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Bao Lu Development and Construction in Violation of Fair Trade Act for Restricting Homebuyers from Viewing Contracts

The FTC decided at the 1209th Commissioners' Meeting on Jan. 7, 2015 that Bao Lu Development and Construction Co., Ltd. (hereinafter referred to as Bao Lu Development and Construction) had violated Article 24 of the Fair Trade Act by requesting that homebuyers pay a deposit to view the contract when marketing the presale homes of the "Taipei Bay-Jiang Nan Mansions" as it was obviously unfair conduct able to affect trading order. Therefore, the FTC imposed an administrative fine of NT\$1 million on the company.

Compared to other consumer products, presale homes have the characteristic of being high in value. When marketed, they have not yet taken form and ownerships are not registered. For this reason, the related information that homebuyers can acquire at the time of signing the purchase contract is rather limited. Real estate developers (builders) undoubtedly have information superiority. In the meantime, the purchase contract has been drawn up by the developer beforehand and the contents can best and fully disclose the facts regarding the object and the rights and obligations of both sides. Therefore, if a development requests that homebuyers pay a deposit (or a certain fee) to view the contract during the presale home transaction process, it will put homebuyers in a disadvantageous position and such a practice is obviously unfair because it can have an effect on the homebuyers' purchasing decisions. On the other hand, it can also result in unfair competition for competitors who provide homebuyers with a purchase contract inspection free of charge. Hence, it was deemed obviously unfair conduct in that it illegitimately restricted homebuyers from viewing the contract. It could thus affect trading order in violation of Article 24 of the Fair Trade Act.

By requesting that homebuyers pay a deposit to view the contract when marketing the presale homes of “Taipei Bay-Jiang Nan Mansions”, Bao Lu Development and Construction put homebuyers in a disadvantageous position under information asymmetry. They could make purchase decisions with insufficient and incomplete trading information and it was obviously unfair. At the same time, the conduct was also unfair competition for other real estate developers who were competitors. Therefore, the practice was unfair conduct able to affect trading order in violation of Article 24 of the Fair Trade Act.

The FTC promulgated the amended “Fair Trade Commission Disposal Directions (Policy Statements) on Selling Presale Houses” on Dec. 1, 2014. It is set forth therein that when real estate developers

or agents fail to provide or display the contracts at the marketing site when selling presale homes and request that homebuyers pay a deposit or a certain fee to view the contract, and the circumstances can have an effect on trading order, it will be deemed in violation of Article 24 of the Fair Trade Act. The FTC urges real estate developers and agents to abide by the Fair Trade Act and the most recently amended version of the aforementioned Disposal Directions. The FTC will take active measures to keep a close watch on sales of presale homes and hand down serious punishments when finding concrete evidence of violations of the Fair Trade Act. Meanwhile, the FTC would also like to remind consumers to acquire the purchase contract and read it closely before making decisions to purchase presale homes in order to protect their own rights and interests. 

Illegitimate Competition Restriction by Dell Inc. in Violation of Fair Trade Act

The FTC decided at the 1225th Commissioners' Meeting on Apr. 29, 2015 that the Taiwan Branch of Dutch-based Dell Inc. (hereinafter referred to as Dell Inc. Taiwan) had violated Subparagraph 1 of Article 19 of the Fair Trade Act by forcing other enterprises not to supply a specific enterprise in order to achieve the purpose of hurting the said enterprise. The conduct was likely to restrict competition; therefore, the FTC imposed an administrative fine of NT\$2 million on the company.

The FTC received complaints that Dell Inc. Taiwan was engaging in a boycott in violation of the Fair Trade Act and launched an investigation. The findings indicated that when the Environmental Protection Bureau of Tainan City Government put up a tender in 2013 for maintenance and consolidation of the air quality database operation platform, the Southern Taiwan Branch of Chunghwa Telecom was awarded the project and appointed a collaborating supplier to procure the SonicWall Server Antivirus software needed for the project. Between Mar. and Jun. 2013 when the said collaborating supplier was negotiating with distributors for SonicWall products, Dell Inc. Taiwan made the distributors refuse to provide a quotation or sell to the collaborating supplier on several occasions. In the end, the collaborating supplier was unable to obtain through domestic distributors the SonicWall products needed for contract performance.

SonicWall products constituted online security equipment released by US-based SonicWall LLC which was a subsidiary of Dell Inc. SonicWall LLC had signed contracts with Weblink International Inc. (hereinafter referred to as Weblink International) and Zero One Technology Co., Ltd. for them to serve as distributors to sell Sonic Wall products in the country. Although Dell Inc. Taiwan did not sell SonicWall


products directly, it still had the responsibility to help the distributors promote SonicWall products and the distributors had to report to or acquire certificates of authorization from the original equipment manufacturer through Dell Inc. Taiwan. In other words, Dell Inc. Taiwan had the status of helping the original equipment manufacturer decide whether the distributors could acquire supplies at special project prices or obtain certificates of authorization from the original equipment manufacturer. Despite the fact that SonicWall products did not account for a large percentage of the domestic online information security equipment market, they were specified in the procurement project of the Environmental Protection Bureau of Tainan City Government and could not be replaced with information security products of other brands.

The FTC's investigation showed that after winning the tender put up by the Environmental Protection Bureau of Tainan City Government in Mar. 2013, the Southern Taiwan Branch of China Telecom appointed a collaborating supplier to procure the SonicWall products needed for the project and so the collaborating supplier asked Weblink International to give a quotation. However, when Dell Inc. Taiwan found out, it informed Weblink International "not to process the matter and not to give any quotation." Later in Jun. 2013, the collaborating supplier turned to Taifon Computer Co., Ltd. (hereinafter referred to as Taifon Computers) for a quotation. Again, Dell Inc. Taiwan requested that Taifon Computers have nothing to do with the project of the Environmental Protection Bureau of Tainan City Government. The collaborating supplier went back to Weblink International for a quotation and Dell Inc. Taiwan once again demanded that Weblink International "not provide any supplies for the project of the Environmental Protection Bureau

of Tainan City Government if any party should ask about prices or place an order.”

The boycotting practice of Dell Inc. Taiwan made the collaborating supplier unable to find any sources for SonicWall products in the country between Mar. and Aug. 2013. Although the collaborating supplier was eventually able to purchase the products overseas, Dell Inc. Taiwan changed the authorization expiration date and made the products become invalid. As a result, the Southern Taiwan Branch of Chunghwa Telecom could not complete the acceptance inspection

as scheduled. The conduct of Dell Inc. Taiwan also deterred other suppliers interested in bidding in the future and a chilling effect was created.


The FTC concluded that the aforesaid practice of Dell Inc. Taiwan had met the description of “causing another enterprise to discontinue supply, purchase or other business transactions with a particular enterprise for the purpose of injuring such particular enterprise” specified in Subparagraph 1 of Article 19 of the Fair Trade Act at the time. It was a restriction of competition. 

Non-Prohibition of Merger between WPG Holdings and GCNC

The FTC decided at the 1222nd Commissioners' Meeting on Apr. 8, 2015 that the overall economic benefit from the merger between WPG Holdings Co., Ltd. and Genuine C&C Inc. would outweigh likely disadvantages from competition restrictions thereof incurred and therefore did not prohibit the merger.

WPG Holdings Co. Ltd. (hereinafter referred to as WPG Holdings) intended to acquire 50% of the issued common stocks of Genuine C&C Inc. (hereinafter referred to as GCNC). In addition to the 16.29% of the shares of GCNC already held by World Peace Industrial Group, a subsidiary of WPG Holdings, WPG Holdings would directly and indirectly possess 66.29% of the shares of GCNC after the public acquisition. The result would meet the merger description specified in Subparagraphs 2 and 5 of Article 10 (1) of the Fair Trade Act. Meanwhile, the sales of both merging enterprises in 2013 also achieved the merger-filing threshold; hence, WPG Holdings acted according to Subparagraph 3 of Article 11 (1) of the Fair Trade Act and filed a merger notification with the FTC.

WPG Holdings was mainly a semiconductor IC agent whereas GCNC was primarily an agent for information products. As there was no substitutability between the products the two enterprises were agents for, the case was considered to be a conglomerate merger. After merging, the two enterprises could consolidate resources to provide more comprehensive services in the supply chains of semiconductor ICs and information products and bring benefits of economies of scale. Furthermore, their upstream and downstream clients could still do business with other suppliers as long as the product prices and service quality were reasonable. In other words, there would be countervailing power to cope with the two enterprises.


Concluding that the merger entailed no significant likelihood of competition restrictions and that the overall economic benefit would be greater than the disadvantages thereof incurred, the FTC therefore acted according to Article 13 (1) of the Fair Trade Act and did not prohibit the merger. 

Quan Min An Kitchen Equipment Violated Fair Trade Act by Adopting Illegitimate Marketing Approaches

The FTC decided at the 1224th Commissioners' Meeting on Apr. 22, 2015 that Quan Min An Kitchen Equipment Co., Ltd. had violated Article 25 of the Fair Trade Act by adopting the pretext of performing gas safety inspections to push its gas breakers. The overall marketing approach was deceptive conduct likely to affect trading order. In addition to citing Article 42 of the same act and ordering the said business to immediately cease the aforementioned unlawful conduct, the FTC also imposed on it an administrative fine of NT\$50,000.

Quan Min An Kitchen Equipment sold gas safety equipment. A few days before visiting private homes to sell its products, it would deliver a large number of service notices in the operating area of a natural gas provider. Besides the inspection times, it was also specified in the notices that the inspections of gas devices, their degrees of wear and suggestions would be free of charge in order to attract people's interest. The company took advantage of natural gas users' fear of accidents and their trust in the natural gas provider to mislead users to believe the company was associated with the provider. In reality, it was merely using the giving of safety inspections as a pretext to achieve the purpose of selling gas safety equipment. The overall marketing approach was deceptive conduct able to affect trading order.


The FTC reminds consumers that when visited by personnel trying to sell gas safety equipment, they ought to find out the enterprise they truly represent and their real purpose. Consumers should also carefully consider whether they really need the product being pushed on them in order to protect their rights and interests. If consumers want to return the product after making a misjudgment and purchasing any product, since such a selling approach is "door-to-door sales" as set forth in the Consumer Protection Law, they can return the product or issue a written purchase contract termination notice within seven days after receiving the product. There is no need to give any reason or pay any charges. Moreover, consumers can call the police immediately if gas safety equipment salespeople make untruthful statements or install the equipment without their consent.

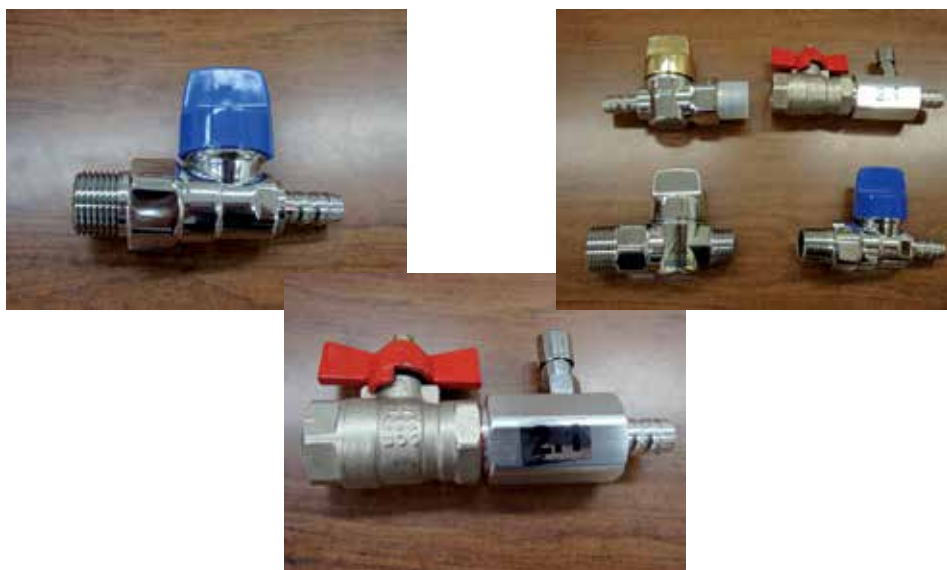
The FTC has always valued the trading order of the gas safety equipment market and kept track of businesses that keep changing their names and operating areas and have acted as if they are associated with the local natural gas provider, as well as the salespeople who have continued to work for such businesses and adopt pretexts to push products. Once the FTC has evidence of their unlawful practices, punishments will not be lenient. 

Chong Fu Hardware's False Advertising in Violation of the Fair Trade Act

The FTC decided at the 1217th Commissioners' Meeting on Mar. 4, 2015 that the claim of "patented product, counterfeiting prohibited" printed on the packaging of the "Patented Triangular Silicone Scraper" and the "Patented Semicircular Silicone Scraper" by Chong Fu Hardware Co., Ltd. was a false, untrue and misleading representation with regard to content of product in violation of Article 21 (1) of the Fair Trade Act. The FTC imposed an administrative fine of NT\$50,000 on the company.

Whether a product is patented or not is an important factor in consumers' purchasing decisions. Chong


Fu Hardware printed the claim "patented product, counterfeiting prohibited" on the packaging of the "Patented Triangular Silicone Scraper" and the "Patented Semicircular Silicone Scraper" produced by a manufacturer commissioned by the company could give consumers the impression that the said products were really patented and the patents were still valid. However, in reality the structures of the products were "utility patents of structural modifications of scrapers" by a third party and the patents had expired on Jun. 1, 2012. Hence, the aforesaid claim printed on the packaging was false, untrue and misleading. 



Wide Doctor Enterprise in Violation of Multi-level Marketing Supervision Act by Changing Office Location without Filing with the FTC in Advance

The FTC decided at the 1218th Commissioners' Meeting on Mar. 11, 2015 that Wide Doctor (International) Enterprise Co. Ltd. (hereinafter referred to as Wide Doctor Enterprise), a multi-level marketing business, changed its office location without filing with the FTC in advance. The conduct was in violation of Article 7 (1) of the Multi-level Marketing Supervision Act; therefore, the FTC imposed an administrative fine of NT\$50,000 on the company.

As set forth in Article 6 (1) of the Multi-level Marketing Supervision Act, multi-level marketing businesses should present statutorily required documents and information (including office locations) with the FTC

for reference before starting multi-level marketing operations. Meanwhile, the first section of Article 7 (1) of the same act stipulates that any changes made to such documents and information should be filed with the FTC in advance. The FTC found out and Wide Doctor Enterprise also admitted that the company had moved the office at the end of Apr. 2014 from the location approved by the Ministry of Economic Affairs on Apr. 28, 2014 but did not file the change of office location with the FTC until Aug. 15, 2014. The conduct was in violation of Article 7 (1) of the Multi-level Supervision Act and the FTC therefore made the aforementioned sanction. 

Enactment of the “Regulations Governing the Amount of Gifts and Prizes Offered by Businesses”

In the Fair Trade Act amended and promulgated on Feb. 4, 2015, Article 23 was added: “No enterprise shall compete for trading opportunities by means of the improper offering of gifts or prizes. The competent authority shall enact the regulations with regard to the scope of gifts or prizes, the amount of improper offering and other related matters.” The FTC therefore enacted and promulgated the “Regulations Governing the Amount of Gifts and Prizes Offered by Businesses” accordingly on Mar. 19, 2015.

Businesses offer gifts and prizes as incentives to attract consumers to make transactions. It is a common marketing practice to gain trading opportunities. However, if such incentives exceed a certain level of value, they may become the main consideration for consumers to make transactions with such businesses, instead of other factors like the quality or price of product or service. Under such circumstances, the provision of incentives will be contradictory to the spirit of performance competition. In order to maintain market competition order, the FTC therefore amended and promulgated Article 23 of the Fair Trade Act on Feb. 4, 2015 to stipulate that enterprises could not compete for trading opportunities by means of improper offering of gifts or prizes and the competent authority was to enact the regulations with regard to the scope of gifts or prizes, amount of improper offers and other related matters. Acting according to this regulation, the FTC on Mar. 9 in the same year enacted the “Regulations Governing the Amount of Gifts and Prizes Offered by Businesses” (hereinafter referred to as the Regulations). The Regulations contain 9 articles in total and the key points are as follows:

1. Definition of gifts and prizes:

The gifts and prizes as stated in the Regulations are defined as follows:

(1) Gifts: Attached and free-of-charge products or

services of market value provided by businesses to compete for trading opportunities.

(2) Prizes: monetary prizes or other products or services of market value given by businesses through raffles or other aleatory approaches to compete for trading opportunities.

2. Range of application of gifts and prizes

There are too many types of gifts and prizes offered by businesses to compete for trading opportunities; hence, a negative list is provided to rule out those not belonging to gifts and prizes, including:

- (1) Free tasting, free trials and other promotional practices not intended to create trading opportunities--promotional giveaways that do not have much influence on market order and interests of competitors.
- (2) Price discounts for the same types of products or services--when businesses offer low prices to compete, it is basically not contradictory to the spirit of performance competition.
- (3) Special offers of quantities of the same types of products or services--when quantities are increased without price raises, it is considered to be lowering of prices by businesses.
- (4) Promotional special offers of packages including different products or services--these are lowering of prices by businesses. Besides packages of different products and services as special offers, this type of promotional practice also includes the collection of additional charges for consumers to obtain two or more products of services at special prices.

3. Upper limits of gift value:

To prevent businesses from giving gifts of value exceeding a certain level when marketing products

or services and thus distorting the normal choice of consumers by considering the quality or prices of products or service, upper limits of gift value are specified for businesses to follow:

- (1) The gift may not be worth more than half of the value of products or services that cost more than NT\$100.
- (2) The gift may not be worth more than NT\$50 when the value of products or services is less than NT\$100.

4. Upper limits of total amounts of prizes for the year

Although holding prize-giving activities to attract consumers to make purchases is a common marketing practice, when the value of prizes exceeds a certain amount, it could violate fair competition. Therefore, the upper limits of the total amounts of prizes for the year are specified for businesses to follow:

- (1) NT\$600 million for businesses whose total sales in the preceding fiscal year are NT\$3 billion or more
- (2) One fifth of the total sales for businesses whose sales in the preceding fiscal year are more than NT\$750 million but less than NT\$3 billion
- (3) NT\$150 million for businesses whose total sales in the preceding fiscal year are less than NT\$750 million

5. The amount of the biggest prize

When the amount of the biggest prize is excessively large, it can distort the rational decision of consumers and violate the spirit of performance competition. Therefore, it is specified that the amount of the biggest prize may not be more than NT\$5 million.

6. Criteria for definition of product or service value, gift value and total prize amount:

The criteria for definition of product or service value, gift value and total prize amount set forth in the Regulations:

(1) Product or service value: the reasonable market price in consumers' perception when a business gives away gifts to promote sales


(2) Gift value may be defined in accordance with the following criteria:

- A. The gift value claimed by the business giving away the gift to promote sales
- B. The cost of the gift when it is produced or purchased at a reasonable price by the business
- C. The retail value of the gift when it is obtained by the business on non-price trading conditions or there is no purchasing cost as stated in the preceding item
- D. Other reasonable standards for value definition

(3) Total prize amounts may be defined in accordance with the following criteria:

- A. The total prize amount claimed by the business conducting the prize-giving activity to promote sales
- B. The cost of the prizes (products or services) when they are produced by the business or purchased at reasonable market prices
- C. The retail prices of the prizes (products or services) when they are obtained by the business on non-price trading conditions or there are no purchasing costs as stated in the preceding item
- D. Other reasonable standards for value definition

7. Adjustment of gift and prize amounts

The prize amounts set forth in the Regulations are decided in accordance with the annual sales of businesses and the average (annual) income per capita. However, it is specified that they can be adjusted according to economic and social conditions in order to be flexible. 

2014 Survey on Multi-level Marketing Business Development

Multi-level marketing is a type of marketing. A multi-level marketing business sells its products through independent participants at various levels. Besides making earnings from sales, each participant can also get commissions, bonuses or other economic benefits in relation to participants he or she recruits and trains to build a marketing network to sell products or services. In light of the rather critical social problems caused by illegitimate multi-level marketing practices in the past, the FTC has therefore conducted a survey of the development of registered multi-level marketing businesses on an annual basis in the hope of enhancing the guidance for and administration of the multi-level marketing industry. The results of this survey indicate that the sales of multi-level marketing businesses, bonuses given out and numbers of participants in 2014 all increased, compared to the preceding year. Multi-level marketing businesses are generally optimistic about their operations in the future.

The survey this time was conducted on 505 businesses. 437 responded and the response rate was 86.53%. After subtraction of 28 businesses that had not yet started operation and 35 businesses that had closed down or suspended operation, there were 374 multi-level marketing businesses in operation in 2014 and they made up the principal objects of this survey and the statistical analysis. The key findings of this survey are as follows:

1. The number and overview of participants

- (1) At the end of 2014, there were 2.168 million participants engaging in multi-level marketing, increasing by 49 thousand (2.31%) from the 2.119 million at the end of 2013. After subtraction of repeated participation in two or more multi-level marketing schemes, the number of participants was 2.146 million at the end of 2014, 141 thousand (7.03%) more than the 2.005 million at the end of 2013.
- (2) The participation rate (the ratio of the number of participants to the total population in the country) was 9.16%, meaning that 916 people out of every ten thousand participated in multi-level marketing on average.
- (3) There were 806.4 thousand new participants in 2014, accounting for 37.20% of the total number of participants and increasing by 6.8 thousand from the 799.6 thousand new participants in 2013.
- (4) In 2014, there were 1.3776 million female participants, constituting 63.51% of the total number of participants, decreasing by 3.88% from the 67.39% in 2013 but indicating that female participants remained the main force in the multi-level marketing industry.
- (5) In 2014, 133 multi-level marketing businesses, 35.56% of the total number of multi-level marketing businesses, recruited people with limited capacity for civil conduct. Such participants were 14,090 in total and their average

operating income (not including commissions and bonuses) was 36,468 NT dollars (same currency applies hereinafter).

Table 1 Change in the Number of Participants

Year	Number of Participants	After Subtraction of Repeated Participation	Participation Rate	Female Participation Rate
2014	2.168 million	2.146 million	9.16%	63.51%
2013	2.119 million	2.005 million	8.58%	67.39%

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

- (1) In 2014, the 374 multi-level marketing businesses totaled 75.245 billion in sales, increasing by 3.576 billion (4.99%) from the 71.669 billion in 2013.



Fig. 1 Total Sales over the Years

- (2) There were 15 multi-level marketing businesses with sales of over 1 billion (12 in 2013). They accounted for 4.01% of the entire number of businesses in the industry but their total sales amounted to 50.451 billion dollars, making up 67.05% of the aggregate of annual sales in the industry.
- (3) There were 60 businesses (58 in 2013) with sales of more than 100 million dollars but less than 1 billion dollars. These businesses constituted 16.04% of the total number of businesses and their sales added up to 19.454 billion dollars, accounting for 25.85% of the aggregate of annual sales in the industry.
- (4) The remaining 299 businesses generated sales of less than 100 million dollars. They accounted for 79.95%

of the total number of businesses in the industry and their sales totaled 5.339 billion, merely 7.10% of the aggregate of annual sales in the industry.

- (5) According to the above, it is clear that the scale differences among individual businesses in the multi-level marketing industry are rather large.

3. Multi-level marketing products and purchasing costs:

- (1) In 2014, sales of nutritional and healthcare food products remained the highest in terms of sales of multi-level marketing products and totaled 43.799 billion dollars (58.21%), followed by cosmetic and skincare products of 12.096 billion dollars (16.08%), cleaning products of 4.234 billion dollars (5.63%) and then water purifying and filtering equipment of 2.987 billion dollars (3.97%). The sales of these four types of products accounted for 83.89% of the total sales.

- (2) In 2014, the purchasing (manufacturing) costs of the multi-level marketing businesses were 24.820 billion dollars, accounting for 32.99% of the total sales of 75.244 billion dollars, increasing by 3.46% from the 29.53% in 2013.

4. Use of online marketing:

In 2014, 144 multi-level marketing businesses (38.50% of the total number of businesses) adopted online marketing, 134 (35.82% of the total number of businesses) of these businesses accepted online orders (online shopping), 75 (20.05%) of them operated online malls and 65 (17.38% of the total number of businesses) of these businesses set up both online shopping sites and online malls. Apparently, e-commerce is still not so common in the multi-level marketing industry and the characteristic of “people” being the marketing mediums is still strong. However, it will be interesting to see the development in the future.

5. Issuance of bonuses (commissions) and numbers and ratios of order-placing participants:

- (1) The commissions (bonuses) issued by multi-level marketing businesses in 2014 amounted to 26.348 billion dollars, or 35.02% of the total sales, increasing by 0.34% from the 34.68% in 2013. Such spending accounted for 30% to 40% of the total sales of 84 businesses (22.46%), the largest portion, followed by 40% to 50% of 82 businesses (21.93%), and then 20% to 30% of 74 businesses (19.79%).

- (2) 1.494 million participants, or 68.91% of the total number of participants (the ratio of order-placing participants) placed orders in 2014. 753 thousand participants, 34.73% of the total number of participants, received commissions (bonuses). On average, each person received 34,947 dollars for commissions (bonuses), a decrease of 1,313 dollars compared to the 36,260 dollars received in 2013.

- (3) In 2014, 533,574 female participants received commissions (bonuses) that totaled 17.108 billion dollars. These

commissions (bonuses) made up 70.78% of the total commissions (bonuses) received by all participants. On average, each female participant received 32,063 dollars in commissions (bonuses).

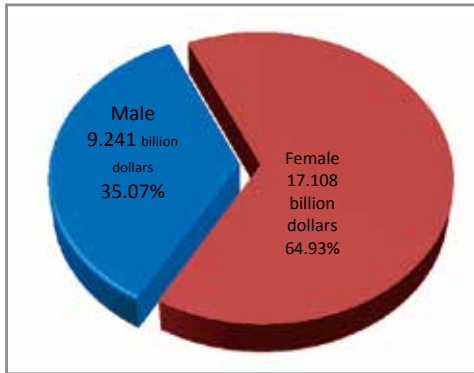


Fig. 2 Ratios of Commissions (Bonuses) Received by Male and Female Participants

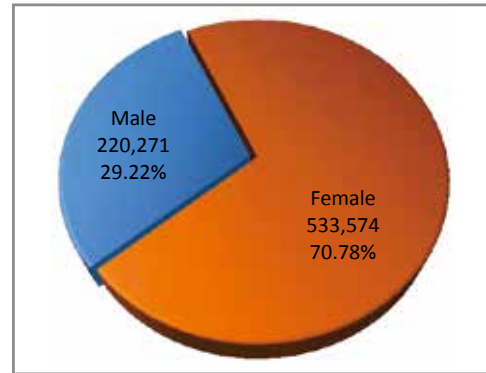
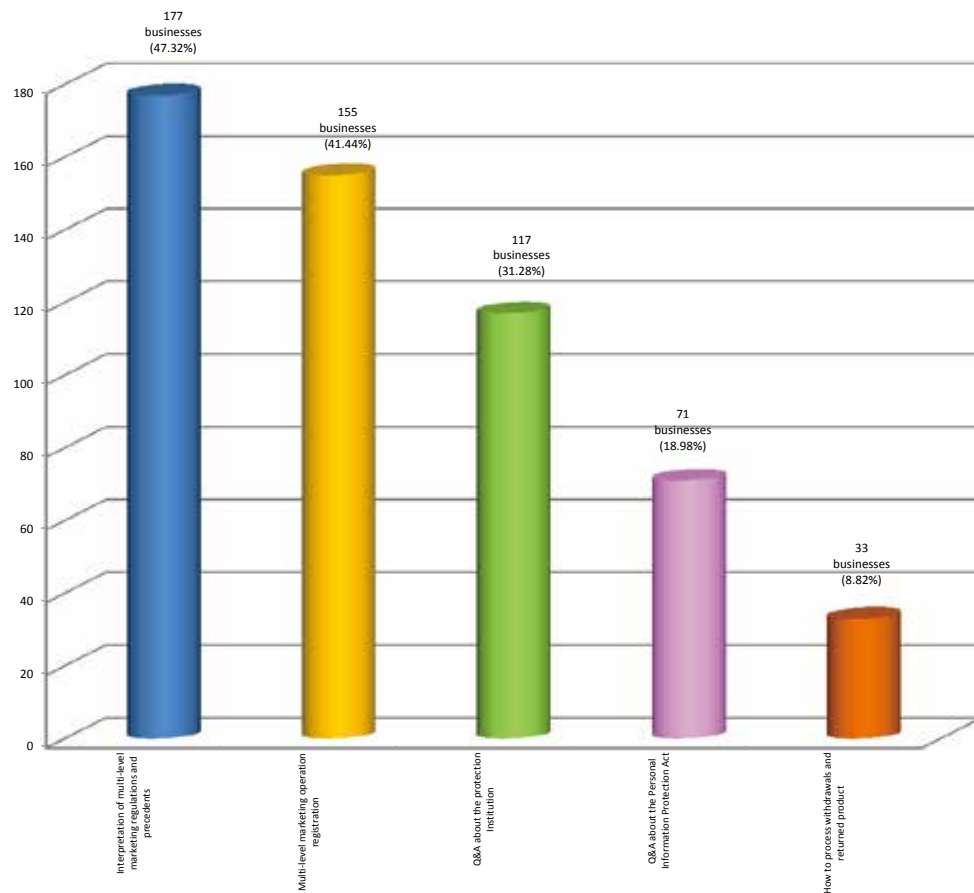


Fig. 3 Ratios of Male and Female Participants Receiving Commissions (Bonuses)

6.Views about business in the future

- (1) 174 multi-level marketing businesses (46.52%) expected increases in sales in 2015 from 2014. 108 businesses (28.88%) thought sales in 2015 would be about the same as in 2014. They added up to 75.40% of the total number of multi-level marketing businesses; therefore, the multi-level marketing businesses are generally optimistic about the future.
- (2) Meanwhile, among likely problems for multi-level marketing businesses in the future, worries about intensified competition between similar products made up 49.47%, followed by worries about decreasing numbers of participants 40.64%, worries about market downturns 39.84%, and then worries about sabotage from illegal multi-level marketing operations 39.04%. However, worries about market downturns dropped by 12.43% from 52.27% in 2013 to 39.84% in 2014, indicating that businesses were optimistic about the market in the future.
- (3) Types of assistance businesses needed the most or problems frequently encountered: 177 businesses (47.32%) expressed the need of interpretation of multi-level marketing regulations and legal precedents, 155 businesses (41.44%) required more information about the filing of multi-level marketing operations, 117 businesses (31.28%) would have liked to have Q&A about the protection institution, and 33 businesses (8.82%) thought they needed to know how to process withdrawals and returned products properly. Since there were 158 businesses that registered with the FTC and started operation after 2012 and the numbers of new multi-level marketing businesses and participants were large in 2014, interpretation of multi-level marketing regulations and information about operation registration remained the most needed assistance and frequently encountered problems.



*The most needed assistance and frequently encountered problems of some businesses could be more than two items; therefore, the total of the ratios exceeds 100%.

Fig. 4 Numbers of Businesses with the Most Needed Assistance and Frequently Encountered Problems and Ratios

FTC Activities in May and June 2015

- ▲ On May 4, 7 and 15, the FTC conducted the “Fair Trade Act and Multi-level Marketing Supervision Act Training Camp” respectively at the Department of Marketing and Logistics Management of Chaoyang University of Technology, Department of Agribusiness Management of National Pingtung University of Science and Technology, and Department of Law of National Chung Hsing University.
- ▲ On May 8, staff members of the FTC visited the Kaohsiung Office of the Bureau of Foreign Trade, Ministry of Economic Affairs to give lectures on the Fair Trade Act.
- ▲ On May 8 and 15, the FTC conducted the “Presentation on the Fair Trade Commission Disposal Directions on the Definition of Relevant Markets” at the FTC.
- ▲ On May 11, the FTC conducted the “Presentation on Multi-level Marketing Regulations” in Taichung City for multi-level marketing businesses, participants and people intending to engage in multi-level marketing in the central region.
- ▲ On May 12, Professor Chen Chun-Shan of the Graduate Institute of National Taipei University of Technology gave a lecture on “Cases of Abuse of Standard Patent Awarding and Regulations in the Future” at the invitation of the FTC.
- ▲ On May 22, the FTC conducted the “Presentation on Online Operation of Multi-level Marketing Systems and Things to Note” in Taipei for multi-level marketing businesses and businesses and individuals intending to engage in multi-level marketing.
- ▲ On May 26, Professor Chiou Jiunn-Rong of the Department of Economics of National Central University gave a lecture on the “Trans-Pacific Partnership and Competition Policy” at the invitation of the FTC.
- ▲ From Jun. 5 to 9, the FTC conducted the “Fair Trade Act and Multi-level Marketing Supervision Act Training Camp” respectively at the Department of Applied Economics of National Chiayi University and the Department of Economics of National Chung Cheng University.
- ▲ On Jun. 9, Associate Professor Huang Ching-I of the Department of Economics of National Taiwan University gave a lecture on the “Use of Structural Models to Estimate Industries with Product Differentiation” at the invitation of the FTC.



1. The FTC conducting the “Fair Trade Act and Multi-level Marketing Supervision Act Training Camp” at the Department of Law of National Chung Hsing University.



2. The FTC conducting the “Presentation on the Fair Trade Commission Disposal Directions on the Definition of Relevant Markets” at the FTC.

- ✧ On Jun. 10, the FTC conducted the “Fair Trade Act and Multi-level Marketing Supervision Act Training Camp” at the Competition Policy Information and Research Center for the teachers and students of the Graduate Institute of Technology Management of the National Taiwan University of Science and Technology.
- ✧ On Jun. 12, the FTC conducted the “Presentation on Multi-level Marketing Regulations” for indigenous people, new immigrants, senior citizens and the general public in Nantou County.
- ✧ On Jun. 12 and 16, the FTC conducted presentations on “Various Aspects of Trading Traps” respectively at Sinhua Christian Senior University and Donglong Village of Shanhua District in Tainan City.
- ✧ On Jun. 15, the FTC conducted the “Presentation on Multi-level Marketing Management and Protection” for multi-level marketing participants in Taichung City.



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- 3. The FTC conducting the “Presentation on Multi-level Marketing Regulations” in Taichung City for multi-level marketing businesses, participants and people intending to engage in multi-level marketing in the central region.
- 4. The FTC conducting the “Presentation on Multi-level Marketing Regulations” for indigenous people, new immigrants, senior citizens and the general public in Nantou County.
- 5. The FTC conducting a presentation on “Various Aspects of Trading Traps” at Donglong Village of Shanhua District in Tainan City.
- 6. The FTC conducting the “Presentation on Multi-level Marketing Management and Protection” for multi-level marketing participants in Taichung City.

FTC International Exchanges in May and June 2015

- ▲ On May 7, the FTC attended the Conference on “Due Process and Judicial Appeals in competition cases in East Asia and the ICN Transparency Initiative” held by the Asian Competition Forum in Hong Kong.
- ▲ From May 18 to 22, staff members of the FTC attended training programs organized by the Office of Trade Competition Commission of the Department of Internal Trade, Thailand and gave lectures on market definition and investigation and analysis of merger cases.
- ▲ From May 25 to 29, the FTC conducted training courses for the staff members of the Authority for Fair Competition and Consumer Protection of Mongolia.
- ▲ On Jun. 10, the FTC attended the ICN Agency Effectiveness Working Group teleconference.
- ▲ On Jun. 11, the FTC attended the ICN Merger Working Group teleconference.
- ▲ On Jun. 11, the FTC attended the ICN Operational Framework Working Group teleconference.
- ▲ From Jun. 15 to 19, the FTC attended a routine meeting of the OECD Competition Committee”.
- ▲ On Jun. 18, the FTC attended the “Mid-term Review Meeting of the 39th Taiwan-Japan Economic and Trade Conference”.
- ▲ On Jun. 18, the FTC attended the ICN Unilateral Conduct Working Group teleconference.
- ▲ From Jun. 24 to 26, the FTC attended the “Competition Advocacy Leaders Conference” held by the OECD-Korea Policy Centre, Competition Program in Singapore.
- ▲ On Jun. 24, the FTC attended a teleconference of Subgroup 2 of the ICN Cartel Working Group.
- ▲ On Jun 30, the FTC attended the ICN Agency Effectiveness Working Group teleconference.



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- 1.The FTC attending a training program organized by the Office of Trade Competition Commission of the Department of Internal Trade, Thailand.
- 2.The FTC Chief Secretary Shin Chih-Chung (4th from right) and Director Hsu Shu-Hsin (3rd from right) with staff members of the Authority for Fair Competition and Consumer Protection of Mongolia.
- 3.The FTC attending the “Competition Advocacy Leaders Conference” held by the OECD-Korea Policy Centre, Competition Programme in Singapore.

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FAIR TRADE COMMISSION, R.O.C.

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