

## COMPETITION POLICY

### ***Objective***

*APEC economies will enhance the competitive environment to increase consumer welfare in the Asia-Pacific region, taking into account the benefits and challenges of globalization, developments in the New Economy and the need to bridge the digital divide through better access by ICT, by:*

- a. introducing or maintaining effective and adequate competition policy and/or laws and associated enforcement policies;*
- b. promoting cooperation among APEC economies, thereby maximizing, inter-alia, the efficient operation of markets, competition among producers and traders, and consumer benefits; and*
- c. improving the ability of competition authorities, through enhanced capacity building and technical assistance, to better understand the impact of globalization and the New Economy.*

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### ***Guidelines***

*Each APEC economy will:*

- a. review its respective competition policy and/or laws and the enforcement thereof taking into account the “APEC Principles to Enhance Competition and Regulatory Reform”;*
- b. enforce competition policies and/or laws (including those prohibiting anticompetitive practices that prevent access to ICT and other new technologies) to ensure protection of the competitive process and promotion of consumer welfare, innovation, economic efficiency and open markets;*
- c. implement and maintain standards consistent with the APEC Transparency Standards;*
- d. disclose any pro-competitive efforts undertaken (e.g. enactment of competition laws, whether comprehensive or sectoral);*
- e. implement as appropriate technical assistance in regard to policy development, legislative drafting, and the constitution, powers and functions of appropriate enforcement agencies;*
- f. establish appropriate cooperation arrangements with other APEC economies, including those intended to address the digital divide; and*
- g. undertake additional step as appropriate to support the development of the New Economy and to ensure the efficient functioning of markets.*

### ***Collective Actions***

*APEC economies will:*

- a. gather information and promote dialogue on and study;*

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- (i) the objectives, necessity, role and operation of each APEC economy's competition policy and/or laws and administrative procedures, thereby establishing a database on competition policy;*
  - (ii) competition policy issues that impact on trade and investment flows in the Asia-Pacific region;*
  - (iii) exemptions and exceptions from the coverage of each APEC economy's competition policy and/or laws in an effort to ensure that each is no broader than necessary to achieve a legitimate and explicitly identified objective;*
  - (iv) areas for technical assistance and the modalities thereof, including exchange and training programs for officials in charge of competition policy, taking into account the availability of resources; and*
  - (v) the inter-relationship between competition policy and/or laws and other policies related to trade and investment;*
- b. deepen competition policy dialogue between APEC economies and relevant international organizations;*
  - c. continue to develop understanding in the APEC business community of competition policy and/or laws and administrative procedures;*
  - d. continue to develop an understanding of competition policies and/or laws within their respective governments and within relevant domestic constituencies, thereby fostering a culture of competition;*
  - e. encourage cooperation among the competition authorities of APEC economies with regard to information exchange, notification and consultation;*
  - f. contribute to the use of trade and competition laws, policies and measures that promote free and open trade, investment and competition;*
  - g. encourage all APEC economies to implement the “APEC Principles to Enhance Competition and Regulatory Reform and the APEC Transparency Standards on Competition Law and Policy; and*
  - h. undertake capacity building programs to assist economies in implementing the “APEC Principles to Enhance Competition and Regulatory Reform”.*

*The current CAP relating to competition policy can be found in the [Competition Policy Collective Action Plan](#)*

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### *Chinese Taipei Approach to Competition Policy in 2005*

The Fair Trade Law (FTL) went into effect on February 4, 1992 with the aim of maintaining trading order, protecting consumers' interests, ensuring fair competition and promoting economic stability and prosperity. To achieve these goals, the Fair Trade Commission (FTC) (<http://www.ftc.gov.tw>) was established on January 27, 1992, and has been charged with the mandate of enforcing the FTL.

The measures provided in the FTL to prohibit anti-competitive conduct includes:

- abuse of monopolistic position (Article 10);
- mergers without notification (Article 11);
- horizontal agreements affecting market function (Article 14);
- resale price maintenance (Article 18);
- anti-competitive vertical restraints (Article 19);
- passing-offs and counterfeiting (Article 20);
- false or misleading advertising (Article 21);
- commercial disparagement (Article 22);
- illegal multi-level sale schemes (Article 23); and
- grossly unfair trade practices (Article 24).

In recent years, as economies liberalize and globalize, the adoption of fair trade policies and enforcement of fair trade provisions must take into account industries' development and consumers' interests if the maximum benefit of the FTC's mission and functions are to be realized. Because of this, in consideration of the mission and spirit of the FTL and in appreciation of the changing times and requirements of the overall environment, FTC will vigorously undertake the following tasks:

#### 1. Establishment of a reasonable fair trade system

- The FTL put in place a complete set of regulations governing competition in the market in consideration of the distinguishing characteristics of new and traditional industries, and it must eliminate unnecessary barriers to entry.
- It will continue to reassess related subordinate laws and handling principles in order to balance the three interests of industry development,

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competition policy, and consumers' interests. In coordination with relevant government authorities, it will also reassess regulations that obstruct competition in its ongoing effort to eliminate unnecessary government controls.

### 2. Promote the concept of Fair Trade

The FTC has been promoting the FTL through a diverse range of channels such as the mass media and technologies to make the FTL regulations and results of enforcement available to the general public. The FTC will continue to strengthening coordination with local government authorities through vertical integration collaboration to enhance the effects of enforcement, and educating the general public with regard to the FTL to instill in them a better understanding of the law and legal compliance.

### 3. Promote Forward-looking International Exchange and Cooperation

The global competition environment has undergone fundamental changes due to large-scale expansion and global mergers of multinational businesses. The competent authorities on competition policy of the different countries must intensify their cooperation in issues relating to the complex types of transnational mergers, international cartels, and regional monopolies, so as to reconcile the diverse competitive measures in the different countries. Chinese Taipei will continue to strengthen its cooperation with law enforcement agencies of the different international organizations, and increase its participation in international economic and trade organizations. By doing so, Chinese Taipei will be able to establish a **framework** for future international cooperation in law enforcement. Likewise, Chinese Taipei can positively convey experiences on legislation and law enforcement, provide international technical assistance, and give back to the international community.

<i>Chinese Taipei's Approach to Competition Policy in 2005</i>			
<i>Section</i>	<i>Improvements Implemented Since Last IAP</i>	<i>Current Competition Policies / Arrangements</i>	<i>Further Improvements Planned</i>
<p><i>General Policy Framework, including Implementation of APEC Leaders' Transparency Standards on Competition Law and Policy*</i></p>	<p>1. As of the end of 2005, Chinese Taipei handled 27,803 cases relating to competition law. Among them, 19,150 were either complaints filed by the public or investigated initiated ex officio, 2,330 were law interpretation cases, and 6,323 involved applications or notifications for concerted actions or mergers. These figures demonstrate the government's resolve in upholding fair trade in Chinese Taipei.</p> <p>2. The Fair Trade Commission (FTC) has assisted governmental departments in reviewing all laws and regulations under their respective jurisdictions in order to provide an environment for fair market competition and enforce competition policy.</p>	<p>1. The FTC reviews and revises relevant laws and regulations to establish a transparent standard for law enforcement;</p> <p>2. It creates a competition framework for traditional and new emerging industries in line with changes in the overall environment;</p> <p>3. It cooperates with other relevant authorities to maintain an orderly fair trade environment;</p> <p>4. It improves competition policy and competition law databases and promotes law enforcement awareness and efficiency;</p> <p>5. It makes use of different communication channels to promote fair trade concepts.</p>	<p>1. The FTC will actively investigate anti-competitive or unfair competitive behaviors to maintain the orderliness of competition and business transactions in industry.</p> <p>2. The FTC will strengthen the transparency of information relating to competition policies and laws and to strengthen the transparency of competition by:</p> <p>a. Conducting statistical surveys on market structures and</p>

**\* Economies should report against the actual language in the APEC Leaders' Transparency Standards on Competition Law and Policy, which can be found in the Appendix at the end of this document.**

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<b><i>Section</i></b>	<b><i>Improvements Implemented Since Last IAP</i></b>	<b><i>Current Competition Policies / Arrangements</i></b>	<b><i>Further Improvements Planned</i></b>
			industrial activities; b. Continuing to revise and update the FTC's network and information systems. c. Enriching and expanding the APEC Competition Law and Policy Database, and ensuring the integrity of its data.
<b><i>Reviews of Competition Policies and/or Laws</i></b>	1. In response to increasing R&D cooperation in high-tech industry, the FTC will relax restrictions on concerted actions entered into by enterprises in the form of joint ventures, strategic alliances, and	The FTC constantly reviews the Fair Trade Law and its regulations to respond actively to the changing business environment and to establish transparent and consistent standards for law enforcement.	1. The FTC will establish positive communication and interaction with different sectors and formulate fair

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	<p>methods in order to increase market competitiveness.</p> <p>2. The FTC will introduce leniency programs to improve efficiency in law enforcement, combat hard-core cartels, and enhance market competition.</p>		<p>competition guidelines in the energy and new emerging industries so as to create a fair competitive environment in the respective markets.</p> <p>2. The FTC will keep close watch on developments in the energy and new emerging industries and adopt timely response measures to maintain trading order in the respective markets.</p>
<b>Competition Institutions (Including Enforcement Agencies)</b>	(No action taken since last IAP report.)	(No further action required.)	(No further action planned.)
<b>Measures to Deal with Horizontal Restraints</b>	(No action taken since last IAP report.)	1. The FTC investigates and handles cases pertaining to horizontal restraints	The FTC will relax restrictions on concerted



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		<p>that impede competition.</p> <p>2. It reviews applications for concerted action and determines whether to approve such applications.</p> <p>3. It reviews the necessity of adding to or revising the types of exceptions allowed in relation to concerted actions.</p>	<p>actions entered into by enterprises in the form of joint ventures, strategic alliances, and methods in order to increase market competitiveness. In addition, the FTC will introduce leniency programs to improve efficiency in law enforcement, combat hard-core cartels, and enhance market competition.</p>
<b><i>Measures to Deal with Vertical Restraints</i></b>	(No further action taken since last IAP report.)	The FTC investigates and handles cases pertaining to resale prices maintained by enterprises, acts that impede fair competition, and other deceptive or obviously unfair conducts that affect order in trade.	The FTC will continue to perform those functions.
<b><i>Measures to Deal with Abuse of Dominant Position</i></b>	(No further action taken since last IAP report.)	The FTC investigates and handles cases pertaining to abuse of dominant position by monopolistic enterprises to impede competition.	The FTC will continue to perform those functions.

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<b><i>Measures to Deal with Mergers and Acquisitions</i></b>	(No further action taken since last IAP report.)	<ol style="list-style-type: none"> <li>1. The FTC reviews notifications for mergers. If the FTC takes no action within 30 days after notification, the parties of merger can proceed. It can extend that period for 30 days, by written decision.</li> <li>2. The FTC investigates and handles cases involving illegal mergers.</li> </ol>	The FTC will continue to perform those functions.
<b><i>Other Issues Addressed by Competition Policy</i></b>	<ol style="list-style-type: none"> <li>1. Considering the increasing amount of false TV and Internet advertising, the FTC is carrying out the "Program for Investigating and Handling False TV and Internet Advertising" to reinforce the law.</li> <li>2. The FTC assisted industries to establish self-regulatory compliance programs as a risk-reduction measure.</li> </ol>	The FTC investigates and handles cases pertaining to acts that damage to the business reputation of others, counterfeiting, false or misleading representations, symbols, and advertising, and other deceptive or obviously unfair conducts that affect order in trade.	In view of increasing illegal multi-level sales activities resulting in serious social problems, the FTC has drafted a "Multi-level Sales Management Act" to strengthen the management and supervision of multi-level sales.
<b><i>Co-operation Arrangements with other Member Economies</i></b>	(No action taken since last IAP report.)	The FTC is promoting the development of tangible action plans under the framework	The FTC plans to sign multilateral agreements

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		of current cooperation arrangements, working to increase cooperation and exchange, and discussing with the relevant APEC member economies the feasibility of entering into multilateral cooperation agreements.	with relevant APEC member economies to improve mutual cooperation in the area of competition law, and work toward the liberalization of regional trade.
<i>Activities with other APEC Economies and in other International Fora</i>	<ol style="list-style-type: none"> <li>1. The FTC completed 4 technical assistance activities, including internships and training courses, in Vietnam, Thailand and Indonesia in 2004 and 2005.</li> <li>2. The FTC and OECD jointly organized a seminar on "Investigating Cartel and Other Horizontal Restraints Cases" in Ho Chi Minh City, Vietnam in August 2005.</li> <li>3. The FTC actively participated in the different international conference/ activities organized by APEC in relation to competition policy.</li> </ol>	<ol style="list-style-type: none"> <li>1. The FTC continues to conduct dialogue and exchange ideas with the competition law authorities of other APEC member economies and with relevant international organizations, and to cooperate with them in fighting cross-border anti-competitive practices.</li> <li>2. The FTC and OECD are continuing to organize the "International Cooperation Program on Competition Policy" in 2005 to assist Southeast Asian economies to promote and implement competition policies and laws.</li> <li>3. The FTC is continuing staff exchanges with Australia and seeks opportunities to carry out technical assistance</li> </ol>	The FTC plans to continue carrying out the same activities in the future.

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		<p>projects in this area with other APEC member economies.</p> <p>4. The FTC is taking part in various international conferences to understand the positions of different member economies on competition issues under the framework of global multilateral trade, and use such understanding as reference in policy formulation and law enforcement.</p> <p>5. The FTC is offering technical assistance and personnel training in competition policy/law for developing member economies.</p> <p>6. Chinese Taipei volunteers to initiate the self assessment by using the APEC-OECD Integrated Checklist on Regulatory Reform.</p>	
<b>Collective Actions</b>	<ol style="list-style-type: none"> <li>1. The FTC held regular meetings and workshops with local competent authorities, as well as with judicial and investigation agencies, to foster awareness and communication.</li> <li>2. It organized regional promotion and training seminars for industrial,</li> </ol>	<ol style="list-style-type: none"> <li>1. The FTC is building promotion and communication channels to ensure full awareness and compliance with the law:               <ol style="list-style-type: none"> <li>a. It continues to organize regular promotion and training seminars and workshops for industrial,</li> </ol> </li> </ol>	<ol style="list-style-type: none"> <li>1. The FTC will continue to expand the current channels for competition policy and competition law promotion to foster the transparency of the</li> </ol>

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	<p>academic, government, and consumer organizations.</p> <p>3. It promoted the Fair Trade Law (FTL) through radio stations, cable TV, buses, fixed-point billboards, newspapers and magazines, to give the general public a better understanding of the FTL.</p>	<p>academic, government, and consumer organizations to promote awareness of the Fair Trade Law.</p> <p>b. It is strengthening promotional efforts through radio stations, cable TV, buses, fixed point billboards, newspapers and magazines, to give the general public a better understanding of the FTL.</p> <p>c. It is enhancing the service center and e-mail account functions and providing relevant legal consultation services.</p> <p>d. It is providing a forum for consultation services, information inquiries, as well as research and discussions through the establishment of the Competition Policy Information and Research Center, and it has scheduled regular meetings of the "Academic Conference on Competition Policy and Fair Trade Law."</p>	<p>relevant laws and regulations.</p> <p>2. The FTC will continue to expand the international competition policy database by:</p> <p>a. Compiling literature on competition policy and laws;</p> <p>b. Routinely maintaining and updating the database;</p> <p>c. Publishing the Competition Policy Newsletter regularly.</p>

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		2. The FTC continues to carry out regular coordination meetings or workshops with local competent authorities, as well as with judicial and investigation agencies, to foster awareness and communication.	

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<b><i>Section</i></b>	<b><i>Position at Base Year (1996)</i></b>	<b><i>Cumulative Improvements Implemented to Date</i></b>
<p><b><i>General Policy Position, including Implementation of APEC Leaders' Transparency Standards on Competition Law and Policy *</i></b></p>	<p>In 1996, the Fair Trade Commission (FTC) under the Executive Yuan was Chinese Taipei's competent authority in the Fair Trade Law (FTL) at the central government level. The FTC's main responsibilities were to draft fair trade policies and laws, as well as to establish, based on its authority or complaints received, a set of fair and just guidelines to protect order in trade, ensure free competition among enterprises on an equal basis, improve business operations efficiency, and promote fair allocation of economic resources through the implementation of the FTL. These actions were taken so that consumers would be able to enjoy quality goods and services at reasonable prices.</p>	<p>Since 1996, the FTC has:</p> <ol style="list-style-type: none"> <li>1. Established a free trade system to foster free competition through the:               <ol style="list-style-type: none"> <li>a. Removal of unnecessary restrictions. A Deregulation Task Force was established in December 1996 to review market regulations, laws, and other regulations that might impede fair competition, and to review laws that were inconsistent with the spirit of the FTL. The Deregulation Task Force was able to achieve several tangible results.</li> <li>b. Revision of the Fair Trade Law and its subordinate regulations (cf. Reviews of Competition Policies and/or Laws below).</li> <li>c. Formulation of guidelines for the handling of cases pertaining to fair trade (cf. Reviews of Competition Policies and/or Laws below).</li> <li>d. Formulation of fair trade administrative procedures.</li> </ol> </li> <li>2. Investigated alleged violations of the Fair Trade Law and maintained market competition and order. Since the implementation of the FTL in 1993, the Commission has handled 2,198 cases of violation of</li> </ol>

**\* Economies should report against the actual language in the APEC Leaders' Transparency Standards on Competition Law and Policy, which can be found in the Appendix at the end of this document. Economies should continue to use 1996 as the base year for previously raised IAP transparency issues, but may use 2003 as the base year for reporting on new transparency commitments per the APEC Leaders' Transparency Standards.**

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		<p>the Law, and has imposed fines totaling more than NT\$1,271 million. In addition, 6,227 different types of applications were approved, while 2,134 interpretations of the Law were issued. A comprehensive structure for the development of domestic market competition has thus been established.</p> <ol style="list-style-type: none"> <li data-bbox="1323 655 2092 1093">3. Established promotion and communication channels to foster awareness and strict adherence to the FTL. Over the years, the FTC has carried out strict implementation of the FTL to promote competition policy and competition law transparency and foster the general public's better understanding of the Law. In addition, the FTC has utilized different media to disseminate the spirit and content of competition law to the industrial, government, and academic sectors, both domestically and abroad. It is hoped that these efforts will help create a sound competitive environment and enhance fairness in trade.</li> <li data-bbox="1323 1096 2092 1278">4. Established a Competition Policy Information and Research Center in 1997. This is dedicated to compiling information on local and foreign competition law and policies and promoting academic exchanges.</li> <li data-bbox="1323 1281 2092 1380">5. Promoted international cooperation and exchanges to foster the internationalization of the FTL (cf. Co-operation Arrangements with other Member</li> </ol>



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<b><i>Section</i></b>	<b><i>Position at Base Year (1996)</i></b>	<b><i>Cumulative Improvements Implemented to Date</i></b>
		<p>Economies and Activities with other APEC Economies and in other International Fora below).</p> <p>6. Enforced competition policies/laws and maintained the order of fair trade in the domestic economy. By the end of 2005, Chinese Taipei processed 27,803 cases related to competition law. These included 19,150 complaints filed by the public and investigations initiated by the FTC, 2,330 requests for interpretation of the law, and 6,323 applications for merger or acquisition approval and cartel exemption. These numbers reflect and demonstrate Chinese Taipei's determination to maintain the domestic fair trading order.</p> <p>7. Helped enterprises to establish self-regulatory compliance programs so as to reduce the risk that businesses will break the law.</p> <p>8. Striven to enhance international cooperation in this area by:</p> <ul style="list-style-type: none"> <li>a. Signing the Cooperation Arrangement between the Taiwan Fair Trade Commission, the Australian Competition and Consumer Commission, and the New Zealand Commerce Commission regarding the application of competition and fair trade laws in August 2002.</li> <li>b. Having government officials of competition-related agencies of different economies sitting together to share experiences of enacting and</li> </ul>

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		<p>enforcing competition policies and laws. The FTC and the OECD have been co-hosting an annual international seminar on cooperation in competition policy since 1999. This seminar benefits those regions or member economies that have just enacted competition laws or are contemplating doing so.</p> <p>c. Strengthening cooperation and interaction with Australia. Chinese Taipei and Australia have been conducting a staff exchange program every year since 1999. Through this exchange process, staff has learned about the similarities and differences in their respective economies' policy-making and law enforcement.</p>
<p><b><i>Reviews of Competition Policies and/or Laws</i></b></p>	<p>Chinese Taipei's Fair Trade Law (FTL) went into effect in February 1992. The FTL expressly prohibited the following anti-competitive acts (and continues to do so):</p> <ol style="list-style-type: none"> <li>1. Abuse of one's monopolistic position;</li> <li>2. Acquisitions or mergers that restrict competition;</li> <li>3. Concerted actions without prior approval;</li> <li>4. Resale price maintenance;</li> <li>5. Actions that restrict or impede fair competition;</li> <li>6. Misleading representation;</li> <li>7. False or misleading advertisement;</li> </ol>	<ol style="list-style-type: none"> <li>1. Since 1996, some significant changes were made to Chinese Taipei's competition policy and competition law (primarily the FTL). Taking into account the need for greater transparency, standardization, and enforcement fairness, relevant laws and regulations were revised in 1999 and 2000 as follows:             <ol style="list-style-type: none"> <li>a. Enforcement procedures: To ensure transparency, standardization, and fairness of the enforcement procedures, eight guidelines were formulated in relation to the principal's perusal of data and information, actions and statements, and cases</li> </ol> </li> </ol>

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	<p>8. Damage to business reputation of others;            9. Illegal multi-level sales;            10. Other deceptive or obviously unfair practices.</p>	<p>involving foreign nationals or entities.</p> <p>b. Actual implementation:</p> <p>(1) The FTC abolished the requirement to announce via public notice the names of monopolistic enterprises holding a market share reaching one fifth (1/5);</p> <p>(2) The FTC made it possible to impose administrative fines for violations. The maximum fine limit was increased and a lower limit for the fines was set.</p> <p>(3) For violations of the Law, administrative penalties will be imposed on the first offense, while criminal penalties will be imposed for subsequent violations.</p> <p>(4) The FTC tightened regulations on multi-level sales and imposed appropriate penalties for violations.</p> <p>(5) The FTL became a fundamental economic law serving as the basis for harmonizing competition and industrial policies.</p> <p>(6) In the prohibitions on resale price restrictions, the exemption for "consumer goods for daily use" was removed.</p> <p>(7) The FTC formulated 53 additional or revised corrective measures and 70 guidelines based on the characteristics of different industries to help substantiate the abstract legal</p>

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		<p>concepts of the Fair Trade Law, and to serve as references for the competent authority and industries in the implementation of the Law.</p> <ol style="list-style-type: none"> <li data-bbox="1323 507 2087 762">2. Since the implementation of the revised FTL in February 1999, administrative penalties are first imposed on violators and subsequent offenses are punished by imprisonment or fine or both. In addition, the revised FTL raises the maximum fine levels, which significantly deters illegal acts and helps restore market order to ensure fair competition.</li> <li data-bbox="1323 766 2087 1382">3. In 2002, the FTL was amended again. The main amendments are as follows:               <ol style="list-style-type: none"> <li data-bbox="1391 842 2087 1168">a. The original prior approval system was replaced with pre-merger notification system to streamline the review of enterprise combinations. A provision was also added that allows the FTC to distinguish between financial institution enterprises and non-financial institution enterprises when announcing the sales volume thresholds that trigger filing requirements for enterprise combinations.</li> <li data-bbox="1391 1171 2087 1279">b. Provisions were added to exclude applicability to enterprise combinations that will not weaken competitive mechanisms in the market.</li> <li data-bbox="1391 1283 2087 1382">c. Provisions were added that expressly authorize the FTC to impose rider conditions on its decisions on merger cases and to state the legal</li> </ol> </li> </ol>

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<i>Section</i>	<i>Position at Base Year (1996)</i>	<i>Cumulative Improvements Implemented to Date</i>
		<p align="center">effects of violation of such conditions.</p> <p>4. The FTC constantly reviews the Fair Trade Law and its regulations to actively respond to the changing of environments and to establish transparent and consistent standards for law enforcement.</p>
<p><b><i>Competition Institutions (Including Enforcement Agencies)</i></b></p>	<p>The Fair Trade Commission (FTC) (<a href="http://www.ftc.gov.tw">http://www.ftc.gov.tw</a>) was (and remains) the competent authority in the Fair Trade Law (FTL) at the central government level. In 1996, the competent authority at the municipal or provincial level and county level was the municipal or provincial and county Department of Reconstruction, based on Article 9 of the FTL.</p>	<p>1. In conjunction with the restructuring of the Taiwan Provincial Government and the passage of the Local Autonomy Law, Article 9 of the FTL, which related to the competent authority in the municipal or provincial and county level, was deleted in April 2000.</p> <p>2. For the most up-to-date version of the FTL, please refer to <a href="http://www.ftc.gov.tw">http://www.ftc.gov.tw</a>.</p>
<p><b><i>Measures to Deal with Horizontal Restraints</i></b></p>	<p>1. In principle the FTL forbade (and continues to do so) horizontal concerted actions that are likely to impede competition, except in special cases. The FTC ensures free competition by strictly prohibiting and punishing enterprises that disrupt market mechanisms, such as production, trade of goods, or supply and demand of services, through horizontal concerted actions.</p> <p>2. Relevant provisions are contained in Article 14 of the FTL.</p>	<p>1. <b>By the end of 2005, the FTC had imposed penalties in 114 cases of illegal concerted actions. The FTC's strict enforcement of the FTL helps to uphold order in trade. In addition, the FTC granted 103 approvals or partial approvals to applications for concerted actions. Although there are currently 9 valid concerted action cases, the FTC has closely monitored the said concerted actions after approval. Violators will be strictly punished.</b></p> <p>2. Administrative guidance has been given to the</p>

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<b><i>Section</i></b>	<b><i>Position at Base Year (1996)</i></b>	<b><i>Cumulative Improvements Implemented to Date</i></b>
	<p>3. The FTC had further formulated “An Explanatory Note on Trade Associations Under the Fair Trade Law,” “Principles for the Assessment of Concerted Pricing by Small or Medium-sized Enterprises to be Approved as an Exception,” and “Procedures for Handling Applications for Concerted Actions of Enterprises” to tighten its regulation on concerted actions by enterprises.</p>	<p>aviation, flour, cram school, cable TV, gas, oil, distribution and gravel industries for their habitual engagement in horizontal concerted actions that impede competition.</p>
<b><i>Measures to Deal with Vertical Restraints</i></b>	<p>1. The FTC had formulated guidelines for the major types of cases handled to maintain order in trade; it formulated the “Guidelines for Handling Actions That are Likely to Impede Fair Competition” along with two other handling guidelines and on administrative guidance for industries, so as to promote the standardization and transparency of law enforcement.</p> <p>2. Relevant provisions are contained in Articles 18, 19, 20, and 22 of the FTL.</p>	<p>1. <b>By the end of 2005, the FTC had handled 30 cases relating to resale price fixing and 101 cases relating to actions that impede fair competition.</b></p> <p>2. Administrative guidance has been given to the publishers of school textbooks, as well as enterprises engaged in the sale of copier machines, elevators, and intercoms, on actions that infringe upon the FTL.</p>
<b><i>Measures to Deal with Abuse of Dominant Position</i></b>	<p>1. The FTL allows the presence of monopolies but prohibits monopolistic enterprises from abusing their dominant position through unfair actions. The Commission has actively investigated and regulated violations by monopolistic enterprises to promote</p>	<p>1. <b>By the end of 2005, the FTC imposed penalties on 8 cases for violations of the FTL relating to abuse of dominant position.</b></p> <p>2. Relevant regulations were formulated for the cable TV, oil, and telecommunication industries.</p>

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<b><i>Section</i></b>	<b><i>Position at Base Year (1996)</i></b>	<b><i>Cumulative Improvements Implemented to Date</i></b>
	<p>free market competition.</p> <p>2. Relevant provisions are contained in Article 10 of the FTL.</p>	
<p><b><i>Measures to Deal with Mergers and Acquisitions</i></b></p>	<p>1. In principle the FTL allows mergers, except in special cases. To prevent mergers of enterprises resulting in diminished or restrictive competition, the FTC requires that parties to mergers of enterprises reaching a specified scale file a merger application with the FTC before the merger.</p> <p>2. In response to the need of enterprises to transform business operations and expand business scale, the FTC formulated various laws and regulations that would facilitate the handling of merger applications. The FTC formulated the “Guidelines for Application for Merger of Enterprises” and “Simplified Procedures for Handling Applications for Merger of Enterprises” to serve as the basis for handling merger cases and to ensure transparency and standardization in the regulation of merger of enterprises.</p> <p>3. Relevant provisions are contained in Articles 6, 11 and 40 of the FTL.</p>	<p>1. <b>By the end of 2005, penalties for illegal mergers were imposed in 31 cases, and another 6,010 applications for mergers were approved or not prohibited.</b></p> <p>2. In line with the trend of international enterprises toward mergers and acquisitions, and to promote competition within relevant industries, amendments were made to the “Guidelines for Application for Merger of Enterprises” and “Simplified Procedures for Review of Merger of Enterprises.” These amendments not only shortened the time required for reviewing applications for mergers, but also established fairer and more standardized, transparent review processes for cross-border mergers.</p> <p>3. Articles of the Fair Trade Law were amended in January 2002. In the guidelines on business merger, the "prior approval system" was changed to the "pre-merger notification system." In response to changes in merger regulation brought about by the amendments, many relevant articles and administrative rules have been added.</p>

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<b><i>Section</i></b>	<b><i>Position at Base Year (1996)</i></b>	<b><i>Cumulative Improvements Implemented to Date</i></b>
<b><i>Other Issues Addressed by Competition Policy</i></b>	<ol style="list-style-type: none"> <li>1. The FTL also regulated (and continues to regulate) false or misleading advertising, multi-level sales, and other deceptive or obviously unfair acts that are sufficient to affect order in trade.</li> <li>2. Relevant provisions are contained in Articles 21, 23, and 24 of the FTL.</li> </ol>	<ol style="list-style-type: none"> <li>1. By the end of 2005, the number of penalties imposed by the FTC for various violations were as follows: 31 cases involving counterfeiting commodities or trademarks; 1,010 cases involving false or misleading representation, symbols, and advertising; 12 cases involving damage to business reputation of others; 807 cases involving deceptive or obviously unfair conducts; 335 cases involving illegal multi-level sales; and 88 other cases.</li> <li>2. In 2005, there were 242 cases of document filing on multi-level sales, and another 246 cases that were revoked. At the end of 2005, there were 735 approved cases of multi-level sales that were still in operation.</li> <li>3. Administrative guidance was provided to real estate agents, the daily commodities industry, liquor industry, weight loss companies, the travel industry, multi-level sales, housing industry, and cram school industry.</li> <li>4. Over the past eight years, the FTC has continued to investigate and impose penalties on violations that are closely related to consumers and have major adverse impacts on the interest of the general public, such as those involving real estate transactions, credit card revolving interest, and the sale of car insurance.</li> <li>5. The FTC helps enterprises to establish industrial self-regulatory programs to reduce the risk that businesses will break the law.</li> </ol>



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<b><i>Section</i></b>	<b><i>Position at Base Year (1996)</i></b>	<b><i>Cumulative Improvements Implemented to Date</i></b>
<p><b><i>Co-operation Arrangements with other Member Economies</i></b></p>	<p>In 1996, Chinese Taipei's Taipei Economic and Cultural Office and the Australian Commerce and Industry Office entered into a cooperation and coordination arrangement regarding the application of competition and fair trade laws. Relevant website: <a href="http://www.apeccp.org.tw/doc/Taipei/Cooperation/tpeaus.html">http://www.apeccp.org.tw/doc/Taipei/Cooperation/tpeaus.html</a></p>	<ol style="list-style-type: none"> <li>1. In 1997, Chinese Taipei's Taipei Economic and Cultural Office and the New Zealand Commerce and Industry Office entered into a cooperation and coordination arrangement regarding the application of competition and fair trading laws. Relevant website: <a href="http://www.apeccp.org.tw/doc/Taipei/Cooperation/ctcoo01.html">http://www.apeccp.org.tw/doc/Taipei/Cooperation/ctcoo01.html</a></li> <li>2. In August 2002, Chinese Taipei, Australia and New Zealand signed the "Cooperation Arrangement between the Taiwan Fair Trade Commission, the Australian Competition and Consumer Commission, and the New Zealand Commerce Commission Regarding the Application of Competition and Fair Trading Laws."</li> <li>3. In January 2004, the Chinese Taipei Fair Trade Commission and the French Competition Council signed the cooperation arrangement regarding the application of their competition rules.</li> </ol>
<p><b><i>Activities with other APEC Economies and in other International Fora</i></b></p>	<ol style="list-style-type: none"> <li>1. Chinese Taipei organized international academic symposia and invited the participation of representatives from Europe, the United States, and the Asia-Pacific region.</li> <li>2. Chinese Taipei participated in international</li> </ol>	<ol style="list-style-type: none"> <li>1. Chinese Taipei continues to carry out bilateral meetings with the competent authorities in competition law of the United States, Canada, New Zealand, Australia, France, Germany, the U.K., the Netherlands, Sweden, and the European Union. In</li> </ol>

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<b><i>Section</i></b>	<b><i>Position at Base Year (1996)</i></b>	<b><i>Cumulative Improvements Implemented to Date</i></b>
	<p>conferences on competition laws.</p>	<p>these meetings, delegates communicate ideas on issues such as the latest developments in the implementation of competition law, international cooperation, promotion of competition policy, and deregulation.</p> <ol style="list-style-type: none"> <li>2. Chinese Taipei participates in multilateral discussions among different economies and actively participates in the conferences of the Working Group on the Interaction Between Trade and Competition Policy (WGTCP), which was established by WTO in 1997. This participation will improve the realization of international competition regulations.</li> <li>3. Chinese Taipei actively participates in APEC, WTO, OECD and ICN conferences related to competition issues, and disseminates information regarding the status and results of the implementation of competition laws in Chinese Taipei. It exchanges legislative and law enforcement experiences with other member economies and has been an observer to the OECD Competition Law and Policy Committee since 2002.</li> <li>4. Personnel exchanges and visits:             <ol style="list-style-type: none"> <li>a. The competition law authorities of Chinese Taipei holds annual exchanges of visits with their counterparts in the United States, United Kingdom, Germany, Sweden, France, Australia, New Zealand, Japan, and the European Union.</li> </ol> </li> </ol>

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<i>Section</i>	<i>Position at Base Year (1996)</i>	<i>Cumulative Improvements Implemented to Date</i>
		<p>The visits are helpful for improving law enforcement, formulating competition policy, and implementing policy.</p> <p>b. Since 1999, Chinese Taipei's FTC and the Australian Competition and Consumer Commission (ACCC) have arranged for regular exchanges of staff to better understand each other's competition law enforcement and related activities. The arrangement is a manifestation of the successful cooperation between the competition law competent authorities of Chinese Taipei and the Australia.</p> <p>5. Provision of technical assistance: Chinese Taipei's FTC and OECD jointly organized six international conferences on competition policy in Thailand, Malaysia, Vietnam, Thailand, Vietnam, Singapore, Malaysia and Vietnam in 1999, 2000, 2001, 2002, 2003, 2004 and 2005 respectively. The aim of the conferences was to assist developing member economies in their formulation of competition laws and the training of required personnel.</p> <p>6. Creation of competition policy database: In May 1997, Chinese Taipei, upon the approval of APEC CTI, began to establish the APEC Competition Policy and Law Database (<a href="http://www.apeccp.org.tw">http://www.apeccp.org.tw</a>). The database was completed and opened to public perusal in May 1999.</p>

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<i>Section</i>	<i>Position at Base Year (1996)</i>	<i>Cumulative Improvements Implemented to Date</i>
		<ol style="list-style-type: none"><li>7. Organization of international academic conferences: The FTC holds regular international conferences on competition policies/ laws, inviting experts, scholars, and government officials from member and non-member economies, as well as representatives from WTO, OECD, and the European Union. Through brainstorming and pooling of wisdom, the conferences offer consensus on competition policy in the new century, which will foster the development of a fairer, more efficient global competitive environment.</li><li>8. The FTC continues its staff exchange program with the Australian competent authority on competition.</li><li>9. The FTC completed 4 technical assistance activities, including internship, training course, to Vietnam, Thailand and Indonesia in 2004 and 2005.</li><li>10. The FTC continues to offer technical assistance in competition policy/law to Thailand, Vietnam, Indonesia and other developing member economies.</li></ol>

## **Appendix – APEC Leaders’ Transparency Standards on Competition Law and Policy and Regulatory Reform**

### Introduction

In October 2002, in Los Cabos, Mexico, APEC Leaders adopted the Statement to Implement APEC Transparency Standards (“Leaders’ Statement”), and directed that these standards be implemented as soon as possible, and in no case later than January 2005.

In paragraph 8 of the Leaders’ Statement, APEC Leaders instructed that APEC sub-fora that have not developed specific transparency provisions should do so, and further instructed that such new transparency provisions should be presented to Leaders upon completion for incorporation into the Leaders’ Statement. Accordingly, the following set of transparency standards on competition and deregulation for incorporation into the Leaders’ Statement were developed.

These principles flow from the General Principles on Transparency agreed to by APEC Leaders at Los Cabos, and provide specific guidance for implementation within the context of competition law and policy and regulatory reform.

#### Transparency Standards on Competition Law and Policy:

1. In furtherance of paragraph 1 of the General Principles of the Leaders’ Statement, each Economy will ensure that its competition laws, regulations, and progressively, procedures, administrative rulings of general application and judicial decisions of general application are promptly published or otherwise made available in such a manner as to enable interested persons and other Economies to become acquainted with them.
2. In furtherance of paragraphs 4 and 5 of the General Principles of the Leaders’ Statement, each Economy will ensure that before it imposes a sanction or remedy against any person for violating its national competition law, it affords the person the right to be heard and to present evidence, except that it may provide for the person to be heard and present evidence within a reasonable time after it imposes an interim sanction or remedy; and that an independent court or tribunal imposes or, at the persons request, reviews any such sanction or remedy. Proceedings subject to this paragraph are to be in accordance with domestic law.

#### Transparency Standards on Regulatory Reform:

1. In furtherance of paragraph 1 of the General Principles of the Leaders' Statement, each Economy will ensure that its laws, regulations, procedural rules and administrative rulings of general application relating to regulatory reform are promptly published or otherwise made available in such a manner as to enable interested persons and other economies to become acquainted with them.
2. In furtherance of paragraphs 2 and 3 of the Leaders' Statement, Economies recognize the importance of ensuring transparency in the regulatory reform process and of soliciting and responding to inquiries from interested persons and other Economies. Accordingly, each Economy will, where possible (a) publish in advance regulatory reform measures that it proposes to adopt, and (b) provide where applicable interested persons a reasonable opportunity to comment on such proposed measures. In addition, upon request from an interested person or another Economy, each Economy will endeavor to promptly provide information and respond to questions pertaining to any actual or proposed regulatory reform measure.

*Confidential Information*

Economies agree that nothing in these standards requires any Economy to disclose confidential information. (Note: The Leaders' Statement includes a provision for the protection of confidential information. This statement is included here to emphasize the importance of the protection of confidential information in the contexts of both competition law and policy and regulatory reform.)