

TTET and 4 Other Companies

1584th Commissioners' Meeting (2022)

Case: TTET filed an application on behalf of 4 other companies for extension of joint shipment and import of soybean

Keyword(s): Soybean, joint shipment

Reference: Fair Trade Commission Decision of January 28, 2022 (the 1584th Commissioners' Meeting); Letter Kung Zhi Tzu No.1111360032

Industry: Manufacture of Edible Vegetable and Animal Oils and Fats (0840)

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

Summary:

1. TTET Union Corporation (hereinafter referred to as "TTET"), Tai Hwa Oil Industrial Co., Ltd., Great Wall Enterprise Co., Ltd., Mei Lan Lei Co., Ltd. and Ever Light Oil Co., Ltd. filed an application with the FTC for extension of joint shipment and import of soybean.
2. Findings of the FTC after investigation:
 - (1) At the 853rd Commissioners' Meeting on Mar. 13, 2008, the FTC decided and issued Decision Kung Lian Tzu No.097001 to permit the application from TTET and the 4 other companies for joint shipment and import of soybean with undertakings attached. Before the permission expired, the 5 companies filed with the FTC for extension and the FTC issued Decision Kung LianTzu No.106001 on Feb. 17, 2017 and extended the permission to Mar. 12, 2022. This time, TTET and the 4 other companies filed again for extension of the joint shipment which fell under the concerted action pattern described in proviso of Article 15(1)(v) of the Fair Trade Law. Three months before the expiration of permitted duration, the 5 companies filed an application for another five-year extension from Mar. 13, 2022 to Mar. 12, 2027. It complied with the regulation set forth in Article 16(2) of the Fair Trade Law.
 - (2) Joint shipment and import of soybeans is a kind of concerted action in which each business decides its price and registers the amount they would like to take to combine into a larger volume with other businesses so that it could help lower transportation costs and reduce the risk of importing in batches. From 2019 to 2021, the soybean brought in through joint shipment accounted for 40% to 85% of its total imported soybean among the 5 applicants. It has proved that joint

shipment was the principal approach adopted by domestic soybean importers.

- (3) The soybean imported through joint shipment by TTET and the 4 other companies from 2019 to 2021 made up about 20% of the total imported volume in each of those years. Comparing with the joint shipment group in the central part of the island (Formosa Oilseed Processing Co., Ltd. and 5 other companies), the volume imported in the same period was about the same. Except for joint shipment, each importer could also bring in soybeans individually or charter its own ship. In other words, joint shipment was not the only choice. Each joint shipment participant did not have the power to obstruct new competitors from importing soybeans, or to manipulate the volumes of soybean imports or selling prices to affect market competition.
- (4) There were many domestic soybean importers. Market competition was fierce. Through the concerted action, the participants could effectively lower their import costs. They could increase their price negotiation power, reduce warehousing and capital pressure, and stabilize the quality of imported goods. There were incentives for them to reflect the saved costs on the retail selling prices. As a result, the corresponding economic benefit could spread to midstream and downstream businesses and consumers. The FTC thus considered the concerted action could benefit the overall economy and public interest.
- (5) In conclusion, the FTC decided to approve the application for the extension of the permission for TTET and the 4 other companies to bring in soybean import through joint shipment on the ground that it could benefit the overall economy and public interest. Citing proviso of Article 15(1)(v) and Article 16(2) of the Fair Trade Law, the FTC extended the concerted action permission for five years until Mar. 12, 2027.

Appendix:

TTET Union Corporation's Uniform Invoice Number: 20927014

Tai Hwa Oil Industrial Co., Ltd.'s Uniform Invoice Number: 75452103

Great Wall Enterprise Co., Ltd.'s Uniform Invoice Number: 73008303

May Lan Lei Co., Ltd.'s Uniform Invoice Number: 23670889

Ever Light Oil Industrial Co., Ltd.'s Uniform Invoice Number: 97140061

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