
1ST FORUM ON COMPETITION ACT 2010

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COMPETITION ACT: RAMIFICATIONS FOR TRADE & INVESTMENTS

By

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Your Excellencies & Members of the Diplomatic Corps

Distinguished Guests & Participants

Members of the Media

Ladies and Gentlemen

Salam 1-Malaysia and a very good morning to all

It is indeed a pleasure for me to be here at ASLI's inaugural **Forum on Competition Act 2010** with the theme *'Embracing New Constitution for the Business Sector: Towards a Competitive & Conducive Business Environment & Inclusive Growth'*, as the issue of Competition has been ever present on the current global discourse. I extend my congratulations to the Asian Strategy & Leadership Institute, for recognising the importance of it and contextualising it through this important forum.

Ladies and Gentlemen:

According to the Malaysian Institute of Economic Research, Malaysia's economic growth is projected to 5.2% in 2011, possibly rising to 5.5% in 2010. Structural impediments in net exports will potentially drag down overall GDP growth in 2011 but domestic demand is likely to remain strong due to supportive government policy measures. In keeping up with global trends with its myriad complexities, the government has introduced several reforms to strengthen competitiveness and harnessing a vibrant business environment through the introduction of the Competition Act and the establishment of Competition Commission Act in its policy framework. This framework is important, as competition should be seen as a productivity-enhancing tool in boosting potential growth for economy and at the same time, benefitting consumers.

What would this then mean for trade and investments? On a broader scale, by virtue of its implementation which came into force on 1st January 2011, the Competition Act will enhance the promotion of competitive environment within the local market and subsequently provide foreign investors with more confidence in the country's business practices. This will boost our languid Foreign Direct Investments and provide the needed injection to a more robust market for local and foreign investors.

How will these increase confidence with foreign investors? The Act will enhance and spur competition among businesses and this will inevitably lead to market competitiveness and ensuring the attractiveness and efficiency of local markets. Through reduction of monopoly and anti-cartel stance, this would be in line with what the global market offers and what global investors require- a level playing field whereby enterprises are free to do business without the worry of an overcrowded market with dominant players. The Act will also provide the needed protection to consumers from predatory behaviours of business owners such as limiting production, price fixing, bid-rigging and import cartel, which may affect market efficiency.

As we trudge on the road to recovery from the financial crisis, the wider application of competition policy

is as important as anything. I believe that in tough times, market distortions caused by anti-competitive practices hurt us even more than in good times. I am therefore determined to continue with our usual enforcement. We would do no favours to the economy by going soft on enforcement. If anything, anti-competitive activities -such as cartels- hurt consumers and the economy more in the bad times. So you will see us carrying on with our zero tolerance on cartels, despite some quarters not being too happy about this. Unfortunately this is something we need to embark on to create new employment opportunities and increase access of consumers to cheaper and better quality products.

Ladies and Gentlemen

We can see now the government's commitment to growth, as exemplified in the 10th Malaysia Plan, the New Economic Model and the Economic Transformation Plan. Whilst Malaysia has progressed significantly in terms of economic and social over the several decades from low-income agricultural and commodity based economy to a successful middle-income economy, the world is ever changing and as strongly indicated by our Prime Minister and through the ETP, there is a need to shift towards a high-income nation. We can no longer afford to remain stagnant in the middle-income trap, with unsustainable fiscal position and lackadaisical effort in global competition for markets, capital and the best talents.

The Competition Act will leverage on the economic growth efforts of the National Key Economic Areas (NKEAs), through policy reforms of barrier removals and market liberalizations. This will be impinged on innovation and productivity-driven growth, leading to significant changes on how Malaysia does its business. At the epicenter of many of the planned initiatives will certainly be the liberalization efforts in promoting competition with common enablers in place to ensure the ease for retailers to do business and increase level of competition/choice for customers. These enablers for Retail NKEA include increasing access to finance, further liberalizing the retail sector to ensure setup and expansion are with little difficulty, upgrading transportation infrastructure and most importantly, growing and grooming human capital in the sector to ensure its sustainability and effectiveness.

The Competition Act, which applies to all commercial activities undertaken within and outside Malaysia that affects fair competition in the Malaysian market and its efficiency will be spearheaded and regulated by the Malaysian Competition Commission. It is in that regard that the Malaysian Competition Commission, with the authority to probe and enforce the Act, will be set up by end of this month. In line with our commitment to a sustainable, inclusive and of high-income economy, the commissioners will be an independent body with respected professionals with experience in commerce, economics, law, competition and consumer protection.

Ladies and Gentlemen

Let me conclude by saying that in developing and regulating competition, we are constantly having to balance several and sometimes conflicting and competing demands. However, in our efforts we believe that engagement and feedback from all stakeholders in our markets are as critical as our actions and open and transparent process of policy formulation in this is imperative. It is through this forum that we can consult and engage widely. I believe that our collective efforts would do well to lead us in achieving our desired goal of a fully developed nation of high-income earners. Undoubtedly, there is plenty of room for improvement and growth and it is through conferences such as these can provide the needed platform for debate and interactions that will provide the needed catalyst of new ideas and spur us to achieve new heights.

On that note, it is now my pleasure to declare the 1st Forum on Competition Act 2010 officially open. I wish everybody a very productive deliberations and successful event for the mutual benefit of the industry, environment and the economy.

Thank you for your kind attention. Salam 1Malaysia!