

Economists back Korn in his fight against PTT over acquisition plan

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INDEPENDENT economists have thrown their support behind former finance minister Korn Chatikavanij's move to take PTT, a listed giant energy company, to the Constitution Court on grounds of violating the charter and engaging in unfair business practice.

Following a meeting with PTT executives, Korn, a leading member of the Democrat Party, said he would on Monday petition the prime minister, the energy minister and the Ombudsman regarding the unfair business practice of the country's energy conglomerate and other state-owned enterprises.

Korn raised the question after PTT, through Global Power Synergy Pcl (GPSC) in which it a major shareholder, planned to acquire Glow

Energy Public Co, which generates electricity.

Korn said PTT currently has a monopoly on the liquefied natural gas (LNG) trade and it sells LNG to every electricity generation plant. Therefore, it should not jump into the electricity generation business because it could lead to unfair practices. PTT executives explained to him that PTT wanted Glow to supply electricity to its own business, Korn said. He said PTT's move might be in violation of Article 75 of the Constitution that prohibits the state from competing against private companies.

Korn said he would petition Prime Minister General Prayut Chan-o-cha, the Energy Minister, and the Office of the Ombudsman on Monday about the issue. The ombudsman will scrutinise the case and decide if it should be forwarded to the Constitution

Korn also raised the issue of PTT expanding its retail coffee brand Amazon. He warned that the PTT may take advantage of small market players. PTT executives agreed to rethink their coffee franchise, Korn quoted them as saying.

PTT, however, has not made a public statement on the two issues.

Deunden said she shared Korn's view. PTT, as a state-run enterprise, should not be in the coffee business and compete with individuals or private companies, she said. This case may also run counter to the provisions in the Constitution, she added.

Praipol Koomsup, an economist specialising in the energy sector, saw no good reason for PTT to be in the coffee business, as it is a state-run enterprise and had been assigned to be in the energy businesses. Having a coffee franchise might be beyond its mandate, he said.

Court. Korn posted his comment on his Facebook page, which drew "Like" signs from many people.

Deunden Nikomborirak, a research director at Thailand Development Research Institute (TDRI), backed Korn, saying PTT may be violating the Constitution. She said a plan to buy Glow may lead to a vertical integrated business and then PTT could discriminate against other electricity generating plants while offering special treatment to Glow. Such an act would also breach the trade competition law, she said.

Pairoj Vongvipanond, a former dean of Chulalongkorn University's Economics Faculty, shared similar views, saying PTT may take advantage of the weak trade competition law in Thailand. "We have to accept that our competition law is weaker than the anti-trust law in the United States," he said.

He, however, did not agree with Korn's criticism of PTT's plan to move into the electricity generation business. He said energy is currently monopolised by the state so PTT as a state enterprise could enter the market.

Manoon Siriwan, a member of the National Reform Committee on Energy sector, defended PTT saying the government has started to open import of LNG, so not only PTT but other potential importers could also import LNG. Electricity Generating Authority of Thailand (Egat) has got the licence to import LNG, previously monopolised by PTT, he said, adding that PTT had only a 20 per cent stockholding in GPSC.

Reacting to the Manoon's comments, Korn told The Nation that in practice Egat had not yet imported LNG, so it meant that PTT still monopolised LNG trade.