

**TELECOM**

# DTAC-True merger poses risk to growth

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The merger of True Corporation and Total Access Communication (DTAC) could reduce Thailand's GDP growth by between 0.05% and 1.99%, depending on the level of collusion by the major operators after the merger takes place, according to a study by the National Broadcasting and Telecommunications Commission (NBTC).

This would translate to a reduction in GDP growth worth between 8.2 billion baht and 323 billion baht, based on the country's GDP in 2021.

The study was conducted by the NBTC's subcommittee responsible for gauging the economic impact of the merger. It was presented at yesterday's third public hearing on the merger, organised by the NBTC. This session involved participants from academic fields.

According to the study, the merger could also drive up the country's inflation rate by 0.05%-2.07%, depending on the degree of collusion.

Regarding the prospect of mobile service prices after the merger, they could rise by between 2.03% and 19.5% if no collusion takes place, the study found.

Pratompong Srinuan, senior economic expert and acting executive director of the NBTC, said the study framework focused on market competition and efficiency after the merger. In terms of competition, the study looked into behaviour for both non-collusive oligopolies and collusive oligopolies.

The study applied two main analysis models — upward pricing pressure and merger simulation — which are critical tools used to analyse merger deals in Europe and the US. They can help shed light on price effects due to a decline in competition.

The study also looked into efficiency gain assumptions following the merger by categorising them into three levels

**DTAC customers at a service centre in Bangkok.** PORNFROM SATRABHAYA

— zero, 5% and 10% efficiency gains. Efficiency gain pertains to the percentage of cost reduction as a result of the merger.

A 10% efficiency gain is the most likely in the wake of the merger, said Mr Pratompong, who is also an assistant to the secretary of the NBTC's subcommittee studying the economic impact of the deal.

Assuming a 10% efficiency gain, post-merger service prices could rise by a range of 2.03-19.5% if there is no collusion, increase by 12.5-39.8% if tacit collusion occurs, and surge by 49.3%-245% if a cartel develops.

Pornthep Benyaapikul, an economics lecturer at Thammasat University and a member of the subcommittee, said the study showed the merger may cause a reduction in the country's GDP growth by 0.05%-0.11% if no collusion takes place.

A reduction in GDP growth by 0.17-0.33% could be expected when there is tacit collusion, and a decline of 0.58-

1.99% could happen if a cartel develops, he said.

The inflation rate could increase by 0.05-0.12% if there is no collusion, 0.17-0.34% if there is tacit collusion, and 0.6-2.07% if a cartel develops, the study found.

According to Mr Pornthep, there are still many factors that affect market competition following the merger, including the number of major operators, comparable sizes of players, similarity of their services, and burdens for business newcomers.

The hearing's participants voiced concerns about the lack of additional data in the study, including other players, especially National Telecom, which holds significant telecom infrastructure.

Some said the study failed to touch upon over-the-top players, which are now running popular streaming platforms in the market.