

ASLI - 28 March 2011
*1st National Forum on
Competition Act 2010*

Malaysia's Competition Act

Ramifications for Trade & Investment

by

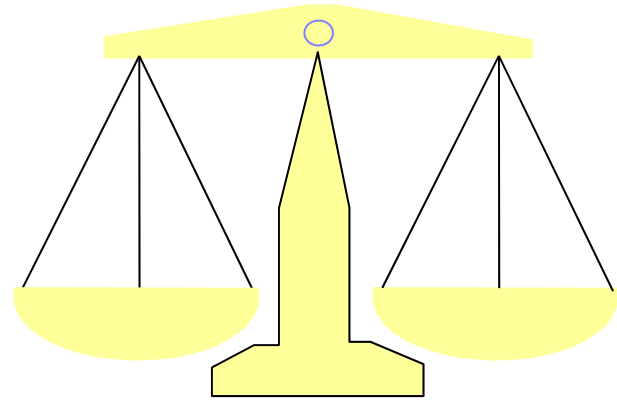
Datuk Nicholas S. Zefferys

President AMCHAM 

Member PEMUDAH & NEAC

Countries are Judged by:

- **Leadership**
- **Policies**
- **Legal Systems**
- **Institutions of Government**
- **Political Stability**
- **Quality of people/education/workforce**



Four Democracy Sectors

Rule of Law

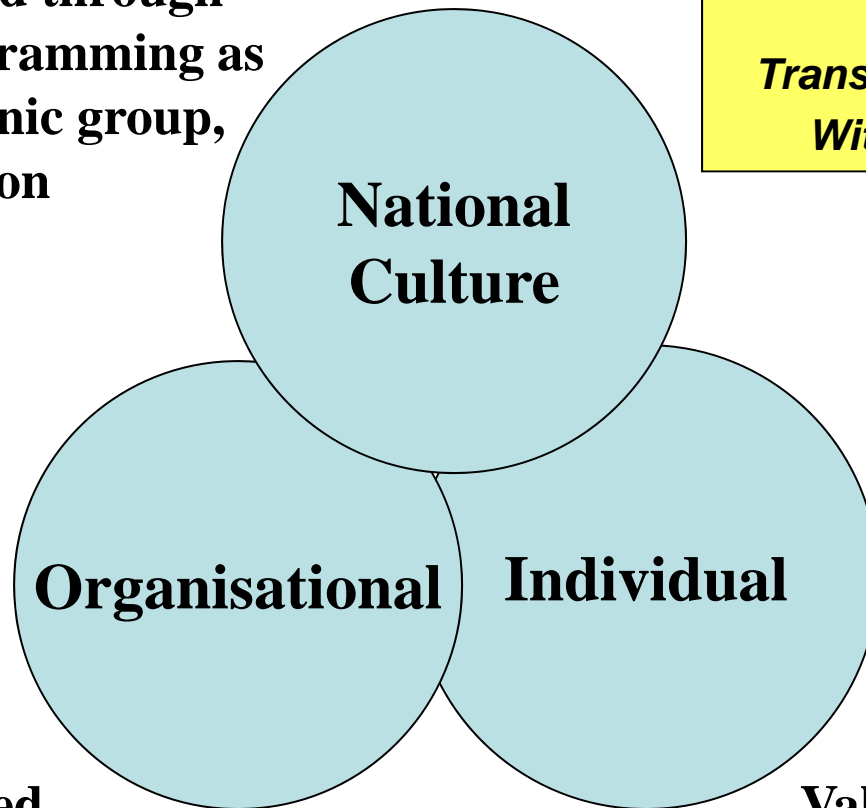
Elections

Civil Society

Governance

Interrelated Sources of Values

Values acquired through collective programming as member of ethnic group, society, or nation



Values acquired at workplace in order to be effective

Values acquired through family members & significant elders

*Integrity In Business
The Way Forward*

*Transparency and Accountability
Within The Business Sector*

Everything You Need To Know You Learned In Kindergarten

- Flush the toilet after using
- Don't take what is not yours
- Don't punch, pinch, push or shove
- Go to the end of the queue

The New Economic Model (NEM)

Aspirations of a united and advanced nation – The Goals to be Achieved

HIGH INCOME

Targets
US\$15,000 - \$20,000
per capita by 2020

Rakyat
Quality of Life

Enables all
communities to
fully benefit
from the wealth
of the country

Meets present
needs without
compromising
future
generations

INCLUSIVENESS

SUSTAINABILITY

3 Central Goals

High Income; Inclusiveness; Sustainability

8 Strategic Reform Initiatives

<i>Re-Energise Private Sector</i>	<i>Develop Quality Work Force</i>
<i>Create A Competitive Econ.</i>	<i>Strengthen Public Institutions</i>
<i>Establish Transparent & Mkt Friendly Affirmative Action</i>	<i>Build Knowledge Base Infrastructure</i>
<i>Enhance Sources of Growth</i>	<i>Ensure Sustainable Growth</i>

National Capabilities

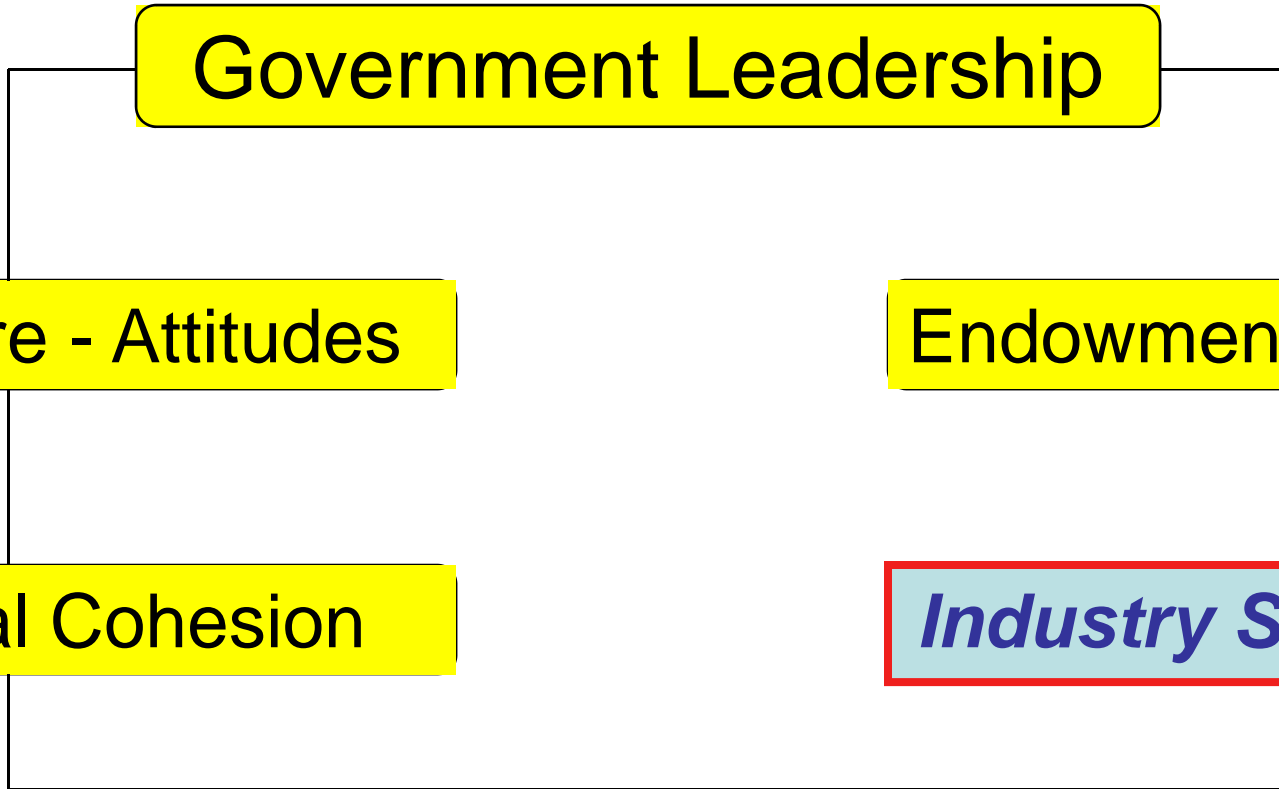
Government Leadership

Culture - Attitudes

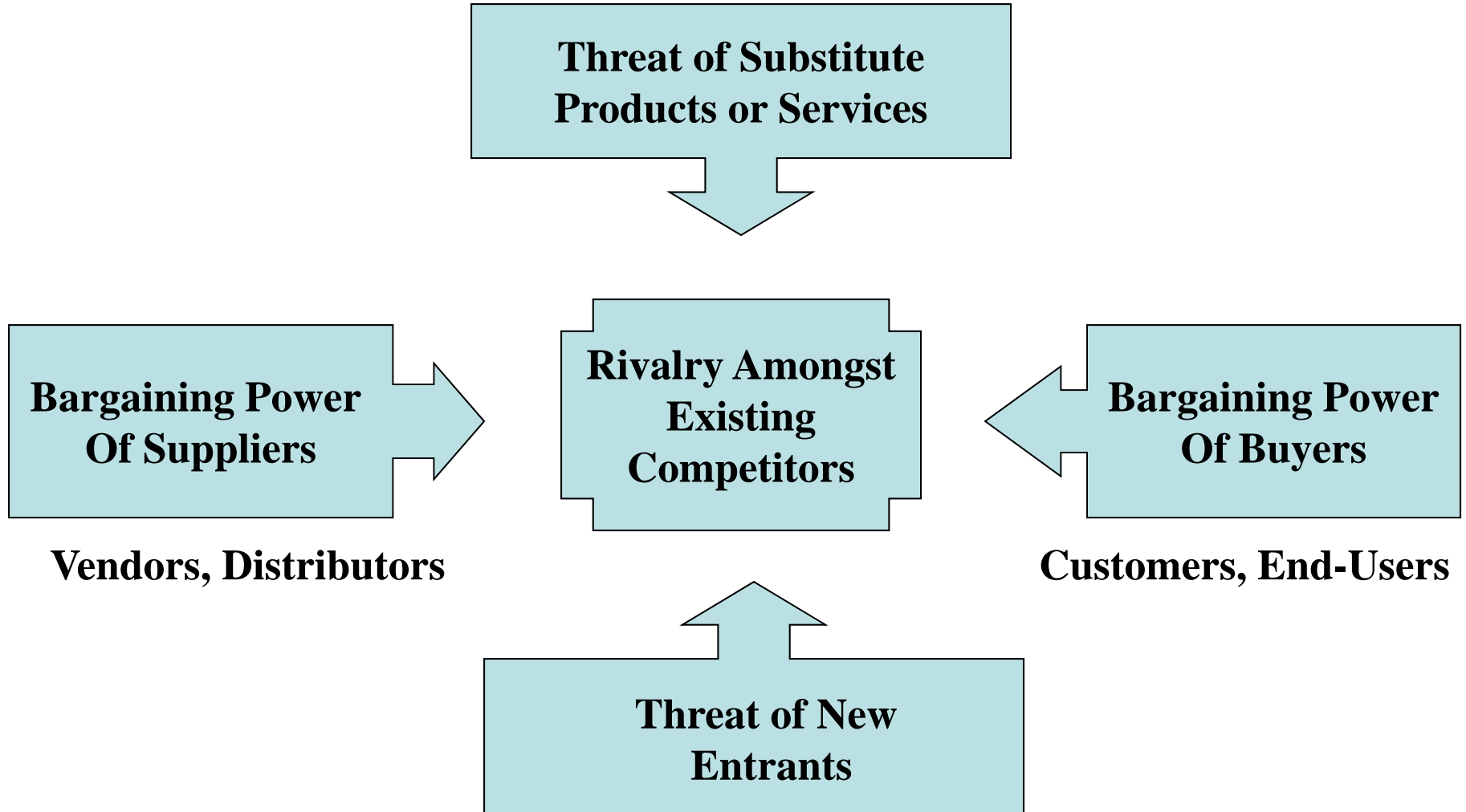
Endowment Factors

Social Cohesion

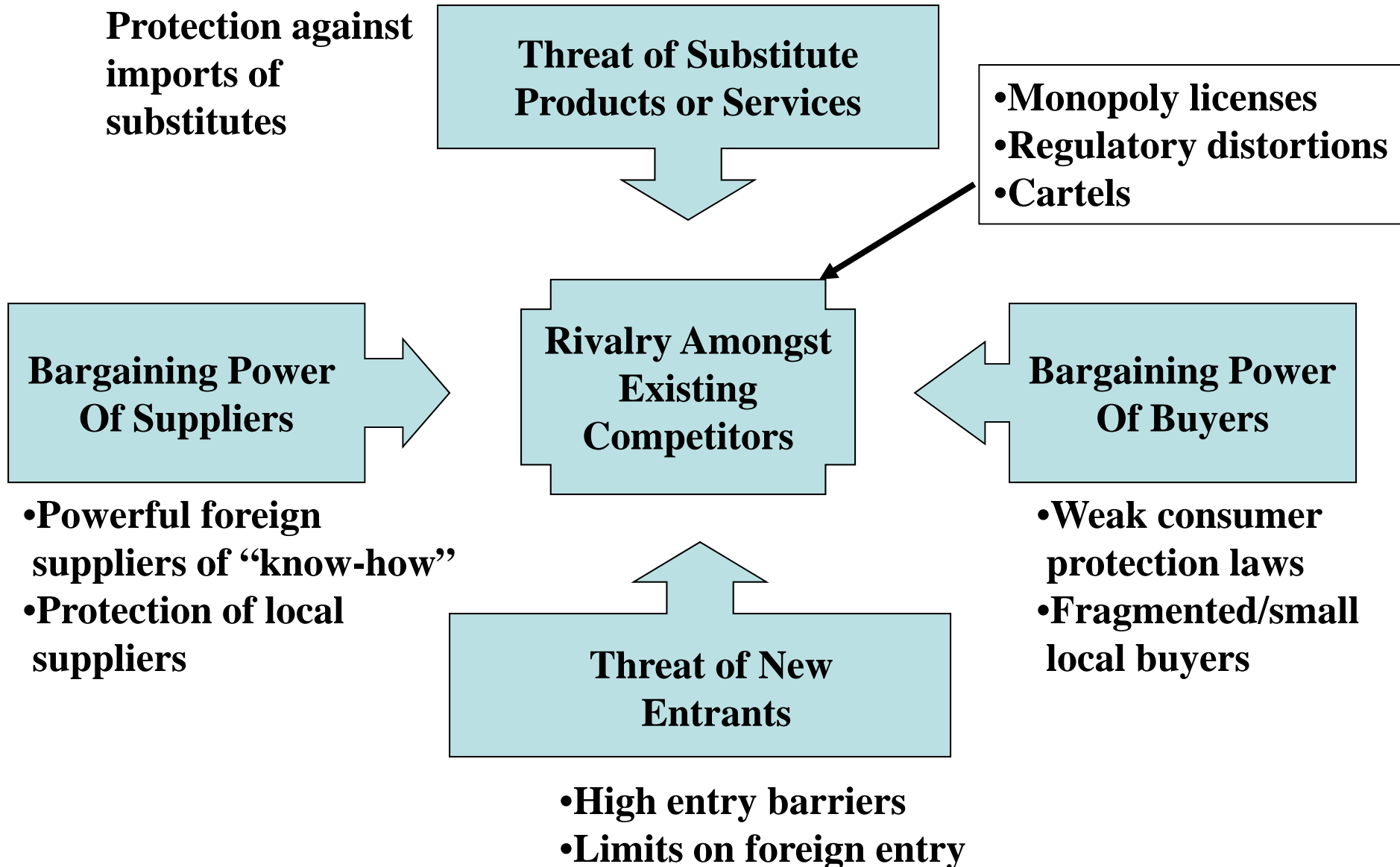
Industry Structure



Industry Structure



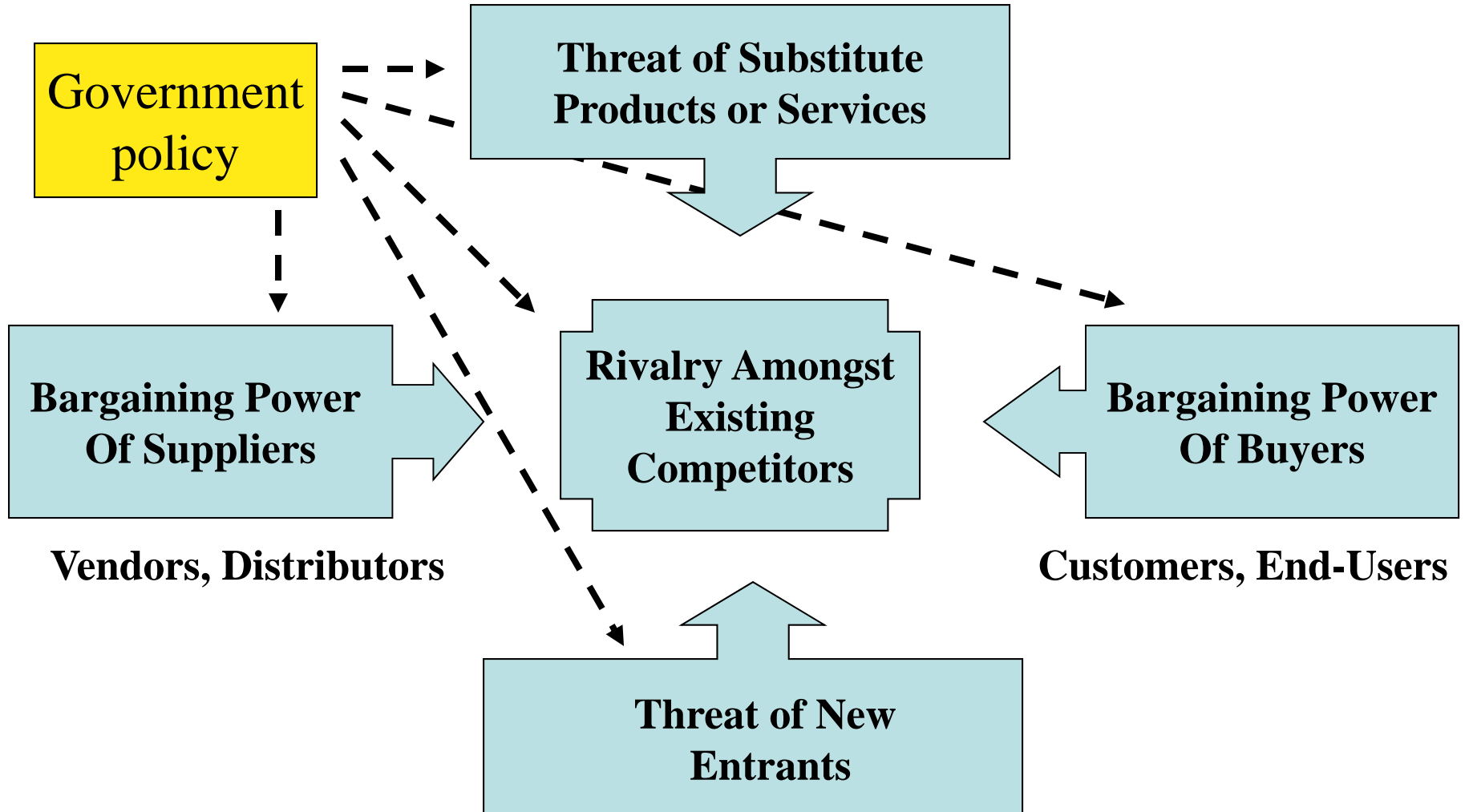
Industry Structure In Emerging Economies



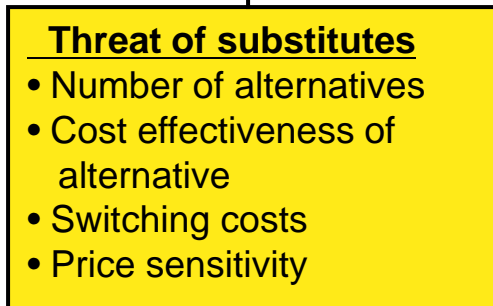
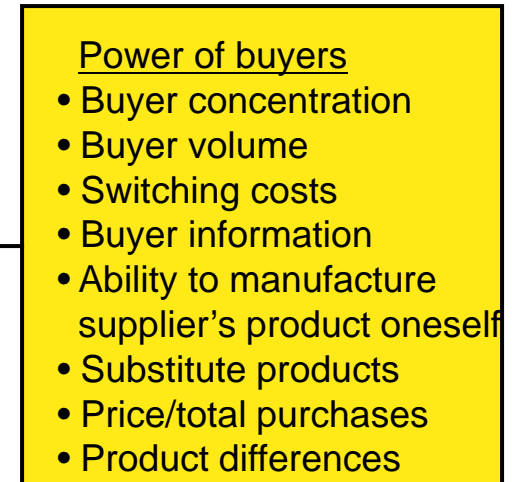
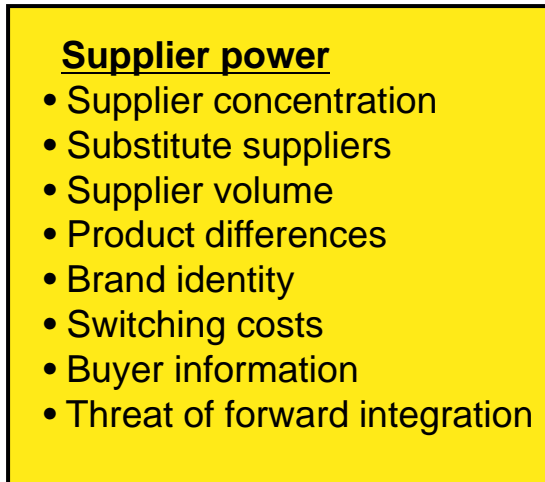
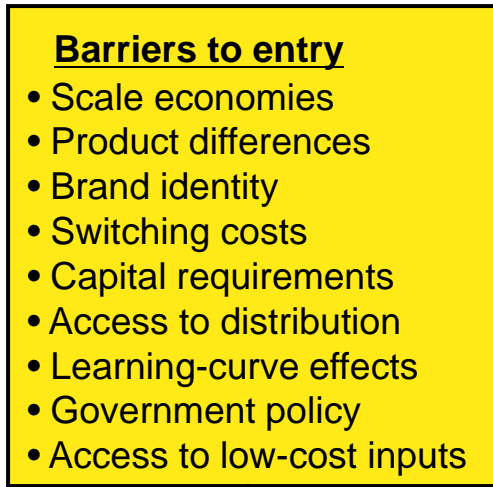
Causes of Monopolies

- The fundamental cause of a monopoly is “*Barriers of Entry*”
 - *Ownership of Key Resources*
 - *Legal Barriers by Government*
 - *Large Economies of Scale*

Industry Structure



The Five Competitive Forces



Creating An Attractive Competitive Environment

Promoters

- PEMUDAH
- NEM/NEAC
- Competition Act
- Regulators
- PEMANDU

Characteristics

- Rules based
- Transparent
- Open Markets
- International Standards

Beneficiaries

The People or Rakyat and Businesses

Why Competition Policy?

- ***Need a set of measures by government which protect and promote the process of competition by:***
 - Preventing restrictive business practices which artificially restrict supply and raise prices of goods and services, and
 - Reduce or eliminate unnecessary regulations and government policies which adversely affect the competitive process and raise the cost of doing business.
- ***Competition policy generally consists of:***
 - Competition (Anti**trust** or Antimonopoly) Law, and
 - Regulatory reform measures e.g. trade and investment liberalisation, economic de-regulation, etc.
- ***Competition Policy has become global***

Protection Against . . .

- Distortions in the free marketplace
- Abuses of dominant position

*BIG is not BAD
but
“Abuse of Dominance” is Bad
& Banding To Conspire
Against the Consumer Is Bad*

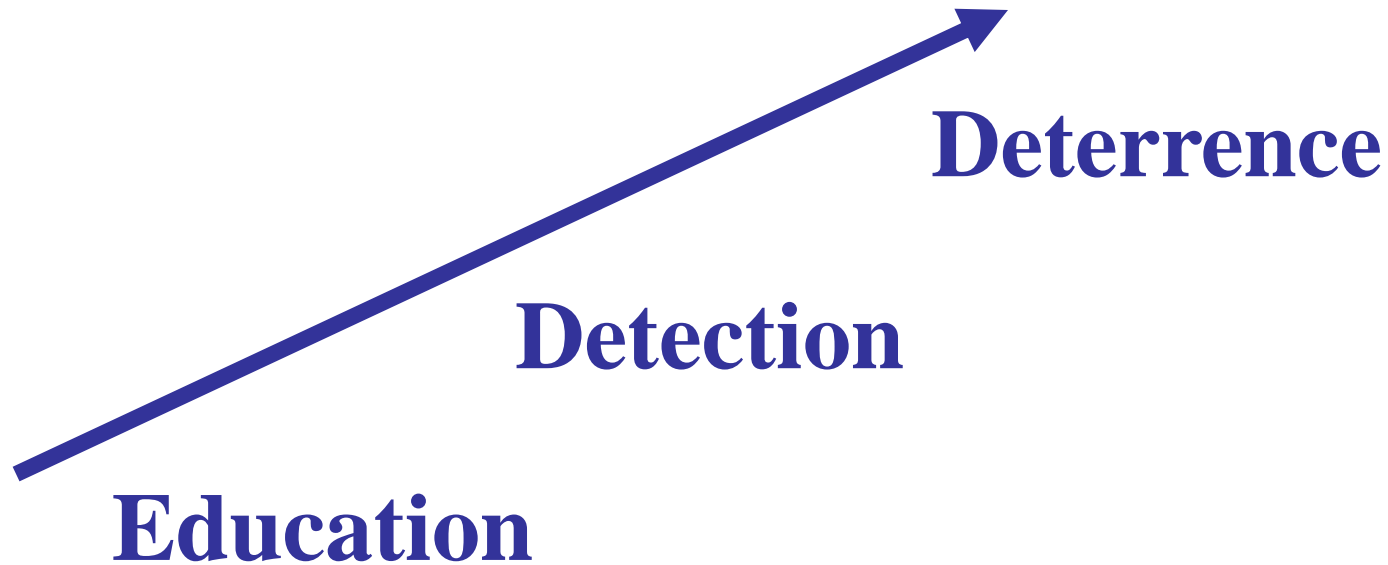
Competition Act's Major Impact On Trade & Investment

PREDICTABILITY...

...in the quality of fairness in
the business environment
yields sustainable and
inclusive growth.



Effective Corporate Compliance Program



Protection Against Abuses & Need for Enforcement

- Judicial System
- Anti-trust Actions
- Board liability
- Free Press
- Better Business Bureau
- Regulators
- Transparency
- Whistleblowers

Effective Compliance Requires:

- Full support of the Board & Top-Management
- Written code of conduct
- Organisational compliance structure
- Training & seminars
- Auditing & internal controls
- Compliance mechanisms
- Discipline

REMEMBER

Governments **DO NOT** create wealth.



Business people do.

... but they need a *predictable and fair environment* to make long-term investments.

Terima Kasih

Xie Xie

Thank You



Nandree

Shukriya