

CP, Telenor challenge NBTC's scope

Head honchos insist telecom regulator has no power to approve or reject their merger

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The bosses of the parent firms of True Corporation and Total Access Communication (DTAC) have insisted the telecom regulator has no power to approve or reject their merger, but can only impose measures to govern it.

A lawsuit could be filed at the Central Administrative Court if the National Broadcasting and Telecommunications Commission (NBTC) resolves to reject the deal, though the two companies said they do not want it to come to that.

The issue was raised at a joint press conference yesterday held by Suphachai Chearavanont, chief executive of conglomerate Charoen Pokphand (CP) group, the parent of True, and Sigve Brekke, president and chief executive of Norway's telecom giant Telenor, the parent of DTAC.

Mr Suphachai, who is also chairman of the board of True, said True and DTAC are urging the NBTC to start drafting measures to govern the deal as the two merging parties submitted the notification of their amalgamation to the regulator on Jan 25.

An NBTC rule requires telecom operators seeking to merge to report to it at least 90 days before executing the merger.

Mr Suphachai said the deal was supposed to see all the elements involving the merger wrapped up by May, but that did not happen.

He accepted the deferral was caused by the reshuffle of the NBTC board.

The new NBTC board was sworn into office in April and then it set up four subcommittees to scrutinise the merger, followed by focus group hearings to gauge the impact of the deal.

Mr Suphachai said True and DTAC are under pressure from the delay as they are obligated to proceed with the share swap by September, in line



SUPHACHAI CHEARAVANONT
CHIEF EXECUTIVE, CHAROEN
POKPHAND

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with the Stock Exchange of Thailand's regulations.

He said the timeline is a serious matter as it could affect shareholders' confidence.

Telenor and CP announced the



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PRESIDENT AND CHIEF EXECUTIVE,
TELENOR

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planned merger of DTAC and True on Nov 22, 2021, saying the two telecom firms will consolidate to form a new company focused on technological fields in addition to the traditional telecom business.



■ Pressure by over-the-top (OTT) platforms and new digital services, replacing SMS, MMS and international roaming

■ Financial burden from high licence fees, increasing inflation and interest rates, and weaker baht

■ Regulations, such as the imposition of a ceiling for telecom service charges and unfair tax collection from OTTs

BENEFITS OF NEW MERGED FIRM



NETWORK

- More than 49,800 base stations
- Fast network with complete frequency coverage



CUSTOMER EXPERIENCE

- Complete 5G experience
- New technologies
- More privileges



AFTER-SALES SERVICES

- More than 5,200 call centre staff
- Technical experts
- True and DTAC shops and e-services

Source: CP-Telenor news conference

BANGKOK POST GRAPHICS

UNLIKE RIVAL DEAL

Earlier this month, Advanced Info Service (AIS), the country's biggest mobile operator by subscriber base, announced its plan to acquire fixed broadband provider Triple T Broadband (TTBB) and invest in Jasmine Broadband Internet Infrastructure Fund (JASIF) for 32.4 billion baht in total.

The NBTC said it would set up a panel to scrutinise the deal.

"The AIS takeover deal is subject to approval from the NBTC, while our merger deal will be done through a share swap into a new company," said

Mr Suphachai, noting the two deals are different in terms of consolidation models.

Mr Brekke said the press conference was not meant to pressure the NBTC, but to urge the regulator to perform its role and work with the two companies in shaping proper measures to govern the deal to bring benefits to consumers, the market and the country's digital landscape.

EQUAL PARTNERSHIP

Mr Suphachai said the merger is a real equal partnership as neither company

will have full control of the merged firm, with each company holding about a 30% stake.

Details of the shareholding structure and top management of the new firm could be settled as part of a long-term development, he said.

Mr Brekke said this merger deal will be the first time Telenor invests in a country where the company does not have full control of management.

Thailand has yet to capture its full digital ecosystem potential as it ranks 11th in Asia-Pacific's startup ecosystem, with only 3% of regional venture capital investments, he said.

Yet Thais are digital natives as nine out of 10 internet users buy items online, while the country's internet economy is expected to grow 90% from 2021 to 2025, hitting US\$57 billion.

REAL COMPETITION

Mr Suphachai said competitors of the three major mobile operators in the country — AIS, True and DTAC — include global players such as over-the-top (OTT) operators.

"Like the digital TV business, it is hard to separate the influence of digital media platforms provided by OTT players," he said.

"The real competition happens when strong players compete. That's why if one player is too strong and there are two weak players, that's not real competition."

Mr Suphachai said TOT and CAT Telecom merged into National Telecom in January 2021, which created a big telecom player as it runs several businesses, including telecom infrastructure, fixed broadband, mobile services, satellite and digital services.

He said the NBTC can impose proper measures to govern the deal for the public interest and market competition.

"The competition between strong players will continue to be fierce in this sector," said Mr Suphachai.