

## Ready Mix Concrete Businesses in Taoyuan

### 1637<sup>th</sup> Commissioners' Meeting (2023)

Case: An ex officio investigation initiated by Fair Trade Commission into 18 ready mix concrete businesses in Taoyuan engaging in concerted actions in violation of Fair Trade Law

Keyword(s): Ready mix concrete, customer allocation, fee

Reference: Fair Trade Commission Decision of February 15, 2023 (the 1637<sup>th</sup> Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 112008

Industry: Manufacture of Ready-mix Concrete (2332)

Relevant Law: Article 15 of the Fair Trade Law

#### Summary:

1. In December 2019, the FTC launched an ex officio investigation to find out whether ready mix concrete businesses in the northern region of Taiwan were engaging in concerted actions. During the investigation, the FTC received from an informer solid evidences proving that the 15 local businesses in Taoyuan and three national businesses (hereinafter referred to as three big companies), which are Goldsun Building Materials Co., Ltd. (hereinafter referred to as Goldsun Building Materials), Taiwan Cement Corporation (hereinafter referred to as Taiwan Cement) and Ya Tung Ready Mixed Concrete Co., Ltd. (hereinafter referred to as Ya Tung Ready Mixed Concrete), 18 ready mix concrete businesses altogether, were engaging in a concerted action.

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

The FTC discovered that the 15 ready mix concrete businesses in Taoyuan started to meet regularly in November 2018 to discuss and coordinate their allocations on ready mix concrete supply cases. They paid fees and installed surveillance cameras to confirm supply quantities and supervise one another. Through their chat group, the 15 businesses informed one another of meeting times and meeting locations, checked and confirmed schedules, reported supply quantities and even told competitors their own price quotes or inquired competitors if it was okay to give price quotes and how much to quote, etc. before giving a price quote. Obviously, the purpose was to prevent price reduction from becoming a way of competing for customers. Meanwhile,

Goldsun Building Materials, Taiwan Cement and Ya Tung Ready Mix Concrete, three big companies, sold ready mix concrete in Taoyuan as well and had attended trade association meetings. The FTC also found concrete evidences showing that they had attended meetings for supply case allocation and price quotation coordination.

### 3. Grounds for disposition:

- (1) Actors of the concerted action: The 18 businesses all sold ready mix concrete in Taoyuan City and thus they were competitors in the market.
- (2) The approach to achieve the concerted action and the content of the mutual understanding: The 15 businesses in Taoyuan City met regularly to discuss and coordinate their allocations of cases of supply of ready mix concrete. They also set up a WeChat group to share and confirm information related to the concerted action. The three big companies did not participate in their allocation coordinations regularly but did join discussions and negotiations with the other businesses when specific cases were involved.
- (3) Supervision and consolidation of the concerted action: The 15 businesses in Taoyuan City formed investigation teams and used surveillance cameras to record the number of truckloads of ready mix concrete transported so that supply volumes could be calculated and quantity understatements could be avoided to ensure every one actually abided by the mutual understanding. On top of that, fee payment was established to consolidate the concerted action.
- (4) The impact of the concerted action on the supply and demand function in the market: Between 2018 and 2021, the market share of the 18 businesses in the ready mix concrete market in Taoyuan City was around 40% each year. Among the 81 supply cases involved, the three big companies participated in the negotiations regarding the Formosarace Turnkey Project and the Taoyuan International Airport Third Terminal Civil Engineering Project which used over 400,000 cubic meters of ready mix concrete. It was a huge volume. Therefore, the competition restraints created by the concerted action was able to have an effect on competition in the ready mix concrete market in Taoyuan City.
- (5) After assessing the motive behind the unlawful act of the 18 businesses, the level of harm to trading order, and the business scales and sales of the offenders, the FTC cited the first section of Paragraph 1 of Article 41 of the Fair Trade Law and ordered the 18 businesses to immediately cease the unlawful act and at the same time imposed on them administrative fines ranging from NT\$500,000 to NT\$50 million. The fines totaled NT\$213.10 million.

Appendix:

Goldsun Building Materials Co., Ltd.'s Uniform Invoice Number: 24060203

Taiwan Cement Corporation's Uniform Invoice Number: 11913502

Ya Tung Ready Mixed Concrete Co., Ltd.'s Uniform Invoice Number:  
73641592

Wu Hsiung Enterprise Co., Ltd.'s Uniform Invoice Number: 22684463

Hsin I Ready Mixed Concrete Co., Ltd.'s Uniform Invoice Number: 23636102

Hao-Sheng Environment Co. Ltd.'s Uniform Invoice Number: 25090669

Kang-Dih Construction Material Co. Ltd.'s Uniform Invoice Number: 70599711

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