45 fields of trade, where the companies concerned have a competitive relationship or trade relationship with each other. Then JFTC reached the conclusion that, on the premise that the remedies proposed by the companies concerned, both of the business integrations would not substantially restrain competition in the fields of primary distribution of each of propane gas, butane gas, gasoline, kerosene, diesel fuel and heavy oil A.

Furthermore, JFTC concluded that both of the business integrations would not substantially restrain competition in any particular field of trade other than the aforementioned fields of trade.

- Acquisition of shares of Nisshin Steel Co., Ltd. by NIPPON STEEL & SUMITOMO METAL CORPORATION

JFTC received notification regarding the proposed acquisition of shares of Nisshin Steel Co., Ltd. by NIPPON STEEL & SUMITOMO METAL CORPORATION.

JFTC reviewed the impact on competition in approximately 20 fields of trade, where the companies concerned have a competitive relationship or trade relationship with each other. Then JFTC reached the conclusion that, on the premise that the remedies proposed by the companies concerned, the acquisition of shares would not substantially restrain competition in the fields of “hot-dip zinc-aluminium-magnesium alloy-coated steel sheet”, which is a type of surface-treated steel sheet, and “cold-rolled stainless steel sheet”, which is a type of stainless steel.

Furthermore, JFTC concluded that the acquisition of shares would not substantially restrain competition in any particular field of trade other than the aforementioned steel products fields.
4. Improvement of competitive environment

4.1. Amendment of the “Guidelines for Promotion of Competition in the Telecommunications Business Field”

17. JFTC and the Ministry of Internal Affairs and Communications (hereinafter referred to as “MIC”) jointly published the “Guidelines for Promotion of Competition in the Telecommunications Business Field”, which clarified basic concepts and problematic conduct upon application of the AMA and the Telecommunications Business Act (Act No. 86 of 1984) with a view to further promote fair and free competition in the telecommunications business field.
18. Based on the latest change of market status in the telecommunications business field, the guidelines were revised on May 20th, 2016.
19. Through this revision, possible violations of the AMA were added to each field.

4.2. Amendment of the “Guidelines for Proper Gas Trade”

20. JFTC and the Ministry of International Trade and Industry (the current Ministry of Economy, Trade and Industry, hereinafter referred to as “METI”) jointly published the “Guidelines for Proper Gas Trade”, which clarified trade practices in the gas market which can constitute infringements under the AMA in March, 2000.
21. As new entry to gas retail business was fully liberalised from April 2017, JFTC revised the guidelines on February 6th, 2017.
22. Through this revision, case examples were added to illustrate possible anticompetitive conduct due to the recent system reform.

4.3. Amendment of the “Guidelines for Proper Electric Power Trade”

23. JFTC and METI jointly published the “Guidelines for Proper Electric Power Trade”, which clarified conduct which can raise competition concerns in the electricity market in December, 1999.
24. As “Negawatt Trading”, which allowed customers to resale electricity by saving their own consumption was institutionalised from April 2017, JFTC revised the guidelines on February 6th, 2017.
25. Through this revision, case examples were added to illustrate possible anticompetitive conduct by an electricity retailer or electricity generation company.

4.4. Revision of the “Guidelines Concerning Distribution Systems and Business Practices under the Antimonopoly Act”

27. After the review, JFTC published the revised Distribution Systems and Business Practices Guidelines on May 27th, 2016; the safe harbour criteria was changed from “the company has a market share of less than 10% and its position is not within the top three in the relevant market” to “the company has a market share of 20% or less” (the criterion of the company’s market position was abolished).

28. Since the Distribution Systems and Business Practices Guidelines were released, around 25 years has passed and distribution and business practices in Japan have gone through a huge change. In response to the circumstances, JFTC organised the “Study Group on Distribution Systems and Business Practices and Competition Policy” by inviting experts from various circles for the purpose of conducting a review necessary for revision of the Distribution Systems and Business Practices Guidelines.

29. Based on the report put together by the Study Group (published on December 16th, 2016), which stated “the Distribution Systems and Business Practices Guidelines should be updated to today’s circumstances and made easier to understand, more versatile, and highly convenient for companies and trade associations”, JFTC revised the Distribution Systems and Business Practices Guidelines and published them on June 16th, 2017.

30. This revision included changes in overall structure and further clarification of the legal criteria through [1] clarification of analytical framework, [2] setting of policies applied to vertical restraints related to online commerce, and [3] addition of examples based on past hearing decisions, court decisions and consultation cases.

4.5. Study on issues concerning competition policy in the mobile phone market

31. With a view to promote new entry of MVNOs (“Mobile Virtual Network Operators”) to the mobile phone market, JFTC conducted interviews with related companies on trade practices and reviewed competition policy issues taking the MIC’s policy implementation into account. Then JFTC released “Issues concerning competition policy in the mobile phone market” on August 2nd, 2016.

4.6. Proposal on nursing care sector

32. As the birth rate declines and the population ages in Japan, social security reform has been at the top of the agenda. In particular, how people can manage nursing and working at the same time is an urgent matter in this aging society.

33. JFTC conducted a survey and review on the current state in the nursing care sector in terms of competition policy, which aimed to promote fair and free competition by companies and to protect consumers’ interests including quality improvement of services. JFTC released “Study report on nursing care services”, which compiled basic principles and proposals from the view point of competition policy, on September 5th, 2016.

4.7. Review of the exemption from the AMA for international ocean shipping

34. An agreement concerning freight rates, fees, other transportation conditions, maritime routes or allocation of vessels is exempted from the application of the AMA, conditioned upon a prior notification to the Minister of Land, Infrastructure, Transport and Tourism based on the Marine Transportation Act (Act No. 187 of 1949). As a result
of the review conducted in FY2010 based on the “Management policy concerning regulatory/system reform” (Cabinet Decision on June 18th, 2010), the Ministry of Land, Infrastructure, Transport and Tourism (hereinafter referred to as “MLIT”) was supposed to re-examine this system for review during FY2015 while discussing with JFTC. Based on this, JFTC conducted a fact-finding survey, reviewed on whether the reasons for maintaining the exemption system still existed, and published the report, “Review of the System for Exemption from the Antimonopoly Act in the International Ocean Shipping” on February 4th in 2016. The report compiled JFTC’s review results.

35. Based on the discussions which had been held with JFTC since February, the MLIT publicised the “Result of Re-examination on the System for Exemption from the Antimonopoly Act in the International Ocean Shipping” on June 14th in 2016, which stated the intention to eventually abolish the system for exemption concerning “Conferences”\(^1\). More precisely, the exemption would be abolished if the number of the conferences decreases and there would be no harm on the stable supply of international ocean shipping services. It also stated that agreements among shipping companies other than conferences should be reviewed in consultation with JFTC if necessary, based on the state of each type of agreements and the impact on shippers’ interests.

4.8. Implementation of competition assessment

36. Since October 2007, all government ministries and agencies are in principle mandated to conduct an Ex-ante Regulatory Impact Assessment (hereinafter referred to as “RIA”) in establishing, revising or abolishing regulations. The Ex-ante RIA includes an analysis of the impacts of the regulations on competition, i.e. competition assessment. The competition assessment system started in April 2010 on a trial basis. Under the system, the relevant ministry or agency fills out a “competition assessment checklist” using a prescribed form to identify and analyse the impacts of the regulations on competition. They then submit the completed checklist together with an Ex-ante RIA report to MIC. MIC then forwards the competition assessment checklist to JFTC.

37. In FY2016, JFTC received 113 competition assessment checklists from MIC and conducted a full examination of each.

4.9. Efforts to prevent bid rigging

38. Since efforts by procurers are extremely important in completely eliminating bid rigging, JFTC holds training seminars on the AMA and the Act on Elimination and Prevention of Involvement in Bid Rigging, etc. for procurement officials at local governments. In addition, JFTC dispatches instructors to training seminars for procurement officials organised by government ministries, local governments and publicly owned companies, provides them with related training materials, and cooperates with those organisations as well.

39. In FY2016, JFTC held 29 training seminars and dispatched lecturers to 258 training seminars hosted by government ministries, local governments and publicly owned companies.

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\(^1\) Agreements which bind shipping rates or fees of member shipping companies
4.10. Efforts to improve compliance with the AMA

40. JFTC has surveyed efforts carried out by companies for improving their compliance with the AMA, prepared suggestions for improvement, and published survey reports. JFTC endeavours to disseminate these suggestions widely among companies in order to encourage their efforts to improve compliance with the AMA.

41. In FY2016, JFTC surveyed 1,041 trade associations with an aim to strengthen their compliance system for the AMA by comprehending their current efforts towards compliance with the AMA and identifying issues based on the fact that there were still many AMA violations related to trade associations. Then, JFTC released “Compliance Efforts of Trade Associations to Achieve Antimonopoly Act” on December 21st, 2016, which summarises measures and important points deemed to be effective for promoting efforts towards compliance with the AMA.

5. Reinforcement of foundations for operation of competition policy

5.1. Development of theoretical and empirical foundations for competition policy

42. Since its establishment in June 2003, the Competition Policy Research Centre (hereinafter referred to as “CPRC”) has been strengthening theoretical and empirical foundations for the enforcement of the AMA and for planning, policymaking and evaluation of competition policy. In FY2016, the CPRC organised one international symposium and three public seminars as well as Study Groups on the following two topics, and put together and released a report for each event.

5.1.1. “Study Group on Bundle Discounts”

43. Since bundle discounts on electricity and other products are dramatically increasing recently triggered by liberalisation of the electricity retail market, the CPRC discussed what kind of bundle discount is likely to exclude competitors and be an issue in terms of the AMA, and released “Issues on the Antimonopoly Act concerning bundle discounts” on December 14th, 2016.

5.1.2. “Study Group on Data and Competition Policy”

44. As IoT (“Internet of Things”) has been widely used and artificial-intelligence-related technologies have advanced, it is becoming increasingly important to utilise data in business activities. Against such a backdrop, a discussion is called for on issues concerning competition policy for helping data utilisation. Based on such circumstances, the CPRC held discussions to organise points at issue related to data collection and utilisation in terms of competition policy and the AMA, and released the “Report of Study Group on Data and Competition Policy” on June 6th, 2017.

5.2. Response to globalising economy

45. In recent years, an increasing number of cases have emerged involving violations of competition laws of multiple countries or jurisdictions or requiring concurrent investigations by competition authorities of multiple countries or jurisdictions. As this trend becomes more pronounced, the reinforcement of cross-border cooperation and coordination among competition authorities becomes more necessary. In light of these
circumstances, JFTC cooperates closely with foreign competition authorities to conduct joint enforcement activities in accordance with the relevant international agreements including bilateral competition cooperation chapters and economic partnership agreements.

46. JFTC is actively involved in multilateral frameworks such as the International Competition Network (hereinafter referred to as “ICN”), the Organisation for Economic Co-operation and Development (hereinafter referred to as “OECD”), the Asia-Pacific Economic Cooperation (“APEC”) and the United Nations Conference on Trade and Development (“UNCTAD”).

47. In light of accelerated moves to strengthen existing competition laws or introduce new competition legislation in developing countries, JFTC engages in technical assistance for competition authorities in those countries such as dispatching JFTC staff and offering personnel training.

48. In addition, JFTC aims to strengthen its international presence by disseminating Japan’s competition policy worldwide. To this end, JFTC endeavours to enhance its public relations by providing English-language versions of its press releases and other public announcements on its website and dispatches speakers to seminars organised by overseas bar associations and other organisations.

49. In FY2016, JFTC mainly worked on the following items:

5.2.1. Reinforcement of cooperation with other competition authorities

50. JFTC exchanged memorandums concerning bilateral cooperation with Ministry of Commerce, People’s Republic of China and Competition Authority of Kenya respectively. As well, JFTC signed an agreement concerning cooperation with Authority for Fair Competition and Consumer Protection of Mongolia.

5.2.2. Participation to the multi-national conference

51. JFTC has been a member of the ICN Steering Group since its establishment, co-chaired the Cartel Working Group from May 2011 to April 2014, and also co-chaired Subgroup 1 (“SG1”) of the Cartel Working Group from April 2014 to May 2017. Since May 2017, JFTC has been a co-chair of the Merger Working Group. Moreover, JFTC maintains the “Framework for the Promotion of the Sharing of Non-confidential Information” and the “Framework for Merger Review Cooperation”, both of which were established under the initiative of JFTC.

52. With regard to the OECD, JFTC participated in meetings of the Competition Committee and contributed to the discussion by sharing JFTC’s past experiences and efforts in accordance with the topics, such as fidelity rebates and price discrimination. In addition, JFTC co-hosted the 12th East Asia Top Level Officials’ Meeting on Competition Policy (“EATOP”) with Korea Fair Trade Commission and Asian Development Bank Institute, in Seoul, South Korea in September 2016.

5.2.3. Economic Partnership Agreement

53. Japan is currently negotiating for conclusion of an Economic Partnership Agreement (hereinafter referred to as “EPA”) and other cooperation agreements with EU, China/South Korea, Turkey and other countries respectively, and also working on conclusion of Regional Comprehensive Economic Partnership (“RCEP”).
54. JFTC considers competition policy as an important element in EPAs and takes part in negotiation, trying to introduce appropriate provisions concerning cooperative frameworks in the field of competition.

5.2.4. Technical assistance

55. JFTC has conducted technical assistance regarding competition policy by dispatching its official to Commission for the Supervision of Business Competition, Indonesia (hereinafter referred to as “KPPU”) and also providing training courses to competition authority officials from other jurisdictions such as Indonesia and Mongolia.

56. As well, JFTC has launched a new technical assistance project by using Japan-ASEAN Integration Fund (“JAIF”) in cooperation with the competition authority forum of ASEAN (the “Association of South East Asian Nations”) and KPPU since September 2016. As part of the program, JFTC provided training sessions by inviting competition authority officials from ASEAN member countries, and also held a workshop in Vietnam.

5.3. Raising public awareness of competition policy

57. JFTC has solicited opinions, requests and suggestions from members (voluntary) of the “Antimonopoly Policy Cooperation Committee” for the purpose of utilising them in implementing competition policy and promoting better understanding of it.

58. To ensure a timely response to socioeconomic changes and advance competition policy in an effective and appropriate manner, JFTC organises the “Council on Antimonopoly Policy” with the aim of promoting broad-based opinion exchange with experts and greater public understanding of competition policy. In FY2016, three council sessions were called.

59. Discussions between JFTC commissioners and locally based experts were held in eight cities in Japan. JFTC also arranged meetings between directors of regional offices and locally based experts. Furthermore, JFTC commissioners and executives made presentations in eight cities for members of bar associations and other organisations.

60. In addition to the foregoing activities, JFTC hosted events called “One Day JFTC” in cities with no regional office, in order to increase people’s awareness of the AMA and other related laws and offer more enhanced consultation services. It also held “Consumer Seminars” to illustrate an overview of the AMA and JFTC’s activities.

61. JFTC’s efforts also included activities for raising awareness of competition policy in the context of school-based education. JFTC dispatched its officials to junior high schools, high schools and universities (including junior colleges) and taught classes on the roles of competition in economic activities (called “Antimonopoly Act Class” or “Delivery Lecture”).
6. Resources

Table 3. The budget of the JFTC

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<tbody>
<tr>
<td>Budget amount (JPY billion)</td>
<td>8.42</td>
<td>8.68</td>
<td>8.45</td>
<td>8.96</td>
<td>8.91</td>
<td>8.74</td>
<td>8.80</td>
<td>11.3</td>
<td>10.7</td>
<td>11.0</td>
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<tr>
<td>Budget amount (USD million)</td>
<td>84.6</td>
<td>87.2</td>
<td>84.9</td>
<td>90.0</td>
<td>89.6</td>
<td>87.8</td>
<td>88.4</td>
<td>113.7</td>
<td>107.9</td>
<td>110.5</td>
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<tr>
<td>Change over previous year (%)</td>
<td>0.9</td>
<td>3.2</td>
<td>?2.7</td>
<td>6.1</td>
<td>70.5</td>
<td>?1.9</td>
<td>0.7</td>
<td>28.6</td>
<td>?5.1</td>
<td>2.4</td>
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<tr>
<td>General Expenditures Budget: change over previous year (%)</td>
<td>1.3</td>
<td>0.7</td>
<td>9.4</td>
<td>3.3</td>
<td>1.2</td>
<td>?4.2</td>
<td>4.2</td>
<td>4.6</td>
<td>1.6</td>
<td>1.7</td>
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Note: (1) “1 USD=99.53 JPY” is the average rate between 2007-2016 calculated on the basis of each year’s annual USD-JPY average rate (based on 17:00(Japan Time)) at Tokyo foreign exchange market published by Bank of Japan.
(2) The General Expenditures Budget refers to the total budget of the Japanese government and is the amount of General Account Budget Expenditures less National Debt Service and Local Allocation Tax Grants.

Table 4. The number of officials in the General Secretariat of JFTC

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<tbody>
<tr>
<td>Number of officials</td>
<td>765</td>
<td>795</td>
<td>779</td>
<td>791</td>
<td>799</td>
<td>799</td>
<td>830</td>
<td>830</td>
<td>838</td>
<td>840</td>
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<tr>
<td>Enforcement against anti-competitive practices</td>
<td>409</td>
<td>429</td>
<td>442</td>
<td>451</td>
<td>452</td>
<td>445</td>
<td>444</td>
<td>445</td>
<td>447</td>
<td>443</td>
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<tr>
<td>Merger review enforcement</td>
<td>36</td>
<td>36</td>
<td>36</td>
<td>35</td>
<td>37</td>
<td>41</td>
<td>40</td>
<td>43</td>
<td>41</td>
<td>41</td>
</tr>
<tr>
<td>Advocacy efforts</td>
<td>34</td>
<td>35</td>
<td>35</td>
<td>36</td>
<td>35</td>
<td>33</td>
<td>33</td>
<td>33</td>
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<td>33</td>
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</tbody>
</table>

Note: (1) The number of officials engaged in enforcement against anticompetitive practices refers to the number of officials at investigation Bureau and Investigation Divisions of local offices.
(2) The number of officials engaged in merger review enforcement refers to the number of officials at the Mergers and Acquisitions Division.
(3) The number of officials engaged in advocacy efforts refers to the number of officials at the General Affairs Division of the Economic Affairs Bureau and the Coordination Division.
Figure 4. Budget and Number of Officials

![Bar chart showing budget and number of officials from 2007 to 2016.](image-url)