ABA Year in Review 2017 – Short Form
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1 Argentina

By Miguel del PINO, Marval, O'Farrell & Mairal

A. Legislative Developments

The Argentine Antitrust Commission (“Commission”) has remitted an antitrust bill (“Bill”) to Congress and is expected to be passed in 2018.\(^1\)

B. Mergers

One of the most important modifications introduced by the Bill is the creation of a new merger control system, which (i) increases the amounts of the notification threshold and the \textit{de minimis} exemption, (ii) seeks to reduce review timeframes, and (ii) sets out a suspensive system.\(^2\)

Prior to the new Administration, average review timeframes were of 30 months, approximately. The following chart shows the reduction in review terms undertaken since 2016.

<table>
<thead>
<tr>
<th>Statistics</th>
<th>2016 (all)</th>
<th>2016 (Filed after December 2015)</th>
<th>2017 (January-June)</th>
<th>2017 (January-June) (Filed after December 2016)</th>
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<td>Average of delay (months)</td>
<td>23.16</td>
<td>8.38</td>
<td>27.31</td>
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Source: Internal estimations based on resolutions published on www.cnde.gov.ar

\(^1\) Bill 0049-CD-2017, Congress act to amend Argentine antitrust law, 14\textsuperscript{th} Session, Period N°135 (Nov. 22, 2017).
\(^2\) Ibid.
The Bill sets out that the Commission may set up a fast-track system for those transactions which would not evidence competition concerns.

The Commission has been working on updating its merger control review processes and has recently unveiled a white paper for comments on its new Merger Control Guidelines (“Guidelines”). ³

The Guidelines set out a review procedure, identifying the stages that transactions undergo, setting out an initial objective filtering approach (namely, market shares and concentration indexes), to be later complemented with investigative matters if necessary.

The Guidelines provide for a more complete approach on the techniques used by the Commission. They incorporate the notion of Upward Pricing Pressure and other factors, such as the competition from imported products, countervailing buyer power, the creation of a portfolio effect and the failing firm approach.

C. Cartels and Other Anticompetitive Practices

1. Credit Cards’ Investigation

In 2016, the Commission served notice to Prisma Medios de Pago S.A. (“Prisma”), the holder of the Argentine license of VISA, and its 14 shareholder banks of an undergoing investigation for alleged anticompetitive conducts.⁴

In 2017, the Commission accepted a settlement agreement filed by Prisma by means of which its shareholders would divest the company to a third party.

eliminating any possible foreclosure from its shareholding banks, and
guaranteeing access to the Visa system to any downstream competitors.\(^5\)

2. Clinics' Investigation

The Commission imposed individual fines and initiated a market wide
investigation against the Argentine Confederation of clinics, medical facilities
and hospitals for setting referential prices to medical services.\(^6\)

This resolution stemmed from a claim filed on May 21, 2012 by Swiss Medical
S.A. against several medical institutions for an alleged collusive agreement and
price fixing.

Having considered that (i) the companies did not face threats of new companies
entering the market with lower prices, (ii) it is easier to carry out an agreement
between similar firms, (iii) the product is homogeneous, and (iv) the market
demand for medical services is inelastic, the Commission found duly evidenced
the existence of a concerted horizontal practice.

D. Court Decisions

The National Supreme Court of Justice (“NSCJ”) reaffirmed the Commission’s
enforcement functions and powers\(^7\).

2 Australia

By Elizabeth Avery and Arda Reznikas, Gilbert + Tobin

\(^5\) News release, Commission, Commission accepted PRISMA’s divestment (Sept. 27, 2017),
https://www.produccion.gob.ar/2017/09/27/defensa-de-la-competencia-acepto-el-compromiso-de-desinversion-de-la-empresa-prisma-67403

\(^6\) Publications, Marval, O'Farrell & Mairal, “New Cartel Case in Argentina” (Sept. 29, 2017),
https://www.marval.com/publicacion/nuevo-caso-de-cartel-en-la-argentina-13052/

\(^7\) Case 340:951, NSCJ (Jul. 11, 2017),
A. Legislative Developments


B. Misuse Of Market Power

The CCA-MMP repeals the prior s 46, which prohibited a corporation with a substantial degree of power in a market from taking advantage of that power for a proscribed purpose, and replaces it with a prohibition against engaging in conduct that has the purpose, or has or is likely to have the effect, of substantially lessening competition in any market.10

C. Concerted Practices

The CCA-CPR amends section 45 of the CCA to provide that a corporation must not “engage with one or more persons in a concerted practice that has the purpose, or has or is likely to have the effect of substantially lessening competition.”11 This replaces the previously narrower iteration which required “contracts, arrangements or understandings” to demonstrably affect competition before attracting liability.12

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10 CCA (Cth), s 46(1)
11 CCA, s 45(1)(c)
D. Mergers

The Australian Competition and Consumer Commission ("ACCC") made 21 informal merger clearance decisions\(^{13}\) and provided one “public competition assessment.”\(^{14}\) The one assessment considered was not opposed by the ACCC as it was not deemed to have the effect of substantially lessening competition.\(^{15}\)

Notably, with the Harper reforms, merger parties will no longer be able to seek authorisation in the Australian Competition Tribunal in the first instance, but merger parties will only be able to seek a review, if necessary.\(^{16}\)

E. Cartels and other Anticompetitive Practices

The CCA-CPR includes amendments regarding cartel conduct. The geographic reach of such conduct has been narrowed to “trade or commerce within Australia or between Australia and places outside Australia”\(^{17}\) and the scope for businesses to rely on the joint venture exception to cartel conduct in s 44ZZRO has been modified.\(^{18}\) However, additional restrictions have also been introduced, including the requirement that the cartel provision be for the purposes of a joint venture and reasonably necessary for undertaking the joint venture, and that the joint venture is not carried on for the purpose of substantially lessening competition: s 44ZZRO(1)(a) and (ba).

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\(^{13}\) See ACCC’s mergers register by year, [http://registers.accc.gov.au/content/index.phtml/itemId/751043](http://registers.accc.gov.au/content/index.phtml/itemId/751043).

\(^{14}\) See ACCC’s information on public competition assessments [http://registers.accc.gov.au/content/index.phtml/itemId/501191](http://registers.accc.gov.au/content/index.phtml/itemId/501191).

\(^{15}\) See PMP Limited’s proposed merger with IPMG Group, [http://registers.accc.gov.au/content/index.phtml/itemId/501191](http://registers.accc.gov.au/content/index.phtml/itemId/501191).


\(^{17}\) CCA s 44ZZRD(4) (Note 2).

\(^{18}\) See CCA s 44ZZRO(1)(a) and (b) which now include joint ventures contained in arrangements or understandings in addition to contracts, and joint ventures for the acquisition of goods and services in addition to the supply and production of goods and services.
In a landmark decision, the Federal Court imposed the second highest fine in the history of Australia’s competition law. It convicted Japanese shipping company Nippon Yusen Kabushiki Kaisha of criminal cartel conduct and imposed a fine of $25 million, based on a guilty plea and an agreed statement of facts.  

3 Brazil

By Bruno Drago, Paola Pugliese and Milena Mundim, Demarest Advogados

A. Legislative Developments

The most relevant and expected legislative development of 2017 is how Conselho Administrativo de Defesa Econômica (“CADE”) will treat the confidentiality of documents submitted in leniency and settlement agreements. CADE has been discussing the issue of encouraging private enforcement through damages claims versus the risk that they may pose to the leniency and settlement programs. A new resolution covering CADE’s position on the matter is expected by the end of 2017.

B. Mergers

The year 2017 was marked by three blocking decisions, showing a new pattern on CADE’s merger assessments.

It started with Estacio/Kroton, the largest private institutions of higher education in Brazil, due to the lack of remedies able to address the competition concerns

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arising from the creation of a giant in the education market. The second deal blocked was the acquisition of Alesat by Ipiranga, in regional fuel distribution markets. CADE saw –in addition to high concentration levels– a major concern in eliminating a maverick (Alesat), which would have an important role in a market historically known to be prone to collusion. The third deal blocked was JBS/Mataboi. Concerns arose from a high concentration in the cattle-slaughtering and in the fresh meat markets. A key issue was the family link between the individuals that control the JBS and JBJ Groups (both active in the same markets) were taken into account for the competition assessment, irrespective the lack of any corporate links between both.

Finally, until Nov/2017 six transactions were cleared with remedies, including the global deals Dow/DuPont, AT&T/Time Warner, the acquisition of Citi’s retail business by Itaú and the merger between BM&F and Bovespa. Despite the
clear preference for structural remedies, behavioral commitments proved to be an important tool to address merger concerns.

C. Cartels and other Anticompetitive Practices

Cartels continue to concentrate most of CADE’s efforts. Settlement Agreements were possibly the highpoint in 2017. The total amount paid in settlements (until Nov/2017) represented nearly five times the fines resulting from convictions.28

D. Dominance

In the past years, CADE prioritized cartel investigations over dominance cases, due to the lack of internal resources to give both the same level of attention and efforts. However, the General-Superintendent anticipated that unilateral conducts will be on the spotlight again.29

In the era of big data discussions, CADE informed it is monitoring closely international debates and cases, but fears that any intervention at this moment could hinder innovation.

E. Court Decisions

While no innovative court decision on antitrust matters has been identified in 2017, there was an important institutional move on private antitrust enforcement: the National Council of Justice approved the creation of federal courts specialized in competition and international trade subjects.30

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28 Available on “CADE EM NÚMEROS”.
29 Interview with Alexandre Cordeiro on the 23rd Annual International Competition Defense Seminar carried out by Ibrac (Oct., 2017).
A. Legislative Developments

Although not significant, two bills—one introducing an antitrust immunity process for airline joint ventures, the other amending the affiliation rules of the Competition Act (“Act”)—made their way to the Senate.

B. Mergers

The Competition Bureau (“Bureau”) obtained divestitures in six transactions, including Dow Chemical/DuPont; Abbott Laboratories/Alere Inc.; and Sherwin-Williams/The Valspar Corporation.

The Bureau cleared Canexus Corporation/Chemtrade Logistics Income Fund, aborted in 2016 after the U.S. Federal Trade Commission commenced a challenge. In both cases, the Bureau applied the statutory “efficiencies defence”

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32 Bill C-25, Act to amend the Canada Business Corporations Act, the Canada Cooperatives Act, the Canada Not-for-profit Corporations Act and the Competition Act, 1st Sess., 42nd, 2015-2017.
33 Competition Act, R.S.C. 1985, c. C-34.
approving an otherwise anticompetitive merger on the basis of offsetting efficiency gains.\textsuperscript{39}

C. Cartels

There were fewer Canadian cartel developments in 2017, with enforcement centred on domestic cartels.\textsuperscript{40}

In October, the Bureau announced proposed changes to its Immunity Program that would modify automatic immunity for directors, officers and employees and alter evidentiary procedures, among other things.\textsuperscript{41}

D. Abuse of Dominance and other anticompetitive practices

One new proceeding was commenced by the Bureau in the Competition Tribunal against HarperCollins for developing an “Agency Model” restricting retail price competition in the North American e-books market. Other e-book publishers settled.\textsuperscript{42}

\textsuperscript{39} Competition Act, supra note 32, s 96.


\textsuperscript{41} Draft for Public Consultation, Bureau, “Immunity Program under the Competition Act” (Oct. 26, 2017), \url{http://www.competitionbureau.gc.ca/eic/site/cb-bc.nsf/eng/04316.html}.

\textsuperscript{42} See Competition Tribunal, Case Details, CT-2017-002, \url{http://www.ct-ce.gc.ca/CasesAffaires/CasesDetails-eng.asp?CaseID=409}. 
The Bureau closed two significant civil investigations in 2017, one concerning Apple’s iPhone marketing contracts and the other concerning Northern Canadian air passenger and cargo services.

E. Court Decisions

2017 was an active year for private litigation. The Supreme Court of Canada held that Crown immunity precluded the plaintiffs in a retail gas cartel class action from examining the Bureau’s chief investigator. The Federal Court of Appeal upheld a Competition Tribunal decision denying a company leave to pursue a civil remedy under the Act’s refusal to deal and exclusive dealing provisions.

5 China

By Peter Wang & Yizhe Zhang, China

A. Legislative Developments

On November 2017, the National People’s Congress of China passed the amended Anti-Unfair Competition Law. The key changes include adding provisions relating to regulatory scrutiny of unfair competition in the internet sector and removing provisions overlapping with the Anti-Monopoly Law (“AML”) such as prohibitions on tying.

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45 Canada (Attorney General) v. Thouin, 2017 SCC 46.
On July 2017, the National Development and Reform Commission (“NDRC”) published the Guidelines for Price Behavior of Industrial Associations. These Guidelines focus, among other things, on conduct by industrial associations that may influence pricing behaviors or facilitate collusion among members.

B. Mergers

The Ministry of Commerce (“MOFCOM”) unconditionally cleared 254 merger cases, including 203 cases under its simple case procedure.

MOFCOM has conditionally approved five merger cases. These include the mergers of Dow/DuPont, Broadcom/Brocade, HP/Samsung, Agrium/PotashCorp and Maersk/Hamburg.

MOFCOM published nine penalty decisions for transactions not properly notified.

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C. Cartels and other Anticompetitive Practices

NDRC investigated and issued large fines in several high-profile cases, including fining 18 Chinese PVC manufacturers RMB 457 million for price fixing in the market for PVC.\(^{56}\)

The State Administration for Industry and Commerce (“SAIC”) released high-profile decisions including fining and confiscating illegal gains by a pharmaceutical company for abuse of market dominance in the market for methyl salicylate by acquiring the exclusive distributorship of the only two manufacturers of that ingredient and raising prices by 3-5 times and imposing other unfair trading conditions.\(^{57}\)

D. Court Decisions

As of November 2017, courts nationwide have handled 734 unfair competition and antitrust cases, 66 of which were decided under the AML.

A landmark case is *Yingding/Sinopec*. The plaintiff Yingding, a privately-owned bioenergy manufacturer, alleged that Sinopec, a major stated-owned oil company, and its Yunnan branch abused their dominant market position by refusing to incorporate plaintiff’s biofuel into Sinopec’s distribution system without justification. The High Court held that the defendants had not engaged in abusive refusal to deal because (1) there was no actual communication of an intention to deal; (2) Sinopec had reasonable justifications to refuse to deal with Yingding given the immature quality of Yingding’s product; and (3) the lack of detailed


implementation rules for the purchase of biofuel made it difficult for Sinopec to purchase Yingding’s products.\(^{58}\)

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### 6 European Union

By Laurie-Anne Grelier & Peter Camesasca, Covington & Burling

#### A. Legislative Developments

Alongside tackling the implications of the UK’s Brexit vote, in 2017, the European Commission (“EC”) progressed its policy agenda concerning technology and digital sectors. It released its online commerce and digital markets inquiry, finding that obstacles remain to achieve a borderless EU-wide marketplace and signaling further enforcement activities.\(^{59}\) In parallel, the EC pushed forward proposed legislation to prevent “geo-blocking” European consumers’ access to goods or digital content based on their location.\(^{60}\) The EC also set up a task-force to study the impact of Big Data and artificial intelligence on competition.\(^{61}\) In contrast, the EC has experienced delay in issuing guidance on the hot topic of standard essential patents.

#### B. Mergers\(^{62}\)

Concerns regarding competition in the clearing of fixed income instruments led the EC to block the proposed merger between Deutsche Börse and the London Stock Exchange, an opposition reminiscent of Deutsche Börse’s failed attempt to

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\(^{58}\) See Yingding/Sinopec, [http://wenshu.court.gov.cn/content/content?DocID=92ce6152-86f2-44d5-b4dd-a7fe00c710cd](http://wenshu.court.gov.cn/content/content?DocID=92ce6152-86f2-44d5-b4dd-a7fe00c710cd).


\(^{62}\) See: EC merger webpage: [http://ec.europa.eu/competition/mergers/cases/](http://ec.europa.eu/competition/mergers/cases/)
takeover NYSE Euronext five years ago. The EC also blocked HeidelbergCement and Schwenk’s proposed takeover of Cemex’s assets in Croatia, consistent with its appraisal of previous cement deals.

Consolidation in the agrochemical space equally attracted close scrutiny, and underscored the EC’s present wider focus on innovation. The EC cleared the mergers Dow/Dupont and ChemChina/Syngenta upon in-depth examinations and subject to divestments, including of R&D and/or pipeline assets. It further opened an investigation into Bayer’s planned acquisition of Monsanto. In another innovation-driven sector, the EC resumed its in-depth review of Qualcomm’s plan to acquire semiconductor maker NXP after suspending its review twice.

The EC also actively enforced suspected non-compliance with the merger review process. It issued fines or formal charges against three companies for allegedly providing incorrect information concerning their respective transactions. It further adopted formal charges against Altice and Canon for “gun jumping”.

C. Anticompetitive Practices

The EC continued its long-standing policy of vigorously prosecuting cartels, imposing fines totaling almost €2 billion on companies allegedly involved in cartels in the car battery recycling, car air conditioning, car lighting, trucks and car occupant safety sectors. It started investigating suspected cartel activities, *inter alia*, in the ethylene purchasing, kraft paper and car sectors.63

In parallel, following on sector-wide inquiries, the EC opened or continued investigations into a “reverse-payment” patent settlement between Teva and

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63 The following is the EC’s cartel webpage: [http://ec.europa.eu/competition/cartels/cases/cases.html](http://ec.europa.eu/competition/cartels/cases/cases.html)
Cephalon, and the online distribution and licensing arrangements of Nike, Guess, Sanrio and Universal Studios.\textsuperscript{64}

D. Abuses of a Dominant Position

Completing long-running political-heavy investigations, the EC imposed a €2.4 billion fine on Google for favoring its internet comparison shopping products.\textsuperscript{65}

E. Court Decisions

In the equally highly-mediatised Intel appeal, the EU’s top court sent the case back for reexamination, telegraphing a more economic-oriented approach to assess rebate practices by dominant players.\textsuperscript{66}

7 India

By Naval Satarawala Chopra and Aman Singh Sethi, Shardul Amarchand Mangaldas

A. Legislative Developments

There have been three significant developments:

(a) The Competition Appellate Tribunal (“COMPAT”) has merged with the National Company Law Appellate Tribunal\textsuperscript{67};

(b) Rationalization of the merger control regime: (i) the 30 day filing deadline has been removed; (ii) the \textit{de-minimis} exemption now applies to

\textsuperscript{64} The following is the EC’s antitrust webpage: \url{http://ec.europa.eu/competition/antitrust/cases/index.html}

\textsuperscript{65} Press release, EC, “Statement by Commissioner Vestager on Commission decision to fine Google €2.42 billion for abusing dominance as search engine by giving illegal advantage to own comparison shopping service” (June 27, 2017), \url{http://europa.eu/rapid/press-release_STATEMENT-17-1806_en.htm}

\textsuperscript{66} Intel Corporation Inc./European Commission/Association for Competitive Technology Inc., Case C-413/14 P, Grand Chamber (September 6, 2017), \url{http://curia.europa.eu/juris/document/document.jsf?text=&docid=194082&pageIndex=0&doclang=EN&mode=lst&dir=&occ=first&part=1&cid=944380}

\textsuperscript{67} Notification N° 1501, Gazette of India (May, 26 2017), \url{http://compatarchives.nclat.nic.in/upload/Notification%20attached%20here%20under.pdf}
acquisitions, mergers and amalgamations. Regarding acquisitions, it extends to enterprises and the portion, division or business being acquired; and

(c) On leniency regime: (i) leniency is now expressly available to individuals and enterprises; (ii) it may be extended to more than three applicants provided “significant added value” over the information available is provided; (iii) defendants can access a non-confidential version of the leniency application after the investigation report is provided.69

B. Cartels and Other Anticompetitive Agreements

The Competition Commission of India (“CCI”) has published its first leniency decision.70 The CCI has reduced the penalty granted to the leniency applicant and the applicant’s officers by 75%, as they had approached the CCI only after receiving a notice during an investigation. The leniency applicant provided the cartel’s modus operandi and “missing links” in the investigation.

In its first decision on resale price maintenance, the CCI found that Hyundai imposed restrictive conditions on its car dealers amounting to an adverse effect on competition. Regrettably, it did not rely on market shares to assess the vertical restraint.71

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70 In re: Cartelization in respect of tenders floated by Indian Railways for supply of Brushless DC Fans and other electrical items, Suo Moto Case No. 3 of 2014, CCI.
71 Fx Enterprise Solutions v Hyundai Motor, Case Nos. 36 and 82 of 2014, CCI.
C. Mergers

The CCI has been busy with mega transactions. These include the merger Vodafone/Idea Cellular creating the largest telecommunications player,\textsuperscript{72} and global agrochemical deals, including Syngenta/Chemchina,\textsuperscript{73} conditionally approved.

D. Dominance

The CCI dismissed allegations of predatory pricing against WhatsApp. Whilst \textit{prima facie} finding that WhatsApp was dominant in the market for “\textit{instant messaging services using consumer communication apps through smartphones in India}”, the CCI did not find any abuse.\textsuperscript{74}

The CCI dismissed cases against taxi aggregators filed by competitors in the traditional radio taxi market.\textsuperscript{75} The CCI observed that Ola and Uber posed competitive constraints on each other and were not dominant. The CCI also expressed that any interference at this nascent stage would disturb market dynamics and risk prescribing a sub-optimal solution.

Separately, following the setting aside and remand of the case against Coal India regarding alleged imposition of unfair terms in fuel supply agreements by COMPAT last year, the CCI re-examined these agreements and again found a

\textsuperscript{72} C-2017/04/502, CCI.
\textsuperscript{73} C-2016/08/424, CCI.
\textsuperscript{74} \textit{Vinod Kumar Gupta v WhatsApp Inc.}, Case No. 99 of 2016, CCI.
\textsuperscript{75} \textit{Fast Track Call Cab and Meru Travel Solutions v ANI Technologies}, Case Nos. 6 and 74 of 2015, CCI.
However, the CCI reduced its penalty from USD 273 million to USD 91 million.

E. Court Decisions

In a landmark decision, the Supreme Court has held that while levying a penalty involving multi-product firms, the “relevant” turnover relating to the products covered by the infringement must be considered, rather than the “total” turnover.

8 Japan

By Shigeyoshi Ezaki, Anderson Mori & Tomotsune

A. Legislative Developments

In April 2017, the Japan Fair Trade Commission (“JFTC”) issued an interim report of the “Antimonopoly Act Study Group” regarding possible revisions to the current surcharge system under the Antimonopoly Act (“AMA”), including a discretionary surcharge system under which the JFTC will have a wider discretion to adjust the fine. Granting discretion would ensure the fine is more aligned with international practices. It should allow the JFTC to enforce more vigorously and effectively the competition rules, and increase incentives for companies to cooperate with the JFTC. Although the discussion is ongoing, it is anticipated that the JFTC will prepare a bill to amend the AMA.

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76 Maharashtra State Power Generation Company v Mahanadi Coalfields, etc., Case Nos. 3, 11 and 59 of 2012, CCI.
77 Excel Crop Care v CCI, Civil Appeal No. 2480 of 2014, Supreme Court.
In June, the JFTC amended the Guidelines Concerning Distribution Systems and Business Practices under the AMA (“Distribution Guidelines”)
79. The rationale was to streamline the structure of the Distribution Guidelines and to capture the recent changes in distribution and trade practices. The Distribution Guidelines further crystalized the factors to find illegal conduct in the context of vertical relationships, and added explanations on possible vertical restraints on internet transactions and platform businesses.

In January, the JFTC set out procedural rules for a new commitment system, under which the parties subject to investigations may seek an agreed resolution for alleged violation of the AMA (except for cartel and bid-rigging cases). These rules are anticipated to come into effect when the Trans-Pacific Partnership Agreement becomes effective
80.

B. Mergers

The JFTC cleared the acquisition of Nisshin Steel Co., Ltd.’s shares by Nippon Steel & Sumitomo Metal Corporation after a Phase II review, having the parties proposed remedies
81. The JFTC originally resolve that the acquisition would substantially restrain competition in certain markets. The parties, however, offered remedies to facilitate new entries in the market which the JFTC considered sufficient to eliminate its concerns.

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C. Cartels and other Anticompetitive Practices

Regarding cartels, the JFTC issued a warning to Deutsche Securities Inc. for a possible violation of the AMA concerning the dealing of European government bonds. The company was alleged to have exchanged information with competitors on customer inquiries and prices and have arranged bidding procedures for certain transactions of European government bonds.

Regarding vertical restriction, the JFTC announced that it investigated Amazon Japan G.K. ("Amazon") regarding the "most favored nation" ("MFN") clauses it imposed on independent retailers wishing to sell on Amazon Marketplace. The JFTC originally had concerns that MFN clauses could restrict the business activities of independent retailers on Amazon Marketplace and reduce incentives to compete. The JFTC closed its investigation because Amazon agreed to take voluntary measures to stop enforcing MFN clauses.

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9 Korea

By Youngjin Jung, Luke Shin and Gene-Oh Kim Choi, Kim & Chang

A. Legislative Developments

In 2017, the Monopoly Regulation and Fair Trade Law ("FTL") was amended to strengthen the penalty provision for interfering with the Korea Fair Trade Commission ("KFTC") investigations. It introduced imprisonment of up to 2 years or fines of up to 150 million Korean won for hiding, destroying, forging, modifying or denying access to documents during a KFTC dawn raid, failing to

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produce evidence or submitting false information to the KFTC. Formerly, the FTL only imposed an administrative fine.\textsuperscript{84}

The Amendments to Enforcement Decree to the FTL increased the merger filing threshold. A transaction will be reportable where one of the parties has total assets or annual turnover of 300 billion Korean won or more and the other party 30 billion Korean won or more. Before, the thresholds were set at 200 billion Korean won and 20 billion Korean won, respectively. Also, for foreign-to-foreign mergers, the local nexus threshold will be increased to the annual Korean turnover of 30 billion Korean won or more from 20 billion Korean won or more.\textsuperscript{85}

B. Mergers

In 2017, the KFTC continued to strengthen its review of global mergers and acquisition that may have a significant competitive impact on the market. During the first half of 2017, the KFTC reviewed 295 business combination filings amounting to 247.6 trillion Korean won in value, of which 80 combinations (aggregate value of 206.1 trillion Korean won) involved overseas entities.\textsuperscript{86}

The KFTC probed into the proposed merger of Dow Chemical Company and E.I. DuPont de Nemours and Company. The KFTC, in cooperation with foreign


antitrust authorities ordered one of such companies to sell its acid co-polymer-related assets within 6 months from the completion of the merger.\footnote{Press Release, KFTC, Violation of Merger Control Regime by Dow and DuPont (Apr. 7, 2017), \url{http://www.ftc.go.kr/news/ftc/reportboView.jsp?report_data_no=7251&tribu_type_cd=&report_data_div_cd=&curpage=20&searchKey=&searchVal=&stdate=&enddate=}}

\section*{C. Cartels and other Anticompetitive Practices}

The KFTC remained active in monitoring and sanctioning bid rigging and international cartel activities, and continued with its enforcement efforts by filing criminal referrals to the prosecutors' office on numerous cases.

The KFTC imposed corrective orders and a combined fine of 2.021 billion Korean won against 4 Japanaese and German bearing manufacturers for engaging in fixing the price of vehicle bearings supplied to local parts companies, and market division.\footnote{Press Release, KFTC, Four Vehicle Bearing Manufacturers' Cartel Case (Jun. 26, 2017), \url{http://www.ftc.go.kr/news/ftc/reportboView.jsp?report_data_no=7333&tribu_type_cd=&report_data_div_cd=&curpage=14&searchKey=&searchVal=&stdate=&enddate=}}

Moreover, the KFTC imposed corrective orders against 10 car shipping companies and imposed combined fines of 43 billion Korean won against 9 of those companies. The KFTC decided to file a criminal complaint against 8 of those companies. According to the KFTC, these companies engaged in price fixing and market division.\footnote{Press Release, KFTC, Car Shipping Companies' Cartel Case (Aug. 21, 2017), \url{http://www.ftc.go.kr/news/ftc/reportboView.jsp?report_data_no=7392&tribu_type_cd=&report_data_div_cd=&curpage=8&searchKey=&searchVal=&stdate=&enddate=}}

\section*{D. Dominance}

In 2017, the KFTC paid special attention to intellectual property rights abuses. The KFTC imposed the record administrative fine of 1.03 trillion Korean won against Qualcomm Incorporated and two of its affiliates (collectively, “Qualcomm”),
which license companies around the world to design, manufacture and sell chipsets. The KFTC found that Qualcomm had violated its FRAND commitments by refusing or restricting the licensing of mobile communications SEPs to rival chipmakers and tying the supply of chipsets and patent license agreements.

10 South Africa

By Lara Grenville, Cliffe Dekker Hofmeyr Inc

A. Legislative developments

After the 2016 new criminal liability provisions, the Minister of Economic Development has announced that further changes to the Competition Act are to be published addressing high levels of concentration and racially skewed ownership profiles.

Amendments to the Competition Act increased merger thresholds by 8% and 25% (for intermediate and large mergers respectively) and filing fees by 50% and 43%.

The Competition Commission (“COMPCOM”) issued draft guidelines on information exchange and penalties for failure to notify a merger.

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91 The author would like to thank Roxanne Bain for her assistance.
B. Mergers

The COMPCOM prohibited 11 mergers, more than in any past year, including the mergers Greif International BV/Rheem South Africa (Pty) Ltd and Corruseal Group (Pty) Ltd/Boxlee (Pty) Ltd. This year, Tribunal conditionally approved three mergers previously prohibited by the COMPCOM.\(^{95}\)

The Competition Appeal Court ("CAC") confirmed the prohibition in Imerys transaction – the first prohibition which stood up to appeal scrutiny.\(^{96}\)

C. Cartels and other anticompetitive practices

The COMPCOM conducted dawn raids in the edible oils, fresh produce, meat\(^{99}\) and fire protection industries.\(^{100}\) A lawfulness challenge to the dawn raid in the fresh produce market was dismissed by the High Court.\(^{101}\)

The COMPCOM referred a case of price fixing and market allocation in the forex trading market against 14 banks.\(^{102}\)

\(^{95}\) The mergers are the following: intermediate merger between Italtile Ltd, Ceramic Industries (Pty) Ltd, Ezee Tile Adhesive Manufacturers (Pty) Ltd And Competition Commission/IM077Aug16/PIL107Aug16; large merger between Hollard Holdings And Regent Insurance Company Case No LM253Mar16; large merger between SA Warranties (Pty) Ltd (SAW), Motor Compliance Solutions (Pty) Ltd (MCS), Paintech Maintenance (Pty) Ltd (Paintech), and Anvil Premium Finance (Pty) Ltd (Anvil) and MotoVantage Holdings (Pty) Ltd.


\(^{101}\) Farmers Trust v Competition Commission of South Africa (20188/17) [2017] ZAGPPHC 488 (May 11, 2017)

2017 also saw the expansion of the COMPCOM’s market inquiry activities. Retail market inquiries were initiated or continued in the mobile data, grocery retail market, healthcare, and public passenger transport sectors.

D. Abuses of dominance

Many cases focus on exclusivity. In potato seeds and Rooibos tea markets, the COMPCOM alleges that exclusivity arrangements have resulted in exclusion of competitors to the detriment of competition.

E. Court decisions

The High Court ordered SAA to pay Comair approximately R1.15bn in follow-on damages for abuse of dominance conduct. The case took approximately 14 years to prosecute and represents only the second successful damages claim brought pursuant to a breach of the Act.

11 United Kingdom

By Jonathan Tickner & Jasvinder Nakhwal, Peters & Peters

A. Legislative Developments

On 29 March 2017, the UK Government served formal notice under Article 50 of the Treaty of Lisbon, commencing the process to terminate their EU membership. The details of how this separation will impact competition law are unknown because in part it depends on the model agreed with the EU and adopted by the UK Government. The EU competition rules will continue to apply to agreements or conduct of UK businesses that have an effect within the EU; however, the Commission will now no longer have power to carry out dawn raids in the UK or ask the Competition and Markets Authority (“CMA”) to do so on their behalf. The substance of UK competition law is almost identical to that of EU competition law and it is unlikely that there will be immediate erosion in consistency. However, UK courts can no longer refer questions to the European Court of Justice which has proven to encourage consistency.

Moreover, mergers whether UK or foreign that meet both the UK and EU thresholds will have to face both systems.

B. Mergers

The CMA has found the merger Just Eat/Hungryhouse does not raise competition concerns. Just Eat and Hungryhouse are two well-known online food ordering...
platforms in the UK with similar business models. With the entry of ‘Deliveroo” and “UberEats” these companies were found to provide greater competition.114

C. Cartels and Other Anti-Competitive Practices

On November, the CMA set out provisional findings in its Statement of Objections that Concordia abused its dominant position to overcharge the NHS by over £34m for the l thyroid drug. The CMA alleged an increase of around 6000% from the price charged in 2006. The CMA is currently pursuing another 7 investigations into several drug companies about pricing and competition issues.115

D. Court Cases

The Competition Appeal Tribunal (“CAT”) handed down judgment on the first ever application for a ‘collective proceedings order’ (“CPO”) under the new regime introduced by the Consumer Rights Act 2015.

In Gibson v Pride Mobility Products Limited116, the Applicant sought a CPO for certification as the representative of an opt-out class of people who purchased the Respondent’s scooters in the UK during the period where the Respondent was found by the OFT to have been infringing competition law in the mobility scooter market.117 The CAT analysed the Consumer Rights Act 2015, in particular whether the potential claimants’ damages claims raised common issues.

115 Ibid.
116 Dorothy Gibson v Pride Mobility Products Limited [2017] CAT 9
The CAT considered a Canadian decision: 118 in establishing commonality of loss to the class members, economic evidence must “offer a realistic prospect of establishing loss on a class wide basis.” 119 The CAT found that the Applicant needed to review her economic evidence in support of her definitions of subclasses as their claim to damages were beyond the scope of the OFT decision. This demonstrates the CAT is keen to create an effective mechanism for collective redress for consumers and they are prepared to scrutinise evidence to demonstrate commonality. 120

12 United States

By Lisl Dunlop and Shoshana Speiser, Manatt, Phelps & Phillips, LLP

A. Legislative developments

In September 2017 two bills aimed at strengthening antitrust enforcement and making it easier for the agencies to challenge mergers were introduced in the Senate. The first bill would lower the threshold for a prohibited merger from one that may “substantially” lessen competition to one that may “materially” lessen competition and shift the burden to the parties to establish that the transaction is not anticompetitive when a merger leads to a significant increase in market concentration or is over a certain size. 121 The second bill includes reporting requirements for settled mergers, changes the HSR filing fees and size-of-transaction thresholds, and directs studies of merger remedies. 122

118 Pro-Sys Consultants Ltd v Microsoft Corp [2013] SCC 57 (Rothstein J)
119 n(9).
120 n(9).
122 S.1811, Merger Enforcement Improvement Act.
B. Mergers

The agencies received 1,832 HSR filings in the 2016 fiscal year. One thousand seven hundred seventy eight (1,778) transactions (97%) were granted early termination or the waiting period expired without a Second Request. Settlements, restructurings, or withdrawals after challenge occurred in only 47 transactions (2.7%).

Once again healthcare has been a notable field for merger enforcement. In June 2017 the FTC and the North Dakota Attorney General challenged Sanford Health’s proposed acquisition of Mid Dakota Clinic, despite the transaction falling below the HSR notification thresholds. The Department of Justice (“DOJ”) completed its successful challenge to significant health insurer mergers when in April 2017, the D.C. Circuit affirmed the lower court’s decision to block Anthem’s acquisition of Cigna.

In September 2017, the DOJ challenged Parker-Hannifin Corporation’s consummated $4.3 billion acquisition of CLARCOR Inc., alleging that the transaction substantially lessened competition in markets for aviation fuel filtration products in the U.S. And in November 2017, the DOJ challenged AT&T/DirecTV’s proposed acquisition of TV network owner Time Warner on the basis that the vertical integration would give the merged firm the power to

demand higher prices for content from rival distributors and slow the industry’s transition to new video distribution models.\textsuperscript{127}

C. Cartels and other Anticompetitive Practices

The DOJ has focused its criminal antitrust enforcement on domestic investigations in industries such as public real estate foreclosure auctions, generic drugs, and canned seafood. The DOJ also continues to investigate and prosecute companies and executives for their roles in conspiracies in global industries including automotive parts, capacitors, LIBOR, and “roll-on, roll-off” ocean cargo.

D. Agency Guidance and Advocacy

In January 2017, the FTC and the DOJ announced updated Antitrust Guidelines for International Enforcement and Cooperation.\textsuperscript{128} Updates include a discussion of investigative tools, confidentiality safeguards, the legal basis for cooperation, information exchanges and waivers of confidentiality, remedies and special considerations in criminal investigations, and the application of U.S. antitrust law to conduct involving foreign commerce, foreign sovereign immunity, and foreign sovereign compulsion.
