

Guideline for the Fair Transactions in the Airport Ground Handling Services

Formulated in January 2026

Civil Aviation Bureau

Ministry of Land, infrastructure, Transport and Tourism

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Introduction (Background and Context)

In response to the decline in the working-age population, the sharp rise in raw material and energy costs, and the resulting rapid increase in prices, the Government compiled the “Package of Measures to Facilitate Smooth Price Pass-Through for Value Creation through Partnerships” (December 2021) and the “Guidelines on Price Negotiation for Appropriate Pass-Through of Labor Costs” (November 2023). Since then, it has been promoting initiatives to ensure appropriate price pass-through for labor costs, raw material costs, and energy costs.

Given the recent sharp increases in labor costs, raw material costs, and energy costs, securing financial resources for wage increases is essential for business operators seeking to achieve “wage hikes exceeding price inflation.” It is therefore critical to implement “structural price pass-through” to secure such resources across the entire supply chain. Against this backdrop, and based on discussions held by the Corporate Transaction Study Group, the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors was revised as the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators (hereinafter referred to as the “Transaction Optimization Act”), which includes the expansion of its scope and the addition of prohibited practices, and came into effect on January 1, 2026. This Guideline has been formulated by the Ministry of Land, Infrastructure, Transport and Tourism, as part of these efforts to promote fair transactions in airport ground handling services.

Domestic air travel demand has been on a recovery trend from the COVID-19 pandemic; however, growth has plateaued. In contrast, international air travel demand has rebounded rapidly, and the 2025 winter schedule surpassed pre-pandemic levels, reaching a record number of flights. In particular, new routes and increased frequencies by foreign airlines have surged, and currently approximately 80 percent of international flights are operated by foreign carriers. Furthermore, the number of inbound foreign visitors reached a record high of 36.87 million in 2024*1. Most of these visitors enter Japan by air, and robust inbound demand is expected to continue, further increasing the importance of air transport.

Ensuring the safe and reliable operation of aircraft is a fundamental principle shared by all aviation stakeholders, and airport ground handling services are indispensable to realizing this philosophy. However, the workforce engaged in ground handling was significantly affected by global movement restrictions and emergency declarations during the COVID-19 pandemic, with staffing levels declining temporarily by about 20 percent compared to pre-pandemic levels. Although staffing has recovered to pre-pandemic levels, challenges remain: approximately 40 percent of employees have less than three years of experience, highlighting issues in training

*1 Japan National Tourism Organization (JNTO) Visitor Arrivals Statistics in 2024

and job retention. Moreover, ground handling is a typical labor-intensive operation that relies heavily on manual work. Ground handling service providers (hereinafter referred to as “GH service providers”) operate in specialized areas, forming a multi-tiered entrusting structure with contracts between airlines and primary GH service providers at the top, followed by re-entrusting to other GH service providers with specialized expertise.

The industry structure of airport ground handling faces challenges such as multi-tiered entrusting, as well as employment and contractual practices that may hinder improvements in working conditions. The “Interim Summary of the Vision for the Sustainable Development of Airport Operations” (June 9, 2023) emphasized the need for a fundamental review of these practices to improve employee treatment, including preventing excessive competition aimed at reducing labor costs, promoting dialogue between labor and management, and ensuring risk-sharing among stakeholders benefiting from increased flight operations. These initiatives, including follow-up measures, have been steadily advanced in collaboration with relevant industries.

To appropriately respond to rapidly growing inbound demand and achieve government targets such as “60 million inbound visitors by 2030,” it is essential to develop a resilient airport operations system that can autonomously accommodate increased air travel demand and sustainably maintain and enhance airport operations.

This requires not only securing and developing human resources and improving productivity through operational efficiency, but also ensuring employee health and safety, creating a secure working environment, and continuously improving working conditions. To this end, it is necessary to flexibly respond to the diversification of business partners, such as foreign carriers, and to increases in passenger and cargo volumes, and to promote fair transactions through appropriate price pass-through of labor and energy costs.

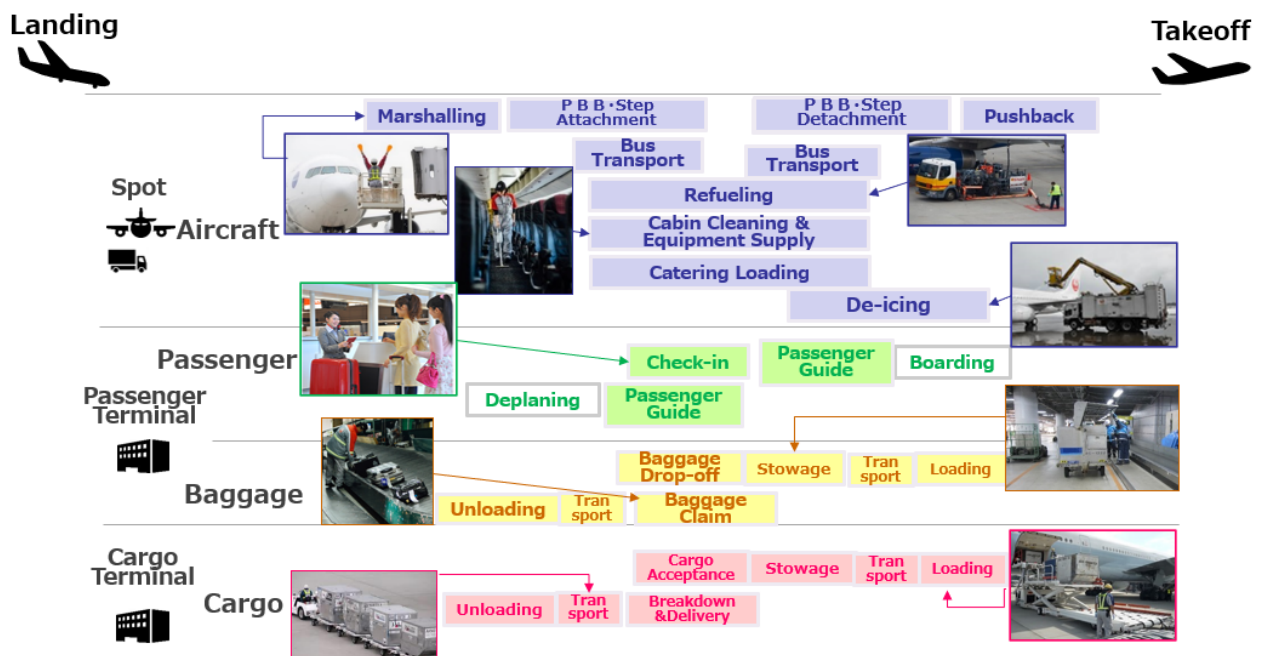
Through these efforts, the attractiveness of airport ground handling services should be enhanced, while strengthening brand value through improved service quality, fostering the sustainable development of the industry.

It is expected that this Guideline will contribute to promoting fair transactions in airport ground handling and ensuring the safety and reliability of air transport.

1. Industry Structure and Transaction Relationships in Airport Ground Handling Services

1-1 Industry Structure

Airport ground handling services encompass a wide range of operations, such as passenger handling to assist air travelers; ramp handling for loading and unloading baggage and cargo onto aircraft; cargo handling for coordinating cargo loading; operational support for aircraft flights; refueling; and flight catering for loading in-flight meals and supplies. Furthermore, the industry consists of diverse operators including companies affiliated with airlines operating at major airports nationwide, entities affiliated with specific corporations focusing on regional operations, foreign-capital operators, and local enterprises. In addition to differences in scale and background, business models also vary with some operators specializing in specific services while others provide multiple services across a broad range. Overall, approximately 400*2 operators of various sizes exist across Japan.

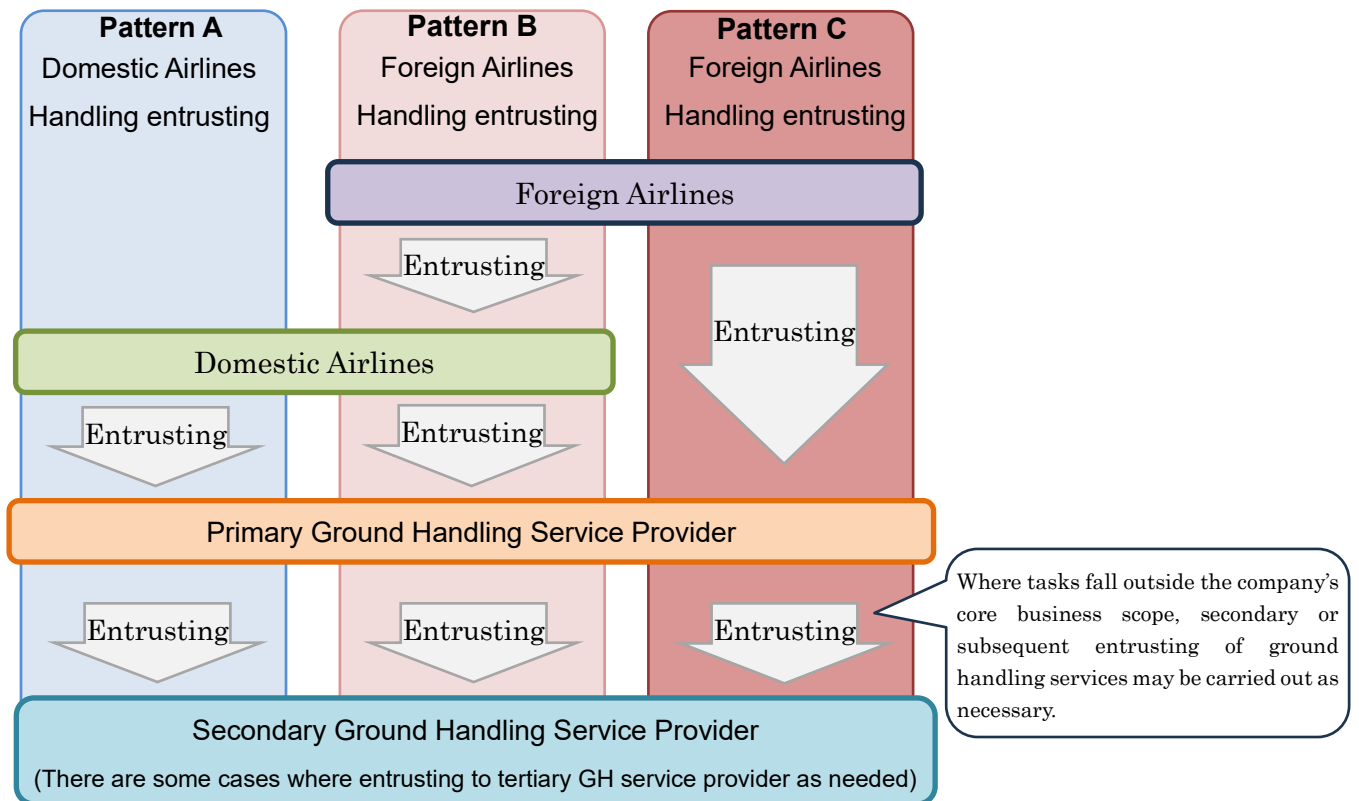


1-2 Transaction Relationships

Various airport ground handling services essential for safe aircraft operations and efficient transport of passengers and cargo are generally entrusted through negotiations between airlines and primary GH service providers. These providers often re-entrust specific tasks to secondary GH service providers.

*2 Survey by the Civil Aviation Bureau

【Figure 1】 The patterns of the contractual arrangements in the Airport Ground Handling Services



○As illustrated in Figure 1, the contractual arrangements can be broadly categorized into three patterns: A, B, and C.

(1) **Pattern A**

A primary GH service provider contracts with Japanese airlines to provide ground handling services and then re-entrusts certain tasks—such as those outside its operational capabilities or areas where resources are insufficient—to secondary GH service providers.

(2) **Pattern B**

Among Japanese airlines, Japan Airlines Co., Ltd. and All Nippon Airways Co., Ltd. contract with foreign carriers to provide ground handling services and then re-entrust tasks to GH service providers, in a manner similar to domestic arrangements under Pattern A.

(3) **Pattern C**

A primary GH service provider contracts directly with foreign carriers to provide ground handling services and re-entrusts specific tasks to secondary GH service providers as needed.

- In negotiations and contracts between airlines and GH service providers, the Standard Ground Handling Agreement (SGHA), which is a contractual template included in the Airport Handling Manual (AHM) published by IATA^{*3}, is commonly used. When entering into contracts, GH service providers specify the types of services, pricing, and scope of responsibility in accordance with the SGHA, and negotiate the terms with their contracting counterparties such as airlines accordingly. Even under Pattern B, where Japanese airlines contract with foreign carriers, the SGHA is entered into between them, and subsequent contracts with primary GH service providers reflect its provisions.
- Contracts typically describe the scope of services based on aircraft type but rarely include detailed operational requirements such as work hours, staffing levels, or worker proficiency. However, some airlines conclude **Service Level Agreements (SLA)** specifying service standards, such as on-time performance targets, baggage handling times, and the required number of counter allocations.
- At metropolitan airports, many GH service providers tend to specialize in narrow service areas, while at regional airports, GH service providers often handle a broad range of services, and their numbers are limited. Regional airports frequently engage in proactive top-level promotional efforts by local governments or airport operators to attract foreign carriers. Consequently, Japanese airlines and GH service providers newly entrusted with operations by foreign carriers incur significant costs for preparations, including securing personnel, procuring equipment, and conducting airline-specific training.
- The tasks re-entrusted between GH service providers are not predetermined and may be re-entrusted to secondary GH service providers when the primary GH service provider lacks operational capability, or even when it has such capability, faces a shortage of resources.
- The structure of the GH service industry involves multiple tiers, typically extending to tertiary GH service providers. Primary GH service providers contracting with airlines are required to identify entrusted GH service providers and ensure that all tasks, including those performed by downstream providers, are conducted appropriately. Many secondary GH service providers lack ground support equipment (GSE) or facilities for ramp handling; therefore, GSE is often provided by airlines or primary GH service providers.
- Contracts between foreign carriers and GH service providers generally base fees on the number of flights handled or cargo volume (on a ton-kilometer basis). In addition, fees may apply to Representative (REP) operations^{*4}. Rates are negotiated individually in accordance with SGHA provisions, and no industry-standard pricing exists.
- Contract negotiations typically begin about six months before schedule changes^{*5} and

^{*3} International Air Transport Association

^{*4} Duties involving coordination between the foreign carrier and on-site operations, and overall on-site supervision, as the representative entrusted by the foreign carrier.

^{*5} Semi-annual schedule changes (Summer schedule: from the last Sunday in March; Winter schedule: from the last Sunday in October).

continue throughout the year. When accepting new foreign carriers, GH service providers require preparation time for training and other arrangements.

2. Target Businesses of the Guideline

Negotiations and contracts for airport ground handling services take place among foreign carriers, Japanese airlines, and GH service providers. All parties involved in these transactions must share a common understanding in order to prevent inappropriate practices, establish equitable relationships between entrusting entities and entrusted small and medium-sized enterprises (hereinafter referred to as “SMEs”), and promote fair and transparent transactions.

In particular, at regional airports, foreign carriers attracted through proactive top-level promotional efforts by local governments or airport operators may unexpectedly reduce or suspend their services. In light of these circumstances, local governments, airport operators, and airport terminal companies must understand, from a risk management perspective, the burdens and costs borne by Japanese airlines and GH service providers in preparing for such operations.

This Guideline applies not only to foreign carriers, Japanese airlines, and GH service providers but also to relevant stakeholders such as local governments and airport operators. Efforts will be made to disseminate this Guideline widely among these parties.

3. Transactions Subject to the Guideline

Relevant laws aimed at ensuring fairness in transactions between contracting entities and small and medium-sized subcontractors, securing the interests of subcontractors, and promoting business development include the following three Acts:

- **Act on Prohibition of Private Monopolization and Maintenance of Fair Trade** (Act No. 54 of 1947; hereinafter referred to as the “Antimonopoly Act”)
- **Act Against Delay in Payment of Fees, etc. to Small and Medium-sized Entrusted Business Operators in Manufacturing and Other Specified Fields** (Act No. 120 of 1956), as amended to become the **Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators** (hereinafter referred to as the “Transaction Optimization Act”)
- **Act on Promotion of Entrusted Small and Medium-sized Enterprises** (Act No. 145 of 1970; hereinafter referred to as the “Promotion Act”).

This Guideline focuses primarily on the Antimonopoly Act and the Transaction Optimization Act, considering aspects related to supervision, regulatory requirements, and points of attention for transactions in airport ground handling services.

■ Overview of Relevant Laws

(Antimonopoly Act)

The Antimonopoly Act has the broadest scope of application and establishes fundamental rules for business activities by prohibiting private monopolization, unreasonable restraint of trade (including cartels and bid-rigging), and abuse of superior bargaining position (Article 2, Paragraph 9, Item 5), thereby promoting fair and free competition. The Act applies to all business operators regardless of size and prohibits unfair trade practices per se, covering not only transactions between entrusting entities and entrusted SMEs categorized by capital or investment, but also transactions among all business operators.

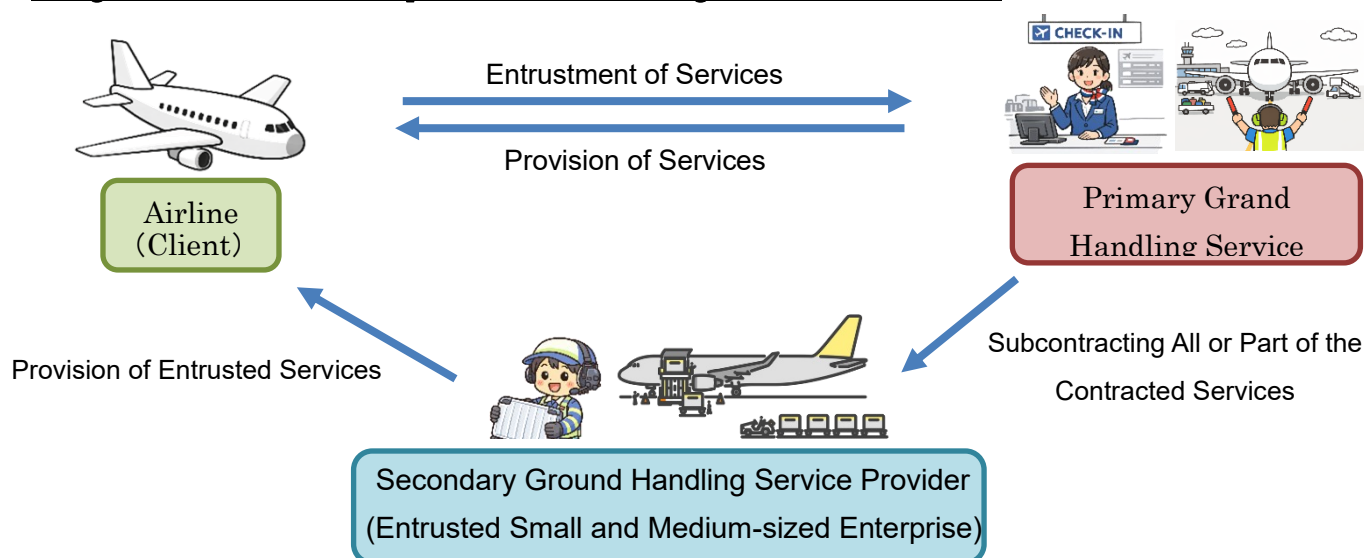
(Transaction Optimization Act)

The Transaction Optimization Act classifies transactions between entrusting entities and entrusted SMEs into the following five categories:

1. Manufacturing entrustment
2. Repair entrustment
3. Information product creation entrustment
4. Service provision entrustment
5. Specified transportation entrustment

Airport ground handling services fall under Category 4, “Service provision entrustment” (Article 2, Paragraph 4 of the Act). Please note that the Act applies to service provision entrustment only when the transaction constitutes “re-entrustment” on the part of the entrusting entity.

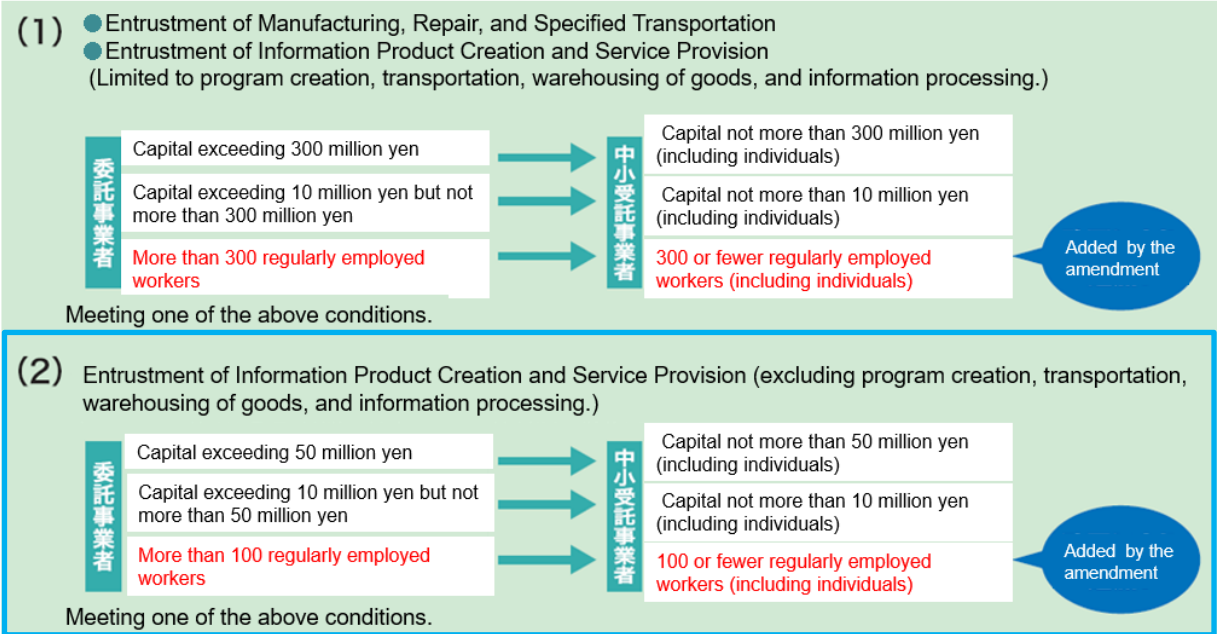
【Figure 2】 Patterns of Airport Ground Handling Service Entrustment



In addition, Articles 2, Items 8 and 9 of the Act define entrusting entities and entrusted SMEs based on transaction type, capital amount, and number of employees. It is therefore

necessary to confirm whether a transaction falls within the scope of the Act based on these criteria.

【 Figure 3 】 Definitions of entrusting entities and entrusted SMEs under the Transaction Optimization Act



Furthermore, from the perspective of promoting fairness in entrusted transactions and safeguarding the interests of entrusted SMEs, the obligations and prohibitions imposed on entrusting entities, as well as the investigations and recommendations stipulated under the Act, are illustrated in Figure 4. The obligations of entrusting entities are stipulated in Articles 3, 4, 6, and 7 of the Act and can be summarized as follows:

① Obligation to Specify Order Details (Article 4)

To prevent disputes arising from verbal orders, entrusting entities must clearly specify order details—such as the content of the service, the payment amount, the payment deadline, and the payment method—in writing or by electronic means, such as email. Entrusting entities may choose either written or electronic means; however, oral communication, including by telephone, is not permitted. Under the recent amendment, electronic specification is permitted even without the entrusted SME’s consent; however, if the entrusted SME requests a written document, it must be provided without delay. Nevertheless, where the protection of the entrusted SME would not be impaired, delivery of a written document is not necessarily required.

The matters that must be stated in the order document are stipulated in the Rules on Specification under Article 4 of the Act Against Delay in Payment of Fees, etc. to Small and Medium-sized Entrusted Business Operators in Manufacturing and Other Specified Fields

(Fair Trade Commission Rule No. 8 of 2025).

Furthermore, if the entrusting entity fails to specify the required matters pursuant to Article 4, paragraph (1), or fails to deliver a written document pursuant to Article 4, paragraph (2), the representative of the entrusting entity shall be subject to a fine under the provisions of Article 14.

② Obligation to Prepare and Retain Records (Article 7)

Upon completion of a transaction, entrusting entities must prepare and retain records of the transaction details – such as the service content and payment amount – in written or electronic form for a period of two years.

The matters that must be stated in writing are stipulated in the Rules on the Preparation and Preservation of Documents under Article 7 of the Act Against Delay in Payment of Fees, etc. to Small and Medium-sized Entrusted Business Operators in Manufacturing and Other Specified Fields (Fair Trade Commission Rule No. 10 of 2025).

A violation of Article 7, including failure to prepare or retain electronic records, may result in fines under Article 14.

③ Obligation to Specify the Payment Due Date (Article 3)

Payment due dates must be set within the shortest possible period, not exceeding 60 days from the date on which the services are provided. Where no payment due date is specified, the payment due date shall be the date on which the services are provided. Even if the parties agree to set a payment due date exceeding 60 days, the Act stipulates that the payment due date shall be the day immediately preceding the day on which 60 days have elapsed from the date on which the services are provided.

④ Obligation to Pay Interest for Late Payment (Article 6)

If payment is not made by the payment due date, the entrusting entity must pay interest for late payment to the entrusted SME at an annual rate of 14.6%, for the period from the day following the day on which 60 days have elapsed from the date on which the services are provided until the date on which payment is actually made, in proportion to the number of days in such period.

Furthermore, where the entrusting entity reduces the amount of consideration determined at the time of placing the order without any reason attributable to the entrusted SME, the entrusting entity shall be obligated to pay interest for late payment on the reduced amount, in proportion to the number of days in the relevant period, from the starting date – being the later of the date on which the reduction was made or the day following the day on which 60 days have elapsed from the date on which the services were provided – until the date on which payment of the reduced amount is actually made.

This statutory interest rate shall apply in priority to any interest rate provided for under the Civil Code, the Commercial Code, or agreed upon between the parties. Please note that the payment of delay interest does not justify delayed payment.

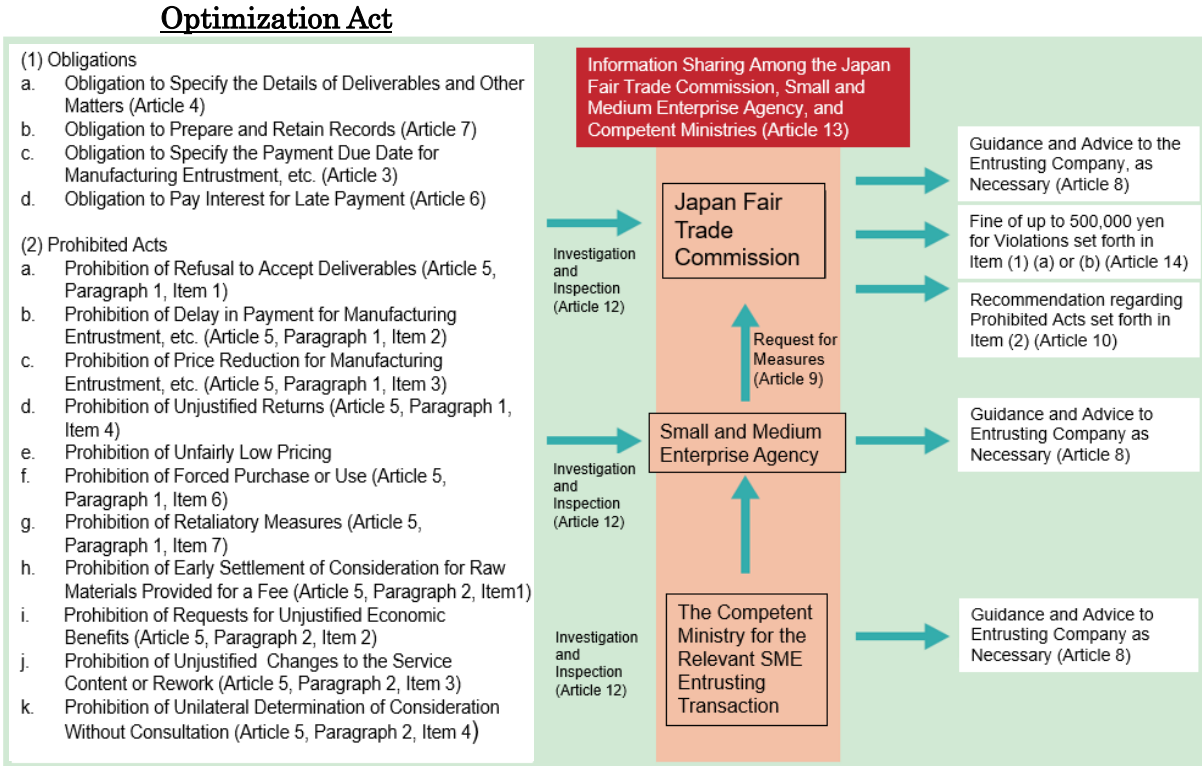
⑤ Prohibited Acts Applicable to Contracting Entities

Prohibited acts applicable to entrusting entities are stipulated in Article 5, paragraph (1), items (excluding items (i) and (iv)) and paragraph (2), items (excluding item (i)) of the Act, and are specifically as follows.

- Delay in payment of consideration for manufacturing entrustment (including prohibition of payment by promissory notes)
- Reduction of consideration for manufacturing entrustment
- Unfairly low pricing
- Forced purchase or use of goods/services
- Retaliatory measures
- Early settlement of consideration for raw materials provided for a fee
- Requests for the provision of unreasonable economic benefits
- Unjustified changes to the service content or rework
- Unilateral determination of consideration without consultation

These acts constitute violations, even if the entrusted SME consents or the entrusting entity lacks awareness of illegality. Therefore, due caution is required.

【Figure 4】 Obligations and prohibited acts of entrusting entities under the Transaction

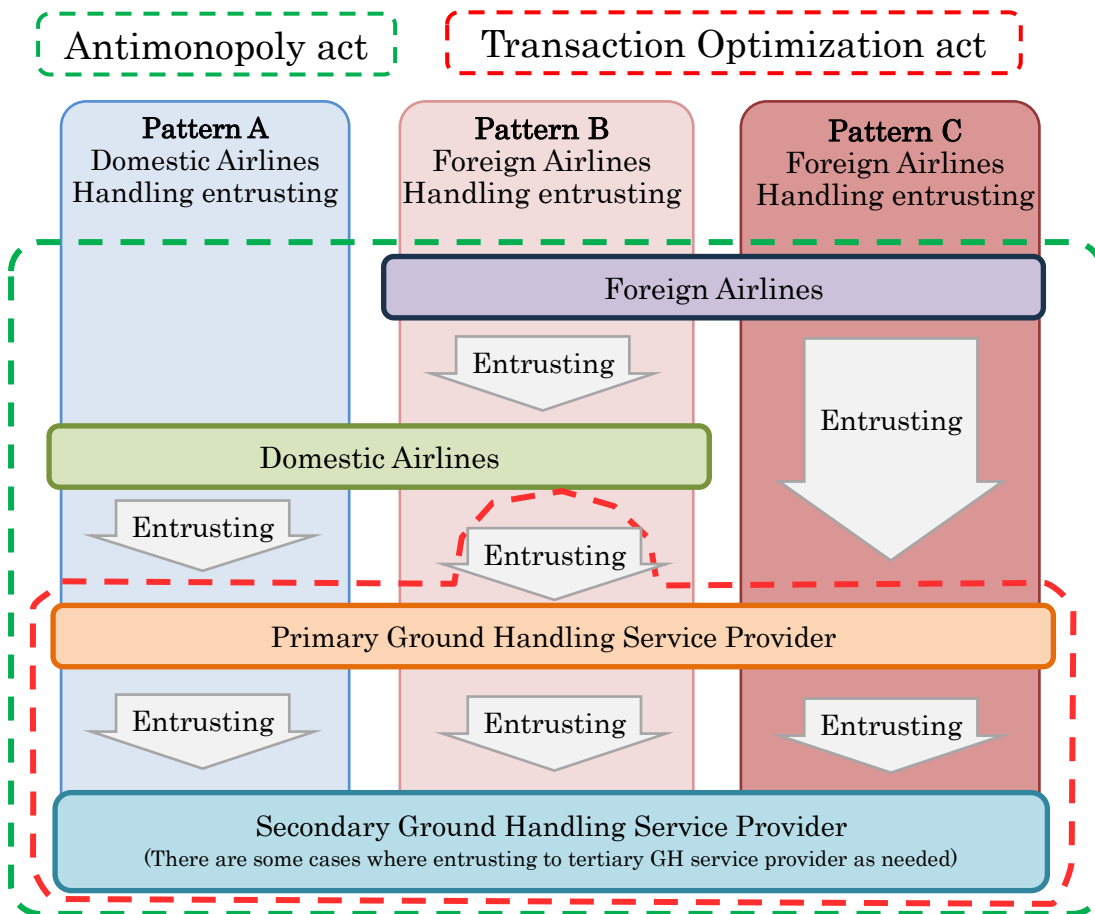


Based on the above, the representative application of relevant laws to transactions within the entrusting structure of airport ground handling services is illustrated as follows (Figure ⑤).

The Antimonopoly Act broadly applies to all transactions between airlines and GH service providers, as well as among GH service providers (green dotted lines), whereas the Transaction Optimization Act applies specifically to transactions involving re-entrusting between GH service providers (red dotted lines).

However, the applicability of these laws must be determined for each transaction based on the type of contract. In addition, with respect to the Transaction Optimization Act and the Act on Promotion of Entrusted Small and Medium-sized Enterprises, such determinations should take into account the capital or employee size requirements of the business operators. Therefore, please note that the explanations provided herein are for illustrative purposes only.

【Figure 5】 The applicability of the Antimonopoly act and the Transaction Optimization act



4. Classification of Major Types of Conduct That May Cause Issues in Ground Handling Operations and Their Relationship with the Transaction Optimization Act

This chapter provides a detailed explanation, based on industry hearings and related findings, of the principal categories of conduct that may give rise to concerns under the Transaction Optimization Act in the course of ground handling operations carried out by entrusting entities and the entrusted SMEs.

Regarding the types of prohibited acts, please note that they are presented from the perspective of the entrusted SME. If an entrusted SME is subjected to such conduct by an entrusting entity, it is advisable to consult directly with the entrusting entity or, as described below, with the relevant government ministries and designated consultation desks, in order to promote fair transactions.

① Unfairly Low Pricing (“Kaitataki”) (Article 5, Paragraph 1, Item 5) (Specific Examples of Conduct)

- Although additional personnel were requested by the entrusting entity due to insufficient staffing for the required services, the entrusted SME bore the labor costs without charging the entrusting entity.
- Contract prices are set excessively low, or the entrusted SME is forced to provide work or service quality beyond what is proportionate to the agreed price.
- The contract does not include costs associated with training hours necessary to perform the entrusted work.

(Points to Note under the Transaction Optimization Act)

- If the entrusting entity demands an unjustifiably low price compared with the usual consideration paid for similar services provided by the entrusted SME, this constitutes “Kaitataki” under Article 5, Paragraph 1, Item 5 of the Act and may constitute a violation of the Act.
- Determination of whether “Kaitataki” applies is based on a comprehensive assessment of the following four factors:
 1. Whether sufficient consultation took place when determining the price for entrusting.
 2. Whether the price determination was discriminatory.
 3. The degree of deviation between the usual consideration and the actual payment.
 4. Trends in the cost of raw materials and other necessary inputs.
- Furthermore, if the entrusting entity unilaterally determines the contract price without adequate consultation, this may constitute an “abuse of superior bargaining position” under the Antimonopoly Act.

(Required Business Practices)

- Contract prices should be determined based on appropriate quantities and cost structures that reflect the necessary personnel, equipment, and work hours, and should be documented in written agreements.
- In this regard, entrusted SMEs shall submit an estimate based on appropriate cost calculations that adequately reflect fluctuations in labor and energy costs, as well as training expenses required to provide the requested services. Both entrusting entities and entrusted SMEs are expected to engage in thorough consultations and to determine the contract price by mutual agreement.

(Best Practice Example)

<Negotiation Based on Cost Calculation>

- Quantities of personnel, equipment, and work hours required for entrusted services should be calculated by comparing with similar contracts and using standard estimation methods. Labor and price fluctuations should be taken into account to derive objective and reasonable estimates, thereby facilitating price negotiations that are mutually agreeable.

<Strategic Partnership from the Perspective of Coexistence and Mutual Prosperity>

- Entrusting entities should establish a strategic partnership with entrusted SMEs based on the principle of mutual growth, in which any increase in contract unit prices is accompanied by a request for further improvement in service quality from the entrusted SMEs.

② Requests for the Provision of Unreasonable Economic Benefits (Article 5, Paragraph 2, Item 2)

(Specific Examples of Conduct)

- | |
|---|
| <ul style="list-style-type: none">• The entrusting entity requests that the entrusted SME handle tasks outside scope of the contract, causing disruption to the entrusted SME's primary operations. |
|---|

(Points to Note under the Transaction Optimization Act)

- If the entrusting entity suggests unfavorable treatment unless the entrusted SME complies, or repeatedly requests monetary or labor contributions despite the entrusted SME's clear refusal or evident unwillingness, this constitutes a request for the provision of unreasonable economic benefits under Article 5, Paragraph 2, Item 2 of the Act and may constitute a violation of the Act.
- Additionally, requiring the entrusted SME to perform tasks solely benefiting the entrusting entity without covering the associated costs may constitute an "abuse of superior bargaining position" under the Antimonopoly Act and may constitute a violation of the Antimonopoly Act.

(Required Transaction Practices)

- When requesting ancillary tasks outside the scope of the contract, the entrusting entity should clarify the direct benefits to the entrusted SME and establish a clear agreement on role allocation and cost-sharing through sufficient consultations in advance.
- Both the entrusting entity and the entrusted SME should abandon the perception that ancillary tasks are inherently free of charge.
- On-site requests from the entrusting entity for non-contractual tasks should be reported by entrusted SME staff to their managers, and should only be addressed upon agreement by the management of both parties.
- Regular meetings should be held between both the entrusting entity and the entrusted SME to share actual conditions and issues, and to jointly develop and implement improvement measures.

(Best Practice Example)

<Proper role allocation by partnership>

- Previously unpaid ancillary tasks on site and their associated risks were jointly investigated and discussed, followed by written agreements on cost and risk sharing.
- Regular discussions were held to determine either the monetization of previously unpaid ancillary tasks or the reassignment of such tasks to the entrusting entity.
- On-site requests for non-contractual tasks were reported by entrusted SME staff to their managers. The entrusting entity and the entrusted SME then discussed and decided whether to approve charges for such tasks or to have the entrusting entity perform the tasks itself.

<Proper role allocation by increased compliance awareness>

- In this case, compliance-driven practices ensured that ancillary tasks were either compensated or performed by the entrusting entity, supported by revised estimates, which resulted in successful negotiations.

③ Unjustified Changes of the Service Content or Rework (Article 5, Paragraph 2, Item 3)

(Specific Examples of Conduct)

- | |
|---|
| <ul style="list-style-type: none">• Costs for personnel and equipment assigned to canceled flights could not be billed to the entrusting entity and were therefore borne by the entrusted SME.• Sudden cancellations due to the entrusting entity's circumstances resulted in uncompensated work for the entrusted SME.• Additional costs arising from changes or additions to the contract scope caused by the entrusting entity were borne by the entrusted SME . |
|---|

(Points to Note under the Transaction Optimization Act)

- Canceling orders or requiring additional work without covering the associated costs due to the entrusting entity’s circumstances constitutes “unjustified changes of the service content or rework” under Article 5, Paragraph 2, Item 3 of the Transaction Optimization Act and may constitute a violation of the Act.
- The Transaction Optimization Act does not prohibit changes or rework per se; however, imposing such changes or rework without fault on the part of the entrusted SME, in a manner that unjustly harms its interests, is prohibited. If the entrusting entity bears the necessary costs for such changes or rework, such conduct does not fall under this prohibition.
- Unilateral changes by the entrusting entity that impose undue disadvantages on the entrusted SME contrary to normal business practices may also constitute an “abuse of superior bargaining position” under the Antimonopoly Act and constitute a violation.

(Required Transaction Practices)

- Both entrusting entities and entrusted SMEs shall anticipate sudden flight cancellations or changes in work hours and agree on compensation principles for resulting disadvantages or additional costs, documenting these principles in the agreement.
- Regular meetings shall be convened to share actual conditions and raise an awareness of problems, and to jointly discuss and implement improvement measures.

④ Prohibition of Unilateral Determination of Payment Without Consultation (Article 5, Paragraph 2, Item 4)

(Specific Examples of Conduct)

- | |
|--|
| <ul style="list-style-type: none">• Entrusted SMEs have increased the hiring of specified skilled foreign workers to secure labor. However, the entrusting entity mistakenly assumes that foreign workers represent “low-cost labor.” In reality, labor costs are higher compared to those of Japanese workers, resulting in increased overall costs. Despite this, the entrusting entity either refused to engage in consultations or delayed providing a response. |
|--|

(Points to Note under the Transaction Optimization Act)

- If, despite rising costs, an entrusting entity ignores or refuses an entrusted SME’s request for price negotiations, delays responses, or fails to provide necessary explanations, and instead unilaterally determines the payment amount, such conduct falls under the “Prohibition of Unilateral Determination of Payment Without Consultation” stipulated in Article 5, Paragraph 2, Item 4 of the Act. This conduct may constitute a violation.
- Furthermore, maintaining prices without negotiation despite cost increases may constitute “Unfairly Low Pricing” (Article 5, Paragraph 1, Item 5).

(Required Transaction Practices)

- When an entrusted SME requests consultation regarding an increase in payment, the entrusting entity shall arrange a meeting for such consultation.
- When an entrusting entity requests a reduction in payment from an entrusted SME, it shall provide necessary explanations and supporting documentation, including specific reasons for the request.
- Both entrusting entities and entrusted SMEs shall conduct negotiations flexibly, taking into account changes in social and economic conditions, such as price inflation, without being bound by past practices or fixed assumptions.

5. Measures Against Violations of the Transaction Optimization Act

When deemed necessary to ensure fairness in transactions between entrusting entities and entrusted SMEs, the Japan Fair Trade Commission (JFTC), the Small and Medium Enterprise Agency (SMEA), and the competent ministry – in the case of airport ground handling, the Ministry of Land, Infrastructure, Transport and Tourism – may require either the entrusting entity or the entrusted SME to submit reports concerning entrusted transactions and may conduct inspections.

Furthermore, where deemed necessary, the JFTC, SMEA, and the competent ministry may provide guidance and advice to entrusting entities. In cases where the JFTC determines that a violation of the provisions of Article 5 of the Transaction Optimization Act has occurred, it shall request the entrusting entity to cease the infringing conduct and restore the original state, and shall recommend the implementation of necessary measures to prevent recurrence. As a general rule, any recommendation issued shall be made publicly.

The JFTC, SMEA, and the competent ministry may also exchange information concerning entrusting entities and entrusted SMEs when such exchange is deemed particularly necessary to ensure fairness in transactions or to protect the interests of entrusted SMEs.

In addition, where an entrusting entity engages in any of the following acts in violation of Articles 14 or 15 of the Transaction Optimization Act, both the individual offender and the entrusting entity, as a legal entity, shall be subject to penal sanctions, including a fine of up to 500 thousand yen:

- Failure to comply with the obligation to clearly indicate order details in writing or by electronic means.
- Failure to prepare or retain documents or electronic records describing transaction details.
- Refusal to submit reports, or submission of false reports, in response to reporting requirements.
- Refusal, obstruction, or evasion of on-site inspections.

Moreover, in cases where conduct is suspected to constitute a breach of obligations or prohibited acts under the Transaction Optimization Act, consultation or reporting to the Transaction Investigators of the SMEA (commonly referred to as “Transaction G-Men”) is available. Through hearings and investigations, early detection, prevention, and corrective guidance can be achieved, thereby exerting a deterrent effect against inappropriate transactions. At the same time, by promoting widespread awareness and adherence to proper transaction practices, an industry-wide culture fostering fair and appropriate transactions is expected to develop.

6. Application of the Antimonopoly Act to Transactions Not Subject to the Transaction Optimization Act

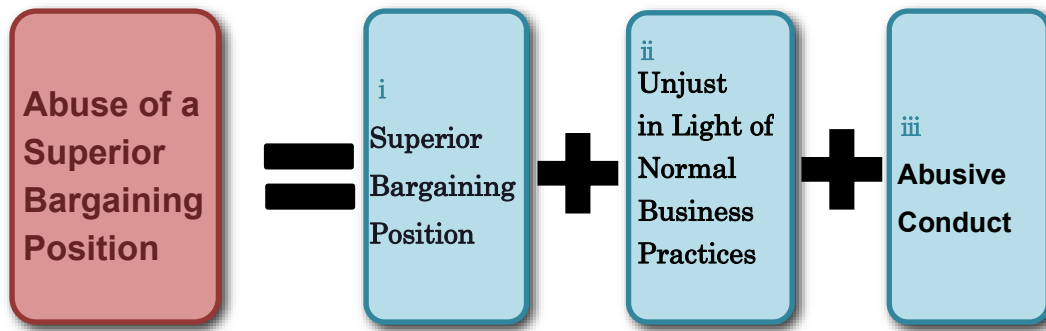
Even where the Transaction Optimization Act does not apply—due to failure to meet the requirements concerning capital thresholds, number of employees, or transaction content stipulated under the Act—conduct prohibited under the Act may nevertheless fall within the category of an “abuse of superior bargaining position,” as defined in Article 2, Paragraph 9, Item 5 of the Antimonopoly Act, which constitutes an unfair trade practice.

The concept of “superior bargaining position” under the Antimonopoly Act is not determined formally based on the size of the entrusting entity and the entrusted SME, or on the nature of the transaction, as under the Transaction Optimization Act. Rather, it is assessed on a case-by-case basis, according to whether a party holds a substantively superior bargaining position in the transaction. Abuse of superior bargaining position refers to a situation in which a party in a stronger position uses that position to treat the counterparty unfairly in light of normal business practices.

A party is deemed to hold a superior bargaining position when discontinuation of transactions with that party would cause significant disruption to the counterparty’s business operations, compelling the counterparty to accept requests that are markedly disadvantageous.

In determining whether a superior bargaining position exists, comprehensive consideration shall be given to specific facts, such as the degree of dependency on the transaction, the market position of the counterparty, the feasibility of switching to alternative partners, and other factors indicating the necessity of the transaction. In assessing whether conduct is “unfair in light of normal business practices,” reference shall be made to standards that maintain and promote a fair competitive order; mere conformity with existing business practices does not suffice to justify the conduct.

【Figure 6】 Abuse of Superior Bargaining Position



i Superior Bargaining Position

A company (Company A) is deemed to hold a superior bargaining position over another company (Company B) when the continuation of transactions with Company A is essential for Company B's business operations, such that Company B cannot refuse significantly disadvantageous requests from Company A without incurring serious business disruption.

ii Unjust in Light of Normal Business Practices

A situation is considered unjust in light of normal business practices when it is likely to impede fair competition in the relevant market

iii Examples of Acts That May Constitute an Abuse of a Superior Bargaining Position

- Forcing the purchases or use of specific goods or services
- Requesting contributions, such as sponsorship fees
- Requesting the dispatch of employees
- Requesting the provision of other economic benefits

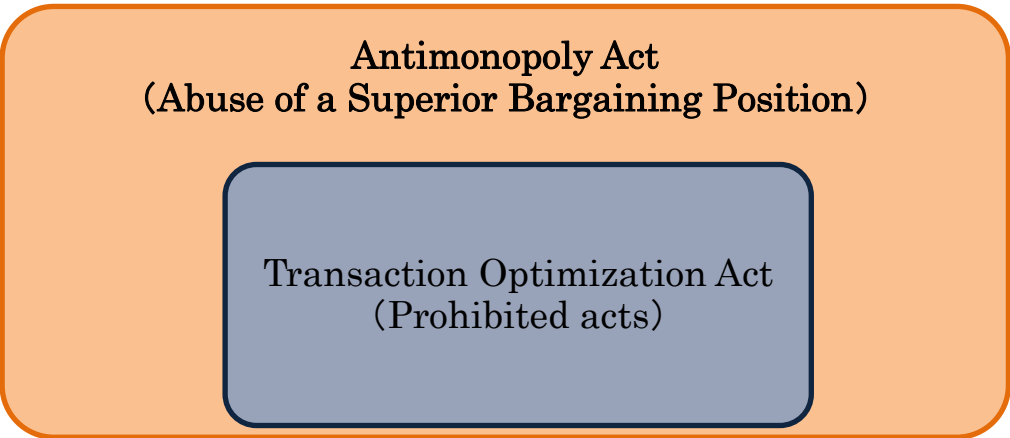
Where a business entity engages in conduct constituting an abuse of superior bargaining position, the Japan Fair Trade Commission may take the following measures:

- **Cease and Desist Order:** An order requiring the prompt elimination of the infringing conduct.
- **Surcharge Payment Order:** An order requiring payment of a surcharge calculated by multiplying the transaction amount with the counterparty during the period of violation (retroactive up to ten years from the commencement of investigation) by the applicable rate (1%). However, no surcharge shall be imposed where the calculated amount is less than 1,000,000 yen.

Similar to the Transaction Optimization Act, conduct suspected of constituting an abuse of superior bargaining position under the Antimonopoly Act may be subject to urgent investigations, including on-site inspections of relevant business entities, conducted by the JFTC's Office for Preventive Measures Against Abuse of Superior Bargaining Position (commonly referred to as the "Abuse G-Men").

As stated in Section 3, "Transactions Subject to the Guideline," the Antimonopoly Act may apply broadly to transactions between airlines and GH service providers, as well as transactions among GH service providers. In transactions between airlines and GH service providers, the services provided by GH service providers are indispensable for the safe and efficient operation of aircraft, while GH service providers cannot sustain their business without airline operations. Although both parties are important partners, due consideration must be given to the possibility that airlines may occupy a superior bargaining position in light of their relative scale. Accordingly, it is necessary to promote appropriate transactions in line with the spirit of the Antimonopoly Act.

7 . Application of the Antimonopoly Act to Transactions Subject to the Transaction Optimization Act



The Antimonopoly Act broadly covers all types of business transactions, including transactions between entrusting entities and entrusted SMEs that fall within the scope of the Transaction Optimization Act. For example, where conduct in a transaction between Company A and Company B constitutes a violation of both Article 2, Paragraph 9, Item 5 of the Antimonopoly Act and Article 5 of the Transaction Optimization Act, and a recommendation or similar measure is issued based on a violation of the Transaction Optimization Act, the Antimonopoly Act shall not apply to the relevant conduct, provided that the party complies with the recommendation. (Article 11 of the Transaction Optimization Act).

8. The Act on Promotion of Entrusted Small and Medium-sized Enterprises

To achieve wage increases exceeding price inflation for entrusted SMEs, the Act on Promotion of Entrusted Small and Medium-sized Enterprises (hereinafter referred to as the “Promotion Act”) was enacted through an amendment to the Act on Promotion of Subcontracting Small and Medium-sized Enterprises (the former Subcontract Act) and came into effect in January 2026. This amendment aims to facilitate appropriate price pass-through and ensure fair transactions across the entire supply chain.

The Promotion Act seeks to fundamentally improve the structure of entrusted SMEs engaged in subcontracting, enabling them, with the cooperation of entrusting entities, to operate their businesses independently and to utilize their capabilities to the fullest, thereby evolving from subcontractors into autonomous companies. Unlike the Transaction Optimization Act, which serves as a regulatory and supervisory framework, the Promotion Act functions as a support measure for entrusted SMEs.

With the aim of promoting entrusted SMEs, and in accordance with Article 3, paragraph 1 of the Act, the Ministry of Economy, Trade and Industry has established Promotion Standards as general guidelines for both entrusted SMEs and entrusting entities. By implementing these standards alongside voluntary action plans formulated by industry associations and partnership-building declarations by individual companies, the effectiveness of initiatives to promote fair price pass-through can be enhanced, thereby complementing the enforcement of the Transaction Optimization Act and the Antimonopoly Act.

9. Transactions Between Airlines and Ground Handling Service Providers

As stated in Section 1, “Industry Structure and Transaction Relationships in Airport Ground Handling Services,” GH service providers deliver a wide range of services related to arriving and departing flights, including passenger and cargo handling. These services are indispensable for airlines to operate aircraft safely and reliably. Conversely, GH service providers depend on airline operations for their business viability. It is therefore essential for both parties, as mutually important partners, to strengthen mutual trust, ensure the continued safe and reliable operation of aircraft, and collaborate toward sustainable growth and shared prosperity by enhancing added value.

To achieve this, airlines and primary GH service providers must recognize the circumstances faced by GH service providers, including: recent sharp fluctuations in labor and energy costs; the critical role of secondary and tertiary GH service providers; the rapid increase in the employment of foreign workers; and changes in cargo types. These factors represent significant shifts from traditional contractual frameworks. Likewise, GH service providers must present concrete data on necessary cost increases, secure and develop personnel in a systematic manner, promote digital transformation (DX), and pursue improvements in service quality and productivity by enhancing safety and punctuality, thereby strengthening their

competitiveness. They should also work to curb unhealthy competition and unreasonable price cutting among GH service providers, which often stem from excessive cost reductions or the imposition of undue burdens on employees, while taking into account the market conditions and cost pressures faced by airlines.

As mentioned above, building mutual understanding is vital. Both entrusting and entrusted parties should engage in thorough consultations and conduct transactions at fair prices in compliance with relevant laws and guidelines, including the “Guidelines for Price Negotiations to Ensure Appropriate Pass-Through of Labor Costs,” even when unforeseen circumstances arise, such as flight cancellations due to adverse weather. Even where transactions fall outside the scope of the Transaction Optimization Act or the Antimonopoly Act, it is important to recognize that each transaction supports the safe and reliable operation of aircraft and to promote fair practices accordingly.

At regional airports, local governments actively engage in top-level promotional efforts to attract international routes operated by foreign carriers. However, risks associated with demand fluctuations—such as flight reductions or route withdrawals—are borne by Japanese airlines and GH service providers, which make substantial investments in personnel recruitment and training, equipment procurement, and other necessary preparations. Given that Japanese airlines and GH service providers are indispensable for route operations, local governments, airport operators, and airport terminal companies that benefit from the launch of new routes must recognize that they are also responsible stakeholders in maintaining the routes they have secured. Accordingly, Japanese airlines and GH service providers should share these circumstances with relevant parties, while local governments, airport operators, and airport terminal companies should, in conjunction with their route attraction efforts, consider appropriate risk-sharing arrangements. Such arrangements may include support measures to address situations in which Japanese airlines and GH service providers are unable to recover preparation costs, such as labor and equipment expenses, due to flight reductions or route withdrawals. It is desirable for these stakeholders to work together to consider mechanisms for the equitable distribution of such risks.

1 0 . Related Matters Necessary for Promoting Fair Transactions

Airport ground handling is a labor-intensive industry. Imposing inappropriate working conditions—such as harsh environments that compromise employee safety and health, low wages, or work systems premised on excessive overtime—not only violates relevant laws and regulations, but also increases employee turnover, reduces recruitment capability, and diminishes the attractiveness of the industry. These practices also lead to labor shortages, overwork-related safety risks, and ultimately jeopardize the safe and reliable operation of aircraft. Both entrusting entities and entrusted SMEs must reaffirm this understanding.

While the Transaction Optimization Act stipulates that entrusting entities and entrusted SMEs are equal parties, in practice, entrusted SMEs may find it difficult to assert their position, and this practical reality must be taken into account.

Entrusting entities are encouraged, when entering into contracts with entrusted SMEs, to consider whether the other party complies with labor standards and occupational safety and health laws and whether it makes efforts to improve employee treatment and the working environment.

Entrusting entities must ensure that their transactions do not result in entrusted SMEs engaging in excessive overtime or holiday work beyond the limits of labor-management agreements, or in violations of labor standards laws, such as the non-payment of overtime premiums.

Furthermore, under the “Promotion Standards” established pursuant to the Promotion Act, entrusting entities must refrain from inappropriate speech and conduct during negotiations, including actions that significantly deviate from the purpose of negotiations or that exert undue psychological pressure on representatives of entrusted SMEs to force decisions in a particular direction. Entrusting entities are also required to give reasonable advance notice when suspending transactions or significantly reducing transaction volumes. Entrusting entities should not treat working environment issues as solely the responsibility of entrusted SMEs, and must consider issues of human rights violations and working conditions across the entire supply chain. Both parties should share information on current conditions and challenges and work together to develop sustainable and systematic approaches to workforce development and retention.

In airport ground handling, situations may arise that require responses to circumstances beyond the control of entrusting or entrusted entities, such as delays due to adverse weather. In such cases, entrusting entities, entrusted SMEs, and airlines should consult and in advance and confirm, through contractual arrangements, to prevent unilateral disadvantages to entrusted SMEs.

Each operator must comply with relevant laws, such as the Industrial Safety and Health Act, and secure appropriate resources to maintain a safe working environment. Measures to prevent workplace harassment, including power harassment and sexual harassment, are mandatory for all companies pursuant to the Act on Comprehensively Advancing Labor Measures, Stabilizing the Employment of Workers, and Enriching Workers' Vocational Lives (Act No. 132 of 1966; hereinafter referred to as the “Comprehensive Labor Policy Promotion Act”). In addition, the introduction of measures to prevent harassment against employees of business partners, even where such employees are not directly employed, is encouraged. In particular, in Representative (REP) operations, where supervisory personnel may issue direct instructions to employees of entrusted SMEs, excessive conduct may constitute customer harassment in a B-to-B context and, in some cases, may fall under “disguised contract work,”

thereby exceeding the scope of the entrusting agreement. Therefore, businesses must implement harassment prevention measures and raise employee awareness through regular training, clear response procedures, and awareness-raising initiatives. Moreover, amendments to the Comprehensive Labor Policy Promotion Act will require businesses to establish and publicize consultation systems, including those for customer harassment involving business partners. Accordingly, companies must set up internal consultation and reporting channels by the date of enforcement of the Act*6. In doing so, it is important to ensure a safe environment in which individuals can consult or report concerns anonymously without fear of disadvantage.

Airport ground handling operations often involve shift work, and operational delays may result in early shifts following periods of extended overtime. Ensuring adequate rest periods between shifts is critical for safety. To safeguard worker health and safety, initiatives such as the Work Interval System—which promotes improved work-life balance—are effective. For guidance on implementing this system, please refer to the “Work and Holiday Improvement Portal” (<https://work-holiday.mhlw.go.jp/interval/>).

1 1 . How to Utilize the Guideline

To ensure fair transactions across the industry, it is essential that three key stakeholders—**business entities**, such as airlines and GH service providers; **industry associations**, such as the Scheduled Airlines Association and the Airport Ground Handling Association; and **government authorities** including the Ministry of Land, Infrastructure, Transport and Tourism—work collaboratively and continuously to address challenges. Initiatives to resolve these challenges may vary by stakeholder but can broadly be categorized into four areas: **Compliance, Dissemination, Application, and Adaptation.**

(1) Compliance

Entrusting entities and entrusted SMEs shall endeavor to comply with this Guideline to establish fair transaction conditions and practices, thereby ensuring that appropriate entrusting and entrusted arrangements are implemented.

(2) Dissemination

① Internal Dissemination within Companies

Each company should strengthen initiatives by establishing dedicated departments for compliance with relevant laws and clarifying responsible persons within related divisions. Companies should ensure the thorough dissemination of efforts to promote fair transactions to all personnel involved in transactions.

*6 Amendments made by the Act to Partially Amend the Act on the Comprehensive Promotion of Labor Policies and the Act on the Stabilization of Employment and the Enrichment of Workers’ Occupational Lives, etc. (Act No. 63 of 2025). The effective date of the provisions concerning the establishment of consultation systems and related measures shall be specified by Cabinet Order within one year and six months from the date of promulgation of the Act (June 11, 2025).

Furthermore, companies should encourage their direct business partners to comply with relevant laws and fair transaction practices.

② Industry-wide Dissemination

Industry associations should actively disseminate this Guideline to a wide range of companies within the industry.

Given the diversity in company size and internal management and training systems within the airport ground handling sector, it is essential to ensure that all operators are fully informed of this Guideline.

③ Dissemination by Government

The government shall promote awareness among operators through industry associations and, where necessary, directly engage with stakeholders not reached by industry-led efforts. For example, outreach to foreign carriers may be conducted through Airport Operators Committees (AOC)^{*7} at each airport, while outreach to local governments may be conducted through Airport Councils established under Article 14 of the Airport Act (Act No. 80 of 1956).

In addition, the government shall organize explanatory sessions and symposiums to raise awareness among stakeholders.

(3) Application

① Integration into Internal Rules and Manuals

To promote fair transactions, entrusting entities should incorporate the contents of this Guideline into internal rules and operational manuals to ensure its effective implementation.

② Implementation of Best Practices and Use of Consultation Services

Entrusting entities and entrusted SMEs should share and disseminate best practices with related operators and industry associations to encourage desirable initiatives across the sector.

At the same time, inappropriate practices should be reported to designated consultation services in order to support industry-wide efforts to promote fair transactions. (For details on consultation services, refer to Section 12-4.)

③ Regular Self-Assessment

Industry associations should periodically review the compliance, dissemination, and application efforts of their member companies to promote fair transactions across the sector. Individual companies should conduct internal compliance checks, revise manuals as necessary,

^{*7} Airline Operators Committee

and implement training based on updated manuals.

Administrative authorities, such as the Ministry of Land, Infrastructure, Transport and Tourism, shall conduct regular follow-ups on industry efforts in order to enhance effectiveness and revise the Guideline as needed.

(4) Adaptation

① Declaration of Partnership Building

Companies are encouraged to make a **Partnership-Building Declaration**, signed by an authorized representative, committing to: (1) coexistence and mutual prosperity across the supply chain and the promotion of new forms of collaboration (e.g., open innovation, IT implementation, and green initiatives); and (2) adherence to desirable transaction practices with entrusted SMEs.

Entrusting entities, in particular, are encouraged to declare their commitment to the five priority issues for transaction optimization. They should ensure the internal dissemination of this declaration through training and inform entrusted SMEs of its existence and contents.

Companies making such declarations should periodically review and update the declarations in light of progress in transaction optimization measures and changes in their business environment.

② Formulation of Voluntary Action Plans

Although this Guideline is issued by the Ministry of Land, Infrastructure, Transport and Tourism, industry associations are encouraged to develop voluntary action plans to promote fair transactions and enhance added value, and to strengthen initiatives based on these plans.

12. Reference

12-1 Guidelines for Price Negotiations to Ensure Appropriate Pass-Through of Labor Costs

The guidance mentioned in Chapter 9 is published on the webpage below (Japanese).

- Guidelines for Price Negotiations to Ensure Appropriate Pass-Through of Labor Costs
<https://www.jftc.go.jp/dk/guideline/unyoukijun/romuhitenka.html>

12-2 Reference Provision

■ Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of April 14, 1947)

Article 1 The purpose of this Act is to promote fair and free competition, stimulate the creative initiative of enterprise, encourage business activity, heighten the level of employment and actual national income, and thereby promote the democratic and wholesome development of the national economy as well as secure the interests of general consumers by prohibiting private monopolization, unreasonable restraint of trade and unfair trade practices, preventing excessive concentration of economic power and eliminating unreasonable restraints on production, sale, price, technology, etc. , and all other unjust restrictions on business activity through combinations, agreements, etc. .

Article 2 (abbreviation)

(2)~(8) (abbreviation)

(9) The term "unfair trade practices" as used in this Act means an act falling under any of the following items:

(i)-(iv) (abbreviation)

(v) engaging in any act specified in one of the following by making use of one's superior bargaining position over the counterparty unjustly, in light of normal business practices:

(a) causing the counterparty in continuous transactions (including a party with whom one newly intends to engage in continuous transactions; the same applies in (b) below) to purchase goods or services other than those to which the relevant transactions pertain

(b) causing the counterparty in continuous transactions to provide money, services or other economic benefits

(c) refusing to receive goods in transactions with the counterparty, causing the counterparty to take back such goods after receiving them from the counterparty, delaying payment to the counterparty or reducing the amount of payment, or otherwise establishing or changing trade terms or executing transactions in a way disadvantageous to the counterparty

(vi) (abbreviation)

Article 3 ~ Article 18-2 (abbreviation)

Article 19 An enterprise must not employ unfair trade practices.

Article 20 (1) If an act in violation of the provisions of the preceding Article has occurred, the

Fair Trade Commission may, pursuant to the procedures provided in Section 2 of Chapter VIII, order the enterprise to cease and desist from engaging in the relevant act, delete the relevant clauses from the contract, or take any other measure necessary to eliminate the relevant act.

(2) The provisions of Article 7, paragraph (2) apply mutatis mutandis to an act in violation of the provisions of the preceding Article.

Article 20-2 ~Article 20-5 (abbreviation)

Article 20-6 If an enterprise has committed an act in violation of the provisions of Article 19 (limited to an act under Article 2, paragraph (9), item (v) that the enterprise engaged in on a continuous basis), the Fair Trade Commission must order the enterprise, pursuant to the procedures provided in Chapter VIII, Section 2, to pay to the national treasury a surcharge in an amount equivalent to one percent of the enterprise's sales to the counterparty to the act in violation, which is calculated using the method provided by Cabinet Order, for the violation period (if the enterprise engaged in the act in violation against a counterparty to which it supplied goods or services, a surcharge during the Violation Period in an amount equivalent to one percent of the amount of purchases by the counterparty, which is calculated using the method provided by Cabinet Order, and if there were multiple counterparties to the act in violation, the surcharge in an amount equivalent to one percent of the total amount of sales to the counterparties or one percent of the total amount of purchases by the counterparties, which is calculated using the method provided by Cabinet Order); provided, however, that the Commission may not order the payment of such a surcharge if the amount of the surcharge is less than one million yen.

Article 20-7 ~ Article 118 (abbreviation)