

## FPC and MPC

1556<sup>th</sup> Commissioners' Meeting (2021)

Case: FPC and MPC violated the Fair Trade Law for posting false advertisements on their websites

Keyword(s): 95 unleaded gasoline, diesel, national standard, Euro 5, false advertisement

Reference: Fair Trade Commission Decision of August 11, 2021 (the 1556th Commissioners' Meeting); Disposition Kung Ch'u Tzu No.110057

Industry: Manufacture of Petroleum and Coal Products (1700)

Relevant Law(s): Article 21 of the Fair Trade Law

### Summary:

1. The FTC received complaints claiming that both Formosa Petroleum Corporation (hereinafter referred to as "FPC") and Mech-President Corporation (hereinafter referred to as "MPC") have posted on their websites the wordings of "95+ gasoline: the only product in Taiwan exceeding the national standard" and "super diesel: the only product in Taiwan complying with the Euro 5 standard" (hereinafter referred to as "the advertisements in question"). Earlier, Chinese Petroleum Corporation (hereinafter referred to as "CPC"), with FPC being the only two suppliers in the domestic gasoline market, had announced in a news release that the quality of its petroleum products had surpassed the national standard and became better than the EU standard as well. Therefore, the advertisements in question were false.
2. Findings of the FTC after investigation:  
The FTC requested FPC, MPC and CPC to attend the interview meetings at the FTC with their written statements. The opinion of the Bureau of Energy was also solicited.
3. Grounds for disposition:
  - (1) The 95+ gasoline FPC referred to in the wordings of "95+ gasoline: the only product in Taiwan exceeding the national standard" and the 95 unleaded gasoline from CPC were both 95 unleaded gasoline as specified in the ROC National Standard CNS 12641. According to the Bureau of Energy, in the current CNS 12641, it is stipulated that the octane number of 95 unleaded gasoline may not be lower than 95. Meanwhile, the test report certified by an impartial certification

entity and presented by CPC showed that the octane number of the 95 unleaded gasolines also surpassed the national standard of 95. That means the 95+ gasoline from FPC was by no means the only product in Taiwan that has exceeded the national standard. In other words, the advertisement was in violation of Article 21(1) of the Fair Trade Law.

- (2) As for the advertisement carrying the claim of “Super diesel: the only product in Taiwan complying with the Euro 5 standard,” it was referring to the “density at 15°C” value of the product. The FTC’s investigation revealed that the “density at 15°C” value of Euro 5 automotive diesel was between 820kg/m<sup>3</sup> and 845kg/m<sup>3</sup>. The super diesel test reports presented by FPC and CPC after they were certified by impartial certification entities showed that the “density at 15°C” values of the super diesel from both companies complied with the “density at 15oC” value of diesel for Euro 5 motor vehicles. As a result, apparently the diesel from FPC was not the only product complying with the Euro 5 standard. Therefore, the claim was in violation of Article 21(1) of the Fair Trade Law.
- (3) After taking into consideration the motivation behind the unlawful act of FPC and MPC, the sales of the two companies and the profits gained during the violation, the fact that it was their first violation and both companies had stopped their unlawful acts, and attitude as well as the level of cooperation during the investigation, the FTC cited the first section of Article 42 of Fair Trade Law and imposed NT\$2 million on FPC and NT\$1 million on MPC.

Appendix:

Formosa Petrochemical Corporation’s Uniform Invoice Number:  
86522210

Mech-President Corporation’s Uniform Invoice Number: 86379116

Summarized by: Tseng, Huei-Yi; Supervised by: Hsieh, Hsiu-Lin