Tong Bao Corporation and
Yuan Rong Industrial Gases Company, Ltd.

1767th Commissioners' Meeting (2025)

Case: Concerted price increase of petrochemical acetylene distribution prices by Tong Bao Co., Ltd. and Yuan Rong Industrial Gases Co., Ltd.
Keyword(s): Acetylene; affiliates; economic independence
Reference: Fair Trade Commission Decision of September 3, 2025 (the 1767th Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 114083
Industry: Manufacture of Raw Chemical Material (1810)
Relevant Law(s): Article 15 of the Fair Trade Act

Summary

1. Tong Bao Corporation (hereinafter referred to as "Tong Bao") and Yuan Rong Industrial Gases Company, Ltd. (hereinafter referred to as "Yuan Rong") jointly increased the distribution prices of petrochemical acetylene in February 2022, thereby violating the prohibition of concerted actions set forth in Article 15, Paragraph 1 of the Fair Trade Act.

2. Findings of the FTC after investigation:
   (1) Tong Bao and Yuan Rong are horizontal competitors in the acetylene market. Although both are subsidiaries of Linde LienHwa Industrial Gases Co., Ltd. (hereinafter referred to as "LienHwa"), LienHwa itself does not engage in acetylene-related business. In addition, Tong Bao and Yuan Rong each have other single shareholders holding more than one-third of their shares. Accordingly, the three enterprises must take into account the differing needs and interests arising from their respective shareholder structures in their business operations, and therefore make independent business decisions and conduct independent business activities. Furthermore, Tong Bao and Yuan Rong each independently determine the sales and pricing of acetylene products without seeking approval from or reporting to LienHwa. Thus, each company possesses economic independence.
   (2) Moreover, CPC Corporation is the sole domestic producer of petrochemical acetylene, and all petrochemical acetylene it produces is delivered to Tong Bao and Yuan Rong for bottling before being sold to downstream distributors. In the acetylene market, Tong Bao

and Yuan Rong originally competed with each other through different distribution prices and transaction patterns. Although they held a meeting to discuss the distribution prices of petrochemical acetylene in December 2021 and did not reach any consensus on the distribution prices, the price information discussed at the meeting became a reference and benchmark for subsequent price increases, thereby influencing the pricing decisions of Tong Bao and Yuan Rong. Ultimately, in February 2022, Tong Bao and Yuan Rong jointly increased the distribution prices of petrochemical acetylene, and their price band showed a tendency to converge.

3. Grounds for the disposition:
   (1) Tong Bao and Yuan Rong are both major suppliers of petrochemical acetylene in the domestic market and are enterprises at the same production and distribution stage with a competitive relationship. They should have competed for transactional opportunities through more favorable prices, quantities, quality, and services. However, their joint increase of petrochemical acetylene distribution prices in February 2022 not only weakened the competition between them but also led to an overall increase in acetylene prices. As a result, downstream distributors, when facing simultaneous price increases by both Tong Bao and Yuan Rong, were unable to select more favorable supply sources from another suppliers.
   (2) The joint increase of petrochemical acetylene prices by Tong Bao and Yuan Rong was sufficient to affect the trading order of the acetylene market and constituted a violation of the prohibition of concerted actions under Article 15, Paragraph 1 of the Fair Trade Act. In determining the penalty, the FTC considered the motivation of the illegal conduct (i.e., jointly increasing prices), level of harm caused to market trading order, the duration of such harm, the benefits derived on account of the unlawful act, the turnover from petrochemical acetylene, the market share in the domestic acetylene market, as well as other factors set forth in Article 36 of the Enforcement Rules of Fair Trade Act, including the parties' cooperativeness in the investigation after the violation. Accordingly, the FTC cited the first part of Article 40, Paragraph 1 of the Fair Trade Act and imposed administrative fines of NT$ 2.5 million on Tong Bao and NT$ 2 million on Yuan Rong.

Appendix:
Tung Bao Corporation's Uniform Invoice Number: 22639691

Yuan Rong Industrial Gases Company Ltd.'s Uniform Invoice Number: 16097135

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