

## Domestic Pig's Blood Food Product Suppliers in Northern Region

1640<sup>th</sup> Commissioners' Meeting (2023)

Case: Domestic Pig's blood food product suppliers in the northern region violated the Fair Trade Law by jointly raising pig's blood prices

Keyword(s): Pig's blood, pig's blood food products, agreement

Reference: Fair Trade Commission Decision of March 8, 2023 (the 1640<sup>th</sup> Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 112015

Industry: Manufacture of Other Food Products Not Elsewhere Classified (0899)

Relevant Law: Article 15 of the Fair Trade Law

### Summary:

1. The FTC received complaints accusing Deyi Livestock and Poultry Co. (hereinafter referred to as Deyi Co.) and Pengsheng Foods Co., Ltd. (hereinafter referred to as Pengsheng Co.), the only two domestic pig's blood food product suppliers in the northern region, of jointly increasing their pig's blood food product prices and even signing a price increase agreement which carried the wording of "each layer of pig's blood going up NT\$10 starting on November 1, 2022." The conduct was in violation of Article 15 of the Fair Trade Law.
2. Findings of the FTC after investigation:
  - (1) Pig's blood was collected and treated in slaughter houses and then transported to processing plants to make pig's blood food products. Since the processing plants of both Pengsheng Co., and Deyi Co. were near meat markets in New Taipei City and Taoyuan City, both companies mainly sold their products at domestic traditional markets in the northern region, including Taoyuan City, New Taipei City, Taipei City and Keelung City. It was general knowledge in the industry that Pengsheng Co. and Deyi Co. were the only two big and domestic pig's blood food product suppliers in the northern region.
  - (2) The production costs of both companies started to increase in 2021. Because their downstream trading counterparts overlapped, unilateral price adjustment would entail the risk of losing original customers. For this reason, they established a mutual understanding between August and September in 2022 on raising pig's blood food product

prices. In October of the same year, they signed a price increase agreement, stamped their seals on it, and jointly decided to increase the price per layer by NT\$10 (same currency applies hereinafter) starting on November 1, 2022 (each bucket of pig's blood food products contained five to six layers and there were 16-18 pieces per layer.) Then, they also informed their customers verbally or in writing about the price increase.

### 3. Grounds for disposition:

- (1) The joint increase of pig's blood food product prices by Pengsheng Co. and Deyi Co. had an impact on the supply-demand function in domestic pig's blood food product markets in the northern region. The practice was in violation of the regulation against concerted actions set forth in Paragraph 1 of Article 15 of the Fair Trade Law.
- (2) After taking into account the cooperativeness of Pengsheng Co., and Deyi CO. during the investigation, the violation being the first, the motive and purpose behind the unlawful act, the duration, the level of harm to trading order, as well as the profit obtained and all the factors to be considered as specified in Article 36 of the Enforcement Rules of Fair Trade Law, the FTC cited the first section of Paragraph 1 of Article 40 of the Fair Trade Law and imposed an administrative fine of NT\$100,000 on each company.

Summarized by: Wang, Yu-Chi; Supervised by: Yeh, Su-Yen