

# **The Impact of Joint Shipment of Bulk Commodities on Downstream Processed Product Markets**

## **1. Background of Study**

Due to limitations of climate and arable land area, most wheat, soy beans and other types of grain needed for domestic use are imported. The suppliers bring in such imports by engaging in joint shipment, or making independent purchases or parcel shipping. Joint shipment is the most common one. Nonetheless, the practice involves the regulation against concerted actions set forth in Article 15 of the Fair Trade Law; therefore, importers intending to bring in imports through joint shipment have to act according to the regulation specified in the proviso of the same Article and apply for approval of a concerted action exemption beforehand.

Joint shipment has been implemented for years. Recently, however, global shipment has been affected by the pandemic and the cost effectiveness of joint shipment has extended to relevant downstream product markets. The influence and economic impact on downstream processed product markets have given rise to concerns in various sectors. Therefore, it is necessary to gather relevant information for analysis.

## **2. Study Methods and Process**

The main focus of this paper is set on the concerted action exemption approval system by analyzing the shipping market and reviewing prior cases to examine the necessity of joint shipment. Empirical data are reviewed to evaluate the influence of joint shipment on prices in downstream processed product markets. At the same time, the influences and developments as a result of the measures adopted in response to the COVID-19 pandemic are also scrutinized.

## **3. Main Suggestions**

As a consequence of the pandemic, prices of raw materials have fluctuated drastically and shipping costs have also escalated. The prices of many important commodities have hit record high and the impact on the global market has been severe. Due to the imbalance of supply and demand in the market, it is unable to respond to rapid price changes. The situation has made competition for resources across the globe even worse. In order to maintain trading order in relevant markets and enhance law enforcement efficiency, the FTC must continue to approve exemptions for concerted action. With cases concerning application for permission to extend joint shipment of wheat, soy beans and other types of grain imports, if all the required documents are complete, it is suggested that written formality examination be adopted for the application review in order to speed up the handling process.