

japan to investigate communication industry's practices

Japan's Fair Trade Commission has started a far-reaching inquiry into the communication industry's business practices.

A Jan. 30 letter to chief executives from Akihito Watanabe, manager of the FTC's Trade Practices Department in the Economics Affairs Bureau, said in part: "... [In other investigations] we have found that in the advertising transactions between the advertiser, agency, and media there was room for improvement for assuring fair trade such as the status of documenting contracts. ... We have decided to survey mainly the trade involving advertisers and media companies to identify the actual conditions of the market structure and the trade practices of the advertising industry with regard to the antitrust law and competition policy."

The investigation will cover both transactions between agencies and their clients and between agencies and media companies. A published report is expected this August. The study stems partly from an investigation last year into the relations between agencies and their sub-contractors.

Pressure from some advertisers demanding greater transparency in their dealings with agencies was also a factor. In 2003, the Japan Association of Advertisers published a report, calling for greater transparency. The recommendations had little impact. According to one executive familiar with the inquiry, the FTC wishes to explore whether large agencies and advertisers use their buying power to unfairly squeeze smaller companies and collaborate in secretive pricing or discount mechanisms. Since foreign advertising agencies and advertisers are largely among the smaller players, the inquiry probes sensitive topics. • —David Kilburn

more regulations and reports

- The European Association of Communications Agencies has published a code of ethics for agencies in **EUROPE**. The code, supported by the Institute for Communications Ethics, is intended to provide practical guidelines for dealing with complex ethical issues and to give clients a clearer idea of what they can expect from agencies. The EACA ethics program is also expected to help agencies respond to increasing European Union scrutiny of self-regulated industries; to encourage best practices for the management of ethical issues; and to establish advertising practitioners as a key group providing advice on social and ethical issues.
- **THE CZECH GOVERNMENT** has proposed a 3% tax on TV commercials. It is estimated that the tax would generate about €10 million a year. Proceeds would go to the Czech Fund for Cinematography to help finance the production of locally made films. Advertising trade groups argue that it will harm commercial communications and violate the liberal principles of the EU. The Ministry of Culture claims that the tax is justifiable under EU rules. The measure has been approved by the government. It is expected to be the focus of fierce debate in Parliament. •

a humorous approach to encourage i-mode use

To encourage trial of i-mode data services among younger mobile phone users, FarEastone and agency Ogilvy & Mather Taiwan created a series of light-hearted spots showing that the technology is cool and fun. In the commercials, people realize how much better off they would have been had they used i-mode. In this spot, a poignant moment fulfilling a dearly departed loved one's wishes to have ashes scattered at the beach is ruined by a sudden gust of wind. If only they'd checked the weather forecast on i-mode.... •

