China Fines LG, Samsung In Flat Panel Price Case

The Associated Press

BEIJING (AP) — China fined South Korean and Taiwanese makers of LCD display screens $56 million on Friday for price-fixing, joining the United States and Europe in a crackdown on the industry.

Suppliers have been hit by American and European regulators with penalties totaling more than $3 billion for colluding to push up slumping prices of display screens in 2001-06. U.S. courts have sentenced 12 executives to prison.

In China, the display-manufacturing arms of Samsung Electronics Co. and LG Electronics Inc., along with four Taiwanese companies, were ordered to pay 144 million yuan ($22.8 million) in penalties plus repayment to Chinese customers and other charges, according to China's planning agency, the National Development and Reform Commission.

Envoys from LG Display, Samsung Display and the Taiwanese suppliers met every quarter in 2001-06 to set prices of screens at a time when supply outstripped demand, pushing down market prices, according to Western and Chinese regulators. Samsung owns 85 percent of Samsung Display, the biggest display manufacturer. LG Display is a publicly traded company in which LG owns a 38 percent stake.

Nearly all the world's mobile phones and personal computers are assembled in China, making it a major market for display screens and other components imported from South Korea, Taiwan and other Asian economies.

The display makers "manipulated market prices and damaged the lawful interests of other companies and consumers," said an NDRC statement.

U.S. prosecutors say some $74 billion in global sales of display screens were affected by the conspiracy. Customers included Apple Inc., Dell Inc. and other producers of TVs, notebook computers and other electronics.

The Chinese penalties totaled 100 million yuan ($15.9 million) for Samsung Display and 118 million yuan ($18.7 million) for LG Display. The Taiwanese companies and their fines were Chi Mei Corp., 94 million yuan ($14.9 million); AU Optronics Ltd., 21.9 million yuan ($3.5 million); Chunghwa Picture Tubes, Ltd., 16.2 million yuan ($2.6 million); and HannStar Display Corp., 240,000 yuan ($38,000).

The U.S. Department of Justice says it has been awarded $1.4 billion in fines by courts while EU officials have imposed a total of 1.3 billion euros ($1.7 billion) in penalties.

China's fines were smaller because Beijing acted under its pricing law, which bases

penalties on the improper income from individual sales, according to an NDRC statement. It said Western anti-monopoly laws base penalties on the much larger amount of a company's total revenue but Beijing could not do that because its first anti-monopoly law was not enacted until 2008 and cannot be applied retroactively.

After the EU fined companies in 2010, a major Chi Mei shareholder, Terry Gou, said price-fixing was led by Samsung Display and LG Display, the second-biggest panel manufacturer. Gou is chairman of Hon Hai Precision Industry Co., which assembles electronics for Apple Inc. and other companies but does not make display screens.

Samsung Display doesn't dispute the Chinese government's statement, said a company official contacted by phone Friday in Seoul. He refused to be identified by name, citing company rules, but said his comments reflected Samsung Display's official position.

The company will "strengthen training" so employees do not engage in price-fixing in the future, the official said.

In a written statement, LG Display said it "remains committed to operating with full transparency in providing the best quality products and services to its global customers."

Chi Mei, which has been renamed Innolux Corp., said in a statement it has set aside money to pay the fines, indicating it would not appeal. Spokespeople for AU Optronics and Chunghwa Picture Tubes said the companies would cooperate with investigators.

Employees who answered the phone at Hannstar said company officials who could comment were not available.

In the United States, a former president and executive vice president of AU Optronics were sentenced by a federal court in September to three years in prison in what prosecutors said was the most severe penalty imposed in an antitrust case. The company was fined $500 million.

In July, AU Optronics, along with Toshiba and LG, agreed to pay a combined $571 million to settle a lawsuit by customers. Other manufacturers, including Hitachi, Sharp and Samsung, agreed in December to pay $538 million to settle.

Seven other Asian manufacturers and 22 other executives have pleaded guilty in U.S. courts and agreed to pay a combined $890 million in fines.

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