


Actual Cases and Challenges of Cross-border Enforcement and Cooperation

Dr. Yung-Ho CHIU
Vice Chairperson, CTFTC
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- ◆ Introduction of Leniency Program in Chinese Taipei
 - ◆ Actual Case: the Capacitors Cartel
 - ◆ Challenges during Investigation and Points of Breakthrough

Leniency Program

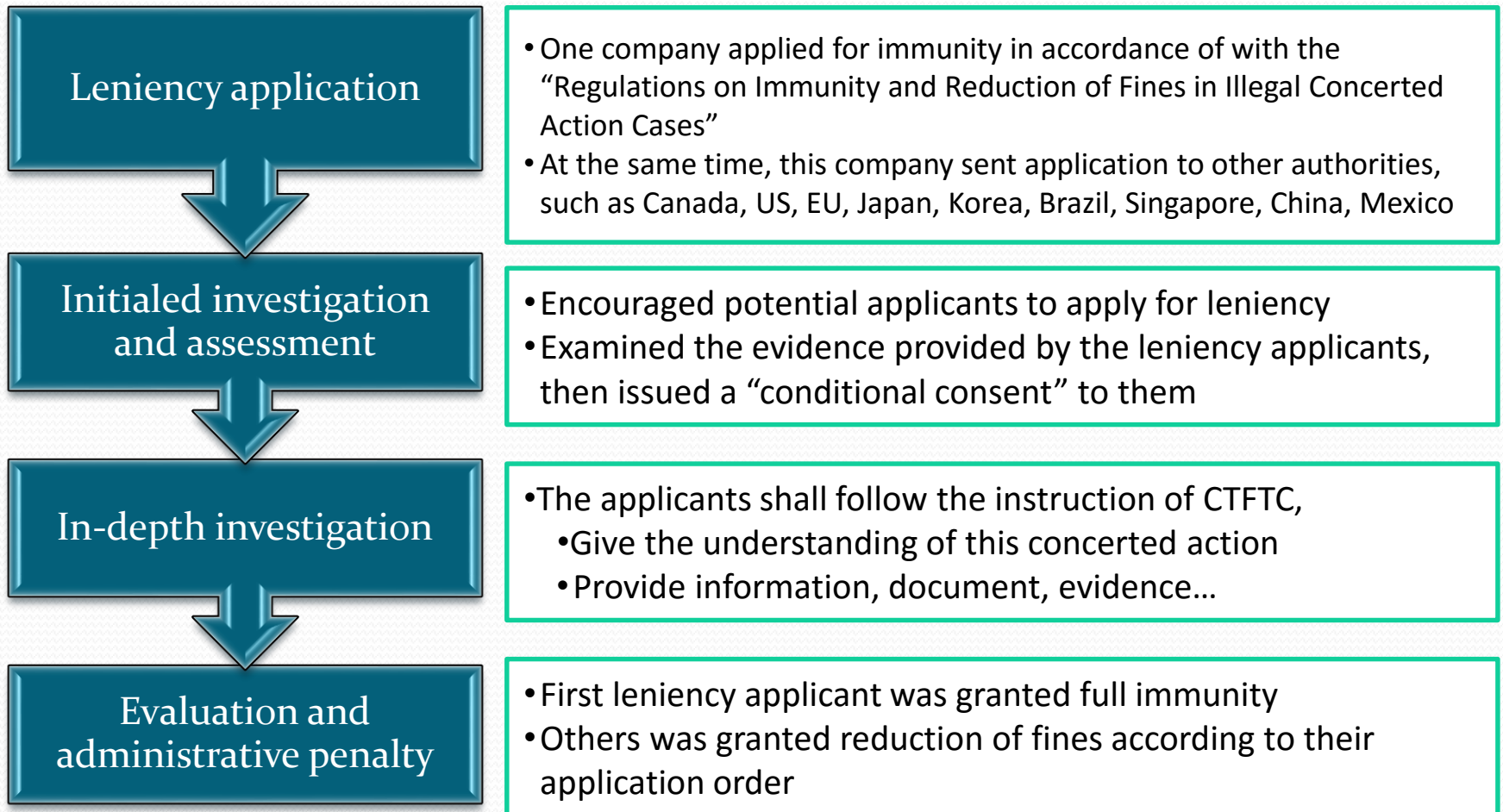
- Introduce leniency program in 2011

Full immunity (First apply for leniency before TFTC initials investigation)	Reduction (apply for leniency after TFTC initials investigation)			
	1	2	3	4
100% immunity	30%~50%	20%~30%	10%~20%	<10%
Marker system: gather the required information and evidence within a specific period.	-	-	-	-

- Conditional consent, applicants shall follow,
 - Withdraw from concerted action immediately
 - Follow the instructions of the CTFTC
 - Provide evidence
 - Give a general understanding of the facts of the concerted action
 - Shall not disclose to any other parties about filling the application before the case is concluded

When the case is concluded, the applicants who comply with “conditional consent” shall grant full immunity or reduction.

Investigation procedure & Leniency



Overview of this Cartel

Infringement: Paragraph 1, Article 14 of the Fair Trade Act at the time
(No enterprise shall engage in any concerted action)

Product	<ul style="list-style-type: none">• Electrolytic capacitors: aluminum capacitors and tantalum capacitors
Involved company	<ul style="list-style-type: none">• At least 10 Japanese companies and their subsidiaries in Chinese Taipei and Honk Kong involved
Duration	<ul style="list-style-type: none">• 2005~2014
Meeting Place	<ul style="list-style-type: none">• Japan, Hong Kong, Chinese Taipei
Cartel Conducts	<ul style="list-style-type: none">• Multilateral meeting• Bilateral communication

The applications of capacitors



Aluminum Capacitors

Larger electronic products

- PCs
- Household Appliances
- Home Video Game Consoles
- Power Supplies



Tantalum Capacitors



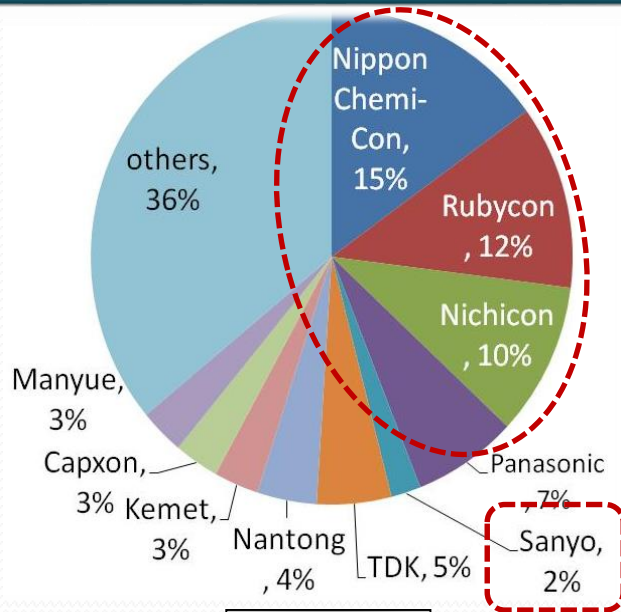
Thin and small electronic products

- Notebooks
- Mobile Phones
- Handheld Game Consoles



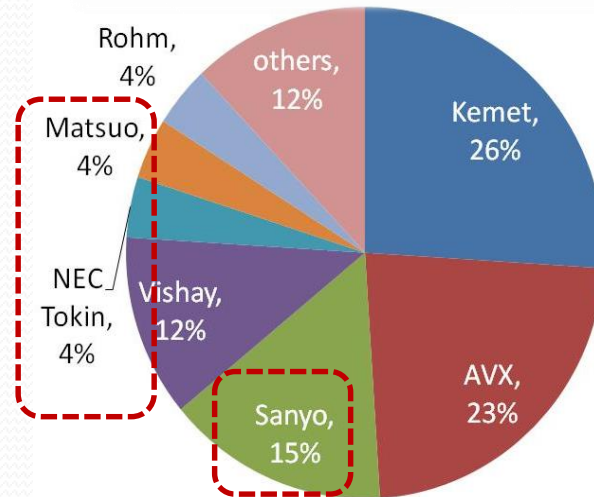
Market Structure

Market share of aluminum capacitors



The market share of the involved companies is more than 39%.

Market share of tantalum capacitors



The involved companies are the main producers in this market.

Source: Sangyo-Joho Limited

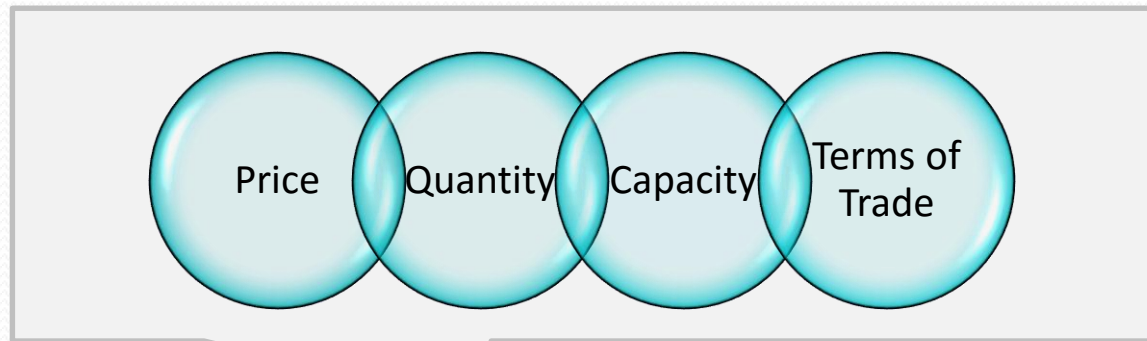
Schemes of Mutual Understanding

- Multilateral meetings and bilateral communication

Method	Meeting Name	Meeting Time	Meeting Place	Frequency	Involved Companies	Discussion Content
Multilateral Meetings	Market Study Meeting (MK Meeting)	2005-2014	Japan	Every Month	Aluminum/Tantalum Companies	Japan and Foreign Markets
	Capacitors Up Meeting (CUP Meeting)	2006-2009	Japan	Every Month or Every 2 Months	Aluminum Companies	Chinese Taipei and Japan Markets
	Sales Manager Meeting (SM Meeting)	2008-2013	Hong Kong	Every 3 Months	Aluminum Companies	Chinese Taipei and China Markets
Bilateral Communication		2005-2013	Japan Chinese Taipei	Irregular	Aluminum/Tantalum Companies	Specific Trading Counterpart

Mutual Understanding Content

- Since 2005....
 - Exchange sensitive business information, such as prices, quantity, capacity, terms of trade to reach agreements
 - The conducts were sufficient to affect the market function of capacitors in Chinese Taipei.



Impacts on Market of Chinese Taipei

MK meeting
CUP meeting



SM meeting



Aluminum Capacitors

- Total sales revenue from involved companies > NTD 50 billion
- Main customers from Chinese Taipei, such as Delta, Liteon, Foxconn.
- Chinese Taipei's companies are far smaller than these Japanese companies.

Tantalum Capacitors

- Total sales revenue from involved companies > NTD 16 billion
- Main customers from Chinese Taipei, such as Foxconn, Wistron, Compal, Quanta.
- In Chinese Taipei, all tantalum capacitors are fully imported.

A direct, substantial impact on the Chinese Taipei market with reasonably foreseeable effects

Surcharge(before leniency reduction)

Aluminum Capacitors Companies

Companies	Surcharge(NTD)
Nippon Chemi-Con Corp.	1,868,300,000
Hongkong Chemi-Con Ltd.	82,900,000
Chinese Taipei Chemi-Con Co., Ltd.	293,800,000
Rubycon Corp.	1,248,000,000
ELNA Co., Ltd.	76,600,000
Sanyo HK Ltd.	842,000,000
Nichicon HK Ltd.	111,300,000

Tantalum Capacitors Companies

Companies	Surcharge(NTD)
NEC TOKIN Corp.	1,218,200,000
Vishay Polytec Co., Ltd.	31,200,000
Matsuo Co., Ltd.	24,300,000

Total amount:
NTD 5,796,600,000
(Approx. USD 173 million)

Key benchmarks

Leniency Program

- This is the first case which was deemed as serious violation of concerted action since leniency program was introduced.

International Cooperation

- International cooperation with US(DOJ), EU(EC), Japan(JFTC), Singapore(CCS)→investigation actions were taken on March 28, 2014 simultaneously.
- Exchanged information with these authorities

First and Efficiency

- CTFTC was the first competition authority to make decision.
- JFTC made decision on 29 March 2016.

Surcharge

- Serious violation of concerted action→10% of worldwide turnover of the previous year
- Surcharge of this case is the highest for international business since the establishment of CTFTC

Challenges during Investigation

The Service of Investigation Letter

- Most alleging companies are foreign companies. In the beginning of the investigation, the letter of investigation were served by missions abroad or forwarded by foreign subsidiaries in Chinese Taipei.

Great Complexity

- There are 17 companies involved and 4 multilateral meetings. The duration of involving in cartel activities and the number of attending meetings for each member are different.

Huge pile of Documents

- There is a huge pile of business documents during 2005 to 2014. Furthermore, since deposition statements or evidences were in Japanese or English, it took time to translate into Chinese.

Points of Breakthrough

International Cooperation

- Close cooperation among competition agencies, especially US(DOJ), EU(EC), Japan(JFTC) and Singapore(CCS).

Leniency Application

- Involved companies were encouraged to be leniency applicants.

E-Documents

- The CTFTC asked involved companies to provide e-documents, including, inter alia, statements, meeting records, e-mails and memos.

Thank you for listening



<http://www.ftc.gov.tw>