

**KEYNOTE ADDRESS**

BY

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***“ENHANCING COMPETITION AND PROTECTING CONSUMERS  
– THE WAY FORWARD”***

AT

**2020 MALAYSIA ECONOMIC AND STRATEGIC OUTLOOK  
FORUM**

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**HOTEL ISTANA, KUALA LUMPUR**

## **SALUTATION**

**YBhg. Datuk Seri Mohamed Iqbal Rawther**

Chairman Of The Economic Club Kuala Lumpur

**YB. Dato' Sri Mustapha Mohamed**

Chairman Of The Bumiputera Agenda Steering Unit (Teraju)

**Datuk C. K. Tan**

President Of The Malaysian International Chamber Of Commerce  
And Industry

Dato'-Dato' / Datin-Datin,

Distinguished Guests,

Ladies And Gentlemen,

***Assalammualaikum W.B.T and A Very Good Afternoon,***

1. It is indeed a great honor to be invited and given an opportunity to deliver a keynote address before such an esteemed and distinguished gathering of outstanding luminaries.
2. I would like to commend the efforts undertaken by the Kingsley Strategic Institute for Asia Pacific, the Economic Club of Kuala Lumpur, and the Malaysian International Chamber of Commerce and Industry (MICCI) for organizing this event.
3. As the Minister of Domestic Trade and Consumer Affairs, building a sustainable and robust domestic economy while ensuring that consumer rights are protected, and the cost of living remains reasonable is my utmost priority. While it may be a tough act to juggle, the Ministry is blessed with capable officers, specialized agencies, and a wide array of tools at our disposal.
4. It goes without saying that today's modern businesses are getting more complex than ever. The advent of new digital technologies has created jobs and industries that we have never heard of a mere few years ago.
5. However, it also means that there is a multitude of emerging challenges in the market that will eventually affect the cost of living, and the most vulnerable group to these changes is none other than consumers – You and me.

6. Then comes the million-dollar question. What are some of the initiatives taken by the Government to protect consumers?

***Ladies and Gentlemen,***

7. To this, we say that the government has persistently taken actions to alleviate the cost of living of the *rakyat* in many ways. To date, we have more than 14 laws to protect consumers.
8. Certainly, we can't speak about the cost of living without mentioning the prices of necessities. It has been established that the prices of goods and services are one of the main issues that keep coming up again and again due to the fact that consumers are price sensitive.
9. For that reason, the government has laws like the Price Control and Anti-Profiteering Act 2011 that allows us to handle the issues of sellers who take excessive profits on goods and services.
10. However, price controls can only do so much. As recently noted in the 21<sup>st</sup> edition of the World Bank's Malaysia Economic Monitor, administrative price controls are relatively blunt instruments, and there is a need to focus on promoting market competition in the long run.

11. It is thus no surprise that the government in the late 2000s started to realize that competition law and policy are required to complement government policies in tackling consumer issues at a more holistic level.

***Ladies and Gentlemen,***

12. In a competitive market condition, economic operators will compete vigorously with one another in various creative ways to win the hearts and minds of consumers. Business owners compete on price to outmaneuver their competitors by trying to offer attractive prices while maximizing profitability.

13. Businesses innovate to come out with new and better-quality products that offer superior value for money to consumers. Business owners also promote their products aggressively so as to increase the presence of their brand in the market, which indirectly offers consumers a wide range of options to choose from.

14. All these are the results of healthy competition between different economic entities that ultimately spur competitive pricing, better quality, and wider options in order to win the business of the consumer.

15. However, there are instances in which businesses take extreme measures to find a way to circumvent the process of competition in the market. Instead of competing with one another, they form collusions to fix the price of goods and services in the market so as to avoid price wars.
16. One of the contributing factors to price increases is the formation of anti-competitive agreements or also known as cartels by unscrupulous groups of business entities colluding to undermine the market. Cartel is the supreme evil of competition that denies the right of consumers to competitive pricing.
17. Not only that, but the Government is also at risk and indeed a victim of cartels, in particular, bid-rigging cartels. Like the *rakyat*, the government is also a consumer. The government is spending billions of Ringgit every year to procure goods and services for the sake of providing the *rakyat* with infrastructure and services.
18. If the business owners are in a dominant position, they could also abuse their dominance to eliminate their competitors or deter future entry by new competitors through unscrupulous practices such as tying and bundling, refusing to supply without commercial justification and predatory behavior such as “dumping” - selling below cost to eliminate competitors from the market.

19. These are all some of the examples of anti-competitive behavior that hinder innovation and competition that eventually create harmful monopolies in the future. It also needs to be reminded that monopolies are not always bad, but harmful or wasteful monopolies are.

***Ladies and gentlemen,***

20. In Malaysia, the Competition Act 2010 came into force on 1<sup>st</sup> January 2012 to promote economic development by promoting the process of competition, thereby protecting the interest of the Malaysian consumers. The Competition Act 2010 prohibits anti-competitive agreements between businesses and abuse of dominant position by businesses.

21. In 2011, MyCC was established with a tagline of “Promoting Competition, Protecting You.” The message is clear and simple. By promoting competition, it will also mean protecting the interest of consumers.

22. For a start, the strength of competition law and policy lies in three core objectives:

- i. Achieving competitive pricing;
- ii. Offer wider choices; and
- iii. Ensure that choices are filled with quality products or services.

23. In general, there are three pillars in competition law, namely:
- i. Prohibiting anticompetitive agreement or also known as a cartel;
  - ii. Banning abusive monopolies or dominant players; and
  - iii. Supervising Mergers & Acquisitions
24. MyCC, an agency under the MDTCA, has been carrying out their functions to enforce the Competition Act 2010 not only by enforcement alone but also other functions such as educating the public on the importance of competition by issuing guidelines in relation to competition laws and conducting Market Reviews on particular sectors to determine whether or not there are any anti-competitive practices. These are just some of the progress we have made to propel the effectiveness of competition law in Malaysia further.
25. We have seen MyCC over and over again, issuing decisions after decisions against cartels like Ice Manufacturers, Daycare Centres, Bread Makers, Airlines and many more. The actions were taken on the basis that cartels restrict competition that is supposed to be the core value of any enterprise in the market.
26. Recently proposed decisions by MyCC against IT vendors colluding in government tenders and the current 11 investigations by MyCC in bid-rigging cases show that the government is also a victim of these cartels.

27. Other procurements such as medicine, machinery, maintenance of government properties, and security services for school are among other government procurements that ought to exercise prudence when dealing with tenders.
28. These services and goods must be free from cartels as it would cause the government to suffer losses. The consumers at large will also feel the pinch from low-quality services or higher costs of products. Thus, it is very crucial to ensure the openness of the procurement process amongst the enterprises to compete fairly.
29. Perhaps there is a stigma whereby business operators see competition law as a regulatory restriction that causes additional hindrance and compliance costs for their business.
30. Moving forward, the government must underline that competition law should be embraced and undertaken by business operators not only to protect consumers, but to protect the process of competition in the market for the benefit of market players by creating a level playing field for all.

**Ladies and gentlemen,**

31. One of the ongoing initiatives taken by the Government is to set up the Monopoly Review Committee comprising the Ministry of Economic Affairs, Ministry of Transport, Ministry of Agriculture and Agro-based Industry, Ministry of Health and my Ministry.

32. I am certain that in recent years many of us here have heard about the mergers of industry giants. For example, on 26 March 2018, Grab, a ride-hailing company in Singapore, acquired the operations and assets of the ride-hailing company Uber in South-East Asia, including in Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.
33. Not to mention, other international mergers of the same magnitude could also have a ripple effect on consumers in Asia such as Disney acquiring 21<sup>st</sup> Century Fox, Google acquiring Waze and Facebook acquiring Instagram and WhatsApp.
34. In response to these developments, the MyCC is currently knee-deep in the process of amending the Competition Act 2010 to incorporate merger provisions that will grant MyCC the power to review merger transaction that causes harmful anti-competitive effects to the market.
35. This amendment will help in substantially lessening anti-competitive mergers and help the ministry control the cost of living of the *Rakyat*.
36. In the meantime, my Ministry, through MyCC will continue to monitor the online ride-hailing market post-merger to ensure that consumers are still fairly treated and offered a fair price for ride-hailing services.

37. A recent proposed decision by MyCC against Grab Malaysia for abusing their dominant position post-merger is proof that MyCC is still watching market developments closely. Following a string of complaints by consumers, MyCC initiated the investigation in 2019 and issued a proposed decision that provisionally found Grab Malaysia to be abusing their dominant position by imposing restrictions on their riders.
38. While the decision is not final, we must ensure that the competition process is protected and enhanced at all times as the end game is all about consumers.

**Ladies and gentlemen,**

39. Let me conclude by reinstating that promoting competition is the best way forward to encourage robust economic development and protect consumer interest. Because experience shows that competition drives innovation, creates jobs and drives economic expansion
40. Fair and vibrant competition should be kept alive in an open internal market. It is a crucial element of the policy mix that can boost Malaysia's growth and bring it up to speed with the rest of the world.

41. I believe there is much to discuss in today's forum, and I look forward to working with all of you to chart a better path forward towards stimulating the local and regional economy. I very much look forward to hearing the views and wonderful ideas brainstormed by participants of today's forum.

42. In closing, I once again congratulate our wonderful hosts for successfully organizing this forum and thank them for inviting me. I wish all the participants today a fruitful, engaging, and successful discussion.

Thank you.