China Steel Corporation and 5 Other Companies

1758th Commissioners' Meeting (2025)

Case: Joint operation of Taiwan Smart Electricity & Energy Co., Ltd. by the merger efforts of China Steel Corporation, CPC Corporation, Taiwan, Chunghwa Telecom Co., Ltd., ASE Technology Holding Co., Ltd., United Microelectronics Corporation and Tung Ho Steel Enterprise Corporation

Keyword(s): Renewable energy; offshore wind power; power retailing; input foreclosure

Reference: Fair Trade Commission Decision of July 2, 2025(the 1758th Commissioners' Meeting); Letter Kung Zhi Tzu No.1141360277 dated July 3, 2025

Industry: Electricity Supply (3510)

Relevant Law(s): Articles 10, 11 and 13 of the Fair Trade Act

Summary

1. China Steel Corporation, CPC Corporation, Taiwan, Chunghwa Telecom Co., Ltd., ASE Technology Holding Co., Ltd., United Microelectronics Corporation and Tung Ho Steel Enterprise Corporation jointly established and operate Taiwan Smart Electricity & Energy Co., Ltd. (hereinafter referred to as "TSEE"). The transaction has fallen under the category of the merger description set forth in Article 10(1)(iv) of the Fair Trade Act. Furthermore, certain participating enterprises hold a market share of 25% or more in their principal product markets, and each domestic sales exceeded NT$15 billion in the preceding fiscal year. Accordingly, the merger-filing thresholds specified in Article 11(1)(2) of the Fair Trade Act were exceeded, whereas the exemption regulation in Article 12 of the same Act was inapplicable. Therefore, a pre-merger notification was filed with the FTC.

2. Review process and result:
   (1) The FTC consulted the competent authorities, offshore wind farm developers, competing renewable energy suppliers, and academic experts. As TSEE was a renewable energy enterprise purchasing offshore wind power and selling renewable electricity to downstream entities, while the six merging parties are renewable energy demanders.

Vertical supply relations existed between the offshore wind power purchasing market of the merging parties and the renewable energy selling market in the downstream. Therefore, the merger in this case was a vertical one. In the meantime, TSEE and other renewable energy sellers all provide renewable energy resale service and meet the needs of businesses. Therefore, the relevant markets were defined as the "offshore wind power procurement market" and the "renewable energy retail market."

(2) The existing qualification requirements for offshore wind power purchasers remain unchanged after the merger. TSEE will possess limited market power and continue to face competition from existing market participants. Meanwhile, TSEE remain providing sufficient offshore wind capacity available to other purchasers. As TSEE is a new entrant established to provide enterprises with stable supplies of small-volume, short-term green electricity, ensures renewable energy transactions could comply with government policy, and competes with other renewable energy sources such as solar power, the merger is unlikely to result in input foreclosure or otherwise significantly restrict market competition. Moreover, the merging parties are unlikely to engage in cross-industry operations. They participated in the merger in response to an opportunity created by policy support, rather than pursuant to any pre-existing plans for cross-industry expansion. The merger is therefore unlikely to affect significant potential competition or give rise to significant competition concerns.

(3) After considering TSEE's business model and the competitive conditions in both the upstream offshore wind power procurement market and the downstream renewable energy retail market, the FTC concluded that the merger would facilitate the government's policy of promoting offshore wind power development and liberalization of the renewable energy retail market. Pursuant to Point 6, Paragraph 2 of the Fair Trade Commission Disposal Directions (Guidelines) on Handling Merger Filings, the overall economic benefits of the merger outweigh any potential anti-competitive effects. Therefore, the FTC cited Article 13(1) of the Fair Trade Act and did not prohibit the merger.

Appendix:

China Steel Corporation's Uniform Invoice Number: 30414175

CPC Corporation, Taiwan’s Uniform Invoice Number: 03707901
Chunghwa Telecom Co., Ltd. ’s Uniform Invoice Number:96979933
ASE Technology Holding Co., Ltd. ’s Uniform Invoice Number: 29187308
United Microelectronics Corporation’s Uniform Invoice Number: 47217677
Tung Ho Steel Enterprise Corporation’s Uniform Invoice Number: 75280209
Taiwan Smart Electricity & Energy Co., Ltd. ’s Uniform Invoice Number: 00217807

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