

Price Stabilization Measures

Updated in September 2019

Price stability is an important government's policy. In response to the possible effects of price fluctuation, the Executive Yuan established the Price Stabilization Committee to closely monitor domestic and international commodity prices, regularly survey and keep track of the trend of domestic consumer prices and, with regard the price of daily essentials, enhance the monitoring of the entire upstream, midstream to downstream production and sales process, and adopt timely measures to stabilize prices to safeguard consumer rights and interests.

I. Upstream: Stabilizing prices of imported bulk commodities and farm-gate price of agricultural products

(1) Keeping track of daily farm-gate and wholesale prices of agricultural products

The Council of Agriculture (COA) keeps track of daily changes in farm-gate prices of important agricultural products and transactions in agricultural product wholesale markets and activates related production and sales regulation measures if necessary.

(2) Limiting price rises of some state-owned enterprise products

1. The Ministry of Economic Affairs (MOEA) announced measures to stabilize oil prices on May 11, 2018, in an effort to ease the impact of sharp fluctuations in oil prices. CPC Corporation, Taiwan, implemented the policy on May 14.
2. Taiwan Sugar Corporation cooperated with the government to stabilize prices. Barreled cooking oil prices stayed the lowest in the market. Small packet sugar was stable in price and the market well supplied. ◦

(3) Ministry of Finance dynamically reduces tariffs on bulk commodities, or exempts them from business tax

1. Closely monitoring price changes in the international market for bulk commodities such as wheat, corn, soybeans, flour, milk powder and cooking oil.
2. Tariffs on three kinds of milk powder products were reduced, including

infant formula and milk powder, from November 25, 2011 to May 24, 2012. The tariffs on four kinds of products, including butter, corn flour and soy flour, were reduced from December 1, 2010 to May 31, 2012. Tariffs on full-fat milk powder and skimmed milk powder were reduced flexibly from February 10, 2011 to August 9, 2012. Tariffs on apples, nectarines and kiwi fruits were reduced from October 5, 2012 to December 4, 2012. Tariffs on goose meat and three other products were reduced from November 25, 2015 to December 31, 2016.

3. Business tax exemption. For example, from April 6, 2012, corn imports were exempted from business tax for a period of 6 months; upon expiry, the exemption was then extended for another 6 months to April 5, 2013.

II. Mid-stream: Strict joint monopolization investigation

(1) Strengthening investigation of mid-stream joint monopolization or illegal hoarding

1. The Fair Trade Commission investigates important consumer commodities and immediately imposes fines if involvement in joint monopolization is found. From August 2007 to September 2019, a total of 59 cases involving joint and other important illegal action (including consumer goods cases) were handled, with a total amount of NT\$12,891,990,000 in fines imposed. In addition, the Fair Trade Commission reminded the manufacturers to abide by the regulations during the inspection of prices, and issued a warning letter to related companies and business groups that urged them to comply with the law.
2. On February 4, 2015, a presumption of agreement clause was added to the investigation and punishment of joint behavior. The regulation stipulates that the existence of agreement for joint behavior may be presumed based on market conditions, characteristics of goods or services, cost and profit considerations, rationality of behavior and other factors. In addition, the fines for joint behavior and other actions that restrict competition were increased from NT\$50,000 to NT\$25 million to NT\$100,000 to NT\$50 million, twice the amount of the existing regulation.
3. On June 24, 2015, the President announced the addition of Article 47-1 to the Fair Trade Act and authorized the Fair Trade Commission to

establish an "Anti-trust Fund" to strengthen investigation on joint action and promote market competition order with the aim of effectively investigating and halting illegal joint action.

(2) Increasing the penalties for hoarding and hiking prices of daily necessities

If someone manipulates the price of important daily necessities, it will affect the stability of people's lives and hinder the development of society and the economy overall, and seriously affect people's rights and interests. Therefore, it is necessary to expand the protection of people's rights and interests by deterring malicious hoarding of commodities. Also, taking into account that spreading false information that affects trading order or the credibility of others by radio and TV broadcast, electronic communications, Internet or other broadcast device has a much greater effect than spreading by traditional means, the Ministry of Justice (MOJ) drew up a draft amendment of Subparagraph 3 of Paragraph 1 of Article 251 of the Criminal Code to expand the types of hoarded goods and also drew up amendments of Paragraph 4 of Article 251 and Paragraph 2 of Article 313 of the Criminal Code to increase criminal liability for spreading false information that affects trading order or the credibility of others by radio and TV broadcast, electronic communications, Internet or other broadcast device to enhance protection of people's livelihoods, trading order and personal credibility; the amendments were passed by the Cabinet on April 18, 2019 and then sent to the Legislative Yuan for deliberation after approval by the Executive Yuan and MOJ.

III. Downstream: Monitoring market prices and strictly punishing illegal hoarding or price gouging

(1) Stabilizing market price of agricultural products

1. The COA continues to closely watch market prices of rice, and releases appropriate amounts from public grain stores if abnormal price hikes are detected.
2. To maintain vegetable prices, the COA advised farmers' associations to stock refrigerated vegetables such as cabbage, celery cabbage, carrots, onions and potatoes. It also monitors the prices, quality and quantity of vegetables and supply, enhancing supply to ensure a stable supply of vegetables nationally while taking farmers' profits and consumers' rights and interests into account. In November 2016, the Committee reviewed

the existing price mechanism and developed eight measures to stabilize vegetable prices in response to the fluctuation of domestic vegetable prices caused by climate change (see Point No. IV).

3. During important festivals (Chinese New Year, Dragon Boat Festival, Ghost Festival and Mid-Autumn Festival), the government strengthens the allocation of agricultural, fishery and animal products such as fruits, vegetables, meat and aquatic products, increases the supply of festive agricultural products, fully meets pre-festival demand and pays close attention to supply and demand and the trading situation, so that consumers can enjoy the festivals with peace of mind.

(2) Setting up mechanisms for checking market prices

1. The government uses the price information collected by the MOEA and the Consumer Protection Committee (issued on a monthly and irregular basis) to follow changes in consumer prices. The MOEA will refer any unreasonable case to the Fair Trade Commission for further investigation.
2. The Consumer Protection Committee set up a table of the monthly average prices of 15 consumer necessities in the Price Stabilization Committee Section of the Executive Yuan website. The table, updated each month, shows the monthly average prices of some relatively well-known brands of these products, so that consumers can keep abreast of the prices of similar products and use it for price comparison.
3. The Consumer Protection Committee of the Executive Yuan will, at the time of major festivals (Chinese New Year, Dragon Boat Festival, Mid-Autumn festival), before and after natural disasters or in coordination with policy needs (such as the outbreak of avian flu), check the prices of festive products (such as Chinese New Year goods, zongzi (glutinous rice dumplings), moon cakes, fruit and vegetables) from time to time and submit the results to the Price Stabilization Committee for reference.

(3) Working in coordination with businesses to stabilize prices

1. Setting up fair-priced vegetable zones: During the typhoon and flood season, the (COA) and farmers' associations cooperate with supermarket chains like Carrefour, PX Mart and Wellcome to set up affordable

vegetable zones in their stores in metropolitan areas like Taipei, Taichung and Kaohsiung to provide consumers with affordable vegetables.

2. Stabilizing the order of egg production and sales: to stabilize egg production and sales in the first half of 2019, the COA invited the Egg Producers Association to guide farmers to increase the number of chicks and also requested the national egg merchants union to obtain material eggs from processors to supply low-cost fresh eggs to traditional channels on a priority basis.
3. Encouraging shops to provide discounts as a way of giving back to their customers: The Ministry of Health and Welfare is in charge of food safety. At present, 18 manufacturers have obtained infant formula licenses, and 120 products have been approved. On January 9, 2015, a manufacturers' meeting was held to promote food safety and health management regulations. During the meeting, the Ministry of Economic Affairs, Ministry of Finance, Fair Trade Commission and Department of Consumer Protection of the Executive Yuan talked with milk powder manufacturers, importers and distributors to encourage them to give back by launching various special discounts within a reasonable range as a way of giving back to their customers.
4. Actions of the Department of Consumer Protection, Executive Yuan in response to reports about tissue paper price increase at Chinese New Year 2018:
 - i. On February 25, a press conference was held at which the public were told there was no need to panic buy tissue paper due to fears of price hikes. The Department contacted the four main hypermarkets who said that tissue paper alternating promotions are held all year round that that the promotion periods were already scheduled (including time, brand and price) and that they would definitely not take advantage of public concern to raise prices or hoard products. Consumer protection officers also carry out on-the-spot inspection and if price rises, inappropriate marketing or even hoarding are found, they will pass the

information to the Fair Trade Commission for the case to be dealt with according to the law.

- ii. On February 26, consumer protection officers went to 15 stores of the six main hypermarket and drugstore chains to learn about the price of tissue paper and the stock situation; a press conference was held after the results (including onsite photographs and video) were compiled. It was found that most stores still supplied different types of tissue paper (sheet, roll, pull-out;) although stocks on shelves were short in some stores, operators said they would be quickly replenished; most stores also had stock in their warehouses, so there was no need to worry about supply. As for price, the price was the same as the promotional price in the catalog, with no price raising to take advantage of customer concern seen.
- iii. On February 27, from the standpoint of administrative guidance, letters were sent to the six main hypermarkets asking them to set up promotional areas (or low-price goods area) in their stores to allow convenient customer purchase.

(4) Strengthening the investigation of joint monopolization, illegal hoarding and price gouging

1. The government set up a 24-hour phone line (0800-007-007) and an online complaint section on the Price Information Platform for receiving reports from the public about unreasonable price hikes or jacking up of prices.
2. The relevant departments monitor daily media news of price hikes and check if such reports are true. If there are unreasonable price hikes, the competent authority will be asked to investigate.
3. In order to prevent illegal hoarding and jacking up the prices, the MOJ held a meeting on July 9, 2018, and updated the contact list of the Illegal Hoarding and Price Gouging Prevention Unit accordingly after the meeting. In case of emergency, the relevant mechanism will be activated. The Taiwan High Prosecutors Office Unit Against Staple Goods Crime convened a meeting attended by related agencies and carried out overall review of the existing operating mechanism to identify places needing adjustment or revision.

4. In response to media reports after Chinese New Year 2018 that tissue paper makers planned to increase prices, the Fair Trade Commission began an investigation on February 23, 2018 and, as well as dispatching officials to visit stores, also held two press conferences on the 25th and 26th respectively, at which its law enforcement standpoint was announced. On the 27th of the same month, the three main paper makers Yuan Fong Yu, Kimberly Clark and Cheng Long Corp. and the five big supermarkets operators Carrefour, RT-Mart, FE-AMART, PX Mart and Costco were invited to attend the meeting to “advocate competition and prohibit joint tissue paper price increases” at which they were told of the Commission’s determination to prevent joint tissue paper price increases. Investigation found that false information used for product promotion by RT-MART International Ltd had misled consumers and sparked a sudden imbalance in tissue paper market supply and demand; this was deemed to be deception that had affected trading order in violation of Article 25 of the Fair Trade Act. At the 1375th meeting of the Commission on March 14, 2018, RT-Mart was fined NT\$3.5 million.
5. At the start of 2019, there were media report that some food service operators were to increase their prices due to cost increases, the Fair Trade Commission initiatively began an investigation to find out if the price rises by well-known domestic food service brands and hand mixed drinks brands involved joint action in violation of the Fair Trade Act. Close attention continues to be paid to the market situation and, if joint action in violation of the Fair Trade Act is discovered, it will be punished heavily.
6. In response to media reports on April 30, 2019 that ‘fried chicken steak price will soon be the same as lunchboxes,’ the Department of Consumer Protection contacted the eight eateries selling oyster noodles, fried chicken steak, pot stickers and dry noodles etc. in the reports and they said that they had no plans to increase prices; the results were reported to the Price Stabilization Committee line group.

(5) Promoting openness and transparency of information

1. In order to provide the public with more abundant and real-time price

information as well as friendly and convenient user experience, the National Development Council set up a "price information display board platform" on March 31, 2015. This was the first time that the government used data of electronic invoices to find out the market price of consumer products instead of manual price inquiry. The platform provides the weekly price information of 120 kinds of consumer products in 10 categories, such as food and daily use items. It also provides open data and inquiry function for the public to download for analysis and application. In addition, the platform also includes oil, electricity, gas, water and other prices, and provides a "public proposal" section to interact with the public.

2. On June 30, 2017, the milk powder section was added. The Ministry of Economic Affairs, the Ministry of Health and Welfare and the Department of Consumer Protection collect prices of 7 kinds of adult milk powder and 29 kinds of infant formula powder prices from stores and pharmacies every month. The average retail price of milk powder and the price per 100g are provided on this platform for reference.

IV. Measures to stabilize vegetable prices

In order to effectively stabilize vegetable prices, the COA developed eight measures and standard procedures, including: (1) use of information management system to record information of fruit and vegetable production, import, production and sales, (2) review of the current production adjustment measures, (3) establishment of a risk management mechanism for fruit and vegetables to prevent price fluctuations, etc. to increase the effectiveness of supply and ensure that supply of imported substitute vegetables is sufficient after typhoons.

(1) Production and sales system integration

1. The platform provides 11 analysis charts that include weather data, import and export of fruit and vegetables, retail prices, production forecasts, rolling storage and wholesale prices. 10 vegetables such as kale and green onions, and 10 fruits such as bananas and papayas are included. It also provides information of daily import of 30 major vegetables and fruits such as kale, onion and garlic, and daily export of

26 major vegetables and fruits such as edamame, banana and pineapple; and the daily import and export data of 14 categories of miscellaneous grains such as soybeans, wheat, corn, groundnuts and related primary processing products. The platform had been used 279,839 times from the flood season of 2017 (May 1) to September 2, 2019.

2. On August 26, 2019 system function optimization was completed, enquiry changing from function-oriented to Para Google simple type; simply by inputting the crop name, links to various production and sales analysis charts appear and there is no need to search by function type; also, through social media, production and sales information is sent to members of the industry strategic alliance to serve as reference for formulating production and sales strategy.

(2) Increase of rolling storage amount and equipment

To enhance the ability to release frozen vegetables after natural disaster, farmers' associations were instructed to stock 3,000 tonnes of cabbage and Chinese cabbage and 600 tons of root vegetables such as carrots, onions and potatoes. In addition, the government continues to guide farmers' groups to set up more refrigerated storage facilities.

(3) Emergency import mechanism before typhoons

When a typhoon may hit major vegetable production areas, the COA guides the competent authority to request upstream trade companies to urgently import vegetables that can be stored so as to meet the market demand.

(4) Safety stock of root vegetables

If there is a disaster at the beginning of the year and the stocks of root vegetables are insufficient to meet annual demand, the Agriculture and Food Agency of the COA will investigate the quantity and price of root vegetable production countries (such as New Zealand, Australia and the United States) and instruct farmers' groups to import a sufficient amount of root vegetables before August each year to supplement domestic safety stock.

(5) Expansion of the affordable vegetable supply base

For convenience of consumers' purchasing, before typhoons, farmers' groups are instructed by the government to set up special areas for affordable vegetables in big supermarkets such as Carrefour, Welcome and

PX Mart in the main urban areas.

(6) Guidance for the construction of enhanced facilities

To enhance the disaster prevention capacity of agriculture and stabilize the supply of fruit and vegetables, the government launched an agriculture facility program in 2017 with a target of 2,000 hectares. By the end of August 2018, 777 hectares had been established under guidance. The government provides half of the cost of insurance for agricultural facilities, up to NT\$50,000 per hectare, to reduce investment risks for farmers.

(7) Cooperating with other agencies on price checking

After a sea typhoon warning is issued, the Fair Trade Commission and the Department of Consumer Protection of the Executive Yuan will go to supermarkets and traditional markets to check vegetable prices. In addition, the COA will simultaneously investigate imported vegetable prices in wholesale markets and compare them with the cost of customs import declarations. If anyone is found to be in violation of Article 251 of the Criminal Code by the intention of encouraging hoarding, he/she shall be subject to investigation by a prosecutor's office.

(8) Establishing natural disaster response team

The COA will set up a task force before each natural disaster, with the deputy minister as the convener, to implement the above measures. The task force will include the Fair Trade Commission and the Department of Consumer Protection, as well as related departments of the COA.