

True, DTAC submit merger report to the regulator

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A joint report by True Corporation Plc and Total Access Communication Plc (DTAC) about their amalgamation plan has been submitted to the National Broadcasting and Telecommunications Commission (NBTC), in compliance with a rule requiring 90 days advance notice for potential mergers.

A source at the regulator who requested anonymity said the report was submitted to NBTC acting secretary-general Trairat Viriyasirikul on Jan 25.

Submission of the report complies with the NBTC's notification for the merger of telecom operators, requiring at least 90 days notice before executing a deal.

The source said although the NBTC board has no authority to either approve or prohibit the merger, it can seek clarification on details.

The NBTC has the power to issue measures to prevent practices deemed to cause a monopoly or unfair competition, as well as protect customers from being exploited.

The merger plan made headlines on Nov 22 last year when it was announced by Norway's Telenor, the parent of DTAC, and conglomerate Charoen Pokphand Group, the parent of True, at a joint press conference.

The two firms are still in the early stages of the merger, with the two sides going through due diligence and the asset valuation process.

The deal has been criticised by some academics and consumer advocates who believe the merger would lead to less competition in the market, with consumers paying the price.

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TRUE-DTAC MERGER REPORT

A telecom veteran who requested anonymity said the deal needed to be scrutinised from all legal angles by related agencies.

The NBTC should quickly amend or add clauses to existing regulations to create proper measures to govern the deal and ward off a possible monopoly in the market, said the veteran.

However, the veteran believes the merger will eventually pass all regulatory challenges as True and DTAC themselves do not hold mobile licences from the NBTC.

True created a mobile business arm, True Move H Universal

Communication, which obtained mobile licences via spectrum range auctions, while DTAC's mobile arm, DTAC TriNet, holds mobile licences granted by the NBTC.

"Any civil or public laws are unlikely to derail a merger of the subsidiaries once their parents merge," the veteran said.

Seen by an industry source who requested anonymity, the merger report submitted to the NBTC indicates scale is critical to make the necessary investments in next-generation networks and innovation.

The report indicated the merger is in response to the changing dynamics of competition and creating the scale required to serve customers with world-class networks and leading digital services, the source said.

The new company claims it will be able to make the significant investments required in next-generation networks, while also providing better services through enhanced nationwide coverage, according to the report. The merged company intends to become a genuine tech leader, delivering on the country's Thailand 4.0 aspirations.

"Post-amalgamation the telecom sector will still be marked by intense competition across converged players," the source indicated, citing the report.

Operators will continue their intense competition as the new company will provide a competitive alternative to the market leader AIS, the source said, based on the report. The amalgamation is not removing particularly close competitors from the market, but creating a new company that can effectively compete to the benefit of consumers, the source said, citing the report.