

Anti-Cartel Enforcement - Chinese Taipei Experience

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The APEC Training Course on Competition Policy

October 13-15, 2015

Kazan, Russia



Outline

- ◆ **Background**
- ◆ **Tools for Investigating Cartels**
- ◆ **Sanctions on Cartels**
- ◆ **Case Study**
- ◆ **Conclusions**



Background-

- ◆ The top enforcement priority is anti-cartel.
- ◆ The leniency program was adopted in November 2011
- ◆ Before the 2011 amendment of the Law:
 - Sanctions were insignificant
 - Sanction regulations was limited by the statutory cap
 - Non-lenieny policy
- ◆ Reasons for implementing the leniency program
 - Deficiencies of investigative tools
 - Peer pressure



Tools – Leniency Program

- ◆ Before November 2011:
 - Non-lenieny
- ◆ After November 2011:
 - Creating the legal basis:
 - Article 35 of the Law: The Commission may grant a reduction of or exemption from administrative penalties to be imposed in violation of Article 15 of the Law
 - Enacting the settlement procedure:
 - “Regulations on the Immunity and Reduction of Fines in Illegal Concerted Action Cases”



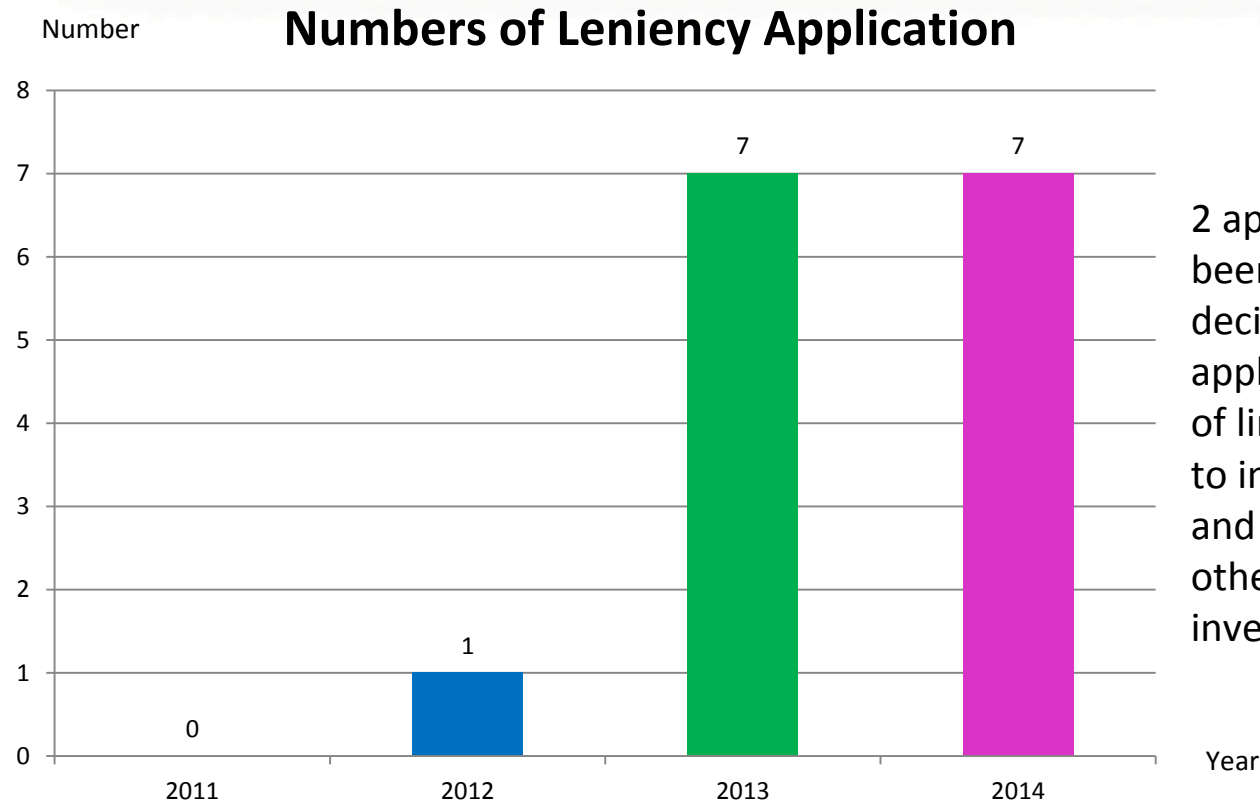
Tools – Leniency Program

Ever since November 2011:

- ◆ Immunity of Fines:
 - For the 1st Applicant
 - The Evidence provided shall allow the Commission to initiate a cartel investigation
- ◆ Reduction of Fines : in the period of investigation
 - 1st applicant: -(30%~50%)
 - 2nd applicant: -(20%~30%)
 - 3rd applicant: -(10%~20%)
 - 4th applicant: ≤-10%
- ◆ Marker System



Tools – Leniency Program



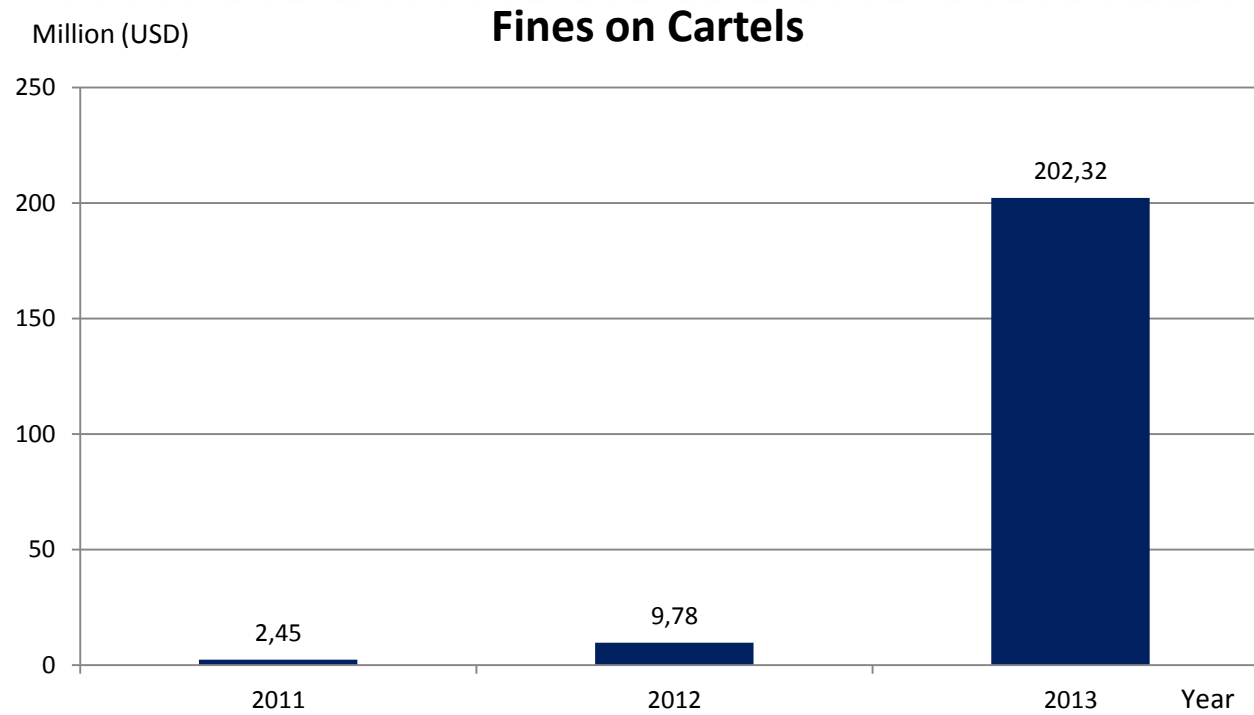
2 applications have been accepted and decided, 5 applications are out of limitation of period to impose sanctions and rejected, and the others are ongoing investigated.

Sanctions-

- ◆ **Before November 2011: Paragraph 1, Article 41**
 - NT\$50,000 < Administrative fines < NT\$25,000,000
(US\$1,666) (US\$0.8 million)
- ◆ **After November 2011: Paragraph 1 and 2, Article 40**
 - NT\$100,000 < Administrative fines < NT\$50,000,000
(US\$3,333) (US\$1.6 million)
 - The Commission may impose an administrative fine of up to 10 percent of the total sales of the violators involved in monopoly abuse or hard-core cartels.



Sanctions-

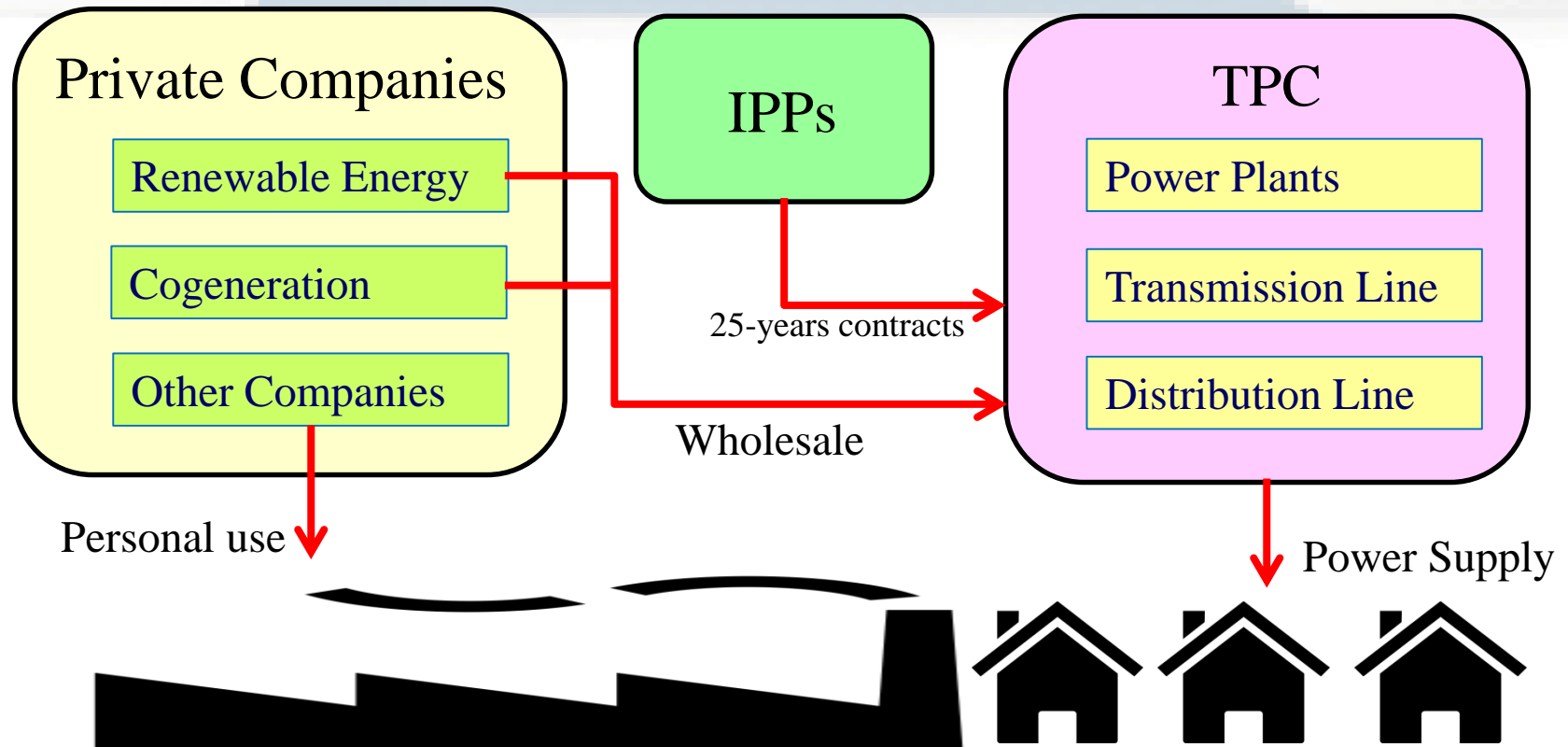


Case Study

- 9 independent power producers (IPPs) jointly refused to adjust the prices of power they sold to TPC, a state-owned power company which is the main supplier in the retail electricity market in Chinese Taipei, during the period from August 2008 to October 2012.
- Total penalties for 9 IPPs :
 - » NT\$6,007 million (US\$200 million)



Case Study- Taiwan Electricity Market Structure



Conclusions-

- ◆ To learn from the international competition community
- ◆ Leniency program and tough penalties are effective tools against cartels
- ◆ Promote the amendment of the Law to the public, especially local companies.





Q&A

Thank you for paying attention.

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