

Report on Structural Reform Malaysia

The Malaysian economy strengthened further, with growth in real GDP increasing at a faster pace of 8% in the second quarter of 2004, from 7.6% in the first quarter. Private sector aggregate demand was more robust and reinforced by buoyant growth in external demand. Stronger domestic demand emanated largely from stronger household consumption and the strengthening of private investment activities, as the public sector continued to consolidate.

Malaysia has been promoting and strengthening structural reforms to achieve sustainable economic growth and development. With the lesson learnt in the 1997 Asian Financial Crisis, demonstrated that the importance of ongoing institutional, regulatory and structural reforms successfully address the challenges presented by economic setbacks and market instability.

1. Recent Progress on Legal Structural Reforms

Trade

- Being a Member of the World Trade Organisation (WTO), Malaysia has enacted laws to enjoy the benefits and to achieve its goals of trade liberalisation and facilitation. It has amended and enacted laws in promoting investments on intellectual property and to combat unfair trade practices. The legislations are
 - **Copyright Act 1987**
 - **Patents Act 1983**

- **Trade Marks Act 1976**
- **Geographical Indication Act 2000**
- **Layout Designs of Integrated Circuits Act 2000**
- **Countervailing and Anti-dumping Duties Act 1993**

Investment

- Malaysia continues to encourage foreign direct investment as this brings in the needed capital and technology into the country. Malaysia improves the country's investment climate by removing cumbersome regulatory barriers to business. With the **Promotion of Investments Act 1986**, it covers areas on manufacturing, agriculture, hotel and tourism and selected manufacturing related services, R&D, technical and vocational training, Multimedia Super Corridor (MSC) activities, logistics, market support, central utility facilities and other specialised services.

Competition Policy

- Malaysia does not have a comprehensive competition policy or competition law. While this is the case, there is an array of statutes which regulate trading and business activities as well as protecting the consumer interest. These laws are:
 - **Trade Descriptions Act 1972,**
 - **Hire-Purchase Act 1967,**
 - **Weighs and Measures Act 1972,**
 - **Direct Sales Act 1993,**
 - **Money Lenders Act 1951; and**
 - **Consumer Protection Act 1999.**

- Malaysia Government's awareness of the need for a competition or fair trade practices law may be seen via some provisions in the **Communications and Multimedia Act 1998**. Although there is no comprehensive competition law regulating trade and business in Malaysia generally, sections 133-134 of the 1998 Act provides for general competition practices applicable to the communications and multimedia industry. The Communications and Multimedia Commission which was set-up under the **Malaysian Communications and Multimedia Commission Act 1998** has come up with two guidelines, first on Substantial Lessening of Competition and secondly on Dominant Positions in a Communications Market.

Financial

- Malaysia continued to be at the forefront of global efforts to combat money laundering activities and the financing of terrorism. In 2003, the Malaysian Parliament passed the **Anti-Money Laundering (Amendment) Act 2003** to extend the scope of the **Anti-Money Laundering Act 2001** to include measures to be taken to prevent terrorism financing offences and provisions to freeze, seize and forfeit terrorist properties.
- Malaysia participated in the training and technical assistance needs analysis that was conducted by consultants commissioned under the Asia-Europe Meeting (ASEM) Anti-Money Laundering Project. The report on Malaysia was finalised in February 2003, with the ASEM consultants' conclusion that Malaysia's anti-money laundering system was

well developed, integrated and supported by capable and professional staff across a number of agencies.

2. Outlook of Changes

- The Attorney General's Chambers Malaysia through its Law Revision and Law Reform Division is responsible for the regulatory reform. A committee is established comprising legal and judicial officers and academicians.
- Malaysia is studying the need for a comprehensive competition law from the domestic level as well as from the international perspectives, with the need for an Administering Authority, an independent Commission. The existing legislations in Malaysia are inadequate to control anti-competitive behaviour such as collusion or cartel actions, abuses of dominant positions of market power by monopolies and restrictive business practices of enterprises. The prevailing statutes are primarily aimed at promoting consumer interests but do not address the wider issue of correcting deficient market structures and abusive market behaviour which is beneficial to Malaysia's economy in the long run.
- Malaysia is studying the need for a Safeguards legislation following the WTO Safeguards legislation.

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