

South Korean Antitrust Agency Completes Intel Probe

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Tuesday, Sep 11, 2007 --- Intel Corp. confirmed Tuesday that South Korean antitrust regulators have wrapped up their two-year investigation into the computer chip maker and issued a “statement of objection” to the company.

Intel spokesman Chuck Mulloy said that the statement of objection from the Korean Fair Trade Commission contains only preliminary allegations but does not amount to a finding of any violation of Korean law.

Mulloy declined to go into specifics because the document itself is confidential, but he noted that the statement of objection relates only to the Korean market.

“The results are about suspicions over Intel's abuse of its dominant market power in Korea,” Kim Sung Man, head of the South Korean regulator's antitrust monitoring team told Bloomberg News on Tuesday.

Mulloy said Intel will be given an opportunity to respond to the allegations, which Intel plans to do. The company is currently working with the Korean commission to determine the schedule for response.

Should the Korean regulator adopt a decision that's adverse to Intel, the company has the right to a review in the Korean court system.

“What we hope to do is prove that the microprocessor market is extremely competitive and that it is functioning normally,” Mulloy said. “We think our practices are lawful.”

Intel, the world's largest chip maker, sells the vast majority of microprocessors used in computers that run Microsoft Corp.'s Windows operating system. The company has faced a number of legal disputes over alleged antitrust violations.

The American Antitrust Institute sent a strongly worded letter in late August to the chairman of the U.S. Federal Trade Commission urging the agency to take action against Intel for what it believes is an “abuse of dominance” in the microprocessor market.

“Intel is clearly a monopolist in the microprocessor manufacturing industry, which for practical purposes is a global duopoly whose control over an essential ingredient for high technology makes it an critical focal point for competition policy,” the AAI letter stated.

That missive came on the heels of the European Commission issuing a July statement of objections over Intel's alleged monopoly, with the EC accusing Intel of trying to muscle competitor Advanced Micro Devices Inc. out of the market for certain computer processing units.

The EC's statement came in the midst of AMD's ongoing antitrust battle with the chip giant, which is currently unfolding in a Delaware court. For the last two decades, Intel and AMD have wrestled for the top position in the microprocessor market, with suits and countersuits and broken agreements permeating their long history.

AMD blames Intel for its anemic market share and has accused Intel of threatening customers worldwide with ruinous price increases and economic retaliation if the manufacturers purchased more AMD devices.

AMD did not hesitate to weigh in on results of the Korean Fair Trade Commission's investigation on Tuesday.

“With the Korean Fair Trade Commission action, a third independent antitrust agency has charged Intel with abusing its dominant position in the x86 microprocessor market. Following formal action in Japan and Europe, global scrutiny is increasingly focused on Intel's harm to competition and consumers alike. Governments around the world must enforce antitrust laws to bring fair and open competition that will benefit computer manufacturers and buyers everywhere,” said AMD's legal affairs officer Tom McCoy.

Japan's Fair Trade Commission also ruled in March 2005 that Intel had engaged in anticompetitive conduct.

-- Additional Reporting by Anne Urda and Christine Caulfield