

## Wholesalers of Bananas

1548<sup>th</sup> Commissioners' Meeting (2021)

Case: Banana wholesalers was complained for violating the Fair Law by jointly suppressing wholesale purchase prices of green bananas in violation of Fair Trade Law

Keyword(s): Banana, price consistency

Reference: Fair Trade Commission Decision of June 16, 2021  
(the 1548<sup>th</sup> Commissioners' Meeting)

Industry: Wholesale of Fruit and Vegetables (4541)

Relevant Law(s): Article 15 of the Fair Trade Law

### Summary:

1. The FTC received a letter from the Council of Agriculture (hereinafter referred to as "COA") requesting for assistance to investigate whether banana wholesalers had jointly suppressed wholesale purchase prices of green bananas in April 2021. Therefore, the FTC had initiated an investigation.
2. Findings of the FTC after investigation:
  - (1) To review the case, the FTC requested the COA to provide banana production and marketing information related to this case, such as the output and farm gate prices as well as its opinion about why the banana farm gate prices were lower during that period. Then FTC notified the 3 main banana wholesalers in the Pingtung region, namely Yuanxin Agricultural Co., Ltd. (hereinafter referred to as "Yuanxin"), Ruji Foods Co., Ltd. (hereinafter referred to as "Ruji"), and Qifeng Enterprise Co., Ltd. (hereinafter referred to as "Qifeng") to explain why they lowered the banana purchase prices in that period. They were also required to provide information about the purchased quantities and paid prices. At the same time, the FTC also requested banana farmers to express their opinions about the reasonableness of wholesalers' price quotations and price negotiation situations.
  - (2) The objective conditions in the market: According to the professional opinion from the COA and the FTC's investigation, the weather was hot in the southern part of the island from the end of March to the beginning of April in 2021 and this therefore gave rise to the result that bananas grew quickly. Consequently, the quality of bananas was not as good and hard to be preserved. On top of that, sales went down. Supply exceeded demand and large quantities of bananas

remained unsold. Wholesalers were not interested in buying and the farm gate prices of bananas accordingly dropped.

3. Grounds for non-disposition:

The FTC's investigation showed that the purchasing prices of Yuanxin, Ruji and Qifeng had indeed gone down in early April 2021. However, the quality and volumes of bananas the 3 companies purchased were different and the prices also varied. The price differences were significant and the rate of decrease was inconsistent. There was no consistency in purchasing price that would lead to the doubt of the existence of a concerted action. Based on existing evidences, the FTC found it difficult to conclude that the banana wholesalers investigated had jointly suppressing wholesale banana purchase in violation of Article 15 of the Fair Trade Law by prices.

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