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**onesteel****HSS Inquiry : OST Representation to Customs, 12 January, 2012****Thai Steel Price Ceiling**

The Royal Thai Government (RTG) has the ability to control prices for a broad range of goods including steel products (HRC [*Comment on Thai Price Control System*])

**Pricing**

Under the 1999 "Act Relating to Price of Merchandise and Service, B.E. 2542," a government committee headed by the Minister of Commerce has the authority to "Prescribe the purchase price or distribution price of merchandise or service...", "Prescribe maximum profit per unit..." and set the terms and conditions – including maximum permissible volumes – of any good or service in the Kingdom.

The law was amended in 1999 with the advent of a Competition Law and was meant to be phased out. However, with several critical aspects of Competition Law still undefined (such as the measure for market dominance), and the political utility of the 1999 Act, the old law continues in place with no apparent expiration under current consideration by the RTG.

In practice, the Department of Internal Trade within the Ministry of Commerce administers this law and interacts with the affected companies although only the "Committee on Price of Merchandise and Service" make the final decision on what products to add or remove from price controls. The Committee is comprised of the Minister and Permanent Secretary of Commerce, the Secretary General of the Board of Investment and between four and eight "qualified persons" appointed by the Council of Ministers of whom not less than half are "not to be political civil servants, persons who are in political posts, Directors or persons responsible for the administration of political parties."

**The Price Control List**

Reference Attachment 1 – Products under supervisory for 200 items as of October 2006.

**Additional Price Influence**

While those products on the Price control list (Attachment 1) have explicit price controls, [*Comment on Thai Price Control System*].

**Listing Criteria**

It is understood that there are six criteria considered by the Committee when determining whether price should be controlled. These are:

- 1) whether there is sufficient competition in the market for the product,
- 2) whether the consumer good is "necessary for living",
- 3) whether there is a record of "bad behaviour" by a specific company or industry category,
- 4) whether a product is "significant to the economy" e.g. cement, steel,
- 5) whether a product is significant for agriculture e.g. fertilizer and pesticide, and
- 6) to conform with government policy.

[*Comment on Thai Price Control System*]

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**Applying for an increase in the price**

It is understood that companies are able to request price relief but must supply data regarding their costs of raw materials, production, packaging, general operations, efficiency and margins. A response is promised by the Department of Internal Trade within thirty days of receiving all the data the Department determines it requires.

**Impact on CPI and how the Bank of Thailand addresses those prices on the 'watch list'**

It is understood that one third of the 300 items in the CPI basket of goods is on a Department of Internal Trade "price watch list" in addition to a host of services.

"The Government intervention inevitably obscures measures of broad inflationary pressures and confounds seasonal patterns in various prices – in effect, the latter distorts the construction of underlying inflation indicators. It is understood that the Bank of Thailand consequently excludes the effects of these regulated prices and finds that, absent of the government measures, CPI and core CPI inflation are significantly higher.<sup>1</sup>

Furthermore, given that firms cannot adjust their prices as often as they wish, the average mark-up will vary overtime in response to market shocks and thus can be different from the optimal mark-up firms want to charge if prices were flexible. i.e. is likely to suppress domestic prices."<sup>1</sup>

<sup>1</sup> Bank of Thailand Discussion Paper, Monetary Policy and Underlying Inflation Pressures: The Essence of Monetary Policy Design, Feb 2009

## Products under supervisory for 200 items

As of October 2006

Sensitive List (SL) – 5 items		
1. Gasoline Oil 2. Diesel Oil 3. Milk Powder 4. Fresh Milk 5. Wire/Cable		
1. Sugar 2. Fertilizer 3. Animal Feed 4. Tyre 5. Cement 6. Galvanized Iron 7. Steel Rod 8. Section 9. Steel Sheet (Hot/Cold/Roll and Stainless)		
Watch List (WL) – 186 items		
1. Fresh Chicken	26. sweetened condensed milk	51. Tapioca Flour
2. Eggs	27. Sweetened creamer	52. Thin dried noodle
3. Duck Eggs	28. Instant Coffee	53. Glass noodle
4. Beef	29. Artificial Cream	54. Semi Instant Food
5. Pork	30. ice	55. Seasoning
6. Tiger Shrimp	31. Soft Drink / Soda	56. Instant Food
7. White Shrimp	32. Drinking water	57. Pepper
8. Short-bodied Mackerel	33. Canned fruit juice	58. Soybean Sauce
9. Catfish	34. Instant Tea	59. coconut milk
10. Nile Tilapia	35. Instant coffee	60. Body Lotion
11. Steamed short-bodied mackerel	36. Seal fruit	61. Cleansing Foam
12. Morning Glory	37. Seal Vegetable	62. Soap
13. Chinese Broccoli	38. Instant chocolate drink (Water and Powdered)	63. Shampoo
14. Coriander	39. Salt	64. Conditioner
15. Green Onion	40. Cooking oil	65. Hair Gel
16. Chili	41. Fish sauce	66. Hair dye
17. Lemon	42. Soy sauce	67. Air Freshener
18. Noodle	43. Vinegar	68. Talcum powder
19. Napa cabbage	44. Soy bean sauce	69. Detergent
20. Cabbage	45. Oyster sauce	70. Cleansing Detergent
21. Mustard Leaf	46. Ketchup	71. Stained Remover
22. Clam Mussels	47. Chili sauce	72. White Bleach
23. Rice	48. Sweet Chili sauce	73. Softener
24. Yogurt	49. MSG (Mono Sodium Glutamate)	74. Iron Starch
25. Soybean milk	50. Flour	75. Dishwashing product

Watch List (WL) - 186 items (Cont.)

76. Toilet Cleaner	116. Lubricant Filter	157. Analgesic
77. Floor Cleaner	117. Air Filter	158. Cold Relief Medicine
78. Furniture Cleaner	118. Brake	159. Muscular pain relief
79. Shoe Polisher	119. Motorcycle Tire	160. Wound Solution
80. Toothpaste	120. Bicycle Tire	161. Plastic Adhesive Bandage
81. Toothbrush	121. Battery (use for vehicle)	162. Cotton
82. Sanitary napkin	122. UV protection film	163. Two wheel walk-behind tractor
83. Diaper	123. Motorcyclist Helmet	164. Farm Tractor
84. Cotton bud	124. Wall tile and floor tile	165. Lawn mower
85. Battery (use for electronic appliance)	125. Roof tile	166. Rice Combine Harvester
86. Razor Blade	126. Gypsum Board	167. Water Pump
87. Insecticides	127. Heat protection board	168. Stan
88. Paper Pulp	128. Cement Floor	169. Hoe
89. Craft Paper	129. Mirror	170. Spade
90. Sheet Board	130. Cement Pipe	171. Hand Grass Shears
91. Printing paper	131. PVC pipe	172. Pesticides
92. Proof paper	132. Aluminium Pipe	173. Pesticides sprayer
93. Toilet paper	133. Aluminium extrusion	174. Food Package Foam
94. Notebook	134. Plywood	175. Tin Plate
95. Light bulb	135. Nail	176. Tin Free
96. Hair dryer	136. Painting color	177. Student Bag
97. Electric Fan	137. Rock	178. Student Uniform
98. Rice Cooker	138. Sand	179. Student socks
99. Refrigerator	139. Brick	180. Student shoes
100. Television	140. Light Block	181. Water Filter
101. Electric Kettle	141. Block concrete	182. Cassette Tape Video Tapes
102. Grinding machine	142. Finished Concrete	Compact disc
103. Iron	143. Concrete Floor Product	183. Mobile phone
104. Air Conditioner	144. Tank	184. Mobile phone battery
105. Washing machine	145. Fat screen Tank	185. Filling card
106. Vacuum cleaner	146. Lubricant	186. Gold Ornaments and Gold Bullion
107. Water heater	147. Bunker Oil	
108. Purifier	148. Bio diesel Gas	
109. Tape and CD player	149. Cooking Gas	
110. Microwave	150. Liquefied Petroleum Gas	
111. Pumping machine	151. Plastic Resin	
112. Passenger car	152. Plastic bag	
113. Small truck	153. Carry Plastic bag	
114. Motorcycle	154. Garbage bag	
115. Bicycle	155. Wrapping plastic bag	
	156. NGV	

**Services under supervisory for 20 items**  
**As of October 2006**

Sensitive List (SL) - 1 items	
Delivery services (Document, Package and Fax)	
Repair service	
Watch List (WL) - 18 items	
1.	Ticket service
2.	Flower arrangement
3.	Watch, Clock and shoes repair
4.	Laundry Service
5.	Barber shop
6.	Fixing clothes
7.	Electronics and Water and Telephone
8.	Photocopy service
9.	Develop Service
10.	Parking service
11.	Refill and Changing oil
12.	Pet care
13.	Gym, swimming pool and tennis /badminton court
14.	Barber shop
15.	Cassette tapes, Video tape and compact disc
16.	Apartment, hotel and accommodation rental
17.	Book rental