Betel Products Wholesaler Mr. Chang

1768th Commissioners' Meeting (2025)

Case: Wholesaler Mr. Chang violated the Fair Trade Act by manipulating the prices of betel leaves and betel flowers
Keyword(s): Betel leaves; betel flowers; betel nuts; causing other enterprises to refrain from price competition
Reference: Fair Trade Commission Decision of September 10, 2025 (the 1768th Commissioners' Meeting); Disposition Kung Ch'u Tzu No. 114084
Industry: Wholesale of Fruit and Vegetables (4541)
Relevant Law(s): Article 20 of the Fair Trade Act

Summary

1. A number of citizens filed complaints regarding betel nut stand operators had reduced the number of betel nuts in each box. Although the demand for betel leaves had decreased, weather conditions had been favorable, domestically produced betel leaves had gradually entered the market, and imported betel leaves had continued to arrive, resulting in increased market supply, the prices for betel leaf remained high. contrary to the law of market supply and demand. Wholesaler Mr. Chang was therefore suspected of manipulating betel leaf prices.

2. Findings of the FTC after investigation:
   Beginning in 2016, Mr. Chang started to collect information on market supply and demand and independently determined the actual purchase prices and wholesale prices of betel leaves and betel flowers. On the evening before transactions took place, he would publish the actual purchase prices in the "Taitung Betel Leaf and Betel Flower Wholesale Prices and Farm-Gate Prices" LINE group and in more than ten Facebook groups, including the "Formosa Betel Nut and Betel Leaf Forum," to serve as the pricing benchmark for transactions between wholesalers and intermediate wholesalers, on the one hand, and downstream betel nut stand operators, on the other. At the beginning of the following month, he also published the wholesale prices of betel leaves and betel flowers for the preceding month, which served as the basis for settlement between wholesalers, distributors, and famers. In addition, producers, distributors, and betel nut stand operators stated that they all conducted transactions based on the betel leaf and betel flower

price information published by Mr. Chang.

3. Grounds for the disposition:

(1) Mr. Chang had previously served as a supervisor of the "Taitung County Betel Leaf and Betel Flower Production and Marketing Association" and had participated in its operations. He was therefore aware that wholesalers in Taitung County had previously operated through the association to provide betel leaf and betel flower price information, thereby causing enterprises at different stages of production and distribution to generally conduct transactions based on those price benchmarks, and that such conduct had been determined to constitute a concerted action and had already been subject to disposition. Nevertheless, Mr. Chang continued to independently determine and publish betel leaf and betel flower price information, thereby inducing enterprises at different stages of production and distribution to continue using those prices as the basis for their transactions. Wholesalers and distributors needed only to transact with betel nut stand operators and famers based on the actual purchase prices and wholesale prices set by Mr. Chang to ensure profits from their transactions. This reduced their incentives to engage in price competition, weakened the functioning of the competition mechanism in the market, and harmed the market trading order, which is fundamentally based on competition on the merits in terms of quality, price, service, and other efficiencies. The FTC therefore considered such conduct reprehensible from the perspective of business competition ethics and determined that it constituted the use of improper means to cause other enterprises to refrain from price competition.

(2) Distributors and betel nut stand operators stated that Mr. Chang was the only person nationwide providing such price quotations and that their trading counterparts required transactions to be conducted based on the prices quoted by Mr. Chang. The betel leaf and betel flower price information transmitted by upstream wholesalers as the basis for settlement was identical and consisted of price information originally quoted by Mr. Chang and subsequently forwarded by those wholesalers. Moreover, Mr. Chang admitted that enterprises throughout the nationwide betel nut industry chain accepted the betel leaf and betel flower prices he provided and conducted transactions in betel leaves and betel flowers on the basis of those prices. The foregoing was sufficient to establish that wholesalers and distributors on the market conducted transactions by reference to the actual purchase prices and wholesale prices of betel leaves and betel flowers set by Mr. Chang. Such conduct had substantially weakened price

competition on the nationwide market for betel leaf and betel flower distribution services and was likely to restrain competition. The FTC therefore determined that Mr. Chang had violated Article 20, Subparagraph 4 of the Fair Trade Act.

(3) After considering that wholesalers and distributors nationwide conducted transactions in betel leaves and betel flowers by reference to the prices set by Mr. Chang, resulting in significant harm to market trading order; that the unlawful conduct had continued for as long as eight years; the scale of betel leaves and betel flowers involved in each transaction; the fact that this was his first violation; and his cooperation in the investigation, the FTC imposed an administrative fine of NT$300,000 on Mr. Chang and ordered him to cease the unlawful conduct.

Summarized by: Hsu, Cho-Yuan; Supervised by: Yu, Wei-Jhen □