JFTC’s Initiatives in the Digital Sector

Presentation

Mr. Kumiko TANAKA
Deputy Secretary General
for International Affairs
Japan Fair Trade Commission

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Case handling

- **Google LLC** (commitment in Apr. 2024)
  - Restriction on providing Yahoo with technologies used for search engines and search advertising
  - **Since 2010** Google had been providing the technologies to Yahoo.
    - Yahoo, Inc (US) provided technologies to Yahoo (JP), but ceased to develop them.
    - JFTC received consultation from the parties and allowed this provision of technologies because their services would be operated independently.
  - **From 2015 to 2022** Google amended the contract and restricted the provision of the technologies for Mobile Syndication Transaction.
    - Made it difficult for Yahoo to provide Mobile Syndication Transaction.
  - **Commitment**: Not restrict the provision for three years

- **Google LLC** (opened in Oct. 2023 - ongoing)
  - Made Android device manufacturers install its applications such as "Google Search", together with "Google Play"

- **Microsoft + Activision Blizzard** (Mar. 2023), **Adobe + Figma** (Dec. 2023)
  - Revised guidelines and procedure and issued policy statement to adapt to digital cases
  - Called for information and opinion from the public on these cases
JFTC has conducted wide varieties of market studies especially on the sectors close to people’s lives.

**e.g. News Content Distribution (Sep.2023)**

Most used text-based news services:

- **Newspaper** 59.3% (FY2013) → 18.0% (FY2022)
- **News Portals** 20.1% (FY2013) → 47.0% (FY2022)

⇒ News portals have become an important part of people’s lives.

News portals have bargaining power against news media

⇒ Licensing agreements existed but were not negotiated adequately.
⇒ Some news portals show their intents to consider requests from news media

*To encourage fair negotiations, JFTC showed; (i) what kind of acts are problematic under the competition law; and (ii) what kind of acts are desirable.*

⇒ Yahoo announced to seriously work on the relationship with news media
Ex-ante Regulation

Act on Promotion of Competition for Specified Smartphone Software

- Submitted to the National Diet (April 2024)
- Passed the Diet (June 2024) ⇒ Effective within one-and-a-half year

Outline

- Designation of Specified Software Providers
- Prohibited conducts and compliance requirements
  Designated Providers **shall not:**
  - prevent third parties from offering their own application stores
  - prevent other application developers from using third party billing systems
  - engage in self-preferencing in the display of search results without justifiable reason
  - use acquired data about competing applications for their own applications
  - prevent application developers from using features controlled by the OS
  Designated Providers **shall:**
  - enable users to change default settings with simple procedures
  - offer choice screens for browsers, etc.

- Implementation measures
  - **Continued communication** with Designated Providers and application developers to pursue improvement in business models.
  ⇒ **Compliance reports** will be submitted by Designated Providers
  - Enforcement against violation– *e.g.* surcharge order (20% of relevant turnover)