MARKET DOMINANCE UNDER THE ANTI-MONOPOLY LAW: SAIC'S LANDMARK DECISION ON TETRA PAK

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I. INTRODUCTION

On November 16, 2016, the State Administration for Industry and Commerce ("SAIC") issued a press release on its over-four-year investigation against Tetra Pak, a Switzerland based liquid food packaging and service provider, for abuse of market dominance.[2] A fine in the amount of RMB 667,724,176.88, approximately US $97 million was imposed. In its forty-seven-page long decision ("the Decision"),[3] SAIC elaborated on several issues in this case, including the market definition, the market power, the abuse of market dominance and the corresponding penalties. As a landmark antitrust decision made by SAIC, it is well-rounded with thorough legal and economic analysis and reasoning.

In this paper, we briefly describe the food packaging industry in China, highlight the main decision of the case, and discuss some implications.

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[2] *SAIC Imposes Administrative Penalty on Tetra Pak for Abusing Market Dominance*, Antimonopoly and Anti-Unfair Competition Enforcement Bureau of China's State Administration for Industry and Commerce, November 16, 2016, available at: http://www.saic.gov.cn/zwgk/zyfb/qt/xxzx/201611/t20161116_172376.html. Unofficial translation is attached at the end of the article.

[3] *Administrative Punishment Decision of State Administration for Industry and Commerce*, China's State Administration for Industry and Commerce, Gong Shang Jing Zheng An Zi [2006] No.1, November 9, 2016, available at: http://www.saic.gov.cn/zwgk/gggs/jzzf/cfjd/201611/P020161116513025279743.pdf.

II. BACKGROUND

Liquid food such as milk products and beverages is a fast-growing industry in China with great potential and a high rate of return, which attracts more and more new entrants. China is a huge market for liquid food producers and still has tremendous room for growth. For example, in 2015, the average consumption of milk products in China was 36 kilograms, which was only one third of the world average.[4]

Furthermore, the liquid food packaging industry is seeing rapid development due to the growing demands in the downstream liquid food industry. According to the Acceptance Specification of Packaging Equipment for Liquid Food,[5] liquid food packaging equipment may be divided into several categories, including aseptic packaging, ultra-clean filing, fresh keeping packaging, hot filing and general packaging based on the characteristics of the packaging equipment; or be divided into the categories of packaging of paper based compound material, packaging of plastic and compound materials, packaging of glass materials and packaging of metal materials, based on the packaging materials.

Besides Tetra Pak, there are more than ten other liquid food packaging equipment enterprises, including well-known multinational companies operating in China, such as SIG Combibloc (Suzhou) Co., Ltd. and Shanghai Shikoku Food Packaging Machinery Co., Ltd., and Chinese indigenous manufacturers such as Shanghai Precise Packaging Co., Ltd., Guangzhou Leiwest Pak Co., Ltd., GreatView Aseptic Packaging Co., Ltd., Shanghai Tianlong Packaging Machinery & Set Equipment Co., Ltd., BIHAI Machinery, Zhejiang Taizhou Weili Packing Co., Ltd., Xi'an Heiniu Machinery Co., Ltd., etc.

Customers of liquid food packaging equipment enterprises are mainly major liquid food producers in China, including Inner Mongolia Yili Industrial Group Co., Ltd., Beijing Sanyuan Foods Co., Ltd., Bright Dairy and Food Co., Ltd., China Green (Holdings) Limited, Blackcow Food Company Limited, Dali Foods Group Company Limited, etc.

A major upstream industry of liquid food packaging is the packaging material industry that produces paper, plastic, glass, metal, etc. In the *Tetra Pak* case, the upstream industry is mainly the raw paper industry. Raw paper for packaging includes kraft base paper and white base paper. In mainland China, only two companies have scale production of kraft base paper and supply kraft base paper to Tetra Pak, which are Foshan Huaxin Packaging Co., Ltd. and its subsidiary Zhuhai Hongta Renheng Paper Co., Ltd. Most of the other packaging companies use white base paper.

III. HIGHLIGHTS OF THE DECISION

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[4] *Status and Import and Export Data in the Milk Product Processing Industry in China 2016*, China Industry Development Research Web, August 31, 2016, available at: http://www.chinaidr.com/tradenews/2016-08/102703.html.

[5] *Acceptance Specification of Packaging Equipment for Liquid Food*, General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and Standardization Administration of the People's Republic of China, effective as of December 1, 2009, available at: http://www.tech-food.com/kndata/detail/k0045428.htm.

As explained in the Decision, SAIC has conducted a deep and thorough investigation into the food packaging industry. The investigation has lasted for over four years and during the process, SAIC has conducted on-site inspection, market surveys and interviews. SAIC claims it has collected hard evidence and data and conducted comprehensive research on technical, economic and legal issues. During the course of the investigation, SAIC has also consulted with industry, academic and professional experts regarding those issues. Bilateral communication was frequent and involved parties were allowed to give comprehensive and thorough statements.

A. Market Definition

First, SAIC applied the standard approach to define the relevant product markets and geographic market. They started their analysis on demand-side substitution and supply-side substitution in terms of product characteristics, function and prices. The relevant product market has been defined as paper-based aseptic packaging equipment for liquid food ("equipment"), technology service for paper-based aseptic packaging equipment ("technology service"), and paper-based aseptic packaging materials ("packaging materials"). In particular, SAIC found that paper-based aseptic packaging is widely used and could replace other forms of aseptic packaging, while it could not be fully substituted by other forms of aseptic packaging, i.e. other forms of aseptic packaging could not provide full competitive constraints to paper-based aseptic packaging. They also found that when a liquid food manufacturer considers different packaging suppliers, it usually takes into account the technological characteristics, the cost of packaging equipment and packaging materials, and the affiliated technological service, etc. Once a packaging equipment is selected, it would be costly to convert to another one, which brings substitution barriers between paper-based aseptic packaging equipment and other equipment based on other materials. Due to the high switching cost, liquid food manufacturers rarely change the equipment and usually choose affiliated services and packaging materials to secure production stability and minimize operational risks. As for supply substitution, due to technical specifications, paper-based aseptic packaging equipment could not be quickly supplied by its adjacent equipment manufacturers. Similar analysis has been applied in technology services and packaging materials which constitute individual service and product markets. The relevant geographic market is mainland China.

B. Market Dominant Position

In assessing market power of Tetra Pak, SAIC considered market share, and the competitive situation of the relevant market, the ability that Tetra Pak could control the market, financial and technology conditions, the dependence of other undertaking on Tetra Pak, and the difficulties of market entry. It was found that during the period of 2009-2013 both inventory capacity and sold equipment volume of Tetra Pak had over 50 percent market shares, although such shares had dropped overtime. For high-end and middle-and-low end equipment, Tetra Pak has strong market power. The profit margin of low-speed equipment has increased and become even higher than that of high-end equipment. SAIC considered that it is evidence that competitive constraints from Tetra Pak are not strong enough to reduce its pricing power and product competitiveness.

Furthermore, SAIC analyzed transaction terms between Tetra Pak and its clients and found that these terms show strong control of Tetra Pak on transaction price and conditions, which is evidence of strong market power. Liquid food manufacturers that use paper-based aseptic packaging equipment, especially large companies, tend to choose Tetra Pak's and have high reliance on Tetra Pak. For the top two diary companies in China, for example, a large percentage of their equipment is high-speed liquid food packaging equipment. In addition, due to high entry barriers in areas of financing, research & development, core parts, and patented technology, it is difficult to enter into the relevant equipment market, according to SAIC.

Moreover, SAIC used a similar analysis into technology services market and packaging materials markets, and reached a similar conclusion. In particular, when analyzing market power of packaging materials market, SAIC found that the Tetra Pak's prices were higher than the average level of the industry during 2009-2013, even in consideration of its complicated conditional discounts. The fact that Tetra Pak could charge higher packaging material prices than the industry average, that it could impose conditional discounts, and that its profit margins were well above other companies' profit margins would jointly constitute evidence to demonstrate Tetra Pak's market power. All these conclusions are supported by market survey and data, the marketing materials of Tetra Pak and other industry data provided by Tetra Pak, research reports and other statements.

C. Abuse of Market Dominance

The decision mainly includes three major conducts in analyzing Tetra Pak's abuse of market dominance, i.e. tying, exclusive dealing and loyalty rebates.

1. Tying

SAIC concluded that Tetra Pak tied packaging materials when providing paper-based aseptic packaging equipment, requesting its customers to use Tetra Pak packaging materials or packaging materials "accepted by Tetra Pak" during the period of performance confirmation, and use Tetra Pak packaging materials or packaging materials of "equivalent quality" during the warranty period. The two periods would cover 12 months after the equipment was put into production or 18 months after the equipment delivery. Tetra Pak also tied packaging materials when renting packaging equipment and when providing technical services. Tetra Pak's tying conduct mentioned above limits the options of the equipment users with respect to packaging materials, affects the sales of other packaging material producers, raises rivals' costs and ultimately hampers competition in the packaging material market.

Tying of products is a common business practice and is certainly not illegal in many countries including China. But a tying practice coupled with a dominant position in one of the tied product runs the risk of abuse of dominance according to China's Antimonopoly Law, which states, in Article 17(5), that tying is illegal without any justifiable cause, premised upon a dominant market position. This implies that the legality of tying in China is a "rule of reason" issue as opposed to a *per se* illegal offense. The exact meaning of "without any justifiable cause" is then the center of the economics and legal analysis.

Tying can be economically efficient and welfare enhancing under some circumstances, even including some contractual tying behavior. Tying may lower production costs to realize certain economy of scope. For example, in this case using Tetra Pak's packaging materials may work better with the Tetra Pak equipment and increase productivity. Tying may also reduce transaction costs and information costs. For example, in this case, using competing companies' packaging materials may incur additional costs of testing and qualifying these products, and may increase inspection and investigation costs when equipment breaks down.

SAIC appears to have refuted all of these typically pro-tying arguments in its ruling. Instead, it postulated four arguments in its "rule of reason" analysis against Tetra Pak. It referred to an industry standard regarding packaging materials, GB/T 18192-2008, to deliver the point that packaging materials meeting this standard are perfect substitutes for Tetra Pak's own packaging materials. It argued that these perfect substitutes have no significant direct bearings on the operations of Tetra Pak's equipment and do not add any complexity and costs to analyzing and discerning responsible parties in the event of equipment breakdown. And finally SAIC argued that the exclusive use of Tetra Pak packaging materials during the period of performance confirmation constitutes an entry barrier for its equipment customers to use alternative packaging materials from other vendors in that it adds significant equipment retooling and testing costs.

The second accusation for the tying matter regards Tetra Pak's conduct during its equipment warranty period. Here SAIC raised three issues. First, it refuted Tetra Pak's argument that the exclusive use of Tetra Pak's packaging materials is out of concerns for food safety and consumer protection. SAIC argued that such concerns have no direct relationship to the exclusive use of Tetra Pak's packaging materials, and there is no convincing evidence that other vendors' products constitute a reasonable threat to food safety. And besides, this is an issue already addressed by relevant government food safety regulations. Second, Tetra Pak has been vague and elusive with respect to the exact definition of alternative packaging materials of "equivalent quality." Tetra Pak's specification of such "equivalent quality" products is a proprietary document that is not readily available to its customers, even though it claims to be available upon request. But in reality, the exact details of the specification and relevant product parameters are hardly exposed to customers. And the last argument in this matter concerns the large volume of packaging material sales by Tetra Pak that effectively precludes use of alternative materials and thus precludes competition as well.

The third accusation pertained to the same tying behavior with respect to packaging materials for Tetra Pak's leased equipment, and the fourth accusation pertained to tying behavior for Tetra Pak's aftersales service contracts. Both are essentially based on the same line of arguments as discussed above.

Our impression of SAIC's analysis is that it appears to have built up a solid case against Tetra Pak based on solid economic arguments. However, as there are always two sides to every story, we do not get to see much of Tetra Pak's defense in this matter. And there are plenty of areas that can be debated with respect to the economic benefits of tying. For example, testing, qualifying and certifying alternative packaging materials even in the event of meeting certain national standards do increase transaction costs, and how much cost savings can be realized by the exclusive use of Tetra Pak materials remains largely an empirical question. SAIC does not disclose much of Tetra Pak's defense in this ruling. Nevertheless, it appears that it adopted a decent "rule of reason" approach with a decent "rule of reason" analysis.

2. Exclusive Dealing

Foshan Huaxin Packaging Co., Ltd. and its subsidiary Zhuhai Hongta Renheng Paper Co.,Ltd. ("Hongta") supply kraft base paper to Tetra Pak, which is its only client. In the agreements that Hongta signed with Tetra Pak, Hongta is required to produce raw paper for liquid packaging exclusively for Tetra Pak and its affiliated companies. It cannot use Tetra Pak technologies except for producing products for Tetra Pak, and cannot sell products produced with Tetra Pak technologies to any other third parties. As Hongta actually owns the patent of producing kraft base paper, its supply of kraft base paper to third parties wouldn't affect its cooperation with Tetra Pak. Tetra Pak's restriction on Hongta's use of its own patents abused its market dominance and hampered competition in the packaging material market.

Article 17 (1) IV has specific provision regarding exclusive dealing.[6] A business operator with a dominant market position is prohibited from "requiring a trade party to trade exclusively with itself or trade exclusively with a designated business operator without any justifiable cause." The focus is whether an undertaking has a "justifiable cause" to engage in exclusive dealing conduct. According to SAIC, Tetra Pak's causes were not justifiable.

First Hongta has its own patented technology and in the contract relationship Tetra Pak did not transfer its manufacturing technology of kraft base paper to Hongta. Second, Hongta has production capacity to supply competitors of Tetra Pak. Although Hongta has joint R&D with Tetra Pak, Hongta's sales to other customers doesn't impact its cooperation with Tetra Pak. Third, Tetra Pak restricts Hongta from using two kinds of technical information which are not exclusive to Tetra Pak and sometimes common knowledge of the industry. Fourth, restricting such technical information which is not exclusive to Tetra Pak directly impacts the production of kraft base paper to other packaging material customers rather than Tetra Pak, which further harms competition of packaging materials market.

3. Loyalty Rebates

The *Tetra Pak* case is the first antitrust ruling involving loyalty rebates in China. Although the academic debates regarding loyalty rebates in China have been going on for several years,[7] antitrust legal enforcement against loyalty rebates is rare. SAIC took the "rule of reason" approach and acknowledged both procompetitive and anticompetitive aspects of the conduct. The quasi-*per se* illegal approach undertaken by the General Court of the E.U. dealing with exclusive rebates in the *Intel* case has received many criticisms.[8] SAIC, which is quite influenced by the E.U., however, stepped forward the "rule of reason" and applied robust economic analysis in its reasoning. Acknowledging the pros and cons of different analytical methods, SAIC officials

[6] Art 17 (1) IV of the Antimonopoly Law of the People's Republic of China, effective as of August 1, 2008, available at: http://www.gov.cn/flfg/2007-08/30/content_732591.htm.

[7] See Deng Feng, *Divergence of One Rule and Diversity of One Case: A Comparative Case Study on Intel Loyalty Rebates*, Peking University Law Review, 2013 Vol. 2, available at: http://pkulaw.cn/fulltext_form.aspx?Db=qikan&Gid=1510132127&EncodingName=; Gaofen Ye, *Research on Loyalty Rebate in Europe and the US and Its Enlightenment to China*, Journal of Comparative Law, 2010 Vol. 5, available at http://article.chinalawinfo.com/ArticleHtml/Article_62117.shtml#m38.

[8] See Damien Geradin, *Loyalty Rebates after Intel: Time for the European Court of Justice to Overrule Hoffman-La Roche*, Journal of Competition Law & Economics, 11(2015), available at: https://papers.ssrn.com/sol3/Papers.cfm?abstract_id=2586584.

emphasized the importance of taking into account the special characteristics of the Chinese market when analyzing loyalty rebates.[9]

The Anti-Monopoly Law ("AML") doesn't have specific provision on loyalty rebates. In the Provisions on Anti-Price Monopoly issued by NDRC and the Rules of the Administration for Industry and Commerce on Prohibition of Abuse of Dominant Market Position issued by SAIC in late 2010, loyalty rebates are explicitly prohibited to abuse undertaking's market dominant position.[10] SAIC applied Art. 17(1) of the AML and defined loyalty rebates as "other forms of conducts to abuse market dominance."[11]

SAIC found that retroactive rebates are the core of Tetra Pak's loyalty rebate system. Their characteristics include both retroactiveness in terms of time and accumulativeness in terms of volume. Tetra Pak's retroactive rebates mainly refer to single product retroactive rebates ("single retroactive rebates") and compound product retroactive rebates ("compound retroactive rebates"). Besides loyalty rebates, Tetra Pak also gives special discount ("SD") or exceptional discounts to certain clients as additional discounts in its packaging materials sales. For special packaging materials and content, Tetra Pak also gives category discount ("CD"). Special discount and category discount are often combined with retroactive rebates.

On the one hand, SAIC admitted that rebates are common business practice, benefiting consumers and promoting market competition. On the other hand, it also recognized that loyalty rebates imposed by an undertaking that has a market dominant position might bring anticompetitive effect when combined with special market conditions. Such loyalty rebates should be regulated.

According to SAIC, loyalty rebates have loyalty inducing effect (sometimes also called "leverage effect"). For a firm which possesses a dominant position facing non-contestable demand from customers, such a firm may leverage its dominance into lowering price of the contestable portion, which customers may otherwise switch to other suppliers. Such a lower price of the contestable portion may put more pressure on other suppliers to decrease their prices in order to match the prices of the dominant firms and eventually may induce customers to still purchase from the dominant firm. By this way, it brings loyalty enhancing effect.

In this case, SAIC explicitly demonstrated that Tetra Pak had specific market conditions to impose loyalty rebates. First of all, certain customers rely on Tetra Pak's product category and production capacity, which is one of the major factors for non-contestable demand. Second, Tetra Pak tied packaging materials with equipment and technology services, and induced customers to use its own packaging materials via contract terms, which expanded the scope of non-contestable demand. Third, Tetra Pak combined multiple rebates such as target rebates

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[9] See Yiqin Zhao, *Thoughts on Loyalty Rebate*, March 2015, available at: http://www.euchinacomp.org/attachments/article/465/CN/ZHAO_b.pdf.

[10] Provisions on Anti-Price Monopoly, China's National Development and Reform Commission, effective as of February 1, 2011, available at: http://www.gov.cn/flfg/2011-01/04/content_1777969.htm; Rules of the Administration for Industry and Commerce on Prohibition of Abuse of Dominant Market Position, China's State Administration for Industry and Commerce, effective as of February 1, 2011, available at: http://www.gov.cn/flfg/2011-01/07/content_1779980.htm.

[11] Art 17(1) of the Antimonopoly Law of the People's Republic of China, effective as of August 1, 2008, available at: http://www.gov.cn/flfg/2007-08/30/content_732591.htm.

which may lock in certain customers' purchase percentage and volume, transform contestable demand into non-contestable demand and eventually increase the total scope of non-contestable demand. Additional category rebates and special rebates will further reduce the prices of other suppliers to match Tetra Pak's, which enhances the anti-competitive effect of retroactive accumulated rebates.

Therefore, in the short run, although Tetra Pak's loyalty rebates benefit customers with lower total prices, other competing packaging materials suppliers have to not only match the Tetra Pak's rebates for contestable portion, but also further reduce their prices to compensate customers' rebates loss in non-contestable portion. Such a situation brings difficulty for other packaging materials suppliers to compete with Tetra Pak and may force them get out of market. This will further induce customers to choose Tetra Pak and foreclose its competitors, which eventually restricts market competition. In the long run, royalty rebates will also restrict other packaging materials suppliers' sales and profit margins, causing under-utilization of their production capacity and further impact the competition of packaging materials market and consumer welfare. Evidence has been found by SAIC that during 2009- 2013 gross margins of many small-and-medium packaging materials firms in mainland China stayed low, which explains the reality that their growth has been restricted.

IV. IMPLICATIONS

As a landmark antitrust ruling by SAIC, the *Tetra Pak* case is a good example to study the new enforcement pattern by SAIC. There are several implications of this case in our opinion. First, tying is clearly a "rule of reason" offense under China's AML that particularly requires the presence of a dominant market position in at least one of the tied product. Second, SAIC's "rule of reason" analysis appears to have followed the established antitrust economic analysis in the U.S. and the EU to identify Tetra Pak's motivation to stymie and suppress competition and that it had indeed succeeded in doing so. The details of the analysis are not disclosed and we do not know much about Tetra Pak's defense. But it is safe to state that a dominant market player engaged in tying practices, particularly contractual tying practices, runs the risk of colliding with China's AML. Finally, one could make the analogy in this case to the IBM's punched card case (*IBM v. United States*, 298 U.S. 131 (1936)), which eventually went all the way to the U.S. Supreme Court. There are plenty of similarities in these two cases, although one is an administrative rule, while the other is a judicial one. Second, exclusive dealing is a common conduct covered under the AML. The main focus of SAIC's reasoning falls into the proof of justifiable causes. It leaves undertakings the responsibility to bring solid and convincing evidence to support their justifiable causes. Third, Tetra Pak decision is the first ruling which involves loyalty rebates. Although the U.S. and EU enforcement agencies have divergence on loyalty rebates, SAIC took a further step to adopt a "rule of reason" approach in its analysis by taking into account both procompetitive and anticompetitive effects. It will leave the companies being investigated by SAIC, industry and economic experts to provide convincing evidence and robust analysis to support their arguments.

Unofficial press release translation

SAIC Imposes Administrative Penalty on Tetra Pak for Abusing Market Dominance

Antimonopoly and Anti-unfair Competition Enforcement Bureau of the State Administration for Industry and Commerce (SAIC)

November 16, 2016

http://www.saic.gov.cn/zwgk/zyfb/qt/xxzx/201611/t20161116_172376.html

Recently, the State Administration for Industry and Commerce ("SAIC") imposed administrative penalty on Tetra Pak Group ("Tetra Pak") for abusing market dominance, and published the administrative punishment decision on its official website on November 16, 2016.

Originated in Sweden and established in 1951, Tetra Pak is a large multinational group, which provides design of liquid food packaging, relevant technology services, and packaging materials on a global scale, as well as providing design schemes of production lines for liquid food manufacturers.

The parties concerned include six Tetra Pak companies, including Tetra Pak International S.A., which is registered in Sweden, is Tetra Pak Group's operating headquarter, and is in charge of the group's global business operations; Tetra Pak China Limited, which is registered in Hong Kong, China, is Tetra Pak Group's operating headquarter in Greater China, and is in full charge of the group's businesses in China; Tetra Pak Packaging (Kunshan) Limited, Tetra Pak Packaging (Beijing) Limited, Tetra Pak Packaging (Foshan) Limited, and Tetra Pak Packaging (Hohhot) Limited, which are registered in mainland China, and are mainly engaged in paper-based aseptic packaging equipment for liquid food, relevant technology services, production and sales of packaging materials, and relevant businesses in the mainland China market.

SAIC initiated the case against Tetra Pak's alleged monopoly behavior in January 2012, and launched the comprehensive and deep investigation which lasted for more than four years. During this period of time, through the investigation measures such as on-site inspection, market survey, interviews investigation, etc., SAIC collected the documentary evidence and electronic data from the involved parties and relevant enterprises, conducted thorough research and demonstration and asked for expert consultation regarding the involved professional and technical, economics, and legal issues, and communicated with the involved parties face to face many times, while the involved parties made thorough statements.

According to the investigations, SAIC concluded that from 2009 to 2013, Tetra Pak had dominant position in the three markets including paper-based aseptic packaging equipment for liquid food ("equipment"), technology service for paper-based aseptic packaging equipment ("technology service"), and paper-based aseptic packaging materials ("packaging materials") in mainland China. From 2009 to 2013, Tetra Pak abused its dominant position in the equipment market and the technology service market, and bundled packaging materials when providing equipment and technology services; abused its dominant position in the packaging materials market, and restrained the supplier of raw paper from cooperating with its competitors or using its relevant technology information, in order to prohibit the supplier of raw paper from providing raw paper to its competitors; made use of its dominant position in the packaging material market, carried out retroactive and cumulative sales discounts, individualized purchase-target rebates, and other loyalty rebates that eliminated and restricted competition, and harmed fair competition in the packaging materials market.

SAIC decided that Tetra Pak's conducts above violated the regulations in the Anti-Monopoly Law (AML) of the People's Republic of China, and constituted tying without legitimate reason, restricting trade without legitimate reason, and other acts of abuse of market dominance as stipulated in Article 17 (4), (5) and (7) of the AML. Pursuant to the AML, SAIC ordered Tetra Pak to stop the illegal conducts, including tying packaging materials without legitimate reason when providing equipment and technology services, restraining suppliers of raw paper packaging materials without legitimate reason from providing white coated kraft cardboard to third parties, and from formulating and carrying out loyalty discounts, which eliminate and restrict competition in the packaging material market; the penalty amounts to RMB 667,724,176.88