

# **EU slaps huge fine on South Korea, Taiwan LCD cartel**

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The European Commission has imposed 649 million euros in fines on South Korean and Taiwanese electronics firms for secretly fixing prices of LCD flat screens for Europe's TVs and computers.

A number of the companies indicated that they might appeal.

The fines, worth 860 million dollars, were slapped Wednesday on Taiwan's AU Optronics, Chimei InnoLux Corporation, Chunghwa Picture Tubes and HannStar Display Corporation along with South Korean firm LG Display.

The leader in the LCD business, South Korea's Samsung Electronics, was also accused of being part of the cartel but escaped cash sanctions for coming forward first with information on the alleged scheme.

"Foreign companies, like European ones, need to understand that if they want to do business in Europe they must play fair," European competition commissioner Joaquin Almunia said in a statement.

"The companies concerned knew they were breaking competition rules and took steps to conceal their illegal behaviour," he said.

Europe's competition watchdog accused the firms of running a cartel between October 2001 and February 2006 that fixed prices, harming European buyers of televisions and computers equipped with liquid crystal displays.

The companies held monthly meetings to agree on price ranges and minimum prices, and traded information on future production planning, capacity utilisation, pricing and other commercial conditions, the commission said.

Company officials met 60 times, mainly in hotels in Taiwan, for what they dubbed "the Crystal meetings," the regulator said.

"The fact that the cartel meetings took place outside the EU is no excuse," Almunia told a news conference, saying the group was "very well organised."

The investigation found that the companies knew they were breaking competition rules and took steps to conceal their meetings.

The commission cited a document urging everybody "to take care of security/confidentiality matters and to limit written communication."

Chimei InnoLux faces the largest fine, 300 million euros, followed by 215 million euros against LG Display.

AU Optronics was fined 116.8 million euros, followed by nine million euros for Chunghwa Picture Tubes and 8.1 million euros for HannStar Display.

Reacting on Thursday, South Korea's LG Display said in a statement it "acknowledges the wrongful acts of the past" and respects the European Commission's regulatory authority.

"However, LG Display may, after careful review and consideration, appeal today's decision to the EU General Court if it finds there were procedural or substantive due process issues with the investigation."

LG Display said it had taken comprehensive measures to avoid repetition of such "mistakes" and reaffirmed its commitment to high ethical standards.

Taiwan's AU Optronics (AUO) said it would appeal in the General Court in Luxembourg in a statement to the Taiwan Stock Exchange.

The other Taiwanese firms said they were considering whether to appeal, while the fines were not expected to have a major impact on their operations.

The European Commission said Wednesday that the cartel had a direct impact on European consumers because "the vast majority" of televisions, computer monitors and electronic notebooks with LCD panels that are sold in Europe come from Asia. The market was worth more than seven billion euros over the period that the cartel existed.

At the same time that the European Commission opened its investigation in late 2006 other competition regulators in the United States and Asia did the same.

LG and Chunghwa, along with Japanese firm Sharp, pleaded guilty in the United States and were fined a total of 585 million dollars in November 2008. LG was hit with the harshest penalty, of 400 million dollars.

The European Commission cracked down on seven cartels this year, imposing nearly three billion euros in total fines.

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