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II. Summary Analysis

Processing Cases

1. Cases Received

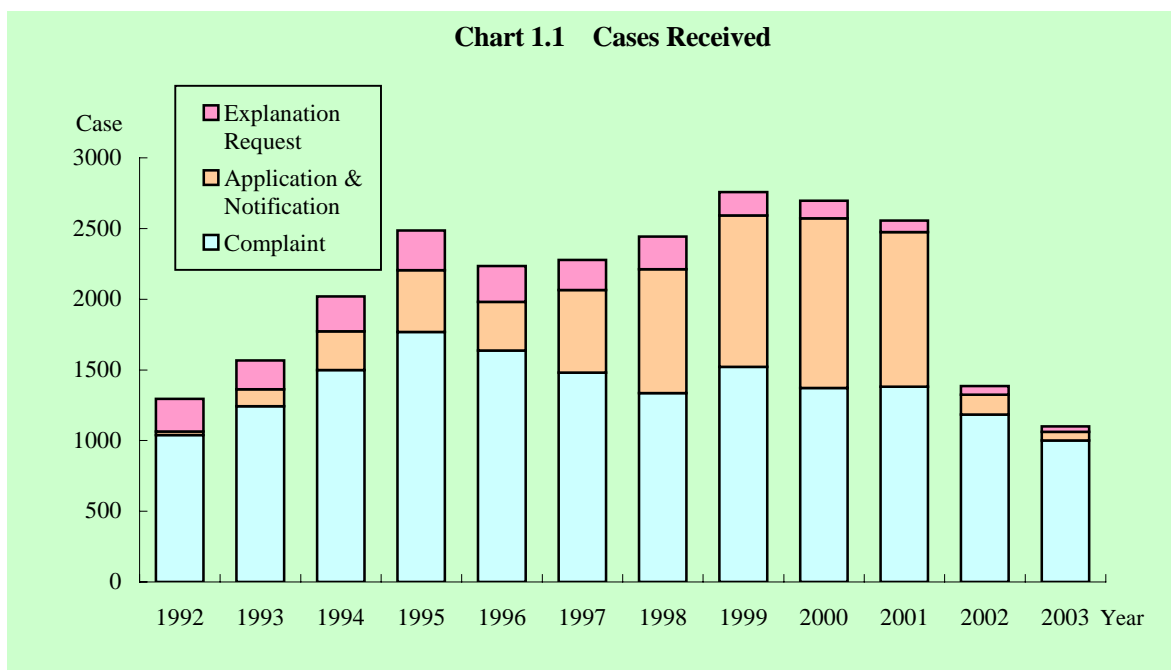
The Fair Trade Commission (hereinafter referred as the “FTC”) received 1,101 cases in 2003, 285 cases or 20.56% down from the preceding year. Under processing in 2003 were 1,433 cases (including 332 cases carried over from the preceding year). Of the total, 1,156 cases were closed, 348 cases or 23.14% down from the preceding year. Pending as of the end of 2003 were 277 cases, 55 cases or 16.57% down from the preceding year. (Table 1.1)

Table 1.1 Processing of Cases				
Unit: Case				
Year	Cases under Processing		Cases Closed	Cases Pending at Year-end
	Carried Over from Preceding Year	Received in Current Year		
2001	506	2,556	2,612	450
2002	450	1,386	1,504	332
2003	332	1,101	1,156	277
% Change 03/02	-26.22	-20.56	-23.14	-16.57

By type of cases received in 2003, complaints decreased 185 cases or 15.61% from the preceding year to 1,000 cases. Concerted action applications increased 4 cases to 12 cases. Merger notifications decreased 82 cases (or 62.12%) to 50 cases. Explanation requests decreased 22 cases (or 36.07%) to 39 cases. By composition, complaints ranked the top, at 90.83% of total cases received in 2003, followed by merger notifications (4.54%). Compared with the preceding year, the shares of complaints and concerted action applications increased 5.33% and 0.51% respectively. Meanwhile, the shares of merger notifications, explanation requests decreased 4.98% and 0.86% respectively. The cumulative total number of cases received by the FTC as of the end of 2003 was 24,821. (Table 1.2 and Chart 1.1)

Table 1.2 Cases Received by Type					
Unit: Case, %					
Year	Total	Complaint	Application for Concerted Action	Application & Notification for Merger	Request for Explanation
2001	2,556	1,381	4	1,089	82
2002	1,386	1,185	8	132	61
2003	1,101	1,000	12	50	39
% Change 03/02	-20.56	-15.61	50.00	-62.12	-36.07
Year	Composition				
2001	100.00	54.03	0.16	42.60	3.21
2002	100.00	85.50	0.58	9.52	4.40
2003	100.00	90.83	1.09	4.54	3.54
PP Change 03/02	--	5.33	0.51	-4.98	-0.86

Note: PP stands for percentage point.



Of 1,433 cases processed in 2003, 1,156 cases were concluded in the year. The case conclusion ratio was 80.67%, 1.25 percentage points down from the preceding year. Cumulatively, 24,544 cases were concluded as of the end of 2003, and the cumulative case conclusion ratio was 98.88%. (Table 1.3)

Table 1.3 Case Conclusion Ratio

Unit: %

Year	Case Conclusion Ratio in Current Year				
	Total	Complaint	Application for Concerted Action	Application & Notification for Merger	Request for Explanation
2001	85.30	76.64	75.00	99.11	89.36
2002	81.92	79.60	80.00	99.30	100.00
2003	80.67	79.46	100.00	98.04	92.31
PP Change 03/02	-1.25	-0.14	20.00	-1.26	-7.69
Year	Cumulative Case Conclusion Ratio				
2001	97.99	97.00	98.10	99.83	99.51
2002	98.60	97.87	98.23	99.98	100.00
2003	98.88	98.34	100.00	99.98	99.86
PP Change 03/02	0.28	0.47	1.77	-	-0.14

Note: PP stands for percentage point.

1) Complaints

Complaints received in 2003 totaled 1,000 cases, 185 cases (or 15.61%) down from 1,185 cases in

the preceding year. Under processing in 2003 were 1,329 cases of complaints (including 329 cases carried over from the preceding year). Of the total, 1,056 cases were concluded in the year. By result of processing, decision was made for 123 cases or 11.65% of total cases concluded in 2003, the number of cases subject to decision decreased 66 cases from the preceding year. No-action decision was set for 195 cases or 18.47% of total cases concluded, and the number of cases subject to no-action decision decreased 10.55% from the preceding year. The main reason for no-action decision was that those cases did not meet the prerequisites for decision. Three cases or a share of 0.28% were subject to administrative measurements, 1 case down from the preceding year. Those administrative measurements included: (1) recommending competent authorities to take certain actions in cooperation with the FTC, (2) advising enterprises in question to take corrective measures, and (3) rectifying industry conducts.

Review and processing were terminated for 659 cases or 62.40% of total cases under processing, and the number of such cases decreased 139 cases from the preceding year. For the reason of terminating processing, 16 cases (or 2.43%) were involved in criminal charges, 200 cases (or 30.35%) were involved in civil matters, and 218 cases (or 33.08%) were considered outside the FTC's jurisdiction or were referred to other agencies for proper action. For cases didn't fit the procedural requirements such as complaints withdrawn, not able to contact the complainants, failed to receive documents required, or reported anonymously totally counted 225 cases (or 34.14%) . (Table 1.4)

Table 1.4 Results of Complaints

Unit: Case, %

Year	Cases Processed		Result of Processing						Pending at Year-end
	Carried Over from Preceding Year	Received in Current Year	Total	Decision	No-action Decision	Administrative Action	Review Terminated	Cases Consolidated	
2001	451	1,381	1,404	193	252	6	825	128	428
2002	428	1,185	1,284	189	218	4	798	75	329
2003	329	1,000	1,056	123	195	3	659	76	273
Year	% Change 03/02		Composition (%)						% Change 03/02
2001	-2.59	0.66	100.00	13.74	17.95	0.43	58.76	9.12	-5.10
2002	-5.10	-14.19	100.00	14.72	16.98	0.31	62.15	5.84	-23.13
2003	-23.13	-15.61	100.00	11.65	18.47	0.28	62.40	7.20	-17.02

Complainants and complained entities could be classified into categories as individual persons, business firms, trade associations, government agencies, foundations, and elected representatives. In 2003, of 1,056 cases of complaints concluded, 65.25% were filed by individual persons was the largest category,

and it increased 1.08 percentage points than 2002. Next one was firms posting a share of 21.40%, 0.41 percentage points down from the preceding year. Of complained entity, business firms represented the largest category accounted for 88.35%, and the second largest was individual persons posting a share of 4.07%. (Tables 1.5 and 1.6)

Table 1.5 Composition of Complaints – By Classification of Complainant

Unit: %

Year	Total	Individual Person	Business Firm	Trade Association	Gov't Agency	Foundation	Elected Representative	Others
2001	100.00	65.81	20.14	2.15	9.89	0.36	0.57	1.08
2002	100.00	64.17	21.81	1.87	8.49	0.55	0.31	2.80
2003	100.00	65.25	21.40	3.31	6.91	0.95	0.76	1.42
PP Change 03/02	-	1.08	-0.41	1.44	-1.58	0.40	0.45	-1.38

Note: PP stands for percentage point.

Table 1.6 Composition of Complaints – By Classification of Complained Entity

Unit: %

Year	Total	Individual Person	Business Firm	Trade Association	Gov't Agency	Foundation	Cooperative Association	Others
2001	100.00	3.15	88.46	1.15	4.02	0.86	0.57	1.79
2002	100.00	3.82	87.69	2.10	2.65	1.09	0.31	2.34
2003	100.00	4.07	88.35	1.42	3.22	0.48	0.47	1.99
PP Change 03/02	-	0.25	0.66	-0.68	0.57	-0.61	0.16	-0.35

Note: PP stands for percentage point.

For cases concluded in 2003, to divide complained enterprises in terms of the Standard Industrial Classification of the Republic of China (SIC), trade ranked the top, reporting 26.04% of the total complaints which showed an increase of 2.60 percentage points from the preceding year. Manufacturing came next with a share of 16.86%, 0.27 percentage points up from the preceding year. Finance and insurance counting the third reported a share of 12.31%, 1.47 percentage points down from the preceding year. (Table 1.7)

Table 1.7 Industrial Classification of Complained Enterprises

Unit: %

Industry	2001	2002	2003	Change in PP
Total	100.00	100.00	100.00	-
Agriculture, Forestry, Fishing and Animal Husbandry & Mining and Quarrying	1.00	0.31	1.80	1.49
Manufacturing	17.20	16.59	16.86	0.27
Electricity, Gas & Water	2.94	1.64	1.42	-0.22
Construction	3.87	2.73	1.99	-0.74
Trade	25.02	23.44	26.04	2.60
Accommodation & Eating-drinking Places	1.29	1.40	1.51	0.11
Transportation, Storage & Communication	6.45	6.85	5.02	-1.83
Finance & Insurance	7.46	13.78	12.31	-1.47
Real Estate & Rental and Leasing	10.97	7.94	7.76	-0.18
Professional, Scientific & Technical Services	4.52	3.50	4.45	0.95
Educational Services	2.58	3.12	1.89	-1.23
Health Care & Social Welfare Services	1.43	0.86	1.14	0.28
Cultural, Sporting & Recreational Services	7.53	6.70	6.44	-0.26
Other Services	3.80	5.69	5.78	0.09
Public Administration & Others	3.94	5.45	5.59	0.14

Cases closed might not be within the FTC's jurisdiction; also some complaints were not in conformity with the required procedure or in duplicate with other cases. In 2003 there were 321 complaint cases concluded applicable to the Fair Trade Act. By type of illegal action, 52 cases or a share of 16.20% (of total cases) were concerned with anti-competitive practice, including 20 cases (or 6.23%) with illegal concerted action, 19 cases (or 5.92%) with impeding fair competition. A total of 229 cases or a share of 71.34% were concerned with unfair trade practice, including 111 cases (or 34.58%) with false, untrue or misleading advertisement, 94 cases (or 29.28%) with deceptive or obviously unfair conducts, and 19 cases (or 5.92%) with counterfeiting commodities or trademarks. Thirty-seven cases (or 11.53%) were concerned with improper multi-level sales. (Table 1.8)

For 123 cases of complaints or 38.32% (of total complaints), ruling was set that actions violated the FTA. Following statistics include the multiple charges: on the top there were 86 cases or 69.92% with unfair trade practices (48 cases were deceptive or obviously unfair conducts, and 39 false, untrue or misleading advertisement), 20 cases or 16.26% of total complaints were concerned with improper multi-level sales, and 16 cases or 13.01% with restrictive business practices (7 cases were impeding fair competition, and 6 cases were illegal concerted action). (Table 1.9)

Table 1.8 Cases of Complaints Concluded – By FTA-regulated Action

Unit: Case

Year	Total	Anti-competitive Practice	Monopolies	Mergers	Concerted Actions	Resale Price Maintenance	Impeding Fair Competition
			(Article 10)	(Article 11)	(Article 14)	(Article 18)	(Article 19)
2001	451	69	15	3	33	2	16
2002	411	54	12	2	23	1	16
2003	321	52	8	2	20	3	19
Year	Unfair Trade Practice	Counter-feiting Commodities or Trademarks (Article 20)	False, Untrue or Misleading Advertisement	Damage to Business Reputation	Deceptive or Obviously Unfair Conducts	Improper Multi-level Sales	Others
			(Article 21)	(Article 22)	(Article 24)	(Articles 23 & 23-1-23-4)	(2nd Part of Articles 41 & 43)
2001	318	20	150	2	146	57	7
2002	315	28	131	8	148	39	3
2003	229	19	111	5	94	37	3

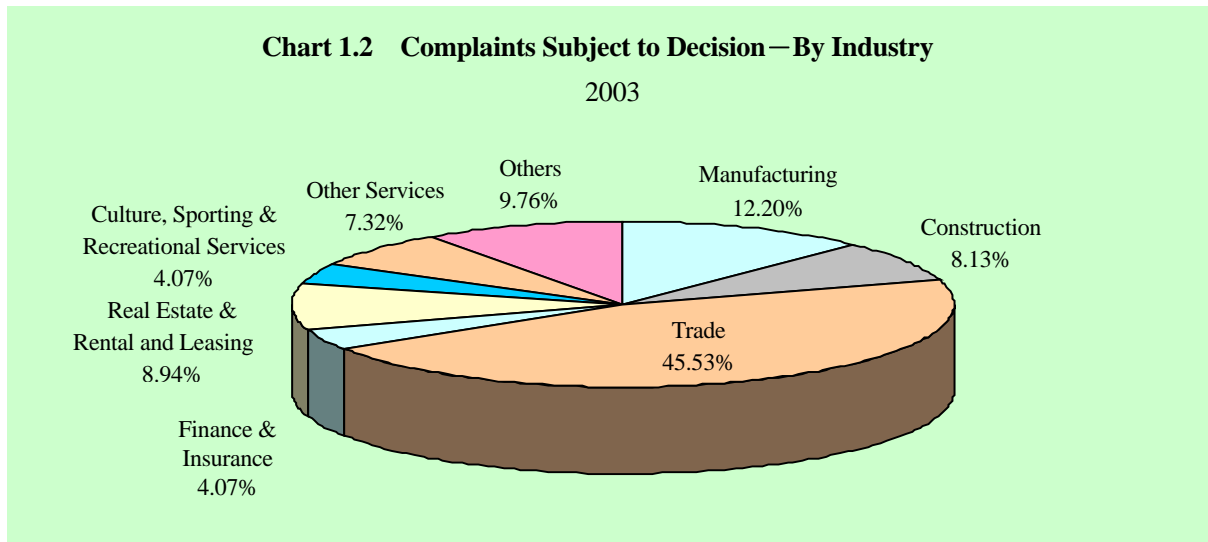
Table 1.9 Complaints Subject to Decision Ruling – By Practice Violating Fair Trade Act

Unit: Case

Year	Total	Anti-competitive Practice	Monopolies	Mergers	Concerted Actions	Resale Price Maintenance	Impeding Fair Competition
			(Article 10)	(Article 11)	(Article 14)	(Article 18)	(Article 19)
2001	193	16	1	1	12	-	3
2002	189	15	3	1	8	1	3
2003	123	16	-	1	6	2	7
% Change 03/02	-34.92	6.67	-100.00	-	-25.00	-100.00	133.33
Year	Unfair Trade Practice	Counter-feiting Commodities or Trademarks (Article 20)	False, Untrue or Misleading Advertisement	Damage to Business Reputation	Deceptive or Obviously Unfair Conducts	Improper Multi-level Sales	Others
			(Article 21)	(Article 22)	(Article 24)	(Articles 23 & 23-1-23-4)	(2nd Part of Articles 41 & 43)
2001	149	5	48	-	100	23	5
2002	142	1	58	-	84	31	1
2003	86	2	39	-	48	20	3
% Change 03/02	-39.44	100.00	-32.76	-	-42.86	-35.48	200.00

Note : Illegal practices add up to exceed the total case of complaints subject to decision ruling because a complaint may involve more than one illegal practice.

By major division of industrial classification of enterprises subject to decision, trade ranked the top, accounting for 45.53%, manufacturing came next, accounting for 12.20%. The first two together accounted for nearly 60%. (Chart 1.2)



2) Explanation Requests

The Fair Trade Act is a set of economic codes regulating both restricting competition and improper competition behaviors. It covers a scope running wide and deep. However, the actions regulated and the contents of the law itself leave room for explanation before ambiguity be clarified. To pursue smooth enforcement of the FTA and give a clear direction for enterprises to follow, the FTC has, since its establishment, been devoted to express explanation statements and setting guidelines for enterprises to better understand the FTC's attitude and policy direction regarding enforcement of the laws. From such understanding, enterprises can adjust their business conducts to conform to the spirit of free and fair competition.

In 2003, the FTC received 39 explanation requests, showing a decrease of 22 requests or 36.07% from 61 requests in the preceding year. For 28 requests of 36 concluded in 2003, the FTC had come up with explanation statements, responded with established precedents, or replied according to clear-cut provisions of laws. For 7 requests, the FTC did not respond because they were beyond the FTC's responsibility or because their submission was not in the proper procedure. The left one request was dealt with other requests. (Table 1.10)

Table 1.10 Results of Explanation Requests

Unit: Case

Year	Processing of Case		Results of Case Processing					Pending at Year-end
	Carried Over from Preceding Year	Received in Current Year	Total	Explanation	Reply	Review Terminated	Cases Consolidated	
2001	12	82	84	11	41	32	-	10
2002	10	61	71	8	37	24	2	-
2003	-	39	36	4	24	7	1	3
% Change 03/02	-100.00	-36.07	-49.30	-50.00	-35.14	-70.83	-50.00	--

By identification of explanation applicant, firms were the largest category, which accounted for 30.55% of total applicants. Following behind were government agencies with a share of 27.78%. (Table 1.11)

Table 1.11 Explanation Requests—By Classification of Applicants

Unit: %

Year	Total	Individual Person	Business Firm	Foundation	Trade Association	Gov't Agency	Others
2001	100.00	19.05	26.19	2.38	14.29	32.14	5.95
2002	100.00	12.68	33.80	8.45	11.27	29.58	4.22
2003	100.00	11.11	30.55	2.78	16.67	27.78	11.11

3) Mergers

By merger, an enterprise may expand its business scale to increase the efficiency of operation and gain advantages from the economic scale. However, expanding the scale of an enterprise may raise concentration of a market and weaken or even impede competition. To avoid the undesired results, the Fair Trade Act requires an enterprise whose scale reaches certain level to obtain the FTC's prior approval for its merger with others. In February 2002, to respond to the ROC's economic development and international trend, the "pre-merger approval application" regulations in the Fair Trade Act was amended to the "pre-merger notification" system, merger threshold was loosened and changed into a dual thresholds model, in terms of financial sectors and non-financial sectors.

In 2003, a total of 50 mergers were notified to the FTC, showing a decrease of 82 cases (or 62.12%)

in the preceding year. This was mainly resulted from loosening of the thresholds. All of the 50 mergers were processed in 2003, 31 were not prohibited, 19 were terminated due to not notifiable or providing insufficient information. (Table 1.12)

Table 1.12 Applications & Notifications for Merger

Unit: Case

Year	Cases under Processing		Results of Processing		
	Carried Over from Preceding Year	Received in Current Year	Total	Approved	Merger not Prohibited
2001	39	1,089	1,118	1,087	-
2002	10	132	141	93	24
2003	1	50	50	-	31
% Change 03/02	-90.00	-62.12	-64.54	-100.00	29.17
Year	Results of Case Processing				Cases Pending at Year-end
	Rejected	Merger Prohibited	Termination of Review	Cases Consolidated	
2001	-	-	29	2	10
2002	-	1	21	2	1
2003	-	-	19	-	1
% Change 03/02	-	-100.00	-9.52	-100.00	-

Thirty-one mergers were not prohibited in 2003 under the FTC's review. By type of merger (which may be classified into more than one type will be included in the classification categories accordingly), 18 cases (or 58.06%) were concerned with acquiring or holding equity shares in or contributing capital for another enterprise (per Sub-paragraph 2, Paragraph 1, Article 6 of the Fair Trade Act) ranking the top. Nine cases (or 29.03%) were concerned with being merged with another enterprise (per Sub-paragraph 1); 5 cases or a share of 16.13% with directly or indirectly controlling business operation or personnel change of other enterprise (per Sub-paragraph 5,); 4 cases (or 12.90%) with taking over another enterprise or being taken over by another enterprise all or a major part of operation or assets (per Sub-paragraph 3); and one case concerning operating jointly with another enterprise on a regular basis or being entrusted by another enterprise to operate the latter's business. Please refer to Appendix 3 for merger notifications approved or not prohibited in 2003. (Table 1.13)

Table 1.13 Mergers

Unit: Case

Year	Merger Approved & not Prohibited	By Type of Merger Pattern (Per Paragraph 1, Article 6, Fair Trade Act)				
		Subpara. 1	Subpara. 2	Subpara. 3	Subpara. 4	Subpara. 5
2001	1,087	24	56	23	2	997
2002	117	6	23	2	-	93
2003	31	9	18	4	1	5
% Change 03/02	-73.50	50.00	-21.74	100.00	--	-94.62

Note: Figures may add up to exceed the total because a merger might be classified into more than one category.

4) Applications for Concerted Action

To prevent concerted action conducted by enterprises in the same line of business from impeding the market competition mechanism and damaging consumers' interests, the FTA specifically prohibits horizontally concerted actions which damage the market mechanism in such aspects as production, merchandise trade, and servicing demand and supply. However, seven types of concerted action listed in Article 14 of the FTA, considered advantageous to the economy and in the interests of the public, are exempted from the above-mentioned prohibition provided that approval is obtained from the FTC.

The number of applications for concerted action in 2003 totaled 12 cases, 4 cases up from the preceding year. Twelve of the fourteen concerted actions cases concluded in 2003 received approval, another two cases received partial approval and partial reject. (Table 1.14)

Table 1.14 Applications for Concerted Action

Unit: Case

Year	Cases under Processing		Results of Processing					Cases Pending at Year-end
	Carried Over from Preceding Year	Received in Current Year	Total	Approved	Rejected	Partially Approved	Termination of Review	
2001	4	4	6	3	-	-	3	2
2002	2	8	8	6	-	-	2	2
2003	2	12	14	12	-	2	-	-

One of the not prohibited merger cases was per Paragraph 1, Article 14 of the FTA, another 8 cases were per Paragraph 2 of that Article, and the other 5 were per Paragraph 5 of the same Article. (Table 1.15)

Table 1.15 Types of Applications for Concerted Action

Unit: Case

Year	Concerted Action Approved	By Type of Concerted Action (Per Article 14, Fair Trade Act)		
		Subpara. 1	Subpara. 2	Subpara. 5
2001	3	-	2	1
2002	6	2	2	2
2003	14	1	8	5

Note: Figures may add up to exceed the total because a concerted action may be classified into more than one category.

Twenty-three concerted action cases approved by the FTC remained effective as of the end of 2003. Seven were concerned with joint imports of such bulk cargoes as wheat, barley, soybean, and corn. Most enterprises participating in the mentioned concerted action belong to the food manufacturing industry. These concerted actions meet per paragraph 5, article 14 of the FTA, the actions were approved because they were expected to lower import costs, reduce required capital funds, reduce procurement risks, and increase bargaining power. They were in the interests of the economy.

Two cases concerned with joint ventures formed to manufacture and sell 69KV-161KV connecting appliances, and another concerned with joint R&D, design and manufacture of electric motorcycle, and another 11 cases concerned with joint ventures formed to jointly quarry out stones in the Hualien River or Heping River proved per Paragraph 2, Article 14 of the FTA. One case concerned with joint IC card sales & services by financial institutions, and 2 cases regarding unconditional endorsement and transfer of ticket vouchers on Taipei-Tainan and Taipei-Taitung routes between airline companies, proved per Paragraph 1, Article 14 of the FTA. (Table 1.16)

Table 1.16 Concerted Actions Remaining Valid

End of 2003

Concerted Action	Valid Period of Concerted Action	No. of Enterprises	Applicable FTA Article
1. Joint manufacture & sales of 69KV-161KV connecting appliances by a new joint venture	03/11/1999 ~ 02/14/2005	10	Para. 2, Article 14; Para. 2, Article 15
2. Joint shipping of soybean & corn under joint procurement program	09/01/1999 ~ 8/31/2005	61	Para. 5, Article 14; Para. 2, Article 15
3. Joint shipping of barley under joint procurement program	01/01/2000 ~ 12/31/2005	8	Para. 5, Article 14; Para. 2, Article 15
4. Joint shipping of corn under joint procurement program	03/01/2000 ~ 02/28/2003	38	Para. 5, Article 14 Para. 2, Article 15
5. Joint shipping of soybean under joint procurement program	08/30/2000 ~ 08/31/2003	19	Para. 5, Article 14 Para. 2, Article 15

Table 1.16 Concerted Actions Remaining Valid (Cont.)

End of 2003

Concerted Action	Valid Period of Concerted Action	No. of Enterprises	Applicable FTA Article
6. Joint shipping of wheat under joint procurement program	10/01/2000 ~ 09/30/2003	41	Para. 5, Article 14 Para. 2, Article 15
7. Joint shipping of soybean under joint procurement program	12/12/2000 ~ 12/31/2003	4	Para. 5, Article 14 Para. 2, Article 15
8. Joint IC card sales & services by financial institutions under extended joint program	12/13/2000 ~ 12/31/2006	36	Para. 1, Article 14
9. Joint R&D, design and manufacture of electric motorcycles by a joint ventured new entity	12/29/2000 ~ 12/31/2003	11	Para. 2, Article 14
10. Joint quarrying out stones in Hualien River, the third area, A section	From the date receiving licence from the 9 th River Management Office, WRA, MOEA	6	Para. 2, Article 14
11. Joint quarrying out stones in Hualien River, the first area, A section	Same as item 10	10	Para. 2, Article 14
12. Joint quarrying out stones in Heping River, the second area	Until 06/30/2004	7	Para. 2, Article 14
13. Joint applying unconditional endorsement and transfer of ticket vouchers on Taipei-Tainan route	Until 03/31/2005	3	Para. 1, Article 14
14. Joint applying unconditional endorsement and transfer of ticket vouchers on Taipei-Taitung route	Until 02/28/2005	2	Para. 1, Article 14
15. Joint quarrying out stones in Heping River, the third area	Until 06/30/2004	8	Para. 2, Article 14
16. Joint quarrying out stones in Heping River, the first area	Until 06/30/2004	5	Para. 2, Article 14
17. Joint shipping of corn under joint procurement program	06/01/2003 ~ 05/31/2006	11	Para. 5, Article 14
18. Joint quarrying out stones in Hualien River, the first area	Until 08/31/2005	9	Para. 2, Article 14
19. Joint quarrying out stones in Hualien River, the second area	Until 08/31/2005	4	Para. 2, Article 14
20. Joint quarrying out stones in Hualien River, the third area	Until 08/31/2005	4	Para. 2, Article 14
21. Joint quarrying out stones in Hualien River, the fourth area	Until 08/31/2005	8	Para. 2, Article 14
22. Joint quarrying out stones in Hualien River, the fifth area	Until 08/31/2005	3	Para. 2, Article 14
23. Joint quarrying out stones in Hualien River, the sixth area	Until 08/31/2005	2	Para. 2, Article 14

2. FTC Self-initiated Investigations

Since its establishment, the Fair Trade Commission has dedicated itself to establish a fair and reasonable market order. It has not only carefully handled all kinds of complaints but actively taken initiative to conduct special investigation on matters which are governed by the Fair Trade Act and which may damage the public interests. The FTC self-initiated 96 investigation cases in 2003. The cumulative number of investigation activities self-initiated by the FTC as of December 31, 2003 totaled 440 cases. Of the total, 398 cases were concluded and the remaining 42 cases were under processing. For the 76 cases concluded in 2003, the FTC had devoted 677 persons in manpower, held 3 session of public hearing or seminar, and investigated 324 enterprises. By processing result, decision ruling was handed down for 33 cases due to violation the FTA. Sixty-four decision statements were issued for 89 enterprises. Forty-three cases were found not violating the FTA, or not subject to the FTC’s jurisdiction, or simply required attention to their development. (Table 1.17)

Table 1.17 FTC Self-initiated Investigation

Unit: Case

Year	Cases Subject to Decision			No-action Decision	Subject to Administrative Action	Investigation Terminated	Others
	Initiated Cases	Decision Statements	Firms Subject to Decision				
2001	19	20	23	8	2	1	-
2002	29	29	29	5	6	2	-
2003	33	64	89	9	8	26	-

Note: The pieces of decision statement and the firms subject to decision ruling were net of those whose decision ruling had been revoked or which had been included in cases of complaints.

Among concluded self-initiated cases in 2003, 40 deceptive or obviously unfair conducts ranked the top, 11 improper multi-level sales schemes came next, and then there were 7 false, untrue or misleading advertisement, 4 illegal concerted actions, 3 cases impeding fair competition and 2 others (failing to correct misconduct within time set and refusing to submit information required during investigation). (Table 1.18)

Table 1.18 Decision for FTC Self-initiated Investigations – By Pattern of Practices Violating FTA

Unit: Case

Year	Case of Decision for FTC Self-initiated Investigation	Anti-competitive Practice	Monopoly	Concerted Actions	Resale Price Maintenance	Impeding Fair Competition
			(Article 10)	(Article 14)	(Article 18)	(Article 19)
2001	20	2	-	2	-	-
2002	29	2	1	1	-	-
2003	64	7	-	4	-	3
Year	Unfair Trade Practice	Counterfeiting Commodities or Trademarks	False, Untrue or Misleading Advertisement	Deceptive or Obviously Unfair Conducts	Improper Multi-level Sales	Others
		(Article 20)	(Article 21)	(Article 24)	(Articles 23 & 23-1 ~ 23-4)	(2 nd Part of Articles 41 & 43)
2001	6	-	3	3	12	1
2002	3	-	2	1	24	-
2003	47	-	7	40	11	2

Note: The discrepancy between the cases of decision ruling and the number of illegal practices was caused by a fact that a case might involve more than one illegal practice.

3. Decision Rulings for Fair Trade Activities

In 2003, decision rulings of complaints and FTC self-initiated investigation were set for 187 cases, 31 cases (or 14.22%) down from the preceding year. A case of complaint or investigation may involve more than one illegal practice. Following analysis is based on the number of illegal practices. By type, 12.30% of total illegal practices belonged to anti-competitive business practice; 71.12% to unfair trade practice; 16.58% to improper multi-level sales; and 2.67% to other improper behaviors (failing to correct misconduct within time set and refusing to submit information required during investigation). (Table 1.19)

Table 1.19 Decision Ruling by FTC – By Illegal Practice

Unit: Case

Year	Cases of Decision	Anti-competitive Practice	Monopoly	Mergers	Concerted Actions	Resale Price Maintenance	Impeding Fair Competition
			(Article 10)	(Article 11)	(Article 14)	(Article 18)	(Article 19)
2001	213	18	1	1	14	-	3
2002	218	17	4	1	9	1	3
2003	187	23	-	1	10	2	10
Year	Unfair Trade Practice	Counterfeiting Commodities or Trademarks	False, Untrue or Misleading Advertisement	Damage to Business Reputation	Deceptive or Obviously Unfair Conducts	Improper Multi-level Sales	Others
		(Article 20)	(Article 21)	(Article 22)	(Article 24)	(Articles 23 & 23-1~23-4)	(2 nd Part of Articles 41 & 43)
2001	155	5	51	-	103	35	6
2002	145	1	60	-	85	55	1
2003	133	2	46	-	88	31	5

Note: The number of illegal practices may exceed the cases of decision ruling because a case may involve more than one illegal practice.

In 2003, by major division of the Standard Industrial Classification of the R.O.C.(SIC), trade ranked the top, accounting for 57.22% of total cases of decision ruling, 3.55 percentage points up from the preceding year. The next was manufacturing which reported a share of 10.16%, 4.06 percentage points down. By division of various trades, retail trade ranked the top, accounting for 37.97% of total cases of decision ruling (including nonstore retailer accounting for 17.65%). (Table 1.20)

Table 1.20 Composition of Decision Ruling Cases – By Industry

Unit: %

Year	Total	Agriculture, Forestry & Animal Husbandry Mining & Quarrying	Manufacturing	Electricity, Gas & Water	Construction	Trade
2001	100.00	1.41	17.84	1.41	6.10	44.13
2002	100.00	0.42	14.22	-	4.13	53.67
2003	100.00	-	10.16	0.53	5.36	57.22
Year	Accommodation & Eating-drinking Places	Transportation, Storage & Communication	Finance & Insurance	Real Estate & Rental Leasing	Professional, Scientific & Technical Services	
2001	0.47	1.88	1.88	9.39	4.69	
2002	-	0.92	0.46	6.88	2.29	
2003	-	1.07	2.67	5.88	2.14	
Year	Educational Services	Health Care & Social Welfare Services	Cultural, Sporting & Recreational Services	Other Services	Public Administration & Others	
2001	-	-	2.82	3.29	4.69	
2002	-	-	1.83	8.26	6.88	
2003	0.53	0.53	2.68	4.28	6.95	

260 firms were subject to the decision ruling for offending the Fair Trade Act in 2003, showing a decrease of 42 firms (or 13.91%) from the preceding year. A firm may commit more than one illegal practice. Following analysis is based on the duplicate calculation. By type of illegal action, under the category of anti-competitive practice, 50 firms committed concerted action, and 10 firms impeded fair competition. Under the category of unfair trade practice, 117 firms committed deceptive or obviously unfair conducts, 49 firms committed false, untrue or misleading advertisement, 32 firms committed improper multi-level sales, and 5 firms failed to correct its misconduct or refused to provide information required. (Table 1.21)

Table 1.21 Firms Subject to Decision Ruling by FTC – By Illegal Practice

Unit: Firm

Year	Business Subject to Decision	Anti-competitive Practice	Monopoly	Mergers	Concerted Actions	Resale Price Maintenance	Impeding Fair Competition
			(Article 10)	(Article 11)	(Article 14)	(Article 18)	(Article 19)
2001	359	115	3	2	110	-	3
2002	302	52	6	16	29	1	3
2003	260	63	-	1	50	2	10

Year	Unfair Trade Practice	Counterfeiting Commodities or Trademarks	False, Untrue or Misleading Advertisement	Damage to Business Reputation	Deceptive or Obviously Unfair Conducts	Improper Multi-level Sales	Others
		(Article 20)	(Article 21)	(Article 22)	(Article 24)	(Articles 23 & 23-1~23-4)	(2nd Part of Articles 41 & 43)
2001	201	5	57	-	143	38	6
2002	174	1	62	-	112	75	1
2003	169	2	49	-	117	32	5

Note: Firms may add to exceed total because one firm may commit more than one illegal practice.

An analysis of penalties (duplicate calculation adopted for an illegal practice liable to more than one penalty) showed that in 2003, 178 cases were ordered to stop or correct illegal practices, 164 cases required by Article 41, and 14 cases required by Article 42 of the FTA. There were 135 cases imposed of administrative fines, including 1 case under the Article 40 of the FTA, 109 cases under the former part of the post-amended Article 41, 3 cases under the latter part of Article 41, 3 cases under the paragraph 1, the first section of the post-amended Article 42, 4 cases under paragraph 2, the post-amended Article 42, 26 cases fined for improper multi-level sales according to paragraph 3, the post-amended Article 42, 2 cases under the Article 43 of the of FTA. The fines totaled NT\$ 469.65 million. (Table 1.22)

Table 1.22 Penalty under Decision Ruling by FTC

Unit: Case

Year	Cases of Decision	Ordered to Cease or Rectify Conduct			Fined		
		Article 13	Article 41	Article 42	Article 40	Former Part of Amended Article 41	Latter Part of Art. 41
2001	213	1	187	20	1	126	3
2002	218	-	171	24	1	136	-
2003	187	-	164	14	1	109	3

Year	Art. 42 before Amended	Fined			Article 43	Operation Suspended (Article 42)	Ordered to Close Business (Article 42)
		Amended Article 42					
		Para. 1	Para. 2	Para. 3			
2001	1	-	6	29	2	-	1
2002	-	-	7	48	-	-	2
2003	-	3	4	26	2	-	-

Note: Cases of penalties may not add up to the number of decision ruling because one decision may involve more than one penalty.

4. Decisions Repealed

Six decisions made by the Fair Trade Commission in 2003 were repealed or partially repealed through appeals or administrative proceedings. By type of illegal practice, three cases were concerned with deceptive or obviously unfair conducts and another three were with illegal concerted actions. The cumulative number of decisions overruled as of December 31, 2003 totaled 92 cases. Of the total, 31 cases were concerned with deceptive or obviously unfair conducts ranked top. Twenty cases were concerned with false, untrue or misleading advertisement came next. (Table 1.23)

Table 1.23 Decisions Repealed – By Type of Illegal Practice

Unit: Case						
The year decisions made	Number of decisions repealed	Monopoly (Art. 10)	Concerted Actions (Art. 14)	Counterfeiting Commodities or Trademarks (Art. 20)	False, Untrue or Misleading Advertisement (Art. 21)	Deceptive or Obviously Unfair Conducts (Art. 24)
2001	12	1	6	-	1	4
2002	9	2	-	-	-	7
2003	6	-	2	-	-	3

Notes: 1. The number of decisions repealed includes decisions overruled and decisions partially repealed.

2. The number of decisions repealed is not the same with illegal practices due to some cases involved with more than one action or decisions repealed for reason other than the practices involved. (e.g. penalties)

5. Appeals

The Fair Trade Commission has authority to impose administrative penalty on enterprises violating the Fair Trade Act. To protect the rights of the penalized enterprises, in accordance with the new Appeal Law effective on July 2000, all appeal cases should raise to the Executive Yuan. There were 190 appeal cases in 2003, 161 cases were concluded, 133 of them were rejected, 11 original decision were repealed, 13 cases were not accepted, 3 cases were withdrawn, 1 case was partially rejected and partially not accepted.

From July 2000 to the end of 2003, the number of appeal cases reached 738. The number of appeal cases, net of these double appealed, was 530 cases. From the establishment of the FTC in February 1992 to the end of 2003, the cumulative number of appeal cases reached 1,540, net of these double appealed was 1,226 cases. Among them 793 cases (or 64.68%) were raised in objection to decision, 292 cases (or 23.82%) were raised in objection to earlier no-action decision, respectively accounted 36.08% and 9.57% of the decisions and no-action decisions of the FTC. (Table 1.24)

Table 1.24 Results of Appeal

Unit: Case

Year	Case Received		Cases Concluded		
	Carried Over from Preceding Year	Received in Current Year	Total	Rejected	
2001	98	260	265	231	
2002	93	175	201	163	
2003	67	190	161	133	
% Change 03/02	-27.96	8.57	-19.90	-18.40	
Year	Cases Concluded				Case Pending
	Original Decision Repealed	Not Accepted	Withdrawn	Partially Rejected, Partially not Accepted	
2001	10	23	-	1	93
2002	5	25	-	8	67
2003	11	13	3	1	96
% Change 03/02	120.00	-48.00	--	-87.50	43.28

From July 2000 to the end of 2003, 189 cases of administrative petition raised to the High Administrative Court were closed. Thirty-five cases were rejected due to not in conformity with the law, and 125 cases were rejected due to unreason. For 20 cases, original decision and decision of appeal were repealed. For 2 cases, original decision, decision of appeal, and decision of re-appeal were repealed. For 1 case, original decision and decision of appeal were partially repealed. For 2 cases, decision of appeal was repealed and other charges were rejected. Four cases were withdrawn. Forty-nine cases of administrative petition raised to the Supreme Administrative Court were closed. Five cases were rejected due to not in conformity with the law, 36 cases were rejected due to unreason, 1 case was withdrawn. For one case, original decision, decision of appeal and decision of re-appeal were all repealed. For 6 cases, the original judgments were abolished and referred to the High Administrative Court.

A total of 210 cases were raised to the Administrative Court in objection to the Executive Yuan's decisions of re-appeal from 1992 to June 2000. As a result, 180 cases were rejected, 1 case of original decision and decision of appeal was partially repealed, 22 cases of original decision, decision of appeal and decision of re-appeal were repealed, 1 case of original decision, decision of appeal and decision of re-appeal was partially repealed, 1 case of original decision of appeal and decision of re-appeal was repealed, 1 case of re-appeal decision was repealed, 1 case was withdrawn, 1 case was referred to the High Administrative Court, while 2 cases remained pending.

6. Court Cases

According to the statistics of the Judicial Yuan, in 2003, the district criminal courts have concluded 16 first trial Fair Trade Act cases, 38 defendants were involved. Divided by behaviors, there were 20 defendants suspected violating multi-level sales article, 16 defendants charged violating the business disparagement article, and 2 defendants charged misuse monopolistic positions. According to the judgments, 14 defendants were judged guilty, 5 were set in prison, 1 was taken into custody, and 8 were imposed criminal fines. Among them, 12 violated multi-level sales article, 2 violated the business disparagement article. Fourteen were found not guilty, 4 were rejected, 2 were fallen beyond jurisdiction, 3 were at large under wanted-notices, and 1 fell into other category. (Table 1.25)

Table 1.25 Judgments of the First Trial Fair Trade Act Cases by the District Criminal Courts

Unit: Defendant, Case

Year	Case Closed	Defendants						
		Total	Guilty	Not-guilty	Rejected	Beyond Jurisdiction	Listed as Wanted	Others
2001	19	148	13	128	3	2	2	-
2002	19	50	12	13	22	2	-	1
2003	16	38	14	14	4	2	3	1
Monopoly Misused Market Position	--	2	-	-	-	-	2	-
Concerting Prohibition	--	-	-	-	-	-	-	-
Impede Fair Competition	--	-	-	-	-	-	-	-
Counterfeiting	--	-	-	-	-	-	-	-
Business Disparagement	--	16	2	8	3	2	-	1
Improper Multi-level Sales	--	20	12	6	1	-	1	-

Source : Statistical Office, Judicial Yuan

In 2003, the high criminal courts have concluded 11 second trial Fair Trade Act cases, 41 defendants were involved. Divided by behaviors, there were 16 defendants charged violating the business disparagement article, 12 defendants charged violating the concerting prohibition article. According to the judgments, 4 defendants were judged guilty, 3 were set in prison, 1 was taken into custody. Among them, 1 violated the business disparagement article, and 3 violated multi-level sales article. Twenty-nine were judged not guilty, 4 were rejected, and 4 were referred to the original courts. (Table 1.26)

Table 1.26 Judgments of the Second Trial Fair Trade Act Cases by the High Criminal Courts

Unit: Defendant, Case

Year	Case Closed	Defendants							
		Total	Guilty	Not-guilty	Rejected	Beyond Jurisdiction	Withdrawn	Referred to the Original Court	Others
2001	9	36	6	28	-	2	-	-	-
2002	11	48	13	19	6	-	7	2	1
2003	11	41	4	29	4	-	-	4	-
Monopoly Misused Market Position	--	7	-	5	1	-	-	1	-
Concerting Prohibition	--	12	-	12	-	-	-	-	-
Counterfeiting	--	1	-	1	-	-	-	-	-
Business Disparagement	--	16	1	10	2	-	-	3	-
Improper Multi-level Sales	--	5	3	1	1	-	-	-	-

Source : Statistical Office, Judicial Yuan

Supervision of Multi-level Sales

1. Recordation

Any enterprise engaged in multi-level sales is required to report to the Fair Trade Commission for record in accordance with the "Supervisory Regulations Governing Multi-level Sales" before commencing the business. In 2003, 272 enterprises completed the required recordation, and 256 enterprises withdrew their recordation. The cumulative number of enterprises ever reporting to the FTC was 745 by the end of 2003, 16 enterprises (or 2.19%) more than that of 2002. (Table 2.1)

Year	Enterprises Recordation at End of Preceding Year	Enterprises Recordation in Current Year	Enterprises Withdrawing Recordation	Enterprises Recordation at End of Current Year
2001	644	223	216	651
2002	651	317	239	729
2003	729	272	256	745

By location, Taipei Municipality ranked the top, reporting 256 enterprises or 34.36% of total recorded enterprises. Coming next was Taichung City reporting 160 enterprises (or 21.48%), and Kaohsiung municipality reporting 90 enterprises (or 12.08%). These three cities accounted for nearly 68% of total recorded enterprises. Compared with the figure in the end of 2002, Taichung City increased 12 firms, Kaohsiung Municipality increased 8 firms and Taipei County increased 7 firms; and Taipei Municipality decreased 21 firms. (Table 2.2)

Area	Number of Enterprises		Area	Number of Enterprises	
	2003	2002		2003	2002
Total	745	729			
Taipei Municipality	256	277	Tainan County	18	17
Kaohsiung Municipality	90	82	Kaohsiung County	3	1
Taipei County	88	81	Pingtung County	3	4
Yilan County	3	3	Taitung County	1	1
Taoyuan County	58	59	Hualien County	2	4
Hsinchu County	2	4	Penghu County	-	-
Miaoli County	2	2	Keelung City	-	-
Taichung County	16	13	Hsinchu City	5	3
Changhua County	7	5	Taichung City	160	148
Nantou County	3	2	Chiayi City	5	7
Yunlin County	3	3	Tainan City	17	12
Chiayi County	-	-	Outside the Border	3	1

2. Review of Operation

The Fair Trade Commission adopts a "full-scale review" and "prevention in advance" way to monitor the multi-level sales operation in order to effectively prevent them turning into illegal pyramid selling schemes. If an enterprise's recorded materials are found against regulations, the enterprise is required to correct prior to a set date. In addition, the FTC staff reviews multi-level sales enterprises on an irregular basis to check on the spot if they keep and display the written statements as required by law and if business actions conform to what they have recorded. The purpose is to uncover problems and prevent them from occurring beforehand.

The FTC has conducted 55 times such review in 2003 due to complaints or on their own schedule. Of the total, 31 times or 56.36% complied with the regulations while 17 times or 30.91% did not. Reasons for the enterprises failing to comply with regulations include: 6 firms' practice of returning products did not comply with the Regulation (35.29%), 4 firms violated the provisions of the Fair Trade Act and 4 firms failed to report to the FTC regarding its changes of previous recordation (23.53% respectively), 3 firms failed to display required documents at place of business, 2 firms failed to inform participants of rights and obligations in details, 2 firms operated without prior recordation, and 1 firm's written contracts differed from recordation. (Tables 2.3 and 2.4)

Table 2.3 Inspection of Multi-level Sales Enterprises

Unit: Enterprise Time

Year	Enterprises Inspected	Results of Inspection				
		Complying with Regulations	Not Complying with Regulations	Not in Operation	Operation Suspended	Location Unknown
2001	34	21	8	1	1	3
2002	64	32	26	2	3	1
2003	55	31	17	-	1	6

Note: Enterprises complying with regulations included those which had corrected minor violations after receiving inspection.

Table 2.4 Inspection of Multi-level Sales Enterprises—By Cause of Violation

Unit: Enterprise Time

Year	Enterprises against Regulations	Causes for Violation		
		Failure to Inform Participants of Duties in Details	Written Contract Inconsistent with Recordation	Procedure for Returning Products against Regulations
2001	8	2	2	2
2002	26	5	14	10
2003	17	1	2	6
Year	Failure to Display Relevant Documents at Place of Business	Causes for Violation		
		Violating Fair Trade Act	Operation without Reporting in Advance	Practicing Changes to Recordation without Reporting in Advance
2001	2	1	2	-
2002	2	7	9	6
2003	3	4	2	4

Note: Figures may add up to exceed the total because an enterprise may commit more than one irregularity.

3) Decision Ruling

In 2003, the Fair Trade Commission set decision rulings for 31 multi-level sales enterprises, which showed a decrease of 24 cases from the preceding year. Among 32 multi-level sales enterprises penalized, divided by provisions of violations, 29 cases were against the “Supervisory Regulations Governing Multi-level Sales”. Among them, 17 cases not entering into written contracts with participants violated the Article 12 of the Regulation, violation in Article 5 came the next with 14 cases. Fines in the year totaled NT\$ 31.9 million. By the end of 2003, the cumulative cases of decision ruling reached 258, and the multi-level sales enterprises subject to such ruling totaled 287 firms. (Tables 2.5 and 2.6)

Table 2.5 Improper Multi-level Sales Practices

Unit: Case

Year	Case of Decision	Previous Para. 1, Article 23	After the Amendment of the FTA				Supervisory Regulations Governing Multi-level Sales
			Article 23	Article 23-1	Article 23-2	Article 23-3	
2001	35	1	3	3	6	1	32
2002	55	-	10	3	4	2	50
2003	31	-	5	1	3	1	29

Note: According to decision ruling, some cases violate both of the Fair Trade Act and the Regulations for Multi-level Sales.

Table 2.6 Decision Ruling for Multi-level Sales Enterprises—By Articles of Supervisory Regulations Governing Multi-level Sales (SRGMS) Violated

Unit: Case

Year	Cases of Decision	Before Amendment of the Regulation			After the Amendment of the Regulation					
		Article 3	Article 4	Article 5	Article 5	Article 7	Article 8	Article 11	Article 12	Article 13
2001	32	1	1	1	15	11	1	3	8	-
2002	50	-	-	-	25	19	2	-	21	7
2003	29	-	-	-	14	-	9	3	17	2
Year	After the Amendment of the Regulation									
	Article 14	Article 15	Article 16	Article 17	Article 18	Article 19	Article 20	Article 22	Article 23	Article 25
2001	1	-	1	-	1	2	1	-	-	-
2002	2	3	-	1	2	1	-	1	1	1
2003	3	2	-	-	5	1	-	-	-	-

Note: Figures may add up to exceed the total because a case of decision ruling may involve violation of more than one article of SRGMS.

Commission Meeting

1. Deliberation

The Commission Meeting is the policy-making body of the Fair Trade Commission, its functions through a gathering of commissioners to deliberate and decide the FTC’s major administrative programs. The Commission Meeting of the FTC has six main responsibilities in accordance with the provisions of Article 14 of the Organization Statute of the Fair Trade Commission. There are: (1) deliberating fair trade policies; (2) deliberating and evaluating administration plans relate to fair trade; (3) assessing public notices, approvals, and disposition related to the enforcement of the Fair Trade Act; (4) deliberating laws and regulations related to fair trade; (5) deliberating proposals by commissioners; (6) deliberating other matters as provided by law.

In 2003, the FTC held 53 Commission Meetings, including 1 provisional meeting, to discuss 647 submissions. The submissions included 383 discussions and 264 reports. On the average, each Commission Meeting heard 12.21 submissions, including 7.23 discussions and 4.98 reports. In 2003 the number of submissions decreased 167 submissions (or 20.53%) from the preceding year, including 139 less discussions and 28 less reports. (Table 3.1)

Table 3.1 Submissions to the Commission Meeting

Unit: Case, %						
Year	Total		Report		Discussion	
	Case	% of Total	Case	% of Total	Case	% of Total
2001	942	100.00	427	45.33	515	54.67
2002	814	100.00	292	35.87	522	64.13
2003	647	100.00	264	40.80	383	59.20

The 383 discussions reviewed in 2003 included 248 complaints, 48 applications and notifications. Among the discussions, there were 39 FTC self-initiated investigation cases, 21 draft amendments of laws and regulations, 12 project proposals, 4 requests of explanation of laws, 1 ad hoc research, and 10 other cases. Results of the deliberation showed that of total review cases, 296 cases (or 77.29%) were passed as proposed, 58 cases (or 15.14%) were passed with amendments of the recommendations, 29 cases (or 7.57%) pending for further research and other instructions. Twenty-four submissions of the discussions were assessments, the rest discussions numbered 359. (Table 3.2 and Chart 3.1)

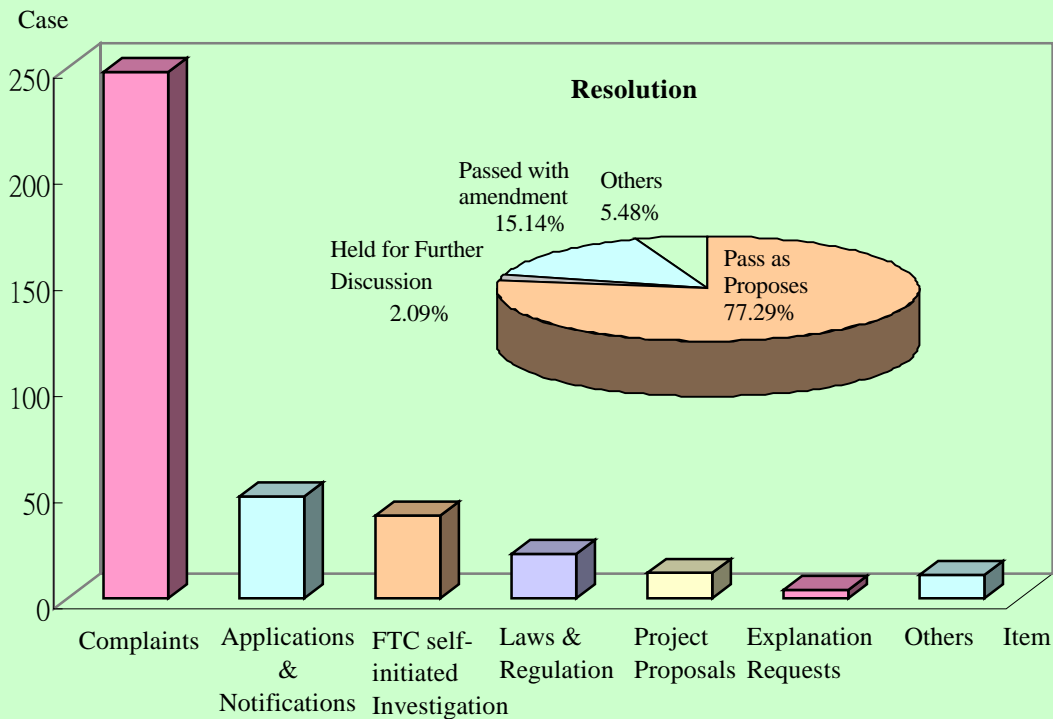
Table 3.2 Discussions by Type

Unit: Case

Year	Total	Laws and Regulations	Project Proposals	Complaints	Applications & Notifications	Explanation Requests	Special Research Projects	FTC Self-initiated Investigations	Others
2001	515	24	26	354	59	16	7	11	16
2002	522	62	7	343	42	11	11	24	22
2003	383	21	12	248	48	4	1	39	10
Year	Composition								
2001	100.00	4.66	5.05	68.74	11.45	3.11	1.36	2.52	3.11
2002	100.00	11.88	1.34	65.71	8.04	2.11	2.11	4.60	4.21
2003	100.00	5.48	3.14	64.75	12.53	1.05	0.26	10.18	2.61

Chart 3.1 Deliberation on Discussions

2003



2. Time Spent by Commission Meeting

On the average, each Commission Meeting in 2003 spent 3 hours and 33 minutes, showing a decrease of 37 minutes from 2002. By time spent per meeting, 3-4 hours ranked the top, accounted for 33.96%. The followings were 4-5 hours for 22.64% and then less than 2 hours for 18.87%. (Table 3.3)

Table 3.3 Time Spent by FTC Commission Meeting

	2003		2002		1997 ~ 2003	
	No. of Meeting	% of Total	No. of Meeting	% of Total	No. of Meeting	% of Total
Total	53	100.00	52	100.00	634	100.00
Below 2 hours	10	18.87	3	5.77	37	5.84
2 - below 3 hours	9	16.98	5	9.62	108	17.03
3 - below 4 hours	18	33.96	14	26.92	233	36.75
4 - below 5 hours	12	22.64	19	36.54	182	28.71
5 - below 6 hours	1	1.89	7	13.46	45	7.10
6 hours & above	3	5.66	4	7.69	29	4.57
Average Time Consumption (time per meeting)	3 hrs. 33 mins.		4 hrs. 10 mins.		3 hrs. 46 mins.	

Consulting Services and Policy Implementation

1. Consulting Services

1) Service Center

Both the Fair Trade Commission and its south Taiwan branch set up a service desk to provide firms and individual persons with consulting services and answer questions concerning the Fair Trade Act and administrative programs. Services provided by the center according to its operation guidelines can be classified into four categories: (1) explanation of the Fair Trade Act; (2) provision of educational materials; (3) explanation of application procedures; and (4) handling comments and input from public. The aforementioned services totaled 16,687 cases in 2003, 1.01% down from the preceding year. These services were mostly concerning explanation of Fair Trade Act and relevant regulations. (Table 4.1)

Table 4.1 Services Provided by FTC Service Center

Unit: Case					
Year	Total	Explanation of Fair Trade Act	Provision of Educational Materials	Explanation of Application Procedures	Handling Comments and Input from Public
2001	13,106	11,458	533	544	571
2002	16,857	15,150	608	533	566
2003	16,687	13,636	1,386	502	1,163

2) Supportive Actions by Local Governments

The Fair Trade Commission has authority and responsibility to instruct and supervise local governments in enforcing Fair Trade Act related matters, and to entrust the local governments to provide supportive services. Supportive services provided by local governments in 2003 were 2,326 cases, included 851 cases in providing forms and information, 805 cases for general overviews of multi-level sales schemes, 202 cases in collecting evidences, 181 cases in conducting educational programs, 124 cases in transmitting case document, 79 cases in collecting industrial data, and 84 other matters. (Table 4.2)

Table 4.2 Supportive Services of Local Governments

2003

Unit: Case

Local Government	Total	Providing Forms & Data	Transmitting Case Document	Conducting Educational Program
Total	2,326	851	124	181
Taipei Municipal Gov't	375	10	7	22
Kaohsiung Municipal Gov't	405	280	7	14
Twenty-one County/City Gov'ts	1,533	556	109	141
Lienchiang County Gov't	-	-	-	-
Kinmen County Gov't	13	5	1	4
Local Government	Collecting Evidence	Collecting Industrial Data	General Overviews of Multi-Level Sales	Others
Total	202	79	805	84
Taipei Municipal Gov't	2	31	287	16
Kaohsiung Municipal Gov't	4	4	89	7
Twenty-one County/City Gov'ts	193	44	429	61
Lienchiang County Gov't	-	-	-	-
Kinmen County Gov't	3	-	-	-

3) Competition Policy Information and Research Center

The Fair Trade Commission set up the Competition Policy Information and Research Center (CPIRC) in January 1997. The CPIRC is designed to provide domestic and foreign users with services on competition policy and laws as well as research and training services. Works of the Center in 2003 were as follows:

- (1) Establishment and maintenance of competition policy database in order to provide professional consultant services: collecting competition policy data, including more than 15,000 volumes of books, 215 kinds of periodicals, and 18 kinds of laser diskettes containing data in Chinese and foreign languages; and updating monthly the competition law newspaper clipping system and the APEC Competition Policy and Law Database which includes data of the 21 APEC members and papers presented in the APEC-OECD Regulatory Reform Co-operative Initiatives Workshops.
- (2) Building of competition policy research environment to facilitate professional research: (1) Holding the "Taiwan 2003 International Conference on Competition Policies / Laws" on 28-29, October 2003, one keynote speech, 4 speeches by foreign competition authorities, 15 papers were presented and 322 people attended. (2) Holding the "11th Seminar on Competition Policy and Fair Trade Act", in which

- 217 experts and scholars attended. (3) Holding the 2nd and the 3rd “Seminar on Important Cases of the Fair Trade Act” on 20 April and 5 August 2003 respectively. Participants included representatives from the Executive Yuan, the academic and the FTC. (4) Calling semi-annual R&D advisory committee meetings to discuss the direction of development. (5) Establishing the Knowledge-Management System to contain the speeches and seminars proceedings.
- (3) Provision of competition policy training services to promote competition policy concepts: Inviting experts and scholars majoring in competition law to give lectures, with 577 persons attending 13 lectures in 2003.
- (4) Publication of competition policy and law related materials to facilitate academic research and information sharing internationally: Publication of the “Competition Policy Newsletter” bi-monthly in Chinese and English versions, the “Gazette of Speeches in the Competition Policy information and Research Center, Fair Trade Commission, 2001”, “Cases and Materials on Fair Trade Act of the Republic of China, Volume V” which compiled 79 important decisions by the FTC and 4 Fair Trade Act related judgments by the Administrative Court in 2001, and the proceedings of the “9th Seminar on Competition Policy and Fair Trade Act” and the “10th Anniversary Seminar for the FTC on the Retrospect and Prospect of the Implementation of the Fair Trade Act”.

2. Public Education and Issuing Guidelines

1) Public Education and Training

The Fair Trade Commission has actively engaged in publicity works to educate business communities to understand what the Fair Trade Act regulates, to enable them to recognize the law and facilitating the enforcement of the Fair Trade Act. Publicity and education works in 2003 included: (1) 95 seminars of different contents tailor-made for business, specific industries and students, and (2) the “Fair Trade Act Study Program”, under which 1,841 participants have graduated in 34 sessions by the end of 2003. (Table 4.3)

Table 4.3 Fair Trade Act Public Education Programs and Seminars

Year	Total	Conducted by FTC	Conducted by Contracted Local Governments	Conducted by Contracted Industrial Associations	Unit: Session
					Lectures on Fair Trade Act
2001	69	-	22	-	47
2002	73	29	29	1	14
2003	95	38	26	-	31

2) Issuing Guidelines

To enhance the transparency and effectiveness of the enforcement work, the Fair Trade Commission has issued guidelines in line with its own enforcement experiences, international trend of competition laws development, and legislation and enforcement of various countries. In 2003 the FTC issued and revised guidelines as follows:

- (1) Three new guidelines were issued, including the Business Warnings to Sales Practices of Qualified References Books for Compulsory Educations Textbooks, the Business Warnings to Transparency of Trade Practices of Mobile Phones Market, and the Regulatory Note on E-Markets.
- (2) Six guidelines were revised, including the Regulation for Confidentiality and Information Disclosure of Commission Meetings, the Business Warnings to Post-Sales Services Practices of Domestic Elevators, Regulations on Information Disclosure of Franchisers, Regulatory Note on Distribution Sector, Main Points for Drafting Decision Rulings, and Main Points for Drafting Decision of Concerted Actions Exemptions. Another 43 explanations of Fair Trade Act were also reviewed.

3. Important Cases

1) Measurements taken to deal with situations caused by SARS

During the outbreak of severe acute respiratory syndrome (SARS), the FTC was assigned to be a member of Goods and Materials Control Board of the Prevention and Relief of SARS Committee of the Executive Yuan. The FTC actively devoted all its resources to prosecute undue excessive pricing of epidemic prevention goods and materials, successfully deterred the illegal practices and restored market mechanism of epidemic prevention goods and materials such as surgical masks.

2) Engaged Administrative Settlement with the Microsoft Taiwan Corporation

During April and May 2002, the general public complained that Microsoft Taiwan Corporation (hereafter referred as “MS Taiwan”) misused its monopolistic position in the personal computer operation system to unduly price its software and tie-in its MS Office products. The FTC organized an Ad Hoc Task Force for Investigating Monopoly in the Software Markets on 2 May 2002 and held 10 meetings. The Task Force held public hearings, collected market data, heard oral testimonies, collected the US, EU and Australia’s competition authorities’ experience in dealing with Microsoft Co. and conducted market surveys. During the investigation, the MS Taiwan proposed an administrative settlement with the FTC. After extensive negotiation, on 26 February 2003, the MS Taiwan submitted a Proposal for Administrative

Settlement to the FTC. The FTC reviewed the proposal and believed it was in the public interests.

After the contract being reached by the MS Taiwan and the FTC, to ensure the MS Taiwan fully complies with the content of the settlement, the FTC set up a monitoring task force to survey and monitor the retailers' pricing behaviors and other duties.

4. Enhancing International Cooperation

1) Participation in the international organizations

The FTC persistently participates in competition relevant meetings held by the WTO, the OECD, the APEC and the ICN. The active participation and contribution could facilitate the enforcement of the Fair Trade Act complying with the international trends and making the FTC an participant of the international rule-making processes.

2) Bilateral Co-operations

On 29 September 2003 the FTC held the 3rd Bilateral Consultation with the US Department of Justice, Antitrust Division and the Federal Trade Commission. The Chairman Dr. Tzong-Leh Hwang was invited by the Commissioner of Competition of the Canadian Competition Bureau, Mr. Konrad von Finkenstein, to attend the Annual Fall Conference of the Canadian Bar Association, held on 2-3 October 2003, in Ottawa, together with the heads of competition authorities of the US. In additions, the FTC kept implementing the tripartite arrangement with the Australian Competition and Consumer Commission and the New Zealand Commerce Commission. The FTC continued the annual staff exchange program with the ACCC enhance cooperation relationship between competition authorities in this region.

3) Competition Law Technical Assistance

The FTC and the OECD jointly hold seminars to help competition officials from Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Singapore and Hong Kong to establish their competition institutions. In 2003 the seminar was held in Singapore and the topic was on abuse of dominance and vertical restraints. The Thailand Ministry of Commerce, Department of Internal Trade also requested the FTC to send staff to give speeches and hold seminars. Through such kind of activities the FTC could establish itself a leading role in this region.