

The Competition Act is finally coming to light. It has been tabled in Parliament in the current session for approval by the Dewan Rakyat. It has been a long wait; but as they say ♦better late than never♦.♦

For the protection of consumers, the Competition Act is one of the most important legislation in enhancing consumers♦ welfare.♦ The Competition Act is built on the conviction that competition drives firms to become more efficient and to offer greater choice of products and services at lower prices, bringing benefits to consumers. In a competitive market, companies are more efficient and effective in responding to consumers needs in terms of product range, specifications and prices.♦

Prices are determined by two primary processes. Firstly, prices are determined by governments, through policy for example, protecting the local car market, or through price ceilings, often supported by subsidies.

Subsidies, especially broad-based subsidies, whereby everyone, rich and poor, benefit are simply not sustainable in the long-term.♦ It has been reported that Malaysia spent RM 73 billion on subsidies, making Malaysia one of the countries with the highest per capita spent on subsidies. This is not sustainable.

Secondly, we can look towards market-based solutions, where supply and demand determines prices.♦ Yet, markets do not always operate efficiently.♦ Competition policy is needed to enhance the national competition culture and to shape the competitive forces in the economy to ensure the well-being of the consumers.

Competition law and consumer protection law both seek to protect and promote the welfare of consumers.♦ Competition policy achieves this indirectly through ensuring and strengthening competition in the market.♦ Too often competition in Malaysia is stifled through high degrees of regulation through licensing and also through government itself♦ getting into business through various agencies or government linked companies.♦ Sometimes, it is confusing to determine who the regulator is and who is being regulated.♦ Competition policy, except for strategic industries, will ensure a more, open market where more opportunities for entrepreneurs who can enter the market more fairly, without any anyone else, including the government, having an advantage.

The trend of government should be to open markets, by allowing the private sector to compete in industries previously undertaken by government.♦ Additionally, where there are collusions in the market in whatever form that enables price manipulation, the government must come down hard to break them and ensure open competition.

Also where there are instances of natural monopolies and where consumer interest is at risk, such as on issues of water supply, energy, public transport and healthcare, government needs to exert a strong regulatory role to ensure consumers interests are protected.

The government♦s current focus on creativity and innovativeness complements the competition policy, as it gives a strong signal to entrepreneurs that if they develop or create some product or service of value to consumers, they can develop it into a profitable venture comfortable and confident in an open, transparent market.

On the other hand the Consumer Protection Law deals more directly with issues of consumerism. The Act deals with unfair trade practices, deceptive labeling and also a mechanism, the Consumer Tribunal, where consumers can go to for accessible and affordable redress.

Apart for the regulatory framework, consumers must also realize that they have a significant role to play in the market.♦ They need to know their rights and responsibilities and become active, rather than passive consumers. Through mindful consumption, effective financial management and a proactive attitude, consumers should make the best of the Competition Act and the Consumer Protection Act, to protect their interests and enhance their welfare. In moving towards the next level of the

economy we need to build proactive, resilient and matured consumers of the future.

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