Evaluation of Fair Trade Act in relation to Pricing Vertical Restraints and Non-pricing Vertical Restraints

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Abstract

This paper aims to explore the valuation of restraint categories regarding the relationships among vertical trade restraints, the restraint of competitiveability, and legal duty. The research crosses different empirical domains, integrating the research spirit of managerial domain and the Fair Trade Act concept, and differing from previous related documents on vertical trade practices that focus on the vertical relationships of industries or the legal domain. This paper employs the legal principle of a vertical trade restraint and a moderating variable to construct two related models, namely, a basic model and a valuation model. A research sample consisting of 120 vertical trade restraint decision cases, including 53 cases involving pricing restraints and 67 cases involving non-pricing restraints, is sourced from the Taiwan Fair Trade Commission between 1992 and 2013. The statistical results indicate that the ability to restrain competition occupies only a partial mediating role when using the basic model. At the same time, there are no different valuations of restraint categories in relation to the path between vertical trade restraints and legal duty, and between competitive ability restraints and legal duty. In addition, there is a different valuation of restraint categories in relation to the path that lies between vertical trade restraints and competitive ability restraints. The findings can serve as a setting policy for both the Competition Law authority of and businesses when dealing with related cases.

Keywords: Vertical Trade Restrain, Restrain Competition Ability, Legal Duty, Pricing Restrain, Non-pricing Restrain, Fair Trade Act.

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