Formosa Oilseed Processing Co., Ltd. and 5 Other Enterprises

1499th Commissioners' Meeting (2020)

Case: FOPCO and 5 other enterprises applying for extension of concerted action regarding joint shipment of importing soybeans
Keyword(s): Soybean, joint shipment
Reference: Fair Trade Commission Decision of July 29, 2020 (the 1499th Commissioners' Meeting)；Letter Kung Zhi Tzu No. 1091360741 dated July 31, 2020
Industry: Manufacture of Edible Vegetables and Animal Oils and Fats (0840)
Relevant Law(s): Article 15 of the Fair Trade Law

Summary:

1. Formosa Oilseed Processing Co., Ltd. (hereinafter referred to as "FOPCO"), Taisun Enterprise Co., Ltd., Fwusow Industry Co., Ltd., Central Union Oil Corporation (hereinafter referred to as "CUOC"), Great Wall Enterprise Co., Ltd., and Full Ding Industrial Technology Co., Ltd. had all engaged in joint shipment for soybeans. As the permission was about to expire, FOPCO, as the representative of the six companies, had applied to the FTC for extension of concerted shipment of imported soybeans.

2. Findings of the FTC after investigation:
(1) The FTC decided at its 74th Commissioners' Meeting on March 3, 1993 to approve the six companies' joint shipment of soybean imports for the first time and issued permission Kung Lain Tzu No.003. Afterwards, the six companies would apply for extension before the permitted period was expired. The last extension was approved via permission Kung Lian Tzu No.104005 dated August 12, 2015 and the permitted period would be expired on August 31, 2020. Since joint shipment belonged to the type of concerted actions "joint acts in regard to the importation of foreign goods, or services for the purpose of strengthening trade" as described in the proviso 5 of Article 15(1) of the Fair Trade Law, the six companies had to filed for the approval of another five-year extension (since September 1, 2020 to August 31, 2025) 4 months before the expiration of the permitted period in order to comply with the regulation set forth in Article 16 (2) of the Fair Trade Law.
(2) Between 2017 and 2019, CUOC used containers to ship in its soybean imports because export orders were unsteady, and the company was unable to participate in joint shipment. During that period, each of the other five companies brought in over 50% of its total soybean imports through the joint shipment. It indicated that joint shipment was the main choice of domestic businesses to reduce transportation costs when purchasing soybeans from overseas.
(3) In 2017 and 2018, the imported soybean by FOPCO and the other five companies through the joint shipment each year accounted for about 20% of the total amount of soybeans imported each year. Comparing with the ratio of soybeans imported by the joint shipment group in the southern island (i.e. TTET Union Corporation and the other four companies), the quantity of soybeans that both groups brought in were comparable, and neither one exceeded 25% of the total imported amount. Besides, joint shipment was not the only approach to import soybeans and none of the

participants in this joint shipment tried to exclude any new business from participating in the joint shipment or had the ability to manipulate the quantities or the selling prices of imported soybeans. As a result, market competition was not affected.

(4) There were many domestic soybean importers and market competition was fierce. The companies participating in this concerted action could effectively reduce their import costs and also had the incentive to reflect the saved cost on their retail prices, allowing related economic benefits to be shared by the midstream and downstream businesses and consumers. According to the Bureau of Industrial Development, joint shipment allowed concerned enterprises to enhance their international price negotiation ability, to assure steady supply in order to maintain safe inventories and supply to the downstream industrial chain and thus to stabilize market prices. It could also be helpful when urgent and unexpected market demands occurred. Therefore, it could be regarded beneficial to the overall economy and public interest.

(5) Since the joint shipment of soybean imports could be beneficial to the overall economy and public interest, the FTC approved the application filed by FOPCO and the other five companies according to Subparagraph 5 of the proviso set forth in Article 15(1) and Article 16(2) of the Fair Trade Law. The extension for the concerted action of joint shipment of soybean imports was therefore permitted for another five years to August 31, 2025.

Appendix:
Formosa Oilseed Processing Co., Ltd.'s Uniform Invoice Number: 22102298
Taisun Enterprise Co., Ltd.'s Uniform Invoice Number: 59661701
Fwuson Industry Co., Ltd.'s Uniform Invoice Number: 56192402
Central Union Oil Corp.'s Uniform Invoice Number: 89480404
Great Wall Enterprise Co., Ltd.'s Uniform Invoice Number: 73008303
Full Ding Industrial Technology Co., Ltd.'s Uniform Invoice Number:28914884

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