

# **Research on the Domestic Petroleum Industry**

## **Abstract**

In the project, we analyze Taiwan's petroleum product industries and the issues of competition in its petroleum product markets. We focus on the duopolistic market structure dominated by China Oil and Formosa Petroleum Company, both of which are vertically integrated firms. We analyze pricing behavior of these two companies to find out whether there is evidence of collusion. Based on our research results, pro-competition policies are proposed to increase the efficiency in Taiwan's petroleum product markets. This maybe helpful when the Fair Trade Commission is considering ways to facilitate effective regulations on Taiwan's petroleum product markets.