

Japanese Competition Law & Policy Radar

Competition Law / International Trade Newsletter

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Executive Summary – Key Takeaways for Global Businesses

- **Merger control remains pragmatic:** The JFTC cleared the Hino / Mitsubishi Fuso management integration at Phase I, premised on the Parties' proposed remedies.
- **Enforcement momentum continues:** February featured two AMA warnings for suspected unfair trade practices and a reported dawn raid involving Microsoft entities, reflecting active enforcement both in local markets and with regard to global tech.
- **Promotion of Fair Trade Practices is a priority:** Subcontract Act enforcement actions focused on cost shifting and included an industry-wide request to the automobile dealers association.
- **Freelance Act compliance is being tested in practice:** Publicized cases emphasized written disclosure of terms and statutory payment timelines.
- **Policy advocacy expands into IP/data transactions:** A major survey and draft report point to future guidelines to address bargaining power issues in IP, know-how, and data transactions.
- **Leadership and capacity building at the JFTC:** Japan moved to appoint two new JFTC Commissioners, and the JFTC launched a large recruitment round for fixed-term lawyers—including regional offices, for the first time—signaling sustained enforcement intensity and broader regulatory coverage.

I Enforcement

1. Feature – Merger Review

JFTC Clears Hino / Mitsubishi Fuso Integration at Phase I (Feb 26)

The JFTC reviewed the proposed management integration of Hino Motors, Ltd. (“Hino”) and Mitsubishi Fuso Truck and Bus Corporation (“Fuso”), which will involve investments in ARCHION Corporation (a holding company) by Toyota Motor Corporation and Daimler Truck AG, pursuant to which Hino and Fuso would become wholly owned subsidiaries of the holding company. The JFTC accepted notification on February 10, initiated Phase I, and concluded, on the premise that the parties would implement their proposed remedies, that the transaction would not substantially restrain competition; the JFTC notified the parties it would not issue a cease-and-desist order, and published an overview.

Background

Japan’s merger control framework often places significant weight on the feasibility and enforceability of remedies. Phase I clearance with remedies typically indicates that competition concerns were identified and addressed sufficiently early through constructive engagement with the authorities.

✓ Practical Implications for Global Companies

Early development of a remedy strategy (including practical implementation steps and monitoring design) can be decisive for global transactions with a Japan nexus. Parties also should plan for “public-facing” communications, as the JFTC may publish an overview of review results.

2. Antimonopoly Act (“AMA”)

Theme for February

The JFTC combined enforcement actions in local markets (warnings for suspected unfair trade practices) with a high-profile investigation involving a global technology company, underscoring the breadth of its enforcement priorities.

(1) Warning to Murakami & Co., Ltd. (Feb. 19)

Murakami & Co., Ltd. was suspected of continuously supplying regular gasoline at gas stations in Fukuchiyama City, Kyoto Prefecture at prices significantly below cost, creating a risk that nearby competitors could not continue their businesses.

The JFTC issued a warning, stating the conduct was likely to violate AMA Article 19, and urged the company not to engage in similar conduct in the future.

Background

Japan’s AMA enforcement actions in local gasoline retail markets often focuses on predatory pricing practices that may undermine competition even without a nationwide market effect. When unjust low-price sales are repeated, or carried out by large-scale retailers, in a manner designed or likely to have a significant effect on

neighboring competitors, the JFTC investigates the impact of the retailers' conduct via a careful factual assessment (cost basis, duration, intent, and competitive impact). An investigation can be triggered by local competitor complaints.

✓ Practical Implications for Global Companies

Retailers with localized pricing strategies should ensure internal controls governing cost-based pricing, campaign documentation, and escalation pathways—especially where pricing could be perceived as “continuous” and “below cost.”

(2) Reported Dawn Raid Involving Microsoft (Feb. 25)

The JFTC opened an investigation into suspected AMA violations by Microsoft Corporation, Microsoft Japan Co., Ltd., and Microsoft Ireland Operations Limited. Media reported the JFTC conducted an on-site inspection on February 25.

Background

In Japan, on-site inspections (dawn raids) are a key investigative tool, and their use in matters involving global tech signals readiness to apply traditional enforcement to digital markets.

✓ Practical Implications for Global Companies

Multinational groups should treat Japan dawn-raid readiness as part of global compliance planning, especially in the case of platform, software, cloud, and ecosystem businesses. Practical measures include updated dawn-raid protocols, Japanese-language readiness training, and clear preservation processes for both Japan-hosted and cross-border data.

(3) Warning to DELICIA Co., Ltd. (Feb. 26)

DELICIA, a food supermarket operator in Nagano Prefecture, required suppliers to dispatch employees for in-store work (product displays, etc.) in connection with new store openings, renovations, or sales floor changes, but DELICIA did not bear the associated costs that ordinarily would be required. The JFTC issued a warning, stating the conduct was likely to violate AMA Article 19 by taking advantage of a superior bargaining position, and urged DELICIA not to engage in similar conduct in the future.

Background

“Abuse of superior bargaining position” (a form of unfair trade practice) is a recurring enforcement area in Japan and can apply even where the alleged actor is not dominant in a market; instead, the analysis focuses on relative dependence and the imposition of disadvantages in a transactional relationship. The JFTC can address cost-shifting to SMEs (including dispatch, logistics, and other operational burdens), particularly where arrangements lack clear compensation and appear unilateral.

This case is the second in which a warning for abuse of superior bargaining position (“ASBP”) was issued during the current fiscal year. There have been five ASBP cases in total, including one cease-and-desist order and two involving commitments, reflecting the JFTC’s proactive stance on this issue.

✓ Practical Implications for Global Companies

Businesses with supplier-funded in-store support models (or similar arrangements) should review: (i) allocation of costs, (ii) negotiation records, and (iii) whether requested support is proportionate and properly compensated.

3. Subcontract Act

Theme for February

Enforcement and advocacy reflect a focus on automotive supply chains and cost-shifting to smaller counterparties.

(1) Recommendations Issued in February

Three recommendations were issued in February:

A case involving “reduction of subcontract proceeds” in confectionery manufacturing/sales (Recommendation to Nagatoya Co., Ltd.¹) on February 2.

A case involving “unjust requests for the provision of economic benefits” in automobile sales/repair (Recommendation to Nissan Tokyo Sales Co., Ltd.²) on February 20, concerning transportation of automobiles and parts free of charge.

A case involving “unjust requests for the provision of economic benefits” in heat exchanger manufacturing/sales (Recommendation to T.RAD Co., Ltd.) on February 24, concerning free storage of molds and similar items; the initial tipoff was a request for action coming from the SME Agency.

Background

The Subcontract Act frequently is used to address unilateral cost transfers (logistics, storage, tooling, rework) imposed on subcontractors. The JFTC also coordinates closely with the SME Agency, as reflected by tipoffs and joint communications.

✓ Practical Implications for Global Companies

Companies should map subcontractor cost burdens—particularly “hidden” operational requirements (free transport, warehousing, tooling storage)—and ensure they are properly priced and supported by procurement compliance training. Recently, free storage of molds has been a focus of investigation.

(2) Industry-Wide Request to the Japan Automobile Dealers Association (Feb. 24)

Considering a series of cases involving recommendations, in which automobile dealers were found to have committed “unjust requests for the provision of economic benefits,” the JFTC and the SME Agency requested that the Japan Automobile Dealers Association disseminate information on these cases and on the published results of focused surveys of suspected Subcontract Act violations involving automobile dealers and vehicle

¹ Kabushikigaisha Nagatoya in Japanese

² Nissan Tokyo Hanbai Kabushikigaisha in Japanese

body repair operators (published Dec. 22, 2025). They also requested that the Association encourage its members to rectify and prevent violations in advance.

Background

The JFTC deems enforcement and advocacy to be complementary pillars. It not only strictly enforces the law but also uses “soft” advocacy tools to drive sector-wide compliance through trade associations, particularly where similar practices appear across many firms in the same industry. During this fiscal year, there have been three cases involving recommendations and 160 cases when guidance was given, as reflected in surveys referenced above.

✓ Practical Implications for Global Companies

Automotive distribution and repair ecosystems should expect continuing scrutiny, including follow-on investigations. Firms may wish to perform proactive audits of logistics/transportation requirements imposed on repair operators and parts suppliers.

4. Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators Freelance Act (“Freelance Act”)

(1) Published Cases in February

Two cases were published:

- **K.K. Kyodo News (Feb. 25)**: failed to disclose transaction terms immediately (in writing or electronically) for a range of commissioned services and failed to pay remuneration by due dates.
- **Chubu Electric Power Co., Inc. (Feb. 27)**: failed to disclose transaction terms immediately (in writing or electronically) for outsourced support services and failed to pay remuneration by due dates; in addition, the payment date was set to exceed 60 days from the date of receipt of services.

Background

Freelance engagements often suffer from informal contracting and ambiguous terms. The Freelance Act targets these risks by requiring prompt disclosure of key terms and timely payments. According to the Freelance Act, the date of payment of remuneration must be the earliest possible date that is no more than 60 days after the date of receipt of relevant services. If the date for payment of remuneration is not set, the day of receipt of the relevant services is deemed to be the date for payment of the remuneration. In both February cases, the date of payment was not set and payment was not made by the day of receipt of services.

The JFTC’s published cases emphasize compliance with formalities (documentation) as well as the timing of payments.

✓ Practical Implications for Global Companies

Companies that engage freelancers (media, creative, translation, consulting, professional support services) should specify standardized onboarding terms immediately, and implement payment scheduling controls that operationalize the statutory deadlines.

II Advocacy / Policy Development

1. Fact-Finding Survey Concerning Intellectual Property Rights, Know-how, and Data (Feb 27)

A JFTC working group³ formed under the “Inter-Enterprise Trade Study Group” met on February 27 and released a draft report based on a fact-finding survey concerning IP transactions. The survey was designed to understand transaction realities in various industries, to inform the formulation of AMA guidelines and a review of operational guidelines for the SME Transactions Act. The written survey received 6,973 company responses; 15.8% reported having accepted unacceptable terms. Hearings from 148 companies/associations identified issues such as uncompensated (or very low-priced) IP transfers and one-sided IP allocations in joint R&D. The draft report suggested future guidelines would apply cross-industry and could address abuse of superior bargaining position, not only with regard to IP but also know-how and data, including approaches to ensuring appropriate consideration and options for establishing consideration.

Background

As data and intangible assets become central to competitive advantage, regulators increasingly focus on transactional fairness and bargaining-power dynamics in IP/data licensing and development arrangements. Japan’s approach often connects these issues with superior bargaining position concepts, potentially capturing practices that might not be addressed through classic dominance frameworks elsewhere.

✓ Practical Implications for Global Companies

Technology, manufacturing, and R&D-heavy companies should prepare for more explicit expectations with regard to (i) valuation/consideration of IP and data, (ii) transparency of allocation in joint development, and (iii) documentation of negotiation processes, especially when counterparties are smaller or dependent.

III JFTC Organization

1. Developments Regarding Changes in the JFTC Commissioners

Media reported that on February 25, the Japanese government presented candidates for new JFTC Commissioners to both Houses of the Diet for consent.

One candidate is Arisa Wakabayashi, Professor at Komazawa University Law School; she specializes in economic/competition law and has served as a Chief Researcher at the JFTC’s Competition Policy Research Center and as a member of the JFTC’s “Council on Antimonopoly Policy.”

The other candidate is Kazuko Yao, former Chief Judge of the Fukuoka High Court, who had held prior senior roles including Presiding Judge at the Tokyo High Court and Director of the Legal Training and Research Institute; she was the first female Chief Judge of the Fukuoka High Court.

³ Working Group on Fair Trade Practices in Intellectual Property Transactions

Background

The Antimonopoly Act (“AMA”) requires Commissioners to be selected from among individuals aged 35+ with knowledge and experience in law or economics, and appointed by the Prime Minister with the consent of both Houses of the Diet. The selection and renewal of Commissioners is an important signal as to the JFTC’s institutional priorities, including its openness to economic analysis and its approach to procedure and due process. A mix of academic competition law expertise and senior judicial experience may be especially relevant as the JFTC handles more technically complex matters (digital markets, data handling and use, and remedy design).

✓ Practical Implications for Global Companies

For multinational groups, changes in Commission membership can affect (i) the JFTC’s appetite for certain theories of harm, (ii) scrutiny of digital/ecosystem issues, and (iii) the level of procedural rigor in investigations and merger reviews. This is typically a “trend indicator” rather than an immediate change in black-letter rules, but it can influence enforcement style and internal decision-making.

2. Staffing of the General Secretariat

On February 20, the JFTC began accepting applications for fixed-term lawyers, with 53 positions available, and stated that it would hire fixed-term lawyers for regional offices for the first time. The stated work includes law enforcement, policy development, and litigation matters, and the lawyers will work alongside JFTC officials.

Background

The JFTC explained that its expected role has expanded and that it now has jurisdiction over multiple statutes in addition to the AMA, including the SME Transactions Act, the Freelance Act, and the Mobile Software Competition Act. As transactional fairness cases frequently arise from local supply chains and distribution relationships, increased regional legal staffing can raise investigative capacity “on the ground,” potentially accelerating the detection and resolution of SME matters.

✓ Practical Implications for Global Companies

Companies operating nationwide in Japan should (i) carefully manage local supply chains and (ii) assume faster escalation from local complaints to formal action.

IV International Relations

1. East Asia Competition Policy Meetings (Feb 5–6)

The 20th East Asia Top Level Officials’ Meeting on Competition Policy (EATOP) was held in Tokyo on February 5, co-hosted by the JFTC, the Asian Development Bank, and the Asian Development Bank Institute, and was attended by delegates from 14 authorities (including Australia, Japan, Korea, New Zealand, and the Philippines). Topics included digital sector progress, net-zero initiatives, economic analysis, and the future direction of EATOP. Chair Chatani proposed a liaison group for participating authorities to share information on technical assistance needs and initiatives; the proposal was unanimously supported. On February 6, the 17th East Asia Conference on Competition Law and Policy (EAC) was held (open to the public), and covered digital regulation initiatives (Japan/Korea), competition law assistance insights, and Indonesian enforcement

challenges.

Background

Regional dialogue and coordination can gradually increase convergence in enforcement approaches, especially for cross-border digital conduct and competition questions relating to sustainability. For companies operating across East Asia, this can mean more consistent investigative expectations, greater information sharing, and potentially parallel scrutiny.

✓ Practical Implications for Global Companies

In-house teams should assume that compliance positions taken in one jurisdiction may be assessed against emerging regional expectations, especially in digital and data contexts.

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