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**ANNUAL REPORT ON COMPETITION POLICY DEVELOPMENTS IN CHINESE TAIPEI**

-- 2015 --

**29-30 November 2016**

*This report is submitted by Chinese Taipei to the Competition Committee FOR INFORMATION at its forthcoming meeting to be held on 29-30 November 2016.*

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## 1. Changes to competition laws and policies, proposed or adopted

### 1.1 Summary of new legal provisions of competition law and related legislation

1. The Fair Trade Act (FTA) was amended and the amended version promulgated on February 4, 2015. In addition, there was another amendment promulgated on June 24, 2015 by adding Article 47-1 of the FTA. The February amendments to the FTA were considered to be the widest in range, largest in scale and most influential legal reforms since the FTA was first enforced more than twenty years ago; 70% of the provisions were amended. The new FTA contains fifty articles in seven chapters and the significant changes in the amendments are depicted as follows:

- The name of the competent authority of the FTA has been changed to the “Fair Trade Commission” (FTC) in order to accommodate the enforcement of the Organizational Act of the Executive Yuan and the Organic Act of the Fair Trade Commission. Meanwhile, as the FTC is the designated agency given the authority to enforce the FTA while local autonomous groups do not have such authority, the regulations in the old version of the FTA regarding local competent authorities have been removed to prevent confusion of jurisdiction between the central and local governments and legal disputes thereof incurred.
- To make the structure and content of the regulations in the FTA more reasonable and appropriate, the articles regarding the legislative purpose and terminology in Chapter I General Principles have been revised. The title of Chapter II has been renamed Restraints of Competition and the types of practices regulated include monopolization, mergers, concerted actions, resale price maintenance and other conduct likely to lead to competition restrictions. The types of practices placed under regulation in Chapter III Unfair Competition include false, untrue or misleading representation or use of symbols, imitation of unregistered famous trademarks, inappropriate giving of gifts and prizes in promotional activities, slandering, and other deceptive or obviously unfair conduct.
- In order to ensure that the regulations on monopolization can be compatible with domestic economic development and that the regulatory and administrative resources are reasonably allocated, related provisions have been revised to authorise the FTC, the competent authority, to adjust and announce the threshold in the definition of monopolistic enterprises.
- Merger regulations are widely revised. (i) It is specified that the amounts of shares held by and the turnover of affiliate businesses (sister companies included) are to be calculated together, whereas situations in which controlling shareholders are natural persons or groups are also covered by new regulations so that effective control of concentration of economic power in the market can be achieved and evasion of law can be prevented. (ii) A regulation has been added to give the FTC the authority to announce the sales threshold for any specific industry in order to cover the situations in different industries and markets. (iii) The review period has been extended to 60 days to allow the FTC to have more time to solicit opinions from industrial, government and academic sectors toward merger cases incurring critical disputes and to make detailed assessment. (iv) Types of merger that have no impact on the market structure and need not be filed have been added, such as the case where an individual enterprise making a reinvestment to set up a wholly-owned subsidiary which has no impact on the market structure need not file a merger notification so that the corresponding administrative cost can be saved.
- Provisions on circumstantial evidence for concerted actions have been added. It is specified that the FTC may act in accordance with the market condition, product or service characteristics, the cost and profit, and rationality of behavioral economics to assume that mutual understandings

with respect to concerted actions do exist so that investigations and determent of illegal concerted actions can be more effective.

- It is specified that the imposition of restrictions on resale prices is prohibited. However, in line with international tendencies, a proviso stating “those with justifiable reasons are not included” has been added and it is also specified that the same regulation and proviso apply to enterprises providing services.
- The original provisions regarding trade secrets have been deleted. The range of trade secrets and types of infringement conduct set forth in the Trade Secrets Act are more comprehensive than those included in the old FTA. Therefore, Subparagraph 5 of Article 19 in the old FTA has been deleted.
- Regulations on counterfeiting have been amended and it is also specified that registered trademarks cannot be applied for counterfeits. Related regulations set forth in the Trademark Act are once again to be adopted. Since this article is a supplementary regulation to the Trademark Act, the regulations on the administrative liability and criminal liability entailing counterfeiting have been removed and only civil liability is to be taken into account.
- An investigation suspension system has been added; enterprises are encouraged to take the initiative to stop or correct their activities while administrative agencies can exercise their supervisory authority to eliminate at the earliest time practices that are likely to jeopardize market order.
- Different amounts of fines have been established for different types of violations. The amount of the fine for conduct leading to competition restrictions has been doubled and the period given to the competent authority to impose sanctions has been extended from three years to five years to make fine imposition more reasonable as well as increase the effect of determent. In addition, in cases where violations are committed by trade unions or other business organizations, besides the union or organization, the individual members actually participating in the violation may also be fined in order to prevent individual businesses from evading their responsibility.
- Provisions on exemption from following the petitioning procedure have been added to allow concerned parties to file with judicial agencies for remedies by adopting the administrative litigation procedure directly to respond to sanctions imposed by the FTC according to the FTA.
- As the Multi-Level Marketing Supervision Act was promulgated to enter into force on January 29, 2014, regulations regarding multi-level marketing set forth in the old FTA have been removed.

2. The second amendments on June 24, 2015, added Article 47-1 to the FTA, authorizing the FTC to set up an anti-trust fund and provide rewards for the reporting of illegal concerted actions.

- Capital sources of the preceding anti-trust fund contain 30% of the fines imposed according to the FTA; interests accrued on the fund; budgetary allocations; and other relevant incomes.
- The fund shall be used for the purposes, including rewards for the reporting of illegal concerted actions; promotion of cooperation, investigation and communication matters with international competition law enforcement agencies; subsidies to the related expenses incurred from litigations associated with the Act and rewards reporting of illegal actions; deployment and maintenance of databases in relation to the Competition Law; research and development on the systems in

association with the Competition Law; education and advocacy of the Competition Law; and other necessary expenditures to maintain the market order.

### ***1.2 Other relevant measures including amended guidelines***

3. The FTC stipulated and amended 61 guidelines according to the FTA amendments in 2015, and the significant stipulations and amendments are as follows:

- “Enforcement Rules of Fair Trade Act of 2015”;
- “Enforcement Rules of Multi-Level Marketing Supervision Act of 2015”;
- “The Threshold of Total Sales at Which an Enterprise is Exempted from Being Deemed as a Monopolistic Enterprise”;
- “Principles of the Fair Trade Commission Regarding the Definition of Relevant Markets”;
- “Thresholds and Calculation of Sales Amount Which Enterprises of a Merger Shall File with the Fair Trade Commission”;
- “Regulations Governing the Amount of Gifts and Prizes Offered by Businesses”;
- “Directions for Records Reading”;
- “Regulations on Payment of Rewards for Reporting of Illegal Concerted Actions”;
- “Disposal Directions (Guidelines) on Automobile Spare Parts Trading”;
- “Regulations Governing Management and Utilization of the Antitrust Fund”;
- “Regulations on Immunity and Reduction of Fines in Illegal Concerted Action Cases”;
- “Regulations for Calculation of Administrative Fines for Serious Violations of Articles 9 and 15 of the Fair Trade Act”;
- “Regulations for the Examination of Financial Holding Company Merger Cases”;
- “Directions for Enterprises Filing for Merger”;
- “Disposal Directions (Guidelines) on Handling Extraterritorial Merger Filings”;
- “Disposal Directions (Guidelines) on Handling Merger Filings”;
- “Directions for Enterprises Applying for Concerted Actions”;
- “Disposal Directions (Policy Statements) on the Sales of Elementary and Junior High School Textbooks”;
- “Disposal Directions (Guidelines) on the Reviewing of Cases Involving Enterprises Issuing Warning Letters for Infringement on Copyright, Trademark, and Patent Rights”;

- “Disposal Directions (Guidelines) on Technology Licensing Arrangements”;
- “Disposal Directions (Guidelines) on the Business Practices of Franchisers”;
- “Disposal Directions (Guidelines) on the Application of Article 25 of the Fair Trade Act”;
- “Disposal Directions (Policy Statements) on Cross-Industry Management Behaviors of the Digital Convergence Enterprises”;
- “Disposal Directions (Policy Statements) on Telecommunications Enterprises”;
- “Disposal Directions (Policy Statements) on the E-Marketplace”;
- “Disposal Directions (Policy Statements) on Bottled Liquefied Petroleum Gas (LPG) Manual Distribution Center Operations”;
- “Disposal Directions (Guidelines) on Gas Safety Equipment Sales”;
- “Disposal Directions (Policy Statements) on Real Estate Brokerage”;
- “Disposal Directions (Policy Statements) on the Financial Industry”;
- “Disposal Directions (Guidelines) on Trade Practices Between Department Stores and Branded Products Suppliers”;
- “Disposal Directions (Policy Statements) on the Distribution Industry”;
- “Disposal Directions (Policy Statements) on the Motorcycle Industry”;
- “Disposal Directions (Guidelines) on Domestic Civil Aviation Enterprises Filing for Mergers and Concerted Actions”;
- “Disposal Directions (Guidelines) on Investigation Suspension”;
- “Disposal Directions (Guidelines) on Cases Handled by Administrative Guidance”;
- “Operating Directions for Cases Involving Recusal from Investigation”;
- “Disposal Directions (Guidelines) on Additional Fees Charged by Distribution Enterprises”;
- “Disposal Directions (Guidelines) on the Charging of Penalty Fees for Prepayment of Housing Loans by Financial Enterprises”.

## 2. Enforcement of competition laws and policies

### 2.1 Action against anti-competitive practices, including agreements and abuses of dominant market positions

#### 2.1.1 Summary of Activities

4. The Act permits the existence of monopolies as long as they do not abuse their market power. Concerted actions are strictly forbidden by the Act. However, while some exceptions are allowed for, these do require the FTC's prior approval and its decision is based on the public interest. The Act bans resale price maintenance in principle but requires the FTC to apply the rule-of-reason standard to other types of vertical restraints.

5. In 2015, the FTC processed 1,791 cases, including 1,666 cases received in 2015 and 125 cases carried over from the preceding year. By the end of 2015, 1,651 cases had been closed, and 140 cases were pending. A total of 138 complaint cases applicable to the Act were concluded in 2015 and, of these, 34 concerned anti-competitive practices.

6. Decision rulings on complaints and FTC self-initiated investigations were undertaken in relation to 144 cases in 2015, and only 24 of these fell into the category of anti-competitive practices. The FTC also initiated investigations into 15 anti-competitive cases.

**Decision Rulings by the FTC in 2015** (Unit: Number of cases)

Year	Anti-competitive Practices	Abuse of Monopoly	Mergers	Concerted Actions	Resale Price Maintenance	Vertical Restraints
2015	24	1	2	12	7	2

Note: The number of illegal actions may exceed the number of cases involving decision rulings because a case may involve more than one illegal action.

#### 2.1.2 Description of significant Anti-competitive cases (including those with international implications)

- Case 1: Cartel of 10 Aluminum and Tantalum Capacitor Companies

7. The FTC resolved at the 1,257<sup>th</sup> Commissioners' Meeting on December 9, 2015 that seven aluminum capacitor companies and three tantalum capacitor companies participated in meetings or bilateral communications to exchange sensitive business information such as prices, quantity, capacity, and terms of trade to reach agreements, and the conduct was sufficient to affect the market function of capacitors in Chinese Taipei. Since the practices were in violation of Paragraph 1, Article 14 of the FTA at the time, the FTC therefore imposed administrative fines of NT\$5,796,600,000 in total (approximately equivalent to US\$181.15 million).

8. The FTC stressed that this case has shown the successful results of its efforts in international enforcement cooperation with other competition authorities over the years. The FTC had worked with the competition authorities of the US, EU and Singapore in investigation activities since the beginning of the investigation. In addition to coordinating a synchronized investigation action on March 28, 2014, the FTC also exchanged enforcement experiences with these agencies through telephone conferences or email. The FTC's decision is the first among competition agencies and will be a major concern internationally as the investigation is still taking place the EU, the US, Japan, Korea, Singapore and China, etc.

9. The FTC's investigation has revealed that Japanese capacitor companies convened several multilateral meetings and engaged in bilateral communication since the 1980s, and exchanged sensitive business information to reach agreement. Products involved in this case have included aluminium capacitors and tantalum capacitors. There are seven aluminium capacitor companies, including Nippon Chemi-Con Corporation (NCC), Hong Kong Chemi-Con Limited (NCC HK), Taiwan Chemi-Con Corporation (NCC TW), Rubycon Corporation (RUBYCON), ELNA Co., Ltd. (ELNA), SANYO Electric (Hong Kong) Ltd. (SANYO HK), and Nichicon (Hong Kong) Ltd. (NICHICON HK), which have been involved in this case, each to a different extent and duration in terms of attending meetings. Starting from at least 2005 to January 2014 at the latest, the companies convened the MK Meeting (Market Study Meeting), CUP Meeting (Cost Up Meeting), and SM Meeting (Hong Kong Sales Manager Meeting) in Japan and other countries, or conspired bilaterally via e-mail, telephone or gatherings to exchange sensitive business information for reaching agreements. In addition, the three tantalum capacitor companies, namely, NEC TOKIN Corporation (NEC TOKIN), Vishay Polytech Co., Ltd. (VISHAY POLYTEC), and Matsuo Electric Co., Ltd. (MATSUO) also exchanged sensitive business information in the above-mentioned MK Meeting and conspired bilaterally via e-mail, telephone or gatherings to reach agreement.

10. Aluminium capacitors are mainly used in larger electronic products, e.g., PCs, household appliances, home video game consoles, and power supplies. Tantalum capacitors are principally used in thin and small electronic products, e.g., notebooks, mobile phones, and handheld game consoles. Domestic electronics companies largely rely on the companies involved in this case for the supply of capacitors. Even though there are a few aluminium capacitor companies in Chinese Taipei, their scale is far smaller than that of the Japanese capacitor companies. On the other hand, there are no domestic tantalum capacitor companies; all tantalum capacitors are fully imported. The total sales revenue from the aluminium capacitors and tantalum capacitors of the companies involved in this case is estimated at NT\$50 billion and NT\$16 billion, respectively, during the term of their concerted action. The aluminium capacitor companies NCC, RUBYCON and NICHICON are the top three aluminium capacitor companies in the world. The tantalum capacitor companies involved in this case also have considerable global market shares. Hence, the companies involved in this case have had a direct, substantial impact on the domestic markets with reasonably foreseeable effects.

11. The FTC indicated that the leniency program was introduced to the FTA on November 23, 2011. The case has a significant meaning for the FTC's enforcement as this was one of a few applications and involved the imposition of heavy fines following the introduction of the leniency program. The FTC is required to keep the identity of the leniency applicant confidential in accordance with the "Regulations on Immunity and Reduction of Fines in Illegal Concerted Action Cases."

12. The FTC believed that the above-mentioned companies attended meetings to discuss prices and exchange sensitive business information and that such behaviour were sufficient to affect the market function of the domestic aluminium capacitor and tantalum capacitor markets. This was in violation of Paragraph 1, Article 14 of the FTA at the time. Furthermore, the unlawful conduct spanned nearly a decade and the illegal profit gained from Chinese Taipei's market was considerably high. Therefore, the FTC determined that this case was a severe violation punishable by a fine of no more than 10% of each company's sales revenue in the previous accounting year in accordance with Paragraph 2, Article 41 in the old FTA. The total fines in relation to this case were the highest to have been imposed on international businesses since the establishment of the FTC.

- Case 2: Dell's Boycott in a Tender of Server Antivirus Software

13. The FTC decided at the 1225<sup>th</sup> Commissioners' Meeting on April 29, 2015 that the Chinese Taipei Branch of Dutch-based Dell Inc. (hereinafter referred to as Dell) had violated Subparagraph 1 of Article 19 in the old version of the FTA by forcing other enterprises not to supply a specific enterprise in

order to achieve the purpose of hurting the said enterprise. Since the conduct was likely to restrict competition, the FTC imposed an administrative fine of NT\$2 million (approximately equivalent to US\$62,500) on the company.

14. The FTC received complaints that Dell was engaging in a boycott in violation of the FTA and launched an investigation. The findings indicated that when the Environmental Protection Bureau of Tainan City Government put up a tender in 2013 for the maintenance and consolidation of the air quality database operation platform, the Southern Branch of Chunghwa Telecom was awarded the project and appointed a collaborating supplier to procure the SonicWall Server Antivirus software needed for the project. Between March and June 2013 when the said collaborating supplier was negotiating with distributors for SonicWall products, Dell made the distributors refuse to provide a quotation or sell to the collaborating supplier on several occasions. In the end, the collaborating supplier was unable to obtain through domestic distributors the SonicWall products needed for contract performance.

15. SonicWall products constituted online security equipment released by US-based SonicWall LLC, which was a subsidiary of Dell Inc. SonicWall LLC had signed contracts with Weblink International Inc. (hereinafter referred to as Weblink International) and Zero One Technology Co., Ltd. for them to serve as distributors to sell Sonic Wall products in the country. Although Dell did not sell SonicWall products directly, it still had the responsibility to help the distributors promote SonicWall products and the distributors had to report to or acquire certificates of authorization from the original equipment manufacturer through Dell. In other words, Dell had the status of helping the original equipment manufacturer decide whether the distributors could acquire supplies at special project prices or obtain certificates of authorization from the original equipment manufacturer. Despite the fact that SonicWall products did not account for a large percentage of the domestic online information security equipment market, they were specified in the procurement project of the Environmental Protection Bureau of Tainan City Government and could not be replaced with information security products of other brands.

16. The FTC's investigation showed that, after winning the tender put up by the Environmental Protection Bureau of Tainan City Government in March 2013, the Southern Branch of Chunghwa Telecom appointed a collaborating supplier to procure the SonicWall products needed for the project and so the collaborating supplier asked Weblink International to give a quotation. However, when Dell found out, it informed Weblink International "not to process the matter and not to give any quotation." Later, in June 2013, the collaborating supplier turned to Taifon Computer Co., Ltd. (hereinafter referred to as Taifon Computers) for a quotation. Again, Dell requested that Taifon Computers have nothing to do with the project of the Environmental Protection Bureau of Tainan City Government. The collaborating supplier went back to Weblink International for a quotation and Dell once again demanded that Weblink International "not provide any supplies for the project of the Environmental Protection Bureau of Tainan City Government if any party should ask about prices or place an order."

17. The boycotting practice of Dell made the collaborating supplier unable to find any sources for SonicWall products in the country between March and August 2013. Although the collaborating supplier was eventually able to purchase the products overseas, Dell changed the authorization expiration date and made the products become invalid. As a result, the Southern Branch of Chunghwa Telecom could not complete the acceptance inspection as scheduled. The conduct of Dell also deterred other suppliers interested in bidding in the future and a chilling effect was created.

18. The FTC concluded that the aforesaid practice of Dell had met the description of "causing another enterprise to discontinue supply, purchase or other business transactions with a particular enterprise for the purpose of injuring such particular enterprise" specified in Subparagraph 1 of Article 19 of the Fair Trade Act at the time. It was a restriction of competition.

## 2.2 *Mergers and acquisitions*

### 2.2.1 *Statistics on the number, size and type of mergers notified and/or controlled under competition laws*

19. Mergers involving parties reaching a certain sales volume or a particular level of market share require the giving of notification to and obtaining no objection from the FTC. The FTC makes its decision based on whether the benefits to the economy as a whole will exceed the anti-competitive effects of the proposal.

**Notifications for Mergers** (Unit: Number of cases)

Year	Cases under Processing			Mergers not Prohibited	Results of Processing			Cases Pending at Year-end
	Carried Over from 2014	Received in 2015	Total		Mergers Prohibited	Termination of Review	Combined into other Cases	
2015	10	60	63	26	-	35	2	7

**Statistics on Enterprise Mergers** (Unit: Number of cases)

Year	Cases not Prohibited	Type of Merger (Article 6, Paragraph 1 of the Fair Trade Act)				
		Subparagraph 1	Subparagraph 2	Subparagraph 3	Subparagraph 4	Subparagraph 5
2015	26	4	21	4	5	20

Note: More than one type of merger may be applicable in some cases. Therefore, the total number of cases under different types of mergers exceeds the total number of approved cases.

### 2.2.2 *Summary of significant cases*

- Case 1: Vertical Merger between ASE and TDK

20. The FTC decided on July 8, 2015 not to prohibit the intended joint investment between Advanced Semiconductor Engineering Inc. (hereinafter referred to as ASE) and Japan-based TDK Corporation (hereinafter referred to as TDK) according to Paragraph 1, Article 13 of the FTA.

21. ASE planned to provide 51% of the capital and TDK 49% to set up a joint venture named ASE Embedded Electronics Incorporated. According to the percentage of shares in its possession, each company would appoint directors to participate in the management of the joint venture. TDK would license the new enterprise to use its “semiconductor embedded substrate technology” and patent to develop, produce and market IC embedded substrates. The condition met the merger type set forth in Subparagraphs 2, 4 and 5 of Paragraph 1 of Article 10 of the FTA. At the same time, ASE accounted for more than one quarter of the IC packaging and testing market share in 2014 whereas the sales of both merging parties in the same year also exceeded the amount announced by the FTC and achieved the merger filing thresholds specified in Subparagraphs 2 and 3 of Paragraph 1 of Article 11 of the FTA, while the proviso set forth in Article 12 of the same act did not apply. Therefore, a premerger notification needed to be filed with the FTC.

22. The main business of ASE was IC packaging and testing and the principal operation of TDK and the joint venture in the country was to be the use of the “semiconductor embedded substrate” technology to produce IC embedded substrates which were required in IC packaging and testing processes. There existed an upstream-downstream relationship and the merger was therefore a vertical merger involving the IC packaging and testing material market and the IC packaging and testing market in the country. After evaluation, the FTC concluded that the technology to be applied by the joint venture would not be the only one available for the production of IC embedded substrates. There were other alternatives; in addition, no

barriers to entry in the relevant market existed. Hence, after the merger, the choice of trading counterparts for other competitors would remain unchanged, the level of difficulty for enterprises outside the merger to enter the relevant market would not be heightened, the merging parties would not be able to abuse their market power, and no market foreclosure would result from the merger. Based on the above, the FTC concluded that the merger could not lead to any significant restriction of competition and the overall economic benefits from the merger would be greater than the disadvantages from any competition restriction thereof incurred. Consequently, the FTC did not prohibit the merger.

- Case 2: Conglomerate Merger between Semiconductor ICs and Information Products

23. The FTC decided at the 1222<sup>nd</sup> Commissioners' Meeting on April 8, 2015 that the overall economic benefit from the merger between WPG Holdings Co., Ltd. and Genuine C&C Inc. would outweigh likely disadvantages from competition restrictions thereof incurred and therefore did not prohibit the merger.

24. WPG Holdings Co. Ltd. (hereinafter referred to as WPG Holdings) intended to acquire 50% of the issued common stocks of Genuine C&C Inc. (hereinafter referred to as GCNC). In addition to 16.29% of the shares of GCNC already held by World Peace Industrial Group, a subsidiary of WPG Holdings, WPG Holdings would directly and indirectly possess 66.29% of the shares of GCNC after the public acquisition. The result would meet the merger description specified in Subparagraphs 2 and 5 of Paragraph 1 of Article 10 of the FTA. Meanwhile, the turnovers of both merging enterprises in 2013 also achieved the merger-filing threshold; hence, WPG Holdings acted according to Subparagraph 3 of Paragraph 1 of Article 11 of the FTC and filed a merger notification with the FTC.

25. WPG Holdings was mainly a semiconductor IC agent whereas GCNC was primarily an agent for information products. As there was no substitutability between the products the two enterprises were agents for, the case was considered to be a conglomerate merger. After merging, the two enterprises could consolidate resources to provide more comprehensive services in the supply chains of semiconductor ICs and information products and bring benefits of economies of scale. Furthermore, their upstream and downstream clients could still do business with other suppliers as long as the product prices and service quality were reasonable. In other words, there would be countervailing power to cope with the two enterprises.

26. Concluding that the merger entailed no significant likelihood of restrictions of competition and that the overall economic benefit would be greater than the disadvantages thereof incurred, the FTC therefore acted according to Paragraph 1 of Article 13 of the FTC and did not prohibit the merger.

### **3. The role of competition authorities in the formulation and implementation of other policies**

27. In its first amendment in 1999, the new provision of the Act required that the Act not be applied to acts performed in accordance with other laws only if such other laws do not conflict with the legislative purpose of the Act. This amendment thereby affirms that the spirit and content of the Act be the core of economic policy.

28. The FTC has completed a comprehensive review of all relevant laws and regulations since 2001 to minimize potential conflicts among laws, to advocate free and fair competition, and to ensure the presence of a healthy operating environment in which all businesses are able to compete fairly. As a result, the FTC will continue to be aware of developments in various markets, perform reviews of other laws to determine whether they are in compliance with the Act and consult with relevant industry competent authorities to prevent related laws and regulations from impeding competition.

29. In 2015, the FTC organized and participated in various consultation meetings with other government authorities related to competition issues, as summarized in the following:

- Participated in the operation of the “Executive Yuan Response Team for Avian Influenza” and attended a meeting organized by the Executive Yuan for the “Response Center of Avian Influenza Control” to work with the Council of Agriculture (COA) to understand poultry-related market conditions. In addition, the FTC issued letters to warn relevant groups to comply with the FTA when the outbreak of the flu commenced. Meanwhile, the FTC investigated whether the poultry operators raised chicken prices during the flu outbreak in order to maintain trading order in the poultry market.
- Participated in the meetings of the “Special Task Force for Commodity Price Stabilization.” The FTC reported on “Response Measures of Commodity Price Stabilization during Chinese New Year.” Furthermore, to effectively monitor market conditions, the FTC established communication channels with competent authorities and immediately responded to the media and public opinion in order to efficiently maintain trading order.
- Participated in a coordination meeting organized by the Department of Consumer Protection, Executive Yuan for “Electric Slaughter Plants Lowering Prices of Meat Chickens” and representatives from the Charoen Pokphand Enterprise, Great Wall Enterprise Co., Ltd., the COA and the Ministry of Justice (MOJ) were also invited. After negotiating, both Charoen Pokphand and Great Wall agreed to reduce some of the prices of cuts of meat chickens.
- Participated in a meeting organized by the National Development Council (NDC) for the “Government Billboard Platform of Price Information” to report and discuss relevant issues regarding “Planning and Cross-Agency Cooperation of the Government Billboard Platform of Price Information.” According to the meeting conclusion of the “Special Task Force for Commodity Price Stabilization,” the NDC designed and established the website of the “Government Billboard Platform of Price Information.” This platform also contains price information from the website of the “Special Task Force for Commodity Price Stabilization” and provides reference price ranges of commodities that the Ministry of Finance collects through the digital signature systems of convenience stores and supermarkets. The FTC actively cooperated and provided opinions for the processing of the public suggestions of the said platform.
- Participated in a meeting organized by the Ministry of Economic Affairs (MOEA) for the “Emergency Response Team for Drought Disaster” to discuss the possibility that phase three water rationing might cause possible panic rental and buying as well as illegal hoarding of material goods, such as waterwheels, bottles of mineral water, and buckets. The FTC then monitored market conditions for the said material goods to maintain trading order.
- Organized a meeting of “Amendments to Regulations for the Examination of Financial Holding Company Merger Cases” (draft) and invited the Financial Supervisory Commission (FSC) to widely discuss the review procedures and substantial standards. The FTC and the FSC then co-issued the “Regulations for the Examination of Financial Holding Company Merger Cases” on July 9, 2015, adding that the FTC may consult with the FSC and review regulations on special factors when financial holding companies file for merger notification in order to keep abreast of policy objectives of developments in the financial industry, supervision policy, and market competition.
- Organized a meeting of the “Prevention of Transnational Capital Sucking through the Cloud Network” and invited the Department of Prosecutorial Affairs, MOJ, the Investigation Bureau,

MOJ, the National Police Agency, Ministry of the Interior, the Banking Bureau, FSC, and the National Communications Commission to discuss possible cooperation mechanisms. The conclusion of the meeting was that relevant agencies were to mutually cooperate closely in their work, including improving links of official websites, providing advocacy materials, and supporting advocacy activities so as to effectively prevent illegal conduct.

- Organized the coordination meeting of “Monopolizing and Manipulating Produce Prices” and invited the COA. The meeting concluded that when the COA copes with price fluctuations due to the supply-and-demand imbalance of produce and investigates allegedly illegal conduct in accordance with the Agricultural Products Market Transaction Act, the COA may refer the case to the FTC if enterprises are involved in manipulating produce prices, or to the prosecutors if enterprises intend to drive up prices or hoard goods.
- Organized the seminar on “Fair Trade Commission Disposal Directions (Policy Statements) on the Sales of Elementary and Junior High School Textbooks” and invited local education authorities from Kaohsiung City, Tainan City, Pingtung County, Taipei City, and New Taipei City to solicit possible suggestions and advocate competition law.
- Organized the seminar on “Disposal Directions (Guidelines) on Automobile Spare Parts Trading” (draft) and invited the Ministry of Transportation, the Industrial Development Bureau, MOEA, the Automotive Research & Testing Center, Vehicle Safety Certification Center, industry representatives, scholars and experts to attend and solicit ideas. After referring to comments made in the seminar, the FTC issued the “Disposal Directions (Guidelines) on Automobile Spare Parts Trading” on November 17, 2015.

#### **4. Resources of competition authorities**

##### **4.1 Resources overall**

###### *4.1.1 Annual budget*

NT\$337.556 million in 2015 (approximately equivalent to US\$10.72 million in Dec. 2015).

###### *4.1.2 Number of employees (person-years)*

30. There were 215 employees at the end of the year 2015, including all staff in the operations and administrative departments and 7 full-time Commissioners. The operations departments include the Department of Service Industry Competition, Department of Manufacturing Industry Competition, Department of Fair Competition, Department of Planning and the Department of Legal Affairs. Over 91% of employees have bachelor degrees with majors in different subjects at the university level.

31. In terms of the educational background percentages, 26%, 24%, 8%, 6% and 36% of the employees majored in law, economics, business administration, accounting and other related fields (including information management, statistics, and public administration), respectively.

32. As a result, the structure of the human resources of the FTC is as follows:

Category	No. of employees
Lawyers	55
Economists	52
Other professionals & support staff	108
All staff combined	215

#### **4.2 Human resources (person-years) applied to:**

##### **4.2.1 Enforcement against anti-competitive practices and merger review**

33. Apart from the Department of Fair Competition, which has 31 staff and is responsible for unfair competition practices, such as false and misleading advertisements, counterfeiting and multi-level sales cases, the Departments of Service Industry Competition and Manufacturing Industry Competition of the FTC handle all kinds of anti-competitive cases, including the abuse of dominant market positions, merger reviews, cartels and various vertical restraints.

34. The Department of Service Industry Competition is responsible for cases related to the services and agricultural sectors, and the Department of Manufacturing Industry Competition is responsible for cases related to the manufacturing sector. There are 32 staff members in the Department of Service Industry Competition and 28 in the Department of Manufacturing Industry Competition.

##### **4.2.2 Advocacy efforts**

35. In 2015, 10 of the 25 staff members in the Department of Planning of the FTC were primarily in charge of public outreach programs. However, since most of the outreach programs for competition advocacy were case-oriented, almost every department staff member played an active role in outreach activities. The FTC organized 78 seminars in 2015 for the public, students, and local governments to introduce the regulations of the FTA.

36. Furthermore, in 2015, the FTC held 3 seminars for the various business sectors to introduce the leniency program, administrative fines, and the new amendments to the FTA in order to ensure acquaintance with the new provisions of the FTA. The FTC also held 1 seminar for business sectors to introduce the “Code of Conduct for the Antitrust Compliance of Enterprises.”

#### **4.3 Period covered by the above information**

January through December 2015

### **5. Summaries of or references to new reports and studies on competition policy issues**

37. The FTC studied and published reports on competition policy issues in 2015 with the following titles. All of them are only available in Chinese.

- A Study on the Role of a Competition Authority in Improving Government Administration.
- A Study on the Relationship between Management Behavior of the Search Engine Industry and the FTA.
- A Study on Regulations of Automobile (including Parts) Industry under Competition Law.
- A Study on Synergy between the Operation of the Multi-Level Marketing Protection Institution and the TFTC Enforcement.
- A Study on the Reporting Rewards System—Taking Competition Law for Example.

38. The FTC also engaged in outsourced research, and published the following research reports in 2015. A short English abstract is available for both reports.

- Research on the Market Price Warning System of Important Material Goods.
- Research on the Ex-Post Impact Assessment of Merger Decisions.