



advanced simplicity™

8 October 2004

~~Strictly commercial in confidence~~

Mr Tim Grinwade
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
PO Box 1199
Dickson ACT 2602

By post and facsimile: 02 6243 1211

Dear Sir

Canon Australia Pty Ltd ("Canon") and Pioneer Electronics Australia Pty Ltd ("Pioneer") offer ("Offer")

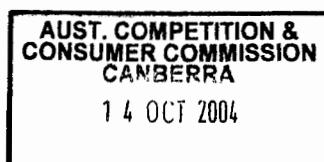
We lodge this notification on our own behalf. We enclose:

1. Notification under section 93(1) of the Trade Practices Act 1974 (Cth) ("**Act**") in the form of completed "Form G – Exclusive Dealing Notification";
2. A cheque in the amount of \$100 being the requisite fee for such notification; and
3. Terms and conditions for the Offer to be communicated to consumers.

Background

Canon and Pioneer are proposing to conduct a joint promotional offer, in which consumers are required to buy a selected Canon Digital Video Camera together with a selected Pioneer DVD Recorder. See below for further details with respect to the proposed offer.

Please note that in accordance with the requirements that each party make a separate Notification with respect to the proposed conduct, you may have already (or will shortly) receive Notification from the other party to this proposed conduct, and a near identical covering letter to this letter. Both Canon and Pioneer have provided to each other the information with respect to their own products. Whilst we cannot make an assurance with respect to the accuracy of the information provided by the other, we understand that they will make a



ABN 66 005 002 951
Consumer Imaging Products Group
1 Thomas Holt Drive, North Ryde NSW 2113
Telephone: +61 2 9805 2000 Fax: +61 2 8873 8508
Internet: <http://www.canon.com.au>

similar assurance with respect to their products independently in their Notification to the ACCC.

Canon is a distributor of Canon products in Australia. Among the products that it distributes are Canon Digital Video Cameras. Canon currently holds approximately 17.4% of the current Australian market share of Digital Video Cameras. To Canon's knowledge, the other major distributors of Digital Video Cameras and their percentage share of the Australian market is as follows: Sony 38.2%, Panasonic 22.9%, JVC 13.7%, Samsung 4.0%, Sharp 2.4% and Hitachi 1.4%.

Pioneer is a distributor of Pioneer products in Australia. Among the products that it distributes are Pioneer DVD recorders. Pioneer currently holds approximately 13% of the current Australian market share of DVD Recorders. To Pioneer's knowledge, the other major distributors of DVD Recorders and their percentage share of the market is as follows: Panasonic 36%, LG 14% and Sony 9%

Offer

The structure of the Offer is as follows:

To be eligible for the AUD\$150 Cash Back, claimants must purchase during the Promotional Period, one (1) of the following models of Canon Digital Video Cameras: MV700i, MV730i or MV750i, plus one (1) of the following models of Pioneer DVD Recorders: DVR310, DVR320, DVR 510, DVR520, or DVR720.

To be eligible for the AUD\$200 Cash Back, claimants must purchase during the Promotional Period, one (1) of the following models of Canon Digital Video Cameras: MVX200i, MVX250i, MVX20i, MVX25i, MVX35i OR MVX3i, plus one (1) of the following models of Pioneer DVD Recorders: DVR310, DVR320, DVR510, DVR520, or DVR720.

To make a claim, the claimants must fully complete the official Claim Form and send it, along with photocopies of their original receipt/s verifying their purchase of the selected Canon Digital Camera and Pioneer DVD Recorder, to "Canon & Pioneer Cash Back Promotion", XXXXX Box, North Sydney, NSW 2060.

The full terms and conditions applicable to the Offer are set out in Annexure A to this letter.

Notified conduct

As a party to this Offer, we are concerned that conduct of the Offer may constitute a contravention of section 47(6) of the Act by giving or allowing or offering to give or allow, a rebate in relation to the supply or proposed supply of goods or services by Canon to consumers on the condition that consumers acquire a good from Pioneer.

Competition issues

It is our submission that the ACCC should not serve a notice under section 93(3A) of the Act because:

- (a) conduct of the Offer will not adversely affect competition in the relevant market;

- (b) conduct of the Offer will result in public benefit; and
- (c) conduct of the Offer will not result in public detriment.

It is our view that the relevant market for the purpose of the Offer and this Notification is the national retail DVD Recorder and Video Camera markets. Both of these markets are highly competitive markets with market share for both detailed above.

Further, any concerns in respect of any artificial inflation of the demand for these items is diminished by the fact that the Offer does not place restrictions upon where or from whom consumers must purchase their DVD Recorder or Video Camera from in order to participate in the Offer. In addition, there are numerous and varied suppliers of these items and consumers are not restricted even to a geographical location in respect of where the items must be purchased thereby reducing the risk of inflated prices for these items.

Further, sufficient information will be available to consumers, in the form of the terms and conditions for the Offer (attached as Annexure A), and clear market communication regarding the Offer will allow consumers to evaluate the Offer.

In addition, this Offer is a one-off and is only being conducted for a limited duration.

Public benefit

In addition to the above, we submit that the Offer provides the opportunity for a genuine saving for consumers on the basis that they receive a cashback if they take up the offer.

We take this opportunity to reassure the ACCC that the retail sale price and the recommended or suggested retail prices for our products which will be the subject of this Offer will not be increased in order to absorb or nullify the potential cashback. Understandably, we cannot make an assurance with respect to the other party to this offer, but we understand that they will make a similar assurance with respect their products independently in their Notification to the ACCC.

Accordingly, we take the view that there is no public detriment associated with the Offer.


Conclusion

For the reasons discussed above, we believe that the overall public benefit for the Offer is significant and that it does not pose any anti-competitive threat or public detriment, particularly as the promotional offer is only for a limited duration.

Accordingly, we submit that it is appropriate for the ACCC not to serve a notice under section 93(3A) of the Act in respect of the Offer.

We trust that sufficient information has been provided in order to allow the ACCC to consider the Offer. However, if you have any queries or require any further information please contact Stuart Poignand, Marketing Manager on 02 9805 2048.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S. Poignand', with a small dash to the right.

Stuart Poignand
Marketing Manager

Form G

Commonwealth of Australia
Trade Practices Act 1974 --- Sub-section 93(1)

EXCLUSIVE DEALING NOTIFICATION

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with sub-section 93(1) of the *Trade Practices Act 1974*, of particulars of conduct or of proposed conduct of a kind referred to in sub-section 47(2), (3), (4), (5), (6) or (7), or paragraph 47 (8) (a), (b) or (c) or (9) (a), (b), (c) or (d) of that Act in which the person giving notice engages or proposes to engage.

(PLEASE READ DIRECTIONS AND NOTICES ON BACK OF FORM)

1. (a) Name of person giving notice: Canon Australia Pty Ltd.

(See Direction 2 on the back of this form)

(b) Short description of business carried on by that person

Canon is a distributor of Canon products in Australia. Among the products that it distributes are Canon Digital Video Cameras.

(c) Address in Australia for service of documents on that person

1 Thomas Holt Drive, North Ryde, NSW, 2113.

2. (a) Description of the goods or services in relation to the supply or acquisition of which this notice relates

The following models of Canon Digital Video Cameras: MV700i, MV730i, MV750i, MVX200i, MVX250i, MVX20i, MVX25i, MVX35i or MVX3i.

(b) Description of the conduct or proposed conduct

Purchase a selected Canon DV Camera and a selected Pioneer DVD Recorder in order to receive a \$150 or \$200 Cash Back in which we believe is in breach of the third line forcing provision within the Trade Practices Act.

(See Direction 4 on the back of this Form)

3. (a) Class or classes of persons to which the conduct relates

Carries on the business of distributing Canon Imaging Products including those subject to this offer.

(b) Number of those persons--

(i) At present time: 17.4% market share.

(ii) Estimated within the next year: Sony 35%, Panasonic 20%, Canon 20%, JVC 15%.

(c) Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses

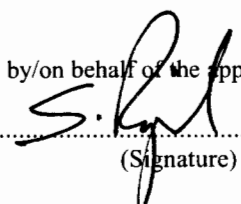
.....
.....
.....

4. Names and address of person authorised by the person giving this notice to provide additional information in relation to this notice

Stuart Poignand, Marketing Manager, Canon Australia Pty Ltd. 1 Thomas Holt Drive, North Ryde, NSW 2113.

Dated: 29th of September, 2004

Signed by/on behalf of the applicant giving notice

.....


(Signature)

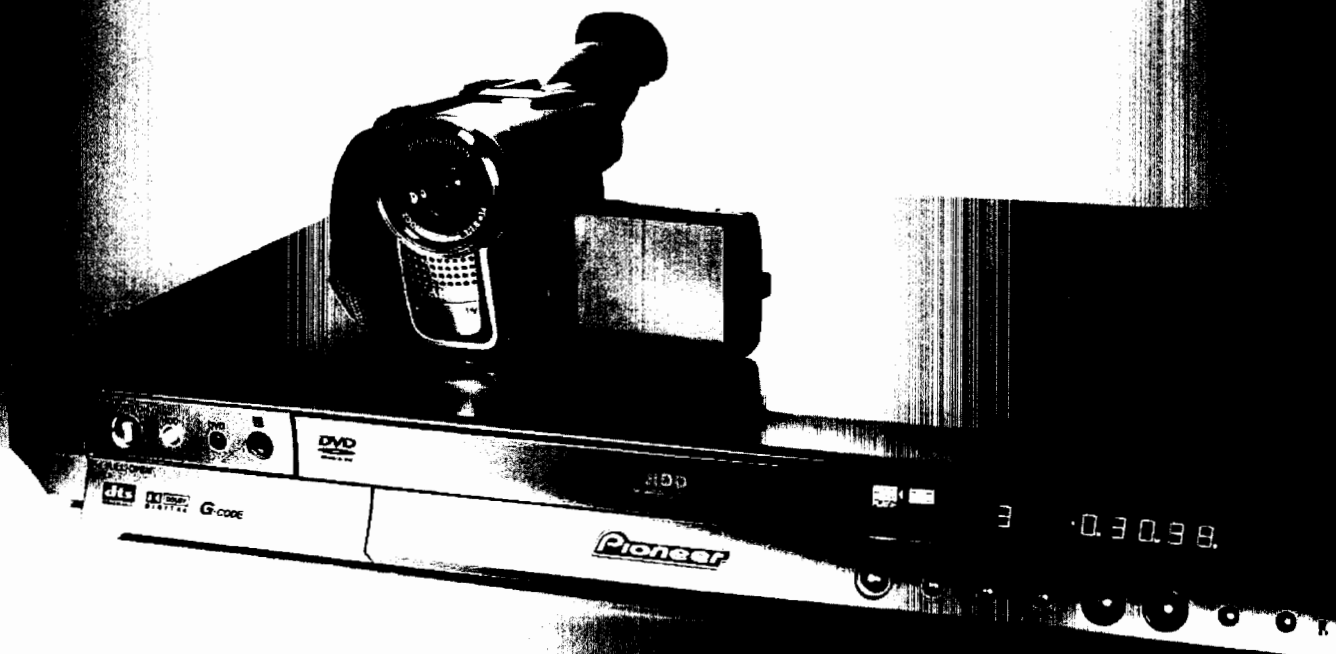
Stuart Poignand

(Full Name)

Marketing Manager

(Description)

**Buy a Pioneer
DVD RECORDER,
get up to \$200
CASHBACK*
on a Canon
DV CAMERA.**



PULL THE PLUG ON YOUR VCR.

**Ask for all the details on your favourite
recording stars at the counter.**