Annual Report on Competition Policy Developments in Chinese Taipei, 2002

Mr. Martin Tzung-Yu HSU, Inspector, International Affaires of Fair Trade Commission, Chinese Taipei

Introduction

Chinese Taipei promulgated the Fair Trade Act on 4 February 1991 and implemented it a year later. The Act covers antitrust matters as well as unfair competition. The antitrust part of the Act regulates monopolies, mergers, concerted actions, and vertical restraints.

The Fair Trade Commission (the FTC) was set up under the Fair Trade Act as a ministerial level government agency. The Commissioners' Meeting of the FTC consists of nine full-time commissioners and issues its decision independently by majority vote. The Chairperson of the Commission is a Cabinet minister who presents the FTC's views regarding competition policy issues and regulatory reform matters in Cabinet meetings.

According to the Fair Trade Act, the FTC shall be in charge of the following matters:

- preparation and formulation of fair trade policy, laws and regulations;
- review of any fair trade matters related to the Fair Trade Act;
- investigation of activities of enterprises and economic conditions;
- investigation and disposition of any case violating the Fair Trade Act; and
- any other matters related to fair trade.

To ensure compliance, the Fair Trade Act equips the FTC with the investigatory power to discover illegal practices and empowers the Commission to issue cease and desist orders, to require the correction of illegal practices, and to impose administrative fines.

This report summarizes the developments in Chinese Taipei's competition law and policy, and the enforcement of the Fair Trade Act in the year 2002.

I. Changes to competition laws and policies, proposed or adopted

The Fair Trade Act has been amended three times since its promulgation. The salient points of the first amendment in February 1999 include the adoption of the "administrative action prior to judicial adjudication" principle to avoid conflicts from arising between the two enforcement systems, as well as vesting the FTC with the power to impose higher administrative fines upon violators in order to strengthen compliance. The second amendment in April 2000 abolished the provincial government's authority in enforcing the Act, due to the adjustment of the provincial government's function entering into effect in 1999.

The third amendment to the Fair Trade Act came into effect on 6 February 2002, its main theme being the reform of the merger control regime. Other parts of the amendment included fine-tuning the definition of monopoly, concerted actions, and multi-level sales schemes, etc.

Reform of Merger Control Regime

The FTC has implemented the merger control regime ever since the Fair Trade Act came into force in February 1992. Before the amendment, application needed to be made to the FTC for prior written approval in relation to mergers involving parties that reached a certain sales volume or market share. The FTC had to make a decision within two months once it received all of the materials requested from the merging parties.

By the end of 2001, the FTC had received a total of 5,811 applications for merger approval. There were, however, fewer than 5 applications that were turned down by the FTC. Thus the merger regulation was often criticized for heavily wasting administrative resources and increasing business costs. For a long time, it was expected by both the FTC and the business community that this burdensome regulation could be adjusted.

Waiting Period

The new system has adopted a pre-merger notification system to replace the old pre-merger application system. The merging parties no longer need to wait for written approval from the FTC under the new regime. Provided that they do not receive the FTC's notice to extend the review period within the 30-day waiting period, they are free to finalize the notified transactions.

According to the FTC's experiences of enforcing the merger regulation, the two-month review period appeared to be unnecessarily long and could hardly meet the parties' needs. The review period was thus shortened to 30 days by the amendment. Such a period may be further shortened or else extended by another 30 days at the discretion of the FTC on a case-by-case basis.

For mergers that are unlikely to restrict competition, the FTC may, after processing the application by means of a streamlined procedure and within a shorter time period, notify the parties to consummate the transaction earlier. For any merger likely to result in competition concerns, the FTC may notify the parties of an extension beginning within the original 30-day period in order to obtain at most an additional 30 days for further review, unless the parties consent to a further extension of the period.

The FTC is required to issue a formal decision to the merger parties in case the review period is to be extended. Once the FTC fails to notify the parties of the extension or makes any formal decision when the waiting period is about to expire, the parties may proceed with the merger.

Exemption for Mergers within Affiliated Enterprises

Adjustments in shareholdings, assets, or operations among affiliated enterprises fall within the types of mergers defined in the Fair Trade Act. According to past enforcement experience, most of these adjustments involving the existing internal economic structures of enterprises do not increase the enterprises' economic scales or reduce market efficiency. Considering that there is little to be gained from subjecting the aforementioned types of transactions to the regulatory purview, the amendment exempts them from the merger notification requirements.

Notification Thresholds

It has been long disputed how sales volume/turnover could best be used as a merger notification threshold. One argument is that the scales of sectors vary significantly. It is quite impossible to find one single sales volume/turnover standard suitable for every sector.

The previous sales volume threshold set up by the FTC (NT$5 billion) made every merger involving financial institutions fall into this category, which gave rise to the contention that financial institutions were being over-regulated since their sales volumes were normally much higher than NT$5 billion while the concentration ratio in this sector was quite low.

The amendment authorizes the FTC to distinguish financial institutions from non-financial enterprises in determining thresholds for merger notification so that the regulatory burden for financial institutions can be more reasonable.

The FTC later declared that, for financial enterprises involved in a merger, the notification thresholds for financial enterprises were sales in the preceding fiscal year of NT$20 billion, with the other party to the merger having a turnover exceeding NT$1 billion during the same period; for non-financial enterprises, the sales volume notification thresholds were NT$10 billion, with the other party to the merger also having a turnover exceeding NT$1 billion in the preceding fiscal year.

Remedies

Before the amendment, the Fair Trade Act provided prohibition as the only tool with which the FTC could deal with merger proposals that were a serious cause for competition concern. In order to ensure that the benefits to the overall economy outweighs the disadvantages from the resulting restraints on competition, it was necessary to equip the FTC with more feasible and flexible tools to handle merger cases.

The amendment therefore empowers the FTC to impose conditions, for example, divestiture for the business in question, or burdens of a reasonable duration, as provisos to its decision on merger notification. Failure to comply with the provisos could lead to actions by the FTC to prohibit such a merger, set up a time period for the merged entity to split, dispose of all or a part of the shares, transfer a part of the operations, remove certain persons from positions, or make any other necessary dispositions, as well as to impose an administrative fine of between NT$100,000 and NT$50 million.

Other Amendments

Along with the drafting of the Administrative Procedure Act, all government agencies were required to determine whether there were administrative regulations issued by them affecting people’s rights or interests without authorization based on relevant laws. Those regulations would become ineffective after the Administrative Procedure Act came into force on 1 January 2001.

The Administrative Procedure Act stipulates, among other things, that administrative agencies could set provisos to decisions under their discretion or as authorized by laws, as well as set out the types of information that the government should disclose, and the rights of interested parties and the limits imposed upon them to access materials and files held by the government.

Following the above-mentioned principles, the FTC carefully reviewed all of its regulations and then drafted the amendment of the Act to include necessary provisions of relevant regulations as well as the principle of information disclosure into the Fair Trade Act.

Monopolies

The amendment defines that the following shall not be deemed to be a monopoly:

- where the market share of the enterprise in a relevant market does not reach one-half of the market;

- where the combined market share of two enterprises in a relevant market does not reach two-thirds of the market;

- where the combined market share of three enterprises in a relevant market does not reach three-fourths of the market; and

- where, under any of the above-mentioned circumstances, the market share of any individual enterprise does not reach one-tenth of the relevant market or where its total sales in the preceding fiscal year are less than NT$1 billion.

However, even if an enterprise falls into any of the above-mentioned categories, the FTC could still identify it as monopoly if the establishment of such an enterprise or any of the goods or services supplied by such an enterprise to a relevant market are subject to legal or technological restraints, or there exist any other circumstances under which trade within the market is affected and the ability of others to compete is impeded.

Concerted Actions

To define concerted actions more clearly, there are new provisions added in the amendment:

1. A "concerted action" shall be limited to a horizontal concerted action at the same production and/or marketing level that affects the market function of production, trade in goods, or the supply and demand for services;

2. The term "any other form of mutual understanding" used in defining a concerted action refers to a meeting of minds, whether legally binding or not, that would in effect lead to joint actions, as opposed to a contract or agreement; and

3. The charter, a resolution of a general meeting of members or a board meeting of directors or supervisors of a trade association, or any other means used to restrict the activities of members of a trade association is deemed to be a concerted action.

The amendment also places a time limit with regard to a review of the merger exemption application. Once the FTC receives the application, it has to make a decision within three months, a period that may be extended once if necessary.

Transparency

To enhance the transparency of the enforcement work and to balance the defendant's ability to access the investigative file and the evidence against it in the FTC's possession, the amendment entitles the party or interested person to apply during the process of the investigatory procedure for the right to read, copy, photocopy or photograph relevant data or records, under the condition that such requests are limited to those necessary to assert or maintain their legal interests.

However, the party or interested person will not be granted access to any of the following information:

- If it has to do with proposals for administrative decisions or other preparatory documents;
- If it involves secrets related to national defense, the military, foreign affairs, or general public affairs that are required by laws and regulations to be kept confidential;
- If it involves personal privacy, professional secrets, or business secrets, that are required by laws and regulations to be kept confidential;
- If there is a likelihood of infringing upon a third party's rights; and
- If there is a likelihood of seriously impeding the normal functioning of duties related to social order, public safety, or other public interests.

Third parties providing information to the FTC may require that their information be kept confidential and not be read, copied, photocopied, or photographed by a party or interested person. The FTC has to consider whether there is a valid reason for doing so. As only partial data or records are kept confidential, the FTC shall remove that part or cover it appropriately and make the rest accessible.

II. Enforcement of competition laws and policies

1. Action against anticompetitive practices, including agreements and abuses of dominant positions

a) Summary of activities

The Fair Trade Act permits the existence of monopolies, as long as they do not abuse their market power. While concerted actions are strictly forbidden by the FTC, they are allowed in exceptional circumstances that require the FTC's prior approval based on the public interest. The Act also bans resale price maintenance but requires the FTC to apply a rule of reason principle to other vertical restraints.

In 2002, the FTC processed 1,836 cases, including 1,386 cases received in 2002 and 450 cases carried over from the preceding year. By the end of 2002, 1,504 cases had been closed and 332 cases were pending. There were 450 cases involving complaints concluded in 2002 that were applicable to the Fair Trade Act, 54 of which were concerned with anti-competitive practices. The FTC also initiated an investigation on its own into two anti-competitive cases.

Decision rulings regarding complaints and the FTC's self-initiated investigations were set for 218 cases in 2002, with only 17 cases falling into the anticompetitive practice category.

Decision Rulings by the FTC in 2002

Unit: Cases

	Anti-competitive Practices	Monopolies	Mergers	Concerted Actions	Resale Price Maintenance	Vertical Restraints
2001	18	1	1	14	-	3
2002	17	4	1	9	1	3

Note: The number of illegal actions may exceed the number of cases involving decision rulings because a case may involve more than one illegal action.

b) Description of significant cases, including those with international implications

Abuse of Dominant Position

Chinese Petroleum Co.

The FTC found that the state-owned Chinese Petroleum Corporation (the CPC), the incumbent firm in the petroleum and liquefied petroleum gas markets, tried to frustrate the liberalization of the LPG market by engaging in discriminatory pricing against downstream LPG dealers that traded with other LPG importers.

Until the end of 1998, the CPC was the sole authorized producer and provider of LPG in Chinese Taipei. There were a total of nine dealers around the island that entered dealership agreements with the CPC to sell the LPG for home-use. The CPC previously used to sell the product at the officially posted price to all dealers.

In early 1999, the LPG market was liberalized by the government to allow for competition from imports. Four companies, including the CPC, Formosa Petrochemical Corp. (the CPC's only competitor in the petroleum market at that time), and two other LPG dealers were given permission by the Ministry of Economic Affairs to import the LPG. However, due to the costs of the imports being higher than the production costs, around mid-1999, the CPC still owned an 89.15% share of the LPG market. Most LPG dealers still had to rely on the CPC.

To frustrate the competition in the LPG market, the CPC decided to exercise discriminatory treatment towards dealers who imported the LPG themselves and/or traded with Formosa Corp. The CPC proceeded to do this by taking advantage of its superior position to access to LPG price information as well as the dealers' lack of information so that the CPC no longer provided the LPG to dealers at a uniform price. The affected dealers soon lost their competitiveness in the market. In addition, in September 1999 the CPC further refused to renew its dealership agreement with a dealer who traded with the Formosa group.

The FTC believed that the introduction of competition into the previously monopolized LPG market should have increased the choice of products available to consumers and reduced prices, and thus should have enhanced consumer welfare. The incumbent CPC took advantage of its dominant position in the LPG market to engage in price discrimination against dealers who still had to rely on supplies from the CPC and further tried to exclude competitors from the market. It thus seriously violated the Fair Trade Act.

The FTC decided, in the interests of promoting competition, to order the CPC to cease the discriminatory practices and pay an administrative fine of NT$8 million.

Pacific Sogo Department Store

A complaint was filed alleging that the Pacific Sogo Department Store was exercising its market power to exclude new department stores from entering the relevant geographical market. It was alleged to have restricted vendors of goods or services from selling the same or similar goods or services within a radius of two kilometers of Pacific Sogo's business location, as a result of which Pacific Sogo could have terminated the agreement and claimed compensation for any damage incurred.

According to the FTC's investigation, Pacific Sogo's sales volume in 2001 was more than NT$19 billion, and it enjoyed a market share of 29.54% in the department store market in the greater Taipei area. As many as 96.48% of the vendors associated with Pacific Sogo signed the controversial restrictive agreements that demonstrated the market power that Pacific Sogo wielded. The agreements effectively hindered new department stores in the vicinity from recruiting vendors to set up outlets during 2000-2001, and decreased or diminished the possible benefits brought about by intra-brand competition.

The FTC ordered Pacific Sogo to terminate the practice and imposed an administrative fine of NT$2.5 million.

Cartels

Hualian County Gravel Trade Association

Members of the Hualian County Gravel Trade Association (the Association) formed a cartel to collusively bid for the Water Resources Agency's Fungshou River Fungping Bridge first-stage gravel dredging project and allocate the gravel volume in 2001. For the second-stage of the above-mentioned gravel dredging project in 2002, the Tian Yu Construction Co., a non-member of the said Association, won the bid so as to break up the Association's intent to continually monopolize gravel resources of the Hualian area.

The Association responded by prohibiting its members to purchase gravel from Tian Yu. To ensure the effectiveness of such a practice, the Association used the authority vested in it by the Ministry of Economic Affairs to approve northward shipments of gravel products sourced in eastern Taiwan to threaten its members that such purchases would mean denial of the preferential rates that it could grant for such shipments. Two gravel industry operators were thus punished by the Association.

After taking into consideration the Association's undue profits from monopolization during the first-stage of the project and the relevant companies' losses that resulted therefrom, a cease-and-desist order and an administrative fine of NT$2 million were issued against the Association by the FTC.

Excavation Services in the Kaohsiung-Pingtung Area

The FTC was informed in 2001 that the only four companies providing asphalt excavation services for road construction projects in the Kaohsiung-Pingtung area reached agreements to raise prices for undertaking asphalt pavement excavation projects. The cartel was formed twice, lasting for periods from August 1996 to early 1998 and from October 1999 to September 2000, respectively.

All four companies pleaded guilty to their participation in the cartels except for one that argued that it was unwilling to participate in the cartel until its responsible persons were violently assaulted by a group of thugs hired by the leading company of the cartel. The FTC therefore decided to issue cease-and-desist orders to all four companies and imposed a total of NT$6 million in fines on the three that actively formed the cartel. The Prosecutor's Office of the Kaohsiung District Court also brought a case against the thugs suspected of committing the criminal offense.

2. Mergers and acquisitions

a) Statistics on the number, size and type of mergers notified and/or controlled under competition laws

Mergers involving parties reaching a certain sales volume or market share must notify and obtain no objection from the FTC. The FTC needs to consider whether the benefit to the economy as a whole will exceed the anti-competitive effect of the proposal. In February 2002, the amendment of the Fair Trade Act significantly changed the merger control rules and thus the enforcement work of the FTC. In 2002, only 132 merger applications and notifications were submitted to the FTC. The dramatic decline in the number of cases mainly resulted from the change in the notification thresholds.

Applications and Notifications regarding Mergers

Unit: Cases

	Cases under Processing		Results of Processing		
	Carried Over from 2001	**Received in 2002**	**Total**	**Approved**	**Merger not Prohibited**
2001	39	1,089	1,118	1,087	-
2002	10	132	141	93	24
	Results of Case Processing				Cases Pending
	Rejected	Merger Prohibited	Termination of Review	Cases Consolidated	at Year-end
2001	-	-	29	2	10
2002	-	1	21	2	1

Note: Merger cases notified after 6 February 2002 were subject to new merger control regulations.

b) Summary of significant cases

Hsin Taipei Cable TV Co. and Li Kwan Cable TV Co.

In June 2002, Hsin Taipei Cable TV Co. and Li Kwan Cable TV Co., the only two system operators serving the Neihu area (comprising two administrative areas within Taipei city), notified the FTC of their merger proposal. The two system operators respectively belong to the two largest MSOs in Chinese Taipei, the Eastern Group and the Giga Group, with each controlling the provision of more than ten channel programs.

The FTC was concerned that this merger would not only give rise to a monopoly in the Neihu service area so as to be able to abuse the operators' dominant position over the upstream program providers and downstream subscribers, but would also create a setting for possible collusion between the two largest MSOs to lessen their competition in the neighboring service areas and divide their business operation areas by exchanging their subscribers.

The FTC was seriously concerned that the disadvantages resulting from competition restraints could not be outweighed by the possible overall economic benefits produced by this merger and, consequently, rejected the proposal.

III. The role of competition authorities in the formulation and implementation of other policies, *e.g.*, regulatory reform, trade and industrial policies

The first version of the Fair Trade Act stipulated that its provisions would not apply to any act performed in accordance with any other law, which severely restrained the FTC's ability to involve itself with competition advocacy matters, even though the Chairperson was able to express the FTC's positions in Cabinet meetings.

However, the Act also stipulated that, for any matter provided for in it that concerned the authority of any other ministries, the FTC could consult with such other ministries to deal with that matter. This provision leaves ample space for the FTC to promote competition by constantly advising other government agencies during the formulation and development of laws, or consulting with them to revise or repeal existing laws that have been deemed to be incompatible with the spirit of the market economy during the past ten years.

In past years, the FTC established a task force in 1994 to examine all of the other existing laws that provided a legal basis for exemption under the Fair Trade Act. Furthermore, in 1996 the FTC set up a deregulation task force to review and to assess competition in highly-concentrated markets so as to identify and remove unnecessary or undue regulatory controls if there were any.

In its first amendment in 1999, the new provision of the Fair Trade Act has required that the Act should not be applied to acts performed in accordance with other laws only if such other laws do not conflict with the legislative purpose of the Fair Trade Act. This amendment thereby further affirmed the spirit and content of the Act as the core of economic policy.

Ad Hoc Committee to Review Laws and Regulations

In early 2001, the government decided to comprehensively review all laws and regulations, whether existing or in the process of being drafted, to ensure an operating environment in which businesses could compete fairly. The FTC then organized an ad hoc committee to liaise with other ministries and reached the following conclusion in relation to the initial plan: 1) ministries should conduct a self-review program themselves, and 2) the FTC should compile cases related to anti-competitive legislation in the last ten years and discuss them with relevant ministries at a later stage.

After nearly a year of preparatory work, the FTC during mid-2002 held ten consultation meetings with relevant ministries, including the Ministry of the Interior, the Ministry of Education, the Ministry of Finance, the Ministry of Justice, the Ministry of Economic Affairs, the Ministry of Transportation and Communications, the Government Information Office, the Department of Health, the Council of Agriculture, and the Public Construction Commission, regarding relevant laws and regulations that impede fair competition.

The outcomes of those reviews and consultation meetings were very fruitful, and some of them are described in what follows. Still, the FTC regards the reviews and consultations as an on-going effort.

The Professions

The FTC had been aware that many Acts regulating professions have requested that the charters of the relevant trade associations shall identify fee standards for practicing, especially by limiting the fees which professionals may charge or by requiring that fee scales be applied for services, or that the trade associations shall submit an application to the competent authorities to obtain such standards.

Since the laws regulating trade associations make it clear that a professional cannot practice without membership in a relevant trade association, the fee standards stipulated in trade associations' charters in fact heavily decrease or even eliminate the possibility of price competition in their respective markets.

In 1999, the FTC consulted with the Ministry of the Interior, the Ministry of Finance, the Ministry of Justice, and the Public Construction Commission to discuss whether the pricing behavior stipulated in the trade association charters for architects, accountants, lawyers, and technicians violated the provisions of the Fair Trade Act. The FTC finally reached the conclusion that such trade associations had clearly engaged in concerted actions.

Considering that these charters were authorized by relevant laws and had existed for quite a long time, the FTC then forwarded its formal opinion to relevant government agencies as well as trade associations to interpret its position in applying the Fair Trade Act. The FTC advised those government agencies to amend relevant laws and required relevant trade associations to delete the provisions for setting fee standards within a year.

In 2001, the FTC found that none of the responsible government agencies had proposed a draft to revise relevant laws. Of the trade associations for whom the agencies were responsible, some had informed their members not to follow the fee regulations in their charters again, but most architects' trade associations strongly reacted to the FTC's requirement and failed to comply. Further communications with architects' trade associations took place but had little effect. The FTC then decided to issue an order to the three largest architects' trade associations to make them stop using the fee standards and required them to repeal the relevant provisions in their charters at their next general meeting.

During the review period in 2002, the FTC held various meetings with relevant regulatory authorities to again discuss with them the fee standard requirements set in the Architects Act, the Accountants Act, the Lawyers Act, the Nutritionists Act, the Veterinarians Act, and the Technicians Act. Most of the authorities agreed that there was a need to review the need to set fee standards, and some even promised to draft a bill to repeal the relevant provision, including the authorities responsible for the Accountants Act and the Nutritionists Act. The authority responsible for the Architects Act decided to hold more negotiations and public hearings on this matter. The relevant authorities also forwarded the FTC's opinions to the lawyers, veterinarians, and technicians associations for their consideration to determine whether their behavior risked violating the Fair Trade Act.

Civil Aviation

The civil aviation business environment has been greatly impacted in recent years. Considering that there was a need to make its regulation more reasonable for the relevant enterprises concerned, the Ministry of Transportation and Communications (the MOTC) held a series of meetings to review the Civil Aviation Act in 2002.

In recognizing that joint operations would be a way of lowering the airline enterprises' business costs as well as protecting consumer interests under certain circumstances, the MOTC made plans to amend the Civil Aviation Act to require the parties to the joint operation to file an application to the MOTC through the Civil Aeronautics Administration, and to authorize the MOTC to set conditions or a period, and require undertakings in regard to its approval decision.

In view of the fact that joint operations between airline enterprises could give rise to concerted actions applicable to the Fair Trade Act, the FTC advised the MOTC that such a joint operation proposal should also be reviewed by the FTC to avoid competition concerns and possible jurisdictional conflict. The advice was taken by the MOTC as well as by the legislators and was embodied in the amended Civil Aviation Act.

Shipping

The Shipping Businesses Act requires that the shipping enterprises file an application with the MOTC before they engage in joint operations, and the MOTC may set conditions or a period, or require undertakings in its decision to grant approval.

In view of the fact that the joint operations among the shipping enterprises could give rise to concerted actions applicable to the Fair Trade Act, the FTC advised the MOTC that such joint operations proposals should also be reviewed by the FTC to avoid competition concerns and possible jurisdictional conflict. The MOTC decided to invite the FTC to negotiate and jointly set the Supervisory Regulation on Joint Operations among Shipping Enterprises.

Natural Gas

Currently, natural gas may only be produced or imported by the state-owned CPC. The government, as part of an effort to encourage the establishment of natural gas enterprises, intended to liberalize the importation of natural gas and regulate new enterprises' pricing behavior, in 2002 required relevant government agencies to provide input into the drafting process of the Natural Gas Industry Act.

In the draft legislation, a natural gas enterprise is entitled to request that other natural gas enterprises store and/or transmit gas on its behalf, with the quantity and price being decided on the basis of bilateral negotiation. If an agreement cannot be reached, the competent authority, the Ministry of Economic Affairs, may participate in the negotiation.

The FTC, however, based on the view that natural gas enterprises with storage and transmission facilities should be regarded as bottleneck facilities that are able to misuse their market position to engage in unfair competition within the industry, advised the government that the competent authority should set the terms and conditions for access to storage and transmission facilities. The government then decided to authorize the competent authority to decide upon the terms and conditions for access to such facilities in the event that an agreement could not be reached.

IV. Resources of competition authorities

1. Resources overall

a) Annual budget: NT$360.97 million (equivalent to USD 10.5 million in July 2003)

b) Number of employees (person-years):

Economists	35
Lawyers	56
Other professionals & support staff	130
All staff combined	221

2. Human resources (person-years) applied to:

a) Enforcement against anticompetitive practices and merger reviews

All kinds of anti-competitive cases, including misuse of dominant position, merger reviews, hard core cartels and various vertical restraints, are handled by the FTC's First and Second Departments which take care of cases related to the Services and Agricultural Sectors, and the Manufacturing Sector, respectively. There are 28 staff in the First Department and 29 in the Second Department.

b) Advocacy efforts

A section of 5 staff in the Planning Department of the FTC is responsible for designating public outreach/communications programs. Nevertheless, almost every department and staff member actively plays an individual role in outreach/communications.

3. Period covered by the above information: January through December 2002

V. Summaries of or references to new reports and studies on competition policy issues

The following are the tentative translations of the titles of the studies carried out in 2002. All of them are in Chinese only.

Commissioned studies:

1. Competition Rules on Essential Facilities under a Knowledge-based Economy System
2. Fair Competition Rules in New Knowledge-oriented Industries
3. Concerted Actions among Credit Card Payment Systems
4. On the Relations between the Copyright Act and the Fair Trade Act
5. On the Application of the Fair Trade Act to the Artificial Fiber Manufacturing Industry
6. A Study of the Competitive Behavior in relation to the Imports, Refineries and Common Resources Utilization of the Petroleum Companies – From the Fair Trade Act's Perspective
7. Relations between the Automobile Industry and the Fair Trade Act after Chinese Taipei's Accession to the WTO
8. Feasibility of the De-regulation of the Water Industry in Chinese Taipei
9. On the Degree of Information Disclosure and Unfair Competition in Comparative Advertisements
10. Questions Regarding the Definition of Multi-level Sales in the Provisions of the Fair Trade Act
11. A Study on the Determination of Cartels and their Exemptions
12. Controversies over Economic Concepts in the Anti-trust Law

Staff reports

1. Regulation and Competition in the Civil Air Transport Industry
2. Competitive Behavior in the Pharmaceuticals Industry under the National Health Insurance System
3. Developments in Fair Trade Act Enforcement – in the Light of the Administrative Courts' Judgments
4. The Role the Competition Authority Should Play in Regulatory Reform