

## LTDA and Snorkeling Tour Services in Pingtung

1636<sup>th</sup> Commissioners' Meeting (2023)

Case: Pingtung LTDA and snorkeling tour services violated the Fair Trade Law by jointly deciding to raise charges

Keyword(s): Snorkeling, service fee standard, joint pricing

Reference: Fair Trade Commission Decision of February 8, 2023 (the 1636<sup>th</sup> Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 112007

Industry: Other Sports Activities (9319)

Relevant Law: Article 15 of the Fair Trade Law

### Summary:

1. The FTC received complaints accusing Pingtung County Liuqiu Tourism Development Association (hereinafter referred to as LTDA) of demanding snorkeling tour services to adopt a flat price not any lower than the price determined by the association and even requesting the services to increase the price.
2. Findings of the FTC after investigation:  
On August 18, 2021, LTDA convened a meeting with local snorkeling tour services to draw up the "Liuqiu Township Snorkeling Tour Services Epidemic Prevention Guidelines." After applying for reopening of snorkeling service operations, the snorkeling tour services used their LINE group and also held a "Tourism Snorkeling Services Meeting" on August 22, 2021 to discuss and exchange their ideas and establish a mutual understanding on raising snorkeling tour service fees. Sunlight Snorkeling Tour Service and 20 other snorkeling tour services signed their names and released the "August 23 Snorkeling Tour Services Joint Statement" to announce that, "due to the reduction of students per coach and cost increases resulted from the enforcement of epidemic prevention measures, the service fee per person will be increased to NT\$400 (same currency applies hereinafter)." Afterwards, LTDA sent the joint statement to every trading association and group in Xiaoliuqiu and asked them to request their members to cooperate.
3. Grounds for disposition:
  - (1) Sunlight Snorkeling Tour Service and the 20 other services were suppliers in the Xiaoliuqiu snorkeling tour service market. Being

competitors, they were supposed to compete for business opportunities by making more advantageous offers in price, quantity, quality and service. However, they discussed through LINE and held meetings to achieve the mutual understanding on jointly increasing the service fee per person to NT\$400. The practice restricted businesses in the snorkeling tour service market in Xiaoliuqiu from making their own price decisions and engaging in price competition. As a result, the interests of consumers were jeopardized.

- (2) Sunlight Snorkeling Tour Service and the 20 other services were the main suppliers in the Xiaoliuqiu snorkeling tour service market. After snorkeling tour service in Xiaoliuqiu was reopened on August 24, 2021, they immediately raised the service fee per person from NT\$300 or NT\$350 to NT\$400. They continued to discuss through LINE to maintain the price and kept an eye on one another to assure every business abided by the decision. The conduct damaged the independent and dispersed price decision mechanism which market competition has long relied upon. It directly and apparently caused harm to the competition function in the Xiaoliuqiu snorkeling tour service market. The practice was a concerted action forbidden by Article 15 of the Fair Trade Law.
- (3) LTDA was not a snorkeling tour service, but it proactively urged Sunlight Snorkeling Tour Service and the 20 other services to intentionally engage in a concerted action in violation of Paragraph 1 of Article 15 of the Fair Trade Law. For this reason, the FTC also sanctioned LTDA according to Paragraphs 1 and 2 of Article 14 of the Administrative Penalty Act.
- (4) The following were the reasons for the FTC's decision in this case: Sunlight Snorkeling Tour Service was the first to propose the increase of snorkeling service fees through the LINE group. Then Xiaoliuqiu Mr. Crabs Water activities and Xiaoliuqiu Coral Snorkeling Tour Service requested the chairperson of LTDA to intergrate and consolidate the views and opinions of snorkeling tour services. Bliss Diving Water Activities failed to give the FTC a complete statement while Laizheli Fuqiandian was uncooperative throughout the investigation. The unlawful act lasted four months. The business scales of the services were not big. It was their first violation and they stopped the unlawful conduct already. The impact of the pandemic on the businesses was also taken into account. In the end, the FTC decided to impose administrative fines ranging from NT\$100,000 to NT\$150,000 on Sunlight Snorkeling Tour Service and the 20

other businesses and LTDA.

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