

## **Air Conditioner Businesses**

1597<sup>th</sup> Commissioners' Meeting (2022)

Case: Air conditioner businesses violated the Fair Trade Law by jointly reducing the length of household air conditioner warranty

Keyword(s): Household air conditioner, warranty, professional peer dinner

Reference: Fair Trade Commission Decision of May 5, 2022 (the 1597<sup>th</sup> Commissioners' Meeting); Disposition Kung Ch'u Tzu No.111026

Industry: Retail Sale of Electrical Household Appliances in Specialized Stores (4741)

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

### Summary:

1. A number of private citizens filed their complaints that domestic air conditioner businesses had held meetings and decided to jointly reduce the length of household air conditioner warranty. There were also talks or rumors on the Internet saying the length of air conditioner warranty was about to become shorter in 2020. Therefore, the FTC initiated an investigation.
2. Findings of the FTC after investigation:
  - (1) Starting from March 2019, the top three air conditioner businesses, namely Hitachi, Panasonic and Daikin extended the length of their household air conditioner warranty from three years to seven years one after another. Other brands with smaller market shares followed suit in order to remain in competition as far as warranty conditions were concerned.
  - (2) During an industry dinner on Nov. 26, 2019, 15 air conditioner businesses discussed and exchanged ideas about the feasibility of reducing the warranty length for household air conditioners and in the end achieved the mutual understanding to shorten the length of the warranty to three years beginning on Jan. 1, 2020. They also wrote down the content of the mutual understanding to make it a written document which was passed around for signature.
  - (3) The air conditioner businesses did have reached mutual understanding. However, they did not follow the decision made during the industry dinner on Nov. 26, 2019, and yet change the length of the warranty back to three years since Jan. 1, 2020.
3. Grounds for disposition:

The 15 air conditioner businesses reached mutual understanding to jointly reduce the length of household air conditioner warranty. Since the length of

air conditioner warranty has been an important consideration when consumers shop for air conditioners and the total market share of the air conditioner businesses involved has been more than 90%. Objectively speaking, the conduct could already affect the market supply-demand function in violation of Article 15(1) of the Fair Trade Law. After considering each participant's degree of involvement, business scale and market status, the FTC imposed administrative fines of 2.3 million New Taiwan dollars (same currency applies hereinafter) on Johnson Controls – Hitachi Air Conditioning Taiwan Co., Ltd., Panasonic Sales Taiwan Co., Ltd., Ho Tai Development Co., Ltd. and Ya-kuang Electric Appliance Co., Ltd. respectively; 800,000 dollars on Sampo Corporation, Heran Co., Ltd. and Taiwan Sanyo Electric Co., Ltd. respectively; 200,000 dollars on Taiwan Gree Co., Ltd., Mitsubishi Electric Taiwan Co., Ltd., Action Electronics Co., Ltd., Nexgen Mediatech Inc., Maxe Taiwan Co., Ltd., Sharp (Taiwan) Electronics Corporation, and New Widetech Industries Co., Ltd. respectively; and NT\$100,000 on Yu Hwei Technology Co., Ltd. The fines totaled 13.9 million dollars.

Appendix:

Johnson Controls-Hitachi Air Conditioning Taiwan Co., Ltd.'s Uniform Invoice Number: 11915305

Panasonic Sales Taiwan Co., Ltd.'s Uniform Invoice Number: 86381252

Ho Tai Development Co., Ltd.'s Uniform Invoice Number: 03251000

Ya-Kung Electric Appliance Co., Ltd.'s Uniform Invoice Number: 01189353

Heran Co., Ltd.'s Uniform Invoice Number: 80333058

Sampo Corporation's Uniform Invoice Number: 03607500

Taiwan Sanyo Electric Co., Ltd.'s Uniform Invoice Number: 03564501

Taiwan Gree Co., Ltd.'s Uniform Invoice Number: 53538613

Mitsubishi Electric Taiwan Co., Ltd.'s Uniform Invoice Number: 12177592

Action Electronics Co., Ltd.'s Uniform Invoice Number: 44955117

Nexgen Mediatech Inc.'s Uniform Invoice Number: 12997819

Maxe Taiwan Co., Ltd.'s Uniform Invoice Number: 54362964

Sharp (Taiwan) Electronics Corporation's Uniform Invoice Number: 86381788

New Widetech Industries Co., Ltd.'s Uniform Invoice Number: 89888281

Yu Hwei Technology Co., Ltd.'s Uniform Invoice Number: 12966772

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