

Builders fined W1.3 tril. for bid rigging

By Lee Hyo-sik

Samsung, Hyundai, Daewoo, POSCO and other leading builders here have been fined more than 1.3 trillion won (\$1.1 billion) for bid rigging over the past five years.

According to data submitted to Rep. Min Byung-doo of the main opposition New Politics Alliance for Democracy by the Fair Trade Commission (FTC), Tuesday, the anti-trust agency fined 84 construction companies a combined 1.34 trillion won for collusion from January 2010 through August this year.

Samsung Construction & Trade topped the list as the building arm of Samsung Group was slapped with a 184 billion won fine for bid rigging with other builders.

Hyundai Engineering & Construction came in second with 182.4 billion won, followed by Daelim Industrial with 140 billion won, SK Engineering & Construction with 96.2 billion won, Daewoo Engineering & Construction with 85.5 billion won and GS Engineering & Construction with 74.6 billion won.

Hanyang, Dongbu, Taeyoung, Hanshin and most other mid-sized construction companies were also ordered to pay fines for colluding with one another on various state-financed construction schemes.

The number of bid rigging cases uncovered by the FTC was only 4 in 2011, but soared to 135 in 2014. In 2014, the agency imposed a total of 854.1 billion won on builders taking part in the four-river refurbishment project. In the first eight months of 2015, the figure stood at 109.

Kolon Global was found to have been involved in 21 dubious deals.

“Local construction firms are estimated to have earned a combined 44.3 trillion won in revenue through collusion from 2011 through June this year,” Rep. Min said. “The figure has likely reached 50 trillion won by the year’s end. The prevalent big rigging among builders shows that it is profitable for them to collude even though they pay fines. The government should take much harsher sanctions against colluders.”

In particular, dozens of construction companies were fined for collusion when construction contracts were offered for the four-river refurbishment project from 2008 through 2012.

Prior to the bidding, two builders met and decided that one would submit a higher price than the other in order to ensure that the latter obtained the contract.



Jung Hyun-soo
Hyundai E&C CEO



Choi Chi-hoon
Samsung C&T CEO



Park Young-sik
Daewoo E&C CEO



Hwang Tae-hyun
POSCO E&C CEO