

Steel Market Aftershock: A Legal Investigation into Thailand's Post-Earthquake Competition Crisis

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The recent earthquake in Thailand sent shockwaves through the steel industry, leaving many in the sector grappling with its aftermath. A 30-story building designated to accommodate the State Audit Office of the Kingdom of Thailand has collapsed, and reportedly was constructed using substandard steel bars produced by a factory that previously had been closed by regulatory authorities.

The Competition Commission of Thailand ("**TCCT**") is an integral member of the working group established under the Committee on the Management and Resolution of Issues Related to Foreign Goods and Businesses in Violation of Law ("**Working Group**"). This Working Group is tasked with expediting the integration of relevant agencies to facilitate discussions about legal actions against entities that violate relevant laws. The TCCT issued letters to two companies in connection with the recent building collapse, requesting relevant information, due to the discovery that the situation was associated with multiple companies that shared the same registered location. The inquiry includes a review of the lists of directors and shareholders of these firms, as well as review of their joint ventures with several other entities that engage in construction work for 26 different government agencies. The TCCT has announced its intent to conduct an investigation, focusing on identification of terms and conditions that may indicate collusive practices. These practices could enable a party to prevail in an auction or tender for goods or services, or to prevent another party from engaging in competitive bid pricing, commonly referred to as bid rigging.

The investigation also will examine the pricing of Chinese steel products, which may be subject to unfair pricing or the maintenance of unjust purchase or sale prices for goods or services. In addition, the investigation will address practices such as pricing below cost to eliminate competition. The Competition Act B.E. 2560 (2017) ("**TCA**") does not address product quality as a primary focus; however, it is important to recognize that low-quality products may result from reduced production costs. The TCCT will continue to investigate this issue. In addition, the TCCT will conduct an investigation into the imposition of excessively high sales prices for raw materials. These practices may have an adverse impact on business operators who function as both customers and competitors in the upstream or downstream markets for these goods or services, a situation commonly referred to as margin squeeze.

The investigation, which is being conducted by the TCCT in collaboration with the Ministry of Industry, already led to the issuance of a subpoena to search one of the suspect companies, to permit access to, and review and copying of, all electronic data in the company's equipment for further investigation. The TCCT has taken responsibility for assisting with the collection of electronic evidence by creating copies of the desktop computers belonging to the company's directors, using a comprehensive set of tools and programs designed for analysis and verification of potentially incriminating electronic evidence, in accordance with the TCA. Furthermore, the working group established by the Ministry of Industry will gather additional evidence to expedite the search for



information about non-standard steel products, particularly steel that was released to the market prior to closure of the factory in December 2024. The objective is to disclose pertinent information to the public promptly, thereby mitigating potential harm.

Based on the aforementioned investigations, we believe the TCCT will focus on the steel industry moving forward, and will expand its scrutiny beyond the two identified companies to include all entities engaged in steel operations in Thailand. The TCCT may seek comprehensive information about the steel business in Thailand for fact-finding purposes, which could lead to further inquiries, not only in connection with the collapse of the building during the recent earthquake, but also with regard to other issues that may contravene the TCA. Any company that declines to comply will be deemed to have committed an offense, and will be subject to penalties in accordance with the provisions of the TCA.

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