

Kuang Ming Shipping Corp. and 10 other shipping companies

1616<sup>th</sup> Commissioners' Meeting (2022)

Case: Kuang Ming Shipping Corp. filed an application on behalf of 10 other shipping companies for an extension of joint shipment of imported materials and equipment for government agencies and public enterprises

Keyword(s): Maritime shipping, government agencies and public enterprises, materials and equipment

Reference: Fair Trade Commission Decision of September 14, 2022 (the 1616<sup>th</sup> Commissioners' Meeting); Decision Kung Lien Tzu No. 111002

Industry: Ocean Transportation (5010)

Relevant Law(s): Articles 14, 15 and 16 of the Fair Trade Law

#### Summary:

1. The joint shipment of imported materials and equipment for government agencies and public enterprises by Kuang Ming Shipping Corp. and 10 other shipping companies fell under the regulation of “joint acts in regards to importation of foreign goods or services for the purpose of strengthening trade” described in Article 15(1)(v) of the Fair Trade Law. Earlier on September 6, 2017, the FTC approved the application for an extension of the joint shipment permission until September 28, 2022 via Decision Kung Lien Tzu No. 106002. The participating shipping companies thought it was necessary to continue the concerted action and, therefore, applied for another five-year extension.

#### 2. Findings of the FTC after investigation:

(1) Market competition restraint evaluation: Statistics showed the ratio of materials and equipment shipped in by the participating shipping companies for government agencies and public enterprises to total imports was not much different from the time when the previous application was filed. It was an indication that there was no significant increase in the market power of the participating companies. This concerted action did not involve any joint decisions of freight charges, allocation of trading counterparts and other restrictions. In other words, factors likely to increase restraints of market competition did not exist. Moreover, there was no restriction

that participants could only ship in imported materials and equipment for government agencies and public enterprises through this volume allocation. There remained enough incentives for the participants to compete against one another without failing to achieve the legitimate goal.

- (2) Overall economic benefit and public interest evaluation: Implementation of this concerted action could help build up the size of fleets in the country and facilitate shipment of military supplies during wartime. It was good for industrial policy and national security and thus in the public interest. In addition, by jointly offering sailing schedules and cargo holds, the participating companies could have more flexibility to dispatch ships in response to possible imbalances in the shipping market and stabilize needed supply sources to provide more reliable shipping capacity and reduce shipping cost fluctuations. Therefore, this concerted action was beneficial to the overall economy and public interest.
- (3) After the above general assessment was finalized, the FTC concluded that the joint shipment of imported materials and equipment for government agencies and public enterprises by Kuang Ming Shipping Corp. and the ten other shipping companies was a “joint act in regards to importation of foreign goods or services for the purpose of strengthening trade” as stated in Article 15(1)(v) of the Fair Trade Law. The concerted action was unlikely to lead to restraints on market competition and it was good for the overall economy and public interest. Therefore, the FTC approved the extension of the joint shipment permission for another five years until September 28, 2027.

Appendix:

Kuang Ming Shipping Corp.’s Uniform Invoice Number: 23738446

U-ming Marine Transport Corporation’s Uniform Invoice Number:  
47067419

China Steel Express Corporation’s Uniform Invoice Number: 96973086

Ta-Ho Maritime Corporation’s Uniform Invoice Number: 12246681

Taiwan Navigation Co., Ltd.’s Uniform Invoice Number: 03564713

Shih Wei Navigation Co., Ltd.’s Uniform Invoice Number: 12551801

Yang Ming Marine Transport Corporation’s Uniform Invoice Number:  
04200199

Evergreen Marine Corporation (Taiwan) Ltd.’s Uniform Invoice Number:  
04200199

Wan Hai Lines Ltd.’s Uniform Invoice Number: 11395000

Glory Navigation Co., Ltd.’s Uniform Invoice Number: 20574320

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