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Joint Decision Made by Evergreen International Storage and Transport Corp. and 20 other Businesses to Increase Charges for Use of Cargo-handling Machines in Violation of Fair Trade Act

The Fair Trade Commission decided at the 1,276th Commissioners’ Meeting on Apr. 20, 2016 that the joint decision made by Evergreen International Storage and Transport Corp., Tungya Transportation and Terminal Co., Ltd., Chinese Maritime Transport Ltd., Kaofeng International Logistics Co., Ltd., Associated International Inc., China Container Terminal Corp., TK Logistics International Co., Ltd., China Trade and Development Corp., Asia Pacific Logistics International Group, Express Container Terminal Corp., Kuo Cheng Total Logistics Co., Ltd., Universal Container Terminal Co., Ltd., Unitop Corporation, Central Freight Terminal Co., Ltd., Horng Maw Container Terminal Co., Ltd., Taiwan Container Terminal Co., Ltd., Ta San Horng International Container Terminal Co., Ltd., Worldwide Freight Terminal Inc., Worldwide Logistics Service Inc., Taipei Port Container Terminal Corp. and United Logistics International Co. in July 2014 to resume collection of charges for use of cargo-handling machines to load and unload CFS export goods weighing less than three tons (hereinafter referred to as the charges for use of machines for CFS export goods) had been a practice to restrict the business activities of one another that was able to affect the supply-demand function in the container terminal service market in violation of the regulation prohibiting concerted actions set forth in Article 15 (1) of the Fair Trade Act. In addition to ordering the said companies to stop collecting the charges for use of machines for CFS export goods, the FTC also imposed administrative fines on them ranging between NT\$100,000 and 17.25 million, respectively (see the attached table for the details). The fines totaled NT\$72.60 million.

The findings of the FTC's investigation indicated that the 21 companies exchanged opinions and discussed the resumption of collection of the charges for use of machines for CFS export goods when dining after the meetings convened by the Container Terminal Transport Association R.O.C. (hereinafter referred to as the CTTA) on Dec. 10, 2013 and Feb. 26, 2014 as an opportunity to resume collection of such charges. To expedite the resumption, they contacted the Keelung Customs Broker Association through the CTTA several times to negotiate the methods of collection. Around the end of April and beginning of May in 2014, each of the companies presented the collection resumption document or announcement to the CTTA for the CTTA to officially notify the associations of shipping companies, shipping agents, forwarders, consignors, import/export businesses and container truck operators as well as the Customs. The notice included the wording "...Starting on July 1, the members of the CTTA members shall resume collection of the charges for use of machines for CFS export goods..." The document or announcement regarding the resumption of collection of the charges from each container yard was also attached.

As a result of the decision, Evergreen International Storage and Transport Corp. and the 20 other companies resumed collection of the charges starting on July 1 or at the beginning of July in 2014. Besides the fact that the companies did establish a mutual understanding through the exchange of ideas while dining together, some of the companies also admitted and testified that the CTTA members had indeed reached a consensus on the decision to resume the collection of the charges. The joint decision of

these 21 companies that were competitors to resume collection of the charges for use of machines for CFS export goods was intended to restrict each other's business activities. It was a "concerted action" as described in Article 14 (1) of the Fair Trade Act.

The 21 companies accounted for over 80% of the overall container station business and CFS transport capacity in the country. Moreover, being horizontal competitors, they should have offered better prices, services, quality, or other transaction conditions to fight for trading opportunities. Each container yard should have decided whether it would resume collection of the charges for use of machines for CFS export goods according to its management cost, the competition conditions and its business assessment. However, all of them resorted to the concerted action to accomplish the goal of resuming collection of the charges and at the same time reduce the competition risk of any single company resuming collection of the charges alone. As a result, collection of the charges was indeed resumed in July 2014 at every container yard. The conduct already reduced the incentive of container yards to offer more advantageous prices, services and quality to attract trading counterparts, and this market function was seriously distorted.

Evergreen International Storage and Transport Corp. and the 20 other companies violated the regulation of "No enterprise shall engage in any concerted action" specified in Article 15 (1) of the Fair Trade Act. After evaluating the motive, level of harm and seriousness of the unlawful act as well as the participants' business scales and attitudes after the violation, the FTC cited Article 40 (1) of the Fair Trade Act and made the aforementioned sanctions. 


Item	Name of Company	Amount of Fine
1	Evergreen International Storage and Transport Corp.	NT\$17.25 million
2	Tungya Transportation and Terminal Co., Ltd.	NT\$13.00 million
3	Chinese Maritime Transport Ltd.	NT\$10.00 million
4	Kaofeng International Logistics Co., Ltd.	NT\$4.40 million
5	Associated International Inc.	NT\$3.95 million
6	China Container Terminal Corp.	NT\$3.15 million
7	TK Logistics International Co., Ltd.	NT\$3.10 million
8	China Trade and Development Corp.	NT\$3.10 million
9	Asia Pacific Logistics International Group	NT\$2.95 million
10	Express Container Terminal Corp.	NT\$2.80 million
11	Kuo Cheng Total Logistics Co., Ltd.	NT\$1.95 million
12	Universal Container Terminal Co., Ltd.	NT\$1.85 million
13	Unitop Corporation	NT\$1.70 million
14	Central Freight Terminal Co., Ltd.	NT\$1.35 million
15	Horng Maw Container Terminal Co., Ltd.	NT\$900,000
16	Taiwan Container Terminal Co., Ltd.	NT\$600,000
17	Ta San Horng International Container Terminal Co., Ltd.	NT\$150,000
18	Worldwide Freight Terminal Inc.	NT\$100,000
19	Worldwide Logistics Service Inc.	NT\$100,000
20	Taipei Port Container Terminal Corp.	NT\$100,000
21	United Logistics International Co.	NT\$100,000

Caffé Bene Taiwan in Violation of Fair Trade Act for Failing to Disclose Important Franchise Information

The Fair Trade Commission decided at the 1,275th Commissioners' Meeting on Apr. 13, 2016 that Caffé Bene Taiwan Co., Ltd. (hereinafter referred to as Caffé Bene Taiwan) had violated Article 25 of the Fair Trade Act for not fully disclosing important trading information in writing before contract signature when recruiting franchisees for the "Caffé Bene" brand. The FTC imposed an administrative fine of NT\$450,000 on the company.

On Jul. 31, 2014, Caffé Bene Taiwan signed with the Korean parent company of the "Caffé Bene" chain a licensing agreement which authorized Caffé Bene Taiwan to be the general agent for the franchise in Taiwan to recruit franchisees. However, it was not long before Caffé Bene Taiwan violated the agreement and the agreement automatically terminated on Aug. 30 of the same year. Yet before signature and after termination of the agreement, Caffé Bene Taiwan recruited six franchisees for the "Caffé Bene" brand. During the recruitment process, the company provided the trading counterparts with the franchise contract, price quotations and the Caffé Bene Business Guidebook, but the expenses required to purchase raw materials during operation, information regarding authorization for franchisees to use the

trademark rights, the contents and approaches of training and instruction and the number of franchisees of the franchise in all the counties (cities) and their addresses were not fully disclosed in those documents.


The aforementioned information was closely associated with the total investment cost, business profit rate, use of trademark rights, brand growth and stability, franchisee training and instruction, market scale changes, franchisee business performance and risk, etc. It was important information that people interested in joining the franchise needed to assess whether to join the franchise or choose another franchiser. Being the side with information advantages, Caffé Bene Taiwan did not fully disclose the aforesaid trading information in writing. It obstructed its trading counterparts from making the correct transaction decision and the practice was obviously unfair to the trading counterparts or unspecified potential trading counterparts. At the same time, it also caused competitors to lose opportunities to sign contracts with franchisees. Hence, the practice was obviously unfair conduct able to affect trading order in violation of Article 25 of the Fair Trade Act. For this reason, the FTC made the abovementioned sanction decision. 

Merger between Lam Research Corporation and KLA-Tencor Corporation Not Prohibited

The Fair Trade Commission decided at the 1,271st Commissioners' Meeting on Mar. 16, 2016 to cite Article 13 (1) of the Fair Trade Act and not to prohibit the merger between US-based Lam Research Corporation (hereinafter referred to as Lam) and US-based KLA-Tencor Corporation (hereinafter referred to as KLA).

Lam intended to acquire KLA through a subsidiary. On the day the merger was completed, a second-stage merger between KLA and a new subsidiary or another subsidiary of Lam would be conducted and the latter would be the final surviving company. The condition complied with the merger pattern of "where an enterprise and another enterprise are merged into one" described in Subparagraph 1 of Article 10 (1) of the Fair Trade Act. At the same time, the total sales of either Lam or KLA in 2014 had achieved the merger filing threshold while none of the proviso conditions specified in Article 12 of the same act was applicable. Therefore, Lam filed a merger notification with the FTC.

Besides soliciting opinions from the public, the FTC

also asked for the view of the competent authority of the industry about the merger. The findings of the FTC's investigation indicated that KLA was a leading manufacturer in the wafer measurement equipment market, but Lam did not produce or sell related products. Meanwhile, KLA did not produce or market wafer deposition, etching or cleaning equipment; therefore, the merger would have no significant influence on the semiconductor equipment market in the country. As the semiconductor industry is highly specialized and technical and there were many competitors, Lam and KLA did not have the capacity to bar competitors from competing or lead to market foreclosure. Furthermore, the range of equipment that the two companies together could produce after merging would be more comprehensive and the effect on the IC industry would be positive. In other words, the FTC concluded that the overall economic benefit from the merger would outweigh likely disadvantages from competition restrictions thereof incurred and therefore did not prohibit the merger according to Article 13 (1) of the Fair Trade Act. 


Six Taichung Gravel Businesses Jointly Increased Sand and Gravel Prices in Violation of Fair Trade Act

The Fair Trade Commission decided at the 1,269th Commissioners' Meeting on Mar. 2, 2016 that Bao Ren Sand and Gravel Co. Ltd., Zhi Jian Enterprise Co., Ltd., Bao Wen Co., Ltd., Yi Hua Sand and Gravel Co., Ltd., An Xin Enterprise Co., Ltd. and Yi Yu Enterprise Co., Ltd. had violated Article 14 (1) of the Fair Trade Act by jointly deciding to increase sand and gravel prices during a meeting in 2013. The conduct was able to affect the supply-demand function in the sand and gravel market in the central region. Therefore, the FTC imposed administrative fines of NT\$400,000, NT\$400,000, NT\$400,000, NT\$200,000, NT\$100,000 and NT\$100,000 on the said companies, respectively. The fines totaled NT\$1.6 million.

The large sand and gravel plants in the central region were mostly located in Miaoli County, Taichung City, Nantou County and Yunlin County. They used to rely on river dredging in the Daan River, Dajia River, Wu River and Zhuoshui River for sources of sand and gravel. In 2013, however, the sand and gravel production in Nantou County declined and sand and gravel supply in Miaoli, Taichung, Changhua, Nantou and Yunlin Counties/Cities was affected. Therefore, some of the gravel businesses in the region took advantage of an anticipated decrease in supply and price hikes in the sand and gravel

market, met together and jointly decided to increase sand and gravel prices. After receiving complaints from their downstream clients, the FTC launched an investigation.


The FTC's investigation revealed that Bao Ren Sand and Gravel Co., Ltd. and the five other businesses dined together several times between March and May in 2013 and exchanged price information. They all agreed on the decision to increase sand and gravel prices in order to reflect the costs and they also informed their downstream clients of the higher list prices. After the businesses found out that the FTC was investigating the case, they stopped meeting and also ceased the concerted action. As a result, the sand and gravel prices in the region went down.

Since the concerted action in this case was intended to restrict prices, it was a hardcore cartel practice. Intrinsicly, it was likely to impede market competition. Therefore, regardless of the market share levels of the participants, the influence of the concerted action on the market was illegal. As the six businesses were rather cooperative throughout the investigation and they had already stopped the concerted action when the FTC was investigating, the FTC therefore imposed the aforesaid sanctions according to the sales of each company. 

False Advertising Posted by TST Art of Discovery for “The Face of Leonardo, Images of a Genius” exhibition in Violation of Fair Trade Act

The Fair Trade Commission decided at the 1,275th Commissioners’ Meeting on Apr. 13, 2016 that TST Art of Discovery Co., Ltd. (hereinafter referred to as TST Art of Discovery) violated Paragraph 4 of Article 21 of the Fair Trade Act for posting on its website the wording “Lucan portrait of Leonardo da Vinci worth NT\$7 billion,” “55 masterpieces totaling NT\$10 billion in value,” “allowing viewers to see authentic paintings totaling close to NT\$10 billion in value all at once,” and “market price exceeding 2 million Euros... ‘Lucan portrait of Leonardo da Vinci,’” for “The Face of Leonardo, Images of a Genius” exhibition. It was a false, untrue and misleading representation with regard to service and able to affect transaction decisions and paragraph 1 of the same article was applicable mutatis mutandis. The FTC imposed an administrative fine of NT\$500,000 on the company.

The wording “Lucan portrait of Leonardo da Vinci


worth NT\$7 billion,” “55 masterpieces totaling NT\$10 billion in value,” “allowing viewers to see authentic paintings totaling close to NT\$10 billion in value all at once,” and “market price exceeding 2 million Euros... ‘Lucan portrait of Leonardo da Vinci’” was meant to indicate that the paintings exhibited definitely had their objective value and to give the impression of the preciousness of the exhibition to attract people to visit. However, TST Art of Discovery was unable to prove the value of the paintings it claimed or present any estimates provided by any just and objective third party. Therefore, the value-associated claim obviously had no objective evidence to support it, but it already created wrong perceptions in consumers who then made the decisions to visit the exhibition accordingly. Hence, it was a false, untrue and misleading representation with regard to service and able to affect transaction decisions. 

Fonelin Internet Technology in Violation of Multi-level Marketing Supervision Act

The Fair Trade Commission decided at the 1,272nd Commissioners' Meeting on Mar. 23, 2016 that Fonelin Internet Technology Co., Ltd. (hereinafter referred to as Fonelin Internet Technology), a multi-level marketing business, had violated Article 7 (1) of the Multi-level Marketing Supervision Act by not filing with the FTC before changing its office location and sales system. The company also violated Article 14 of the same act for failing to include statutorily required information in contracts signed with participants. The FTC imposed on the company an administrative fine of NT\$900,000 for the first violation and another administrative fine of NT\$100,000 for the second violation. The fines totaled NT\$1 million.

The FTC's investigation revealed that the Taipei office of Fonelin Internet Technology began operation in September 2015 to recruit participants and sign contracts with them. New participants had to buy a course (the initiation fee) and would be given discount points for shopping on the Popular group buy website and get a 10% discount for each purchase. The discount points were not a bonus to be given according to the consumption bonus system of the company. Meanwhile, the FTC also found out that

the ratio of bonuses that Fonelin Internet Technology issued between March and October in 2015 was inconsistent with the maximum percentage of the bonuses on revenue filed with the FTC, and the company had not filed with the FTC before launching the short-term promotion activity of issuing NT\$30,000 to each participant achieving a certain sales performance within four months as a subsidy for a trip to Tokyo. In other words, Fonelin Internet Technology had violated Article 7 (1) of the Multi-level Marketing Supervision Act by not filing with the FTC before changing its office location and sales system.

The bonus system described in the business guidebook Fonelin used in a company presentation in Taipei did not include the consumption bonus system the company filed with the FTC and the content was inconsistent with the business guidebook filed with the FTC. Although the company notified each business office to retrieve the business guidebooks of the old edition and requested that each new participant pick up a new business guidebook, the aforesaid conduct had already violated Article 14 of the Multi-level Marketing Supervision Act. 

The “Regulations on Payment of Rewards for Reporting of Illegal Concerted Actions” Amended

On Oct. 7, 2015, the Fair Trade Commission enacted the “Regulations on Payment of Rewards for Reporting of Illegal Concerted Actions” (hereinafter referred to as the regulations) pursuant to Article 47-1 (4) of the Fair Trade Act to establish the legal basis for the issuance of reporting rewards to expedite investigation of concerted actions. In order to increase the incentives for reporting, the FTC amended the regulations regarding the qualifications of informers, the calculation of and criteria for the amounts of reporting rewards to be issued and the procedure of issuance. The key revisions are as follows:

1. Conditions on informer qualifications (Article 4)

(1) Since it is more likely for the directors, representatives or other authorized persons of enterprises involved in concerted actions to possess or obtain evidence of such concerted actions, the original regulation disqualifying such personnel from being informers is deleted. However, if the leniency policy is applicable and an enterprise involved in a concerted action has thus been granted immunity or a fine reduction, these regulations shall not apply to the directors, representatives or other authorized persons of such an enterprise in order to ensure fairness in the application of these regulations.

(2) It is added that if an informer is found to have forced other enterprises to participate in a concerted action or to have restricted other enterprises from withdrawing from a concerted action, it is considered a serious offense;

therefore, these regulations shall not apply.

2. Calculation of the amounts of reporting rewards to be issued (Article 5)

(1) To facilitate calculation and make the applicability more precise, the approach adopted to calculate the “basic amount” originally specified is deleted. The amount of the reward to be issued shall be determined in accordance with the value of the evidence provided by the informer and it shall be a specific percentage of the total fine imposed for the concerted action reported.

(2) To ensure that the income and expenditure of the Antitrust Fund can be balanced, it is added that when calculating the amount of reporting reward in a reported case to which the leniency policy applies, the aforesaid total fine imposed for the concerted action reported shall refer to the amount remaining after the amounts to be taken out as a result of immunity or fine reduction granted in accordance with the leniency policy are subtracted.


3. Criteria for issuance of reporting rewards (Article 6)

(1) To increase incentives for informers and make the applicability more precise, the criteria for the issuance of reporting rewards have been adjusted from five to three levels after the amendment and the upper limits have also been raised. In other words, the value of evidence provided by informers is divided into “enabling the competent authority to launch an investigation,”

“circumstantial evidence,” and “direct evidence”. The reporting rewards are, respectively, 5%, 10% and 20% of the total fine imposed for the concerted action in question, whereas the upper limits are, respectively, NT\$500,000, NT\$5 million and NT\$10 million.

- (2) If the total fine imposed for a concerted action is between NT\$200 million and NT\$500 million, the upper limits shall be doubled to become NT\$1 million, NT\$10 million and NT\$20 million. If the total fine achieved is over NT\$500 million, the upper limits shall be increased five times to become NT\$2.5 million, NT\$25 million and NT\$50 million.

4. Procedure of issuance of reporting rewards (Article 7)

- (1) To ensure that the Antitrust Fund can remain in normal operation, it is added that when the total reporting reward to be issued exceeds NT\$20 million, the FTC may first issue one quarter of the amount when the sanctions are decided. The remaining amount shall be issued after the sanctions are finalized.
- (2) To clearly define the legal implications involved, the FTC has referred to Article 131 of the Administrative Procedure Act and added that if a reporting reward grantee has failed to claim the reward within ten years, the right to claim the reward shall terminate and the reward shall go to the Antitrust Fund. 

An Overview of the Development of Multi-level Marketing Businesses in 2015

To enhance the guidance for and administration of the multi-level marketing industry, the Fair Trade Commission conducts a survey on the development of registered multi-level marketing businesses on an annual basis. The 2015 survey indicates that the total sales and the bonuses (commissions) issued were higher compared to the previous year and most of these businesses were optimistic about their operations in the future.

The 2015 survey was carried out on 492 multi-level marketing businesses that were registered before the end of the year. 410 of them filled out the questionnaire, bringing the response rate to 83.33%. After 20 businesses that had not yet begun operation and 38 businesses that had suspended or terminated operation were subtracted, there were 352 multi-level marketing businesses in operation and the survey results and statistical analysis here have been established accordingly. The outline of the survey results is as follows:

1. The number and overview of participants

- (1) There were 2.536 million multi-level marketing participants at the end of 2015, an increase of 368,000 people from the 2.168 million at the end of 2014. However, after participation in two or more multi-level marketing schemes is excluded, the number of participants at the end of 2015 became 2.533 million, growing by 387,000 people from the 2.146 million participants at the end of 2014.
- (2) The participation rate (the ratio of participants to the total population in the country) was about 10.78%. In other words, 1,078 out of every ten thousand people participated in multi-level marketing, going up 1.62% compared to the 9.16% at the end of 2014.
- (3) In 2015, there were 1.027 million new participants, accounting for 40.5% of the total number of participants (2.536 million) and increasing by 220,600 people compared to the 806,400 new participants in 2014.
- (4) The number of female participants in 2015 was 1.7579 million, making up 69.24% of the total number of participants (2.536 million) and increasing by 5.73% compared to the 63.51% in 2014.
- (5) In 2015, 129 multi-level marketing businesses, 36.65% of the total number of multi-level marketing businesses, recruited people with limited capacity for civil conduct to be participants. The number of participants with limited capacity for civil conduct recruited was 16,248. They mainly sold nutritional and healthcare products and averaged NT\$32,195 in annual income.

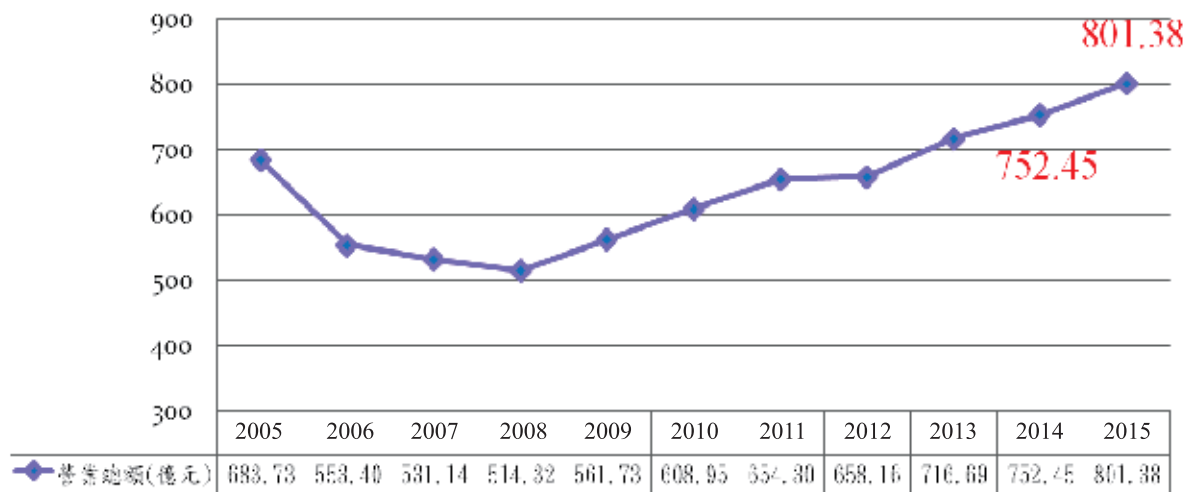
Table 1 Change in Number of Participants

	Number of Participants	Number of Participants after Exclusion of Repeated Participation	Participation Rate	Female Participation Rate
2014	2.168 million	2.146 million	9.16%	63.51%
2015	2.536 million	2.533 million	10.78%	69.24%

2. Total output of the multi-level marketing industry and business scales

(1) The total sales generated by the 352 multi-level marketing businesses in 2015 amounted to NT\$80.138 billion, an increase of 4.893 billion (6.5%) from the 75.245 billion in 2014.

Fig. 1 Trend Chart--Total Sales over the Years



(2) There were 16 multi-level marketing businesses with annual sales reaching more than NT\$1 billion. They accounted for 4.55% of the total number of multi-level marketing businesses, but the aggregation of their annual sales reached NT\$53.35 billion, or 66.57% of the total sales of the multi-level marketing industry.

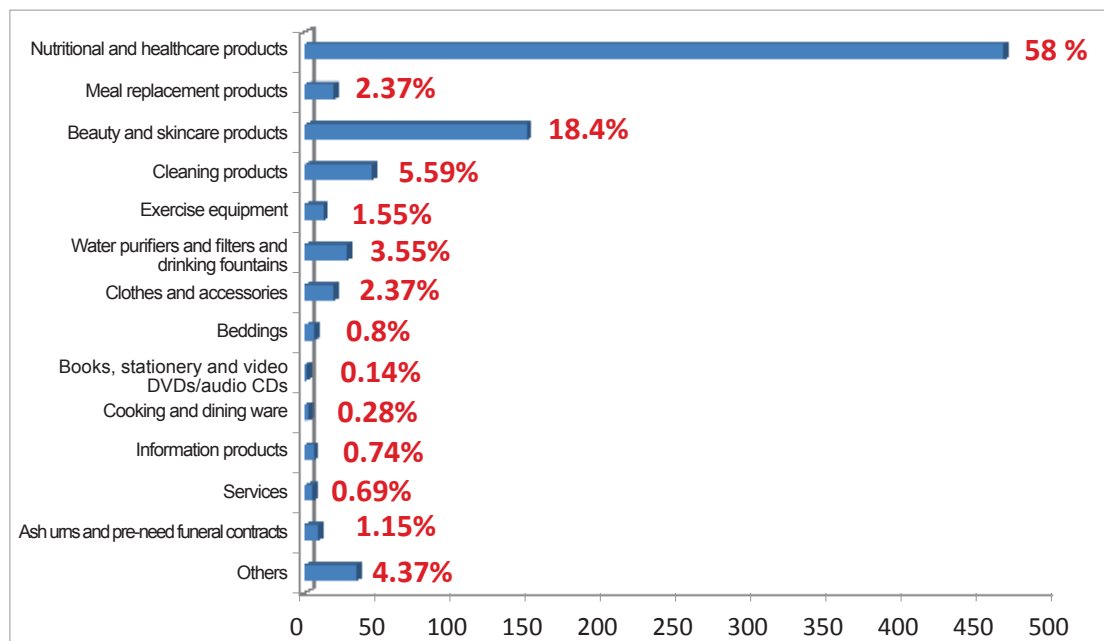
(3) 62 businesses generated sales between NT\$100 million and 1 billion. They accounted for 17.61% of the total number of multi-level marketing businesses, but the aggregation of their total sales was NT\$21.833 billion, or 27.24% of the total sales of the multi-level marketing industry.

(4) Each of the remaining 274 businesses generated sales of less than NT\$100 million. They made up 77.84% of the total number of multi-level marketing businesses, but the aggregation of their total sales was 4.956 billion, merely 6.18% of the total sales of the multi-level marketing industry.

3. Multi-level marketing products and purchasing costs

(1) Nutritional and healthcare products continued to be the best-selling items, totaling NT\$46.482 billion (58%) in 2015, followed by beauty and skincare products with NT\$14.746 (18.4%), cleaning products with NT\$4.478 billion (5.59%) and other products with NT\$3.499 billion (4.37%). The sales of these four leading products accounted for 86.36% of the total sales in the multi-level marketing industry. Meanwhile, when judged according to the sales of domestic products and imported products, the sales of businesses marketing both kinds of products totaled NT\$50.065 billion (62.47% of the total sales in the industry), followed by the sales of NT\$18.023 billion (22.49% of the total sales of the industry) of businesses marketing only domestic products, and then the sales of NT\$12.05 billion (15.04% of the total sales of the industry) of businesses marketing only imported products.

Fig. 2 Ratios of Sales of Products (Services) to Total Sales in the Multi-level Marketing Industry in 2015



(2) In 2015, the purchasing (manufacturing) costs of multi-level marketing businesses totaled NT\$23.771 billion, accounting for 29.66% of the total sales in the industry, dropping 3.33% compared to the 32.99% recorded in 2014.

4. Issuance of bonuses (commissions) and number of participants placing orders and corresponding ratios

(1) In 2015, the multi-level marketing businesses in the country issued NT\$28.992 billion in bonuses (commissions) in total, accounting for 36.18% of the total sales, an increase of 1.16% from the 35.02% in 2014. There were 83 businesses (23.58% of the total number of businesses) that issued 30% to 40% of their annual sales, 76 businesses (21.59%) that issued 40% to 50% of their annual sales, and 68 businesses (19.32%) that issued 20% to 30% of their annual sales as bonuses (commissions).

(2) In 2015, 1.927 million participants, 75.99% of the total number of participants, placed orders and 824,000 participants, 32.49% of the total number of participants, received bonuses (commissions). On average, each of these participants received NT\$35,144 in bonuses (commissions), an increase of NT\$197 compared to the NT\$34,947 in 2014.

Table 2 Numbers and Ratios of Participants Placing Orders and Receiving Bonuses (Commissions)

	2014	2015	Increase and Decrease
No. of participants placing orders	1.494 million	1.927 million	+7.08%
Ratio to total No. of participants	68.91%	75.99%	
No. of participants receiving bonuses (commissions)	753,000	824,000	-2.24%
Ratio to total No. of participants	34.73%	32.49%	
Average amount received	NT\$34,947	NT\$35,144	+ NT\$197

5. Views about business in the future

(1) 161 multi-level businesses (45.74%) believed that their sales in 2016 would be better than in 2015. 123 businesses (34.94%) thought their sales in 2016 would be about the same as in 2015. These two groups together accounted for 80.68% of the total, an indication that the multi-level marketing businesses were pretty optimistic about their operations in the future.

(2) 54.83% of the businesses worried about economic downturns in the multi-level market. 46.31% of the

businesses were concerned about the aggravation of competition between similar products, followed by 42.33% which thought that their sales might be sabotaged by illegal multi-level marketing operations, with 37.22% being afraid of losing participants and 33.52% wondering whether the market might become saturated. The number of businesses worrying about market recessions grew by 14.99% compared to the number in 2014, suggesting that multi-level marketing businesses believed that market recessions could have a certain impact on their management.

- (3) 59.38% of the businesses indicated that multi-level marketing regulation counseling and explanations of sample cases were the services they needed the most. 50.57% said that they required assistance with the multi-level marketing business filing procedure. 124 businesses (35.23%) would have liked to have had help training participants and 120 businesses (34.09%) needed legal counseling on issues with regard to the Multi-level Marketing Protection Foundation. 93 businesses (26.42%) thought they needed more information about the Personal Information Protection Act. Since the Multi-level Marketing Supervision Act was officially enforced on Jan. 29, 2014 and the provisions are not entirely the same as those in the Supervisory Regulations Governing Multi-level Sales, and also 166 multi-level marketing businesses registered with the FTC after 2012 and 63 of them did not begin operation until 2015, multi-level marketing regulations, sample cases and the filing procedure have remained areas where counseling is needed the most or problems are encountered the most often. For this reason, the need for assistance in these areas increased by 12.06% and 9.13%, respectively, compared to 2014.

FTC Activities in May and June 2016

- ▲ On May 2, 10, 13 and 24, the FTC conducted the “Fair Trade Act and Multi-level Marketing Supervision Act Training Camp” respectively at the MS Program in Entrepreneurship Management of National Kaohsiung First University of Science and Technology, the Department of Business Administration of Tainan University of Technology, the Department of Agribusiness Management of National Pingtung University of Science and Technology and the Department of Economics of National Chung Cheng University.
- ▲ On May 20, the FTC conducted the “Presentation on the Fair Trade Commission Disposal Directions (Policy Statements) on Real Estate Brokerage” in Kaohsiung City.
- ▲ On May 25, the FTC conducted a presentation on “Various Aspects of Trading Traps” at the Tainan City Chamber of Commerce.
- ▲ On May 27, the FTC conducted the junior high school “Fair Trade Act Seed Teacher Workshop” in Hualien County.
- ▲ On May 28, the FTC worked with the Taiwan Fair Trade Act Association and conducted the first “Taiwan Fair Trade Act Association Academic Seminar” in 2016 at the Linze Hall of the School of Law of National Taiwan University.
- ▲ On Jun. 1, the teachers and students of the Graduate Institute of Technology Management of National Taipei University of Science and Technology attended the “Fair Trade Act and Multi-level Marketing Supervision Act Training Camp” held at the FTC.
- ▲ On Jun. 2, the FTC conducted the “Presentation on the Fair Trade Commission Disposal Directions (Guidelines) on Handling Promotional Advertisement” for business or advertising trade associations and online platform and other promotional advertising operators in Taipei City.
- ▲ On Jun. 3, the FTC conducted the junior high school “Fair Trade Act Seed Teacher Workshop” in Hualien County.
- ▲ On Jun. 3, the FTC conducted the “Fair Trade Act and Multi-level Marketing Supervision Act Training Camp” at the Department of Economic and Financial Law of the National University of Kaohsiung.
- ▲ On Jun. 7, Fu Jen Catholic University Vice President Chen Jung-Lung gave a special topic lecture on “Flexible Development and Competition Restrictions of Easement” at the invitation of the FTC.
- ▲ On Jun. 11, 22, 24 and 25, the FTC conducted presentations on “Various Aspects of Trading Traps” respectively at the Shanhua District Senior Citizens’ Activity Center in Tainan City, the Kaohsiung City Workers’ Friends Association, the Jiuru Township Jiuming Community Development Association in Pingtung County and the Singang Township Community Service Association in Chiayi County.
- ▲ On Jun. 20, the FTC conducted a presentation on the “Fair Trade Commission Disposal Directions on the Use of Endorsements and Testimonials in Advertising” for representatives from business or advertising trade associations, department stores and retail businesses, retail businesses without shops and businesses using endorsements and testimonials in advertising in Taipei City.
- ▲ On Jun. 21, the FTC conducted a presentation on “Online Operation of the Fair Trade Commission Multi-level Marketing Administration System and Things to Note” for multi-level marketing businesses and enterprises or individuals intending to engage in multi-level marketing in Taipei City.
- ▲ On Jun. 28 and 29, the FTC held the “2016 Taiwan International Conference on Competition Policy / Law--Strategies of Competition Policy in the Global and Digital Economy.



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1. The FTC conducting the "Presentation on the Fair Trade Commission Disposal Directions (Policy Statements) on Real Estate Brokerage" in Kaohsiung City
2. The FTC conducting a presentation on "Various Aspects of Trading Traps" at the Tainan City Chamber of Commerce
3. The FTC conducting the "Presentation on the Fair Trade Commission Disposal Directions (Guidelines) on Handling Promotional Advertisement" in Taipei City
4. Fu Jen Catholic University Vice President Chen Jung-Lung giving a special topic lecture on "Flexible Development and Competition Restrictions of Easement" at the invitation of the FTC
5. The FTC conducting a presentation on the "Fair Trade Commission Disposal Directions on the Use of Endorsements and Testimonials in Advertising" in Taipei City
6. The FTC Chairperson Wu Shioh-Ming delivering opening remarks at "2016 Taiwan International Conference on Competition Policy / Law"
7. The group photo for distinguished guests of "2016 Taiwan International Conference on Competition Policy / Law"

FTC International Exchanges in May and June 2016

- ▲ On May 25, the FTC attended the teleconference of the ICN Cartel Working Group Subgroup 2.
- ▲ From Jun. 1 to 3, the FTC attended the “APEC Structural Reform Capacity Building Workshop” in Singapore.
- ▲ From Jun. 13 to 17, the FTC attended the routine meeting and related meetings of the OECD Competition Committee.
- ▲ On Jun. 27, the FTC held the “Taiwan-Canada Bilateral Meeting on Competition Law”.
- ▲ From Jun. 27 to 29, the FTC attended bilateral talks respectively with the heads or representatives of the Australian, French, US, New Zealand and Singapore competition authorities and the chair of the OECD Competition Committee.
- ▲ On Jun. 30, the FTC attended the teleconference of the ICN Advocacy Working Group.



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1. The FTC attending the “APEC Structural Reform Capacity Building Workshop” in Singapore
2. The FTC attending the routine meeting and related meetings of the OECD Competition Committee
3. The FTC Chairperson Wu Shioh-Ming (right) with Canadian Competition Bureau Commissioner John Pecman (left)
4. The FTC Chairperson Wu Shioh-Ming (right) with OECD Competition Committee Chairperson Frédéric Jenny (left)

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