

Discussion on the Effects of Approved Concerted Action on Commodity Price and Market Competition

Abstract

Key words: grain materials, import cartels, exceptions granted, ship jointly, scale economy

This project proposes to discuss exemptions and exceptions granted to industries and certain types of economic activities under the article 14 of the Fair Trade Law. The focus here is the joint acts in regards to the importation of wheat, soybean and corn. Since Taiwan does not produce these grains, the producers have to import grain materials from abroad and must pay high transportation costs. In general, the scale economy of grain import is far beyond the need of the single firm. Thus, it is more efficient for the TFTC to allow grain purchaser to organize the import cartels under the exemption of article 14 to procure and ship grains jointly. This project will investigate the types of exemptions that have been granted in different grain producers, and their underlying economic or other rationales. The evidences obtained will be used to study if and how the TFTC could improve the permission of exemption, or even excuse grain importers from the obligation to obtain permission from the TFTC so as improve the implementation of the Fair Trade Law.