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Wacom Taiwan Restricted Retailers' Resale Prices in Violation of the Fair Trade Act

The FTC decided at the 1,382nd Commissioners' Meeting on May 2, 2018 that Wacom Taiwan Information Co., Ltd. (hereinafter referred to as Wacom Taiwan) had violated Article 19 (1) of the Fair Trade Act by restricting the resale prices of retailers for its drawing tablets and drawing pads. In addition to ordering the company to immediately cease the unlawful act, the FTC also imposed on it an administrative fine of NT\$300,000.

Wacom Taiwan is a wholly-owned subsidiary of Japanese Wacom Co., Ltd. Through GrandTech C.G. Systems Inc. (hereinafter referred to as GrandTech) and Weblink International Inc. (hereinafter referred to as Weblink), the company sold Wacom drawing tablets, drawing pads and other digital drawing products to retailers who then resold the products to end users in the country. In Jan. 2013 and Aug. 2016, Wacom Taiwan instructed GrandTech to cut supply to a specific retailer and also request that the retailer stop selling Wacom products. Wacom Taiwan admitted that it was only on rare occasions that the company interfered with online retail prices and the company had done so because some retailers bidding for large procurement projects put out by schools had expressed their concerns.

As set forth in Article 19 (1), "An enterprise shall not impose restrictions on resale prices of the goods supplied to its trading counterpart for resale to a third party or to such third party for making further resale. However, those with justifiable reasons are not subject to this limitation." The FTC's investigation indicated that Wacom Taiwan did request that a specific retailer remove the

company's products from its product list and also did instruct GrandTech to discontinue supply to force the retailer to stop selling the products at lower prices or raise the prices. Besides, the market power of Wacom Taiwan, the importance of providing Wacom products to retailers, the request from Wacom that the retailer remove Wacom products from its product list and the discontinuation of supply could easily have forced the retailer to comply with the company's demands

to sell the products at prices set by the company. For this reason, Wacom Taiwan did "impose restrictions on resale prices of the goods supplied to its trading counterpart for resale to a third party" and the practice could not be justified as intended to promote competition. Hence, the conduct was in violation of the regulation prohibiting restrictions on resale prices set forth in Article 19 (1) of the Fair Trade Act. 

THWSCO and TLWSCO Established a Mutual Understanding to Raise Bid Prices in Violation of the Fair Trade Act

The FTC decided at the 1,384th Commissioners' Meeting on May 16, 2018 that Taichung Harbour Warehousing and Stevedoring Co., Ltd. (hereinafter referred to as THWSCO) and Teh Long Warehousing and Stevedoring Co., Ltd. (hereinafter referred to as TLWSCO) had violated Article 15 (1) of the Fair Trade Act by establishing a mutual understanding to raise bid prices for the "2016-2017 Tender for Procurement of Stevedoring Services to Unload Imported Salt at the Port of Taichung" put out by Taiyen Biotech Co., Ltd. The practice restricted the business activities of the 2 companies and also affected the bidding mechanism of the tender in question. Therefore, the FTC imposed administrative fines of NT\$500,000 and NT\$100,000 on the 2 companies, respectively. The fines totaled NT\$600,000.

Only THWSCO, TLWSCO and Chien Shing Harbor Service Co., Ltd. were allowed to use all the public docks for bulk and general cargo stevedoring operations. Between Nov. 2015 and Feb. 2016, the general managers of THWSCO and TLWSCO had meetings to discuss the bid prices that the 2 companies would offer for the stevedoring service procurement project in question. Cross reference made to testimonies from THWSCO, TLWSCO and related personnel from the 2 companies, LINE conversation records and the bid price lists for the

tender in question indicated that THWSCO had already known the bid price offered by TLWSCO before tender opening. Both companies completed their bidding on the same day. In addition, the bid prices offered by the 2 companies and the absence of TLWSCO at the bid opening were all proved to be consistent with the LINE conversation records. In other words, it was evident that both companies had discussed bid prices, had decided which company would be present at the bid opening, had exchanged business information and had executed the bid offers accordingly.

Being horizontal competitors, THWSCO and TLWSCO were supposed to fight for business opportunities by offering more advantageous prices, better quality, better services and other transaction terms. Nonetheless, the 2 companies met to discuss and establish the mutual understanding to raise bid prices and restrict each other's business activities. The practice sabotaged the bidding mechanism of the tender in question and free competition was restrained. It was in violation of the regulation "No enterprise shall engage in any concerted action" set forth in Article 15 (1) of the Fair Trade Act. Therefore, the FTC made the aforesaid sanction decision according to Article 40 (1) of the same Act. 

Merger of Linde, Praxair and Irish Company Linde Public Limited Not Prohibited

The FTC decided at the 1,383rd Commissioners' Meeting on May 9, 2018 that it would not prohibit the merger of German company Linde AG (hereinafter referred to as Linde), American company Praxair Inc. (hereinafter referred to as Praxair), and Irish company Linde Public Limited Company by citing Article 13 (1) of the Fair Trade Act.

Both Linde and Praxair sold special gases and helium in the country. Therefore, the product market involved was the special gas and helium market and the merger was a horizontal one. After the merger was completed, the market share the merging parties accounted for would grow, but the increase would be limited. In addition, there were still several domestic and foreign gas businesses of considerable scales competing. The influence of the merger on the special gas and helium market would be slight and competition in the relevant market would remain

fierce. Moreover, the special gases and helium were mostly sold to large and experienced electronics and semiconductor manufacturers. If the merging parties raised the prices of their products, their trading counterparts could switch to other suppliers. Hence, the influence of the merger on market competition would be insignificant.

The merger would benefit the professional knowledge and complementarity of technological capabilities of the merging parties and bring higher-quality and innovative products to the domestic market. More diverse products would be offered to customers through more cost-effective and efficient approaches that would benefit the overall economy. Hence, after general assessment, the FTC concluded that the overall economic benefit of the merger would outweigh the likely disadvantages resulting from competition restraints and therefore did not prohibit the merger. 

Enterprises Violated the Fair Trade Act by Failing to File Mergers in Advance

The FTC decided at the 1,387th Commissioners' Meeting on June 6, 2018 that the enterprises associated with Zhu Kuntu's family and stakeholders had violated Article 39 of the Fair Trade Act by failing to file mergers with the FTC during the process of acquiring the shares and management rights of natural gas businesses, namely, Shin Hsiung Natural Gas Co., Ltd. (hereinafter referred to as SHNG), Shin Nan Natural Gas Co., Ltd. (hereinafter referred to as SNNG), Shin Lin Natural Gas Co., Ltd. (hereinafter referred to as SLNG), Shin Chang Natural Gas Co., Ltd. (hereinafter referred to as SCNG) and Yu Miao Natural Gas Co., Ltd. (hereinafter referred to as YMNG). Therefore, the FTC imposed administrative fines ranging from NT\$200,000 to NT\$900,000 on the enterprises involved. The fines totaled NT\$5,400,000.

Public natural gas enterprises use pipelines to supply natural gas to private households, businesses and service industries. Currently, there are 25 monopolistic natural gas enterprises operating in different parts of the country to supply natural gas for household use and natural gas for non-household use. As indicated in the complaint filed with the FTC, public natural gas enterprises were monopolistic businesses. After obtaining the position of general manager of SHNG, Zhu Kuntu's family acquired the management rights of SHNG, SNNG, SLNG, SCNG and YMNG step by step. The informer thought the process of the Zhu family's acquisition of the shares or management rights of the 5 aforesaid enterprises was in violation of the Fair Trade Act.

The Zhu family acquired the shares or seats on the boards of directors of the 5 aforementioned public

natural gas enterprises through companies it invested in and stakeholders, including Xingtai Investment Co., Ltd. (hereinafter referred to as Xingtai Investment), Kuntai Investment Co., Ltd. (hereinafter referred to as Kuntai Investment), Kunshan Construction Co., Ltd. (hereinafter referred to as Kunshan Construction), Dakun Investment Co., Ltd. (hereinafter referred to as Dakun Investment), Baotai Investment Co., Ltd. (hereinafter referred to as Baotai Investment), Baokun Enterprise Co., Ltd. (hereinafter referred to as Baokun Enterprises), Huipu Investment Co., Ltd. (hereinafter referred to as Huipu Investment) and Hetong Investment Co., Ltd. (hereinafter referred to as Hetong Investment).

The decisions the FTC made during the 1,387th Commissioners' Meeting on June 6, 2018 are as follows:

- 1.Regarding the merger associated with SHNG: Xingtai Investment, Huipu Investment, Baotai Investment (including its affiliates Kuntai Investment and Baokun Enterprises) and Dakun Investment jointly acquired over one third of the voting shares of SHNG, whereas Xingtai Investment and Huipu Investment also directly or indirectly controlled the management and personnel appointment and dismissal of SHNG. Acting according to the decision of the Commissioners' Meeting, the FTC ordered the aforesaid enterprises to make corrections and also imposed fines of NT\$600,000 (the same currency applies hereinafter) on Xingtai Investment and Huipu Investment for their control of the management rights and personnel appointment and dismissal of SHNG.

2.As for the merger associated with SNNG: Dakun Investment, Kunshan Construction, Baotai Investment and Baokun Investment jointly gained direct or indirect control of the management and personnel appointment and dismissal of SNNG. Acting according to the decision of the Commissioners' Meeting, the FTC ordered the aforesaid enterprises to make corrections and also imposed fines of NT\$400,000 on each of Dakun Investment and Kunshan Construction and of NT\$200,000 on each of Baotai Investment and Baokun Investment.

3.In relation to the merger associated with SCNG: Kuntai Investment, Xingtai Investment and Dakun Investment jointly gained direct or indirect control of the management and personnel appointment and dismissal of SCNG. Acting according to the decision of the Commissioners' Meeting, the FTC ordered the aforesaid enterprises to make corrections and also imposed administrative fines of NT\$900,000, NT\$600,000 and NT\$300,000 on the 3 enterprises,

respectively.

4.Regarding the merger associated with SLNG: Baotai investment and Dakun Investment (including its affiliates Kuntai Investment, SCNG and Hetong Investment) jointly acquired over one third of the voting shares of SLNG. Acting according to the decision of the Commissioners' Meeting, the FTC ordered the aforesaid enterprises to make corrections.

5.As for the merger associated with YMNG: Zhu Wenhui, his affiliate companies and relatives within the first two degrees of consanguinity acquired over one third of the voting shares of YMNG while Dakun Investment also gained direct or indirect control of the management or personnel appointment and dismissal of YMNG. Acting according to the decision of the Commissioners' Meeting, the FTC ordered the parties involved to make corrections and also imposed fines of NT\$600,000 on each of Zhu Wenhui and Dakun Investment. 

PChome and T-wing Household Appliances Posted False Advertising in Violation of the Fair Trade Act

The FTC decided at the 1,368th Commissioners' Meeting on Jan. 24, 2018 that PChome Online Inc. (hereinafter referred to as PChome) and T-wing Household Appliance Co., Ltd. (hereinafter referred to as T-wing Household Appliances) had violated Article 21 (1) of the Fair Trade Act by claiming that the "Chanson CR-9833Am smart cold, warm and hot water dispenser" had been "awarded the Energy Label". It was a false and misleading representation with regard to quality of product and also could affect transaction decisions. The FTC imposed administrative fines of NT\$100,000 on PChome and NT\$50,000 on T-wing Household Appliances.

The claim in the advertisement that the product had been "awarded the Energy Label" gave the

impression that the product had been certified and given the Energy Label. However, PChome and T-wing Household Appliances were unable to provide any evidence to prove that the "CR-9833AM" product had been certified and awarded the Energy Label. However, according to the Bureau of Energy, Ministry of Economic Affairs, the product in question (CR-9833AM) had never been awarded the Energy Label. In other words, the claim that the product had been "awarded the Energy Label" was put forth despite the fact that the product had not passed the certification for the Energy Label. The conduct could have caused consumers to have wrong perceptions and make wrong decisions. It was a false and misleading representation in violation of Article 21 (1) of the Fair Trade Act. 

Oderbau Furniture Posted False Advertising in Violation of the Fair Trade Act

The FTC decided at the 1,369th Commissioners' Meeting on Jan. 31, 2018 that Oderbau Furniture Co., Ltd. (hereinafter referred to as Oderbau Furniture) had violated Article 21 (1) of the Fair Trade Act by posting on its company website and Facebook the wording "All furniture consists of chemical products that can release volatile chemical compounds (VOCs) to harm the health of the entire family" and "The weight of the body will suppress the TDI foam in the mattress and squeeze out VOCs which will be inhaled and enter the human body." Oderbau Furniture also claimed its MDI foam products contained only 13 $\mu\text{g}/\text{m}^3$ of VOCs and also posted on YouTube, its company website and Facebook a film entitled "Oderbau Furniture—non-toxic" in which the products from the company and other businesses were compared. The practice was a false and misleading representation that could affect transaction decisions in violation of Article 21 (1) of the Fair Trade Act. The FTC imposed an administrative fine of NT\$800,000 on Oderbau Furniture.

Oderbau Furniture posted on its website and Facebook fan page the wording "All furniture consists of chemical products that can release VOCs to harm the health of the entire family" and "As indicated in the reports on the results of MDI foam tests performed in the EU, the VOCs in foams have to be lower than 500 $\mu\text{g}/\text{m}^3$ according to CertiPUR standards, yet the foams used by Oderbau Furniture only contain 13 $\mu\text{g}/\text{m}^3$, far lower than the standard in Europe!" The cover of a CertiPUR certificate issued on Aug. 28, 2016 was also displayed in the advertisement. However, the FTC's investigation revealed that the amount

of VOCs indicated in the certificate was 72 $\mu\text{g}/\text{m}^3$, which was inconsistent with what was claimed in the advertisement. In the meantime, according to the Bureau of Standards, Metrology and Inspection (hereinafter referred to as the BSMI) of the Ministry of Economic Affairs, VOCs included a large variety of substances and not all of them were toxic. Oderbau Furniture claimed that "all furniture" released "VOCs" that could harm people's health but was unable to provide lab data to support its claim that the VOC content of the furniture products of other companies had reached the level harmful to human health. In other words, the claim in the advertisement was groundless.

Oderbau Furniture also posted on its website and Facebook fan page the claim that "the foams of memory pillows or memory mattresses available in the market are formed by using TDI. It is dangerous because the VOCs released from TDI are toxic and harmful to the human body" and "The weight of the body will suppress the TDI foams and squeeze out toxic VOCs which will then be inhaled and enter the human body." According to the BSMI, not all VOCs were toxic substances. The MDI foam products from Oderbau Furniture also contained VOCs and the company could not provide data on the VOC volumes in TDI foam products. Instead, Oderbau Furniture merely presented a subjective statement based on doubts and speculations to claim the VOCs released from TDI foam products could harm human health. Therefore, the FTC concluded that the claim by Oderbau Furniture about TDI foam products lacked objective data that would support it. It was a false and

misleading representation.

The “Oderbau Furniture—nontoxic” film posted by the company on YouTube, its website and Facebook suggested that children jumping up and down on “conventional TDI foams” would release polybrominated diphenyl ethers, formaldehyde, halogenated olefins, carbon tetrachloride, toluene and benzene, but “MDI health-protection foams” would not release such substances in similar situations. However, Oderbau Furniture could not present any objective data to support the claim that TDI foams would release chemical substances as indicated in the film. The company posted the claim that its MDI

foams would not produce the aforesaid substances just because they had passed the CertiPUR certification. According to the BSMI, however, the CertiPUR certification report only carried the results of formaldehyde and toluene tests; tests for polybrominated diphenyl ethers, halogenated olefins, carbon tetrachloride, toluene and benzene were not included. Hence, the use of comparative advertising by Oderbau Furniture to compare its products with the products of other businesses was a false and misleading representation that could affect transaction decisions. It was in violation of Article 21 (1) of the Fair Trade Act. 

The “Fair Trade Commission Disposal Directions (Guidelines) on the Business Practices of Franchisors” Amended

To promote the transparency of market information as well as solve problems derived from information asymmetry between franchisors and parties interested in joining franchises, the FTC first established the “Fair Trade Commission Disposal Directions (Guidelines) on Disclosure of Information by Franchisors” in 1999. Later, the guidelines were renamed the “Fair Trade Commission Disposal Directions (Guidelines) on the Business Practices of Franchisors” (hereinafter referred to as the disposal directions) which have since been amended 7 times. During the amendment process this time, besides inviting scholars and experts, the Ministry of Economic Affairs and related associations to attend seminars, the FTC also commissioned a professional service to conduct a questionnaire survey on franchisees that had been in operation for a certain period of time to understand the current situation in the franchise market. It was hoped, by doing so, that the FTC could perfect the disposal directions and make them more appropriate. After consolidating the opinions of different sectors and the results of the questionnaire survey, the FTC amended the disposal directions at the 1,392nd Commissioners’ Meeting on Jul. 11, 2018 and announced the amended version on Aug. 1 of the same year for franchisors to conduct their franchise practices accordingly and also for the FTC to more effectively maintain trading order in the franchise market. The key points of the amendment included information disclosure time points, items and approaches. Causes that franchisors could apply to justify their failure to disclose information were also

specified. The details are as follows:

1. Increase in information disclosure time points

Based on the principle of freedom of contract and also according to the results of the questionnaire survey conducted on franchisees within the same industry in 2018, in addition to “10 days before” contract signature and “a time point considered reasonable according to each case,” “a time point agreed upon by both parties” (Paragraph 1 of Point 3) has also been added as a time point for the provision of important information.

2. Deletion of items of information to be disclosed by franchisors

According to the results of the questionnaire conducted on franchisees within the same industry in 2018, 2 items of information, namely, 1) “the numbers of franchisees within the same chain in all counties and cities and their addresses and the ratios of contract cancellation and termination in the previous year,” and 2) “if financial information regarding estimated sales or estimated profit is included, how such figures are calculated or proof of management performance from existing franchisees,” have been deleted.

Furthermore, since the contents of intellectual property rights and their validity periods belong to public information, the contents to be disclosed are therefore reduced. Franchisors only need to disclose the “names of rights to be licensed for

franchisees to use, the range of application and the corresponding restrictions” (Subparagraph 3 of Paragraph 1 of Point 3).

3. Increase in the means of information disclosure in addition to providing written documents

Due to the increasing accessibility of the Internet, circulation of business information and diversification of transaction channels, franchisors, in addition to submitting written documents, are allowed to use email, electronic storage media, social media and communications software to provide important franchise information. However, as franchisors are always the ones who own and provide information, they are required to present evidence to prove whether they have provided such information (Paragraph 2 of Point 3).

4. Listing of examples of justifiable causes

The objective of the disposal directions is to promote the transparency of market information as well as

solve problems derived from information asymmetry between franchisors and parties interested in joining franchises. Hence, if information asymmetry does not exist between a franchisor and parties intending to join the franchise, even if the franchisor fails to provide important franchise information, it can still be considered justifiable. To give franchisors enough opportunities to provide their statements, the following causes are listed as justifiable: 1) When the original franchise relationship is continued or expanded; 2) the franchisor lacks the information of concern; and 3) information asymmetry does not exist between the franchisor and the trading counterpart (Paragraph 3 of Point 3).

5. Deletion of the regulation against the imposition of restrictions on competition after contract signature

The regulation has never been applied, whereas related violations can always be handled and sanctioned according to Article 20 of the Fair Trade Act ; therefore it is deleted. 

An Overview of the Development of Multi-level Marketing Businesses in 2017

To reinforce counseling for and administration of the multi-level marketing industry, the FTC has surveyed the development of registered multi-level marketing businesses each year. The survey conducted in 2017 indicated growth in the total sales of multi-level marketing businesses and the commissions (bonuses) issued compared to the year before. Due to the increasing accessibility of the Internet, the use of network media by multi-level marketing businesses to promote multi-level marketing has also become more and more prevalent. Common marketing approaches include promotion through company websites, Facebook fan pages and live streaming.

The multi-marketing businesses surveyed this time were the ones registered before the end of 2017. There were 466 businesses in total and 378 of them responded. The response rate was 81.12%. After 22 multi-level marketing businesses that had not yet started operation and 17 businesses that had stopped or suspended operation were deducted, there remained 339 multi-level marketing businesses in operation in 2017. These businesses made up the valid range of statistical analysis. The outline of the survey outcome is as follows:

1. The number and overview of participants

- (1) As of the end of 2017, there were 2.9926 million people participating in multi-level marketing, an increase of 228,600 people compared to the 2.7640 million participants at the end of 2016. After the number of people repeatedly joining 1 or 2 or more multi-level marketing businesses is taken into account, the number of participants at the end of 2017 was 2.860 million, growing by 123,000 people compared to the 2.737 million participants at the end of 2016.
- (2) The percentage of participation (the ratio of participants to the total population of 23.5712 million people in the country at the end of 2017) was about 12.13%. In other words, on average, 1,213 out of every 10,000 people participated in multi-level marketing, an increase of 0.5% compared to the 11.63% at the end of 2016.
- (3) In 2017, there were 956,400 new participants, accounting for 31.96% of the total number of participants (2.9926 million), or a decrease of 47,100 people compared to the 1.0035 million new participants in 2016.
- (4) Female participants continued to constitute the main workforce in multi-level marketing. In 2017, female participants totaled 2.0444 million, accounting for 68.32% of the total number of participants (2.9926 million), and reflecting a decline of 0.94% compared to the 69.26% in 2016.
- (5) In 2017, 158 multi-level marketing businesses recruited people with limited capacity for civil conduct (over 7 years old but less than 20 years old and single), accounting for 46.61% of the total number of multi-level marketing businesses. There were 13,000 people with limited capacity for civil conduct recruited and they mainly marketed nutritional products.

2. Total output and scales of multi-level marketing businesses

(1) In 2017, the sales of the 339 multi-level marketing businesses totaled NT\$88.619 billion, increasing by NT\$498 million, 0.57%, compared to the NT\$88.121 in 2016.

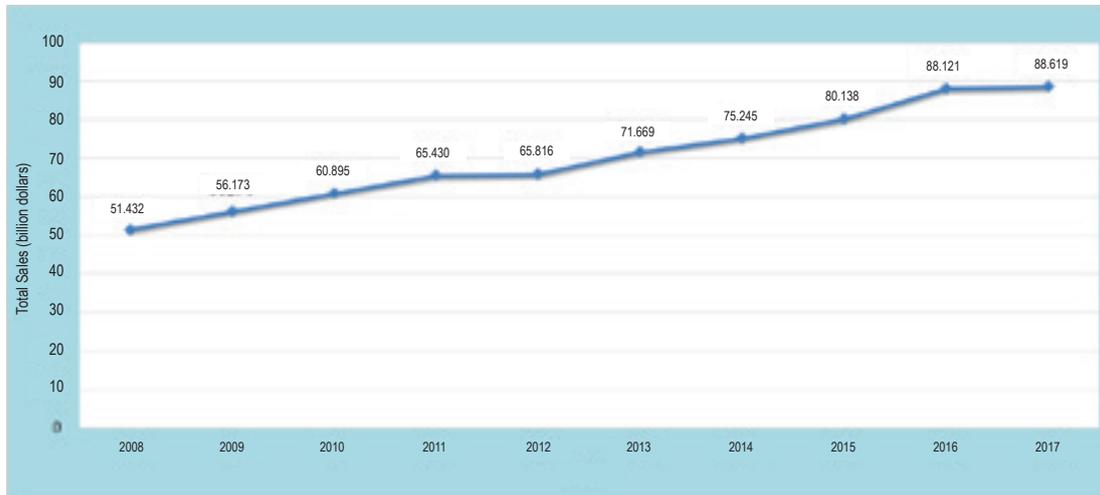


Fig. 1 Total Sales of Multi-level Businesses from 2008 to 2017

(2) 22 multi-level marketing businesses, or 6.49% of the total number of multi-level marketing businesses, had annual sales of NT\$1 billion or more. The total sales of these businesses amounted to NT\$65.147 billion, accounting for 73.51% of the annual sales of all the multi-level marketing businesses.

(3) 57 businesses, or 16.81% of the total number of multi-level marketing businesses, had annual sales of more than NT\$100 million but less than NT\$1 billion. The sales of these businesses totaled NT\$18.178 billion, accounting for 20.51% of the total sales of all the multi-level marketing businesses.

(4) There were 260 businesses, or 76.69% of the total number of multi-level marketing businesses, with annual sales below NT\$100 million. Their sales added up to NT\$5.294 billion, accounting for 5.97% of the total annual sales of all the multi-level marketing businesses.

3. Multi-level marketing products and purchase costs

(1) In 2017, nutritional products continued to be the best-selling items and their sales totaled NT\$53.441 billion (60.30%), followed by NT\$16.112 billion (18.18%) for beauty and skincare products, NT\$4.365 billion (4.93%) for cleaning products, and NT\$2.588 billion (2.92%) for other products (including essential oils, luck-bringing products, ordinary foods, etc.). These 4 types of products accounted for 86.33% of the total sales. When observed according to the place of origin of multi-level marketing products, businesses marketing both domestically produced and imported products recorded NT\$55.203 billion in sales (62.29% of the total sales of all the multi-level marketing businesses), followed by NT\$20.032 billion (22.60%) for businesses selling only domestic products, and NT\$13.385 billion (15.10%) for businesses selling only imported products.

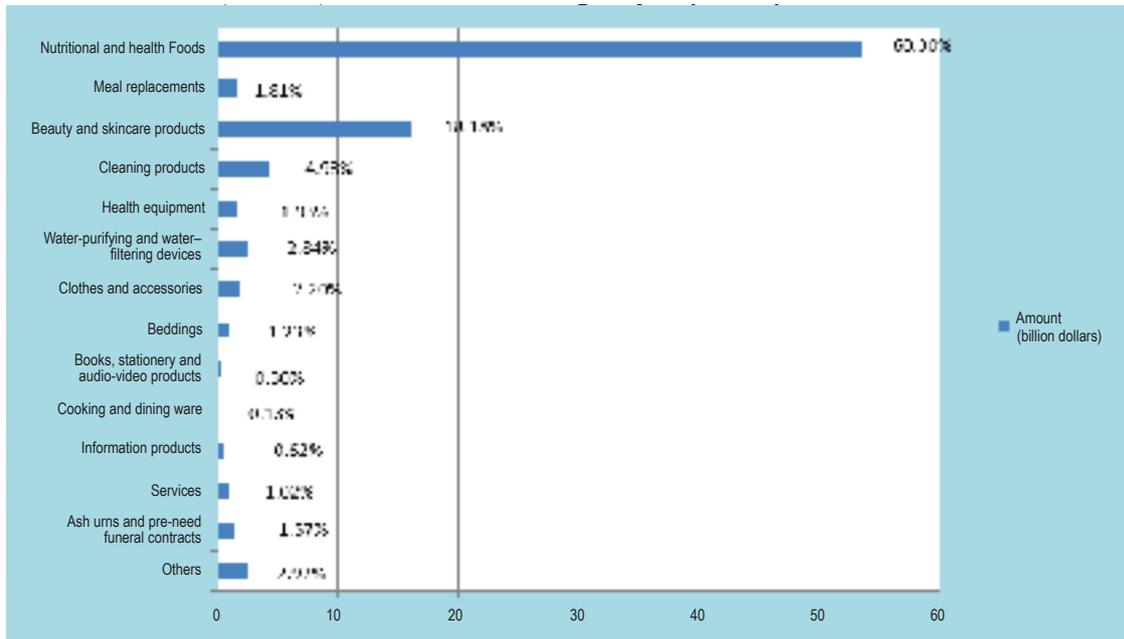


Fig. 2 Ratios of Multi-level Marketing Products (Services) to the Total Sales of All Multi-level Businesses in 2017

(2) In 2017, the purchase costs of multi-level marketing businesses totaled NT\$25.328 billion, accounting for 28.58% of the total sales.

4. Use of online marketing by multi-level marketing businesses

(1) In 2017, 164 multi-level marketing businesses, 48.38% of all the multi-level marketing businesses, adopted online marketing. 156 (46.02%) of them allowed consumers to place orders online. 115 businesses (33.92%) set up online shopping malls for participants to make purchases. 107 businesses (31.56%) both accepted online orders and set up online shopping malls.

(2) In 2017, 183 businesses (53.98%) promoted multi-level marketing through network media. Marketing through company websites topped the list (165 businesses, or 48.67% of the total number of multi-level marketing businesses), followed by marketing using Facebook fan pages (34 businesses, 10.03%). 46 businesses (13.57%) adopted live streaming for multi-level marketing, indicating increasing use of the Internet by multi-level marketing businesses in recent years.

5. Issuance of commissions (bonuses) and the number and ratio of participants placing orders

(1) In 2017, multi-level marketing businesses issued commissions (bonuses) that totaled NT\$36.144 billion, accounting for 40.79% of the total sales, an increase of 1.92% compared to the 38.87% in 2016. 75 businesses (22.12%) issued commissions (bonuses) that accounted for 30% to 40% of their annual sales, followed by 70 businesses (20.65%) issuing commissions (bonuses) that made up 40% to 50% of their annual sales. A further 53 businesses (15.63%) issued commissions (bonuses) that accounted for 20% to 30% of their annual sales.

(2) In 2017, 2.0707 million participants, or 69.18% of the number of participants, placed orders. About 794,000 participants collected commissions (bonuses), accounting for 26.54% of the total number of participants. On average, each person received NT\$45,466 in commissions (bonuses), an increase of NT\$3,559 compared to the NT\$41,907 in 2016.

(3) In 2017, 569,300 female participants [71.62% of the number of people collecting commissions (bonuses)] collected commissions (bonuses) totaling NT\$24.825 billion (68.16% of the total amount collected). 225,600 male participants [28.38% of the number of people collecting commissions (bonuses)] collected commissions (bonuses) totaling NT\$11.598 billion (31.84% of the total amount collected). At the same time, in 235 businesses (69.32%), females made up the majority of the top 10 collectors of commissions (bonuses).

6. Viewpoints about business management in the future

(1) Regarding future business management, 145 multi-level marketing businesses (42.77%) believed that sales in 2018 would be better and 120 businesses (35.40%) thought business would be about the same. These two groups together accounted for 78.17% of businesses, indicating that multi-level marketing businesses were generally optimistic about business management in the future.

(2) As for likely management problems in the future, the concern about market downturns (53.39% of the total number of businesses) topped the list, followed by competition from illegal multi-level marketing businesses (48.38%), increased competition between similar products (46.31%), a decrease in the number of participants (40.41%) and gradual market saturation (37.46%). The percentage of businesses worrying about competition from illegal multi-level marketing businesses had gone up year by year since 2014, indicating that multi-level marketing businesses were convinced that competition from illegal multi-level marketing businesses had a certain influence on their business.

(3) In relation to problems that multi-level marketing businesses needed help with the most or encountered the most often, 191 businesses (56.34%) indicated that the counseling service associated with multi-level marketing regulations and precedents was the biggest issue, followed by 181 businesses (53.39%) saying that they needed counseling to understand the multi-level marketing business registration procedure, 121 businesses (35.69%) that were in need of assistance with participant education and training, 119 businesses (35.10%) that required legal counseling with regard to questions associated with the Multi-level Marketing Protection Foundation, and 67 businesses (19.76%) that were seeking counseling associated with the Personal Information Protection Act. Because the Multi-level Marketing Supervision Act was officially implemented on Jan. 29, 2014 and the Supervisory Regulations Governing Multi-level Sales that were established in accordance with Article 23-4 of the Fair Trade Act before the amendment were different, in addition to the fact that 188 multi-level marketing businesses registered after 2012, including the 68 new businesses beginning operation in 2017 that involved 956,400 new participants, multi-level marketing regulations and precedents, and counseling with regard to the multi-level business registration procedure continued to be the problems with which multi-level businesses needed help the most or most often encountered.

FTC Activities in July and August 2018

- ▲ On Jul. 11 and 31, the FTC held a presentation on the “Various Aspects of Transaction Traps” at Xuanguang Temple and the Gangshan District Office in Kaohsiung City, respectively.
- ▲ On Jul. 13, Professor Chiu Yung-ho of the Department of Economics, Soochow University gave a lecture on the “Application of Economic Analysis in the Review of Vertical Mergers” at the invitation of the FTC.
- ▲ On Jul. 13, the FTC conducted a presentation on the “Fair Trade Commission 2018 Disposal Directions on Mergers of Natural Gas Enterprises” in Taichung City.
- ▲ On Jul. 13, the FTC held the “2018 Fair Trade Act Special Topic Lecture—Domestic Law Enforcement against Cartel Practices and Future Tendencies under International Trends” in Kaohsiung City.
- ▲ On Jul. 17, the FTC gave a lecture on the Fair Trade Act at the Tainan City Chamber of Commerce.
- ▲ On Jul. 27, the FTC held a presentation on “International Antitrust—Cross-border Regulations on Competition Restraints and Observance of Law by Enterprises” in Taipei City.
- ▲ On Jul. 27, the FTC conducted a presentation on “Multi-level Marketing Laws and Regulations” in Hualien County.
- ▲ On Aug. 3, the FTC held a presentation on the “Fair Trade Commission Disposal Directions (Guidelines) on Handling Promotional Advertisements” in Taipei City.
- ▲ On Aug. 10 and 31, the FTC held a presentation on the “Fair Trade Commission Disposal Directions (Guidelines) on Cases of Real Estate in Advertising” in Chiayi City and Yilan County, respectively.
- ▲ On Aug. 13 and 23, the FTC held a presentation on the “Various Aspects of Transaction Traps” at the Kaohsiung City Mortuary Services Office and the Zhongxing Community in Liugui, Kaohsiung City, respectively.
- ▲ On Aug. 16 and 17, the FTC held the “2018 Meeting on Coordination and Correspondence between the Fair Trade Commission and Local Agencies” in Yilan County.
- ▲ On Aug. 17, the FTC conducted a workshop on “Law Observance and Competition among Bulk Material Businesses” in Tainan City.
- ▲ On Aug. 17, the FTC held a presentation on “Multi-level Marketing Laws and Regulations” in Taitung County.



1. Professor Chiu Yung-ho of the Department of Economics, Soochow University giving a lecture on the “Application of Economic Analysis in the Review of Vertical Mergers” at the invitation of the FTC
 2. The FTC conducting a presentation on the “Fair Trade Commission 2018 Disposal Directions on Mergers of Natural Gas Enterprises” in Taichung City



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3. The FTC holding the "2018 Fair Trade Act Special Topic Lecture—Domestic Law Enforcement against Cartel Practices and Future Trends under International Trends" in Kaohsiung City
4. The FTC holding a presentation on "International Antitrust—Cross-border Regulations on Competition Restraints and Observance of Law by Enterprises" in Taipei City
5. The FTC conducting a presentation on "Multi-level Marketing Laws and Regulations" in Hualien County
6. The FTC holding a presentation on the "Fair Trade Commission Disposal Directions (Guidelines) on Handling Promotional Advertisements" in Taipei City
7. The FTC holding the "2018 Meeting on Coordination and Correspondence between the Fair Trade Commission and Local Agencies" in Yilan County
8. The FTC conducting a workshop on "Law Observance and Competition among Bulk Material Businesses" in Tainan City

International Exchanges in July and August 2018

- ▲ From Jul. 23 to 27, a 5-member delegation from the Philippine Competition Commission visited the FTC to discuss technical cooperation.
- ▲ On Jul. 28, 29 and 30, Chairperson Huang Mei-ying led a delegation to attend the 14th East Asia Top Level Officials' Meeting on Competition Policy and the 11th East Asia Conference on Competition Law and Policy in Sydney, Australia.



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1. A 5-member delegation from the Philippine Competition Commission visiting the FTC to discuss technical cooperation
2. The FTC Chairperson Huang Mei-ying leading a delegation to attend the 14th East Asia Top Level Officials' Meeting on Competition Policy and the 11th East Asia Conference on Competition Law and Policy in Sydney, Australia, with Australian Chair Rod Sims of the Australian Competition and Consumer Commission

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