

## Constructors fined W99b for waterway cartel

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The Fair Trade Commission on Thursday imposed collective fines totaling 99 billion won (\$90 million) on 11 major builders for their cartel during the bidding process for the Ara Waterway between 2008 and 2009.

Further, the antitrust regulator said it would file a complaint with the prosecution against five incumbent and former executives of the six biggest players out of the 11 firms.

The six firms were Hyundai Engineering & Construction, Samsung C&T Corp., Daewoo Engineering & Construction, SK Engineering & Construction, GS Engineering & Construction and Daelim Industrial.

Other smaller builders involved were Hyundai Amco, Hyundai Development Company, Dongah Construction Industrial, Dongbu Corp. and Halla Engineering & Construction.

According to the FTC, the 11 firms were found to have fixed bidding prices for the 2.6 trillion won Ara Waterway project linking the Han River running through Seoul to the Yellow Sea off the port city of Incheon in an attempt to avoid excessive competition.

“They could easily share construction lots via the cartel practice,” said an official. “They colluded on bidding prices for each lot via prior meetings or phone calls.”

Describing the incident as “conventional price-fixing in the construction industry,” he said the FTC would take stern action on similar cartel practices via active application of the competition laws.

Daewoo Engineering & Construction topped the list as it was slapped with fines of 16.4 billion won, followed by SK E&C with 14.9 billion won, Daelim Industrial with 14.9 billion won, Hyundai E&C with 13.3 billion won and Samsung C&T Corp. with 8.4 billion won.

The Ara Waterway project was initiated by the Lee Myung-bak administration. The former government argued that the canal would not only help prevent flooding in nearby areas, but also serve as a key transportation route and tourist attraction.

The carriage of freight, however, stayed at 2.6 percent of the earlier forecast — or 185,000 tons to 7.1 million tons — suggested by the state-run Korea Development Institute from May 2012 to January 2014.

Meanwhile, some economists say the incumbent government will have to pour 1 trillion won of taxpayer money into the waterway for its continuous operating costs.

Previously, the antitrust regulator imposed a combined fine of about 110 billion won on eight builders for engaging in price-fixing during the former government-led four-river restoration project.

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