

## **Animal Waste Rendering Plants in Pingtung**

1591<sup>st</sup> Commissioners' Meeting (2022)

Case: Animal waste rendering plants in Pingtung violated the Fair Trade Law for collecting annual fees jointly

Keyword(s): Rendering plant, animal waste, annual fee

Reference: Fair Trade Commission Decision of March 24, 2022 (the 1591<sup>st</sup> Commissioners' Meeting); Disposition Kung Ch'u Tzu No.111017

Industry: Treatment and Disposal of Non-hazardous Waste (3821)

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

### Summary:

1. The FTC received complaints from private citizens accusing that Shine EA Co., Ltd., Yucheng Biotech Co., Ltd. and Cih Hong Biotech Co., Ltd., (hereinafter referred to as “the three rendering plants”) in the Pingtung area have violated Article 15(1) of the Fair Trade Law by informing all the livestock farms, starting from Nov. 2019, to make an advance payment of 12,000 New Taiwan dollars (same currency applies hereinafter) of the annual fee for 2020 without any prior notices.
2. Findings of the FTC after investigation:
  - (1) The three rendering plants were competitors in animal waste disposal services in the Pingtung area. On Mar. 18, 2019, Pingtung County Government held a coordination meeting to discuss and adjust the annual fee to be collected for 2020 after receiving petitions from livestock farms and related industrial groups. After a long discussion, the three rendering plants agreed to lower the annual fee to 12,000 dollars, but the attendees still had different opinions and no conclusion was reached in that meeting. Some attendees testified that the three rendering plants insisted on collecting a fixed fee of 12,000 dollars and refused to discuss any further about the possibility of decreasing the annual fee in accordance with the number of livestock animals and business scale. Through the coordination meeting, they exchanged price information and achieved a mutual understanding on collection of an annual fee of 12,000 dollars, starting from Jan. 1 of 2020, uniformly.
  - (2) The three rendering plants should have negotiated with the livestock farms individually to determine the amount of annual fee and signed a rendering material collection and disposal agreement with

each of them. However, the three rendering plants failed to do so after the coordination meeting on Mar. 18 and before November the same year (nearly eight months). Then, in November, each of them made a public announcement with regard to the collection of a uniform annual fee of 12,000 dollars. The content and format of the announcements and the reason for the fee were similar. It was an objective fact of concerted action.

- (3) Most of the livestock farms commissioned the three rendering plants to dispose of dead livestock animals and fowl. The three rendering plants collected fixed fees as part of their consensus on not to compete in order to prevent any one business from risking loss of market alone. As a result, livestock farms was unable to engage in price negotiation with any one of them and it increased the dead animal disposal expenses of smaller livestock farms with not so many animals. Therefore, the three rendering plants' joint annual fee decision ended up having an impact on the transaction terms with regard to the services. It was likely to affect the supply-demand function in the market at issue.

### 3. Grounds for disposition:

During the coordination meeting on Mar. 18, 2019, the three rendering plant managed to reach an agreement on collecting the same rendering disposal fee and made consistent public announcements in November of the same year. The joint action restraining the business activities of one another was able to affect the supply-demand function in the market and constituted a violation of Article 15(1) of the Fair Trade Law. After taking into consideration the motive behind the unlawful act of the three rendering plants, the level of harm to trading order and other factors, the FTC cited Article 36 of the Enforcement Rules of the Fair Trade Law and decided not to impose any fine on the three rendering plants.

#### Appendix:

Shine EA Co., Ltd.'s Uniform Invoice Number: 84322981

Yucheng Biotech Co., Ltd.'s Uniform Invoice Number: 24247432

Cih Hong Biotech Co., Ltd.'s Uniform Invoice Number: 53609813

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