

## THE PROGRAMME

- 3.00pm Arrival of guests and registration  
3.15pm Arrival of YBhg Tan Sri Dato' Mohd Sheriff Mohd Kassim,  
President of Malaysian Economic Association (MEA)  
3.30pm Welcome speech by YBhg Tan Sri Dato' Mohd Sheriff Mohd Kassim  
3.45pm Introduction of speaker  
Lecture titled "**Market Power and Institutions: The State of  
Competitiveness in Malaysia's Services Sector**" by  
Professor Dr. Rajah Rasiah,  
First Holder of Khazanah Nasional Chair  
Q & A Session  
5.00pm Refreshment



For further information please contact:

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# Market Power and Institutions: The State of Competitiveness in Malaysia's Services Sector

By  
**Professor Dr. Rajah Rasiah**  
First Holder of Khazanah Nasional Chair

25 June 2013

Lecture Hall 3, Faculty of Economics & Administration,  
University of Malaya



# Market Power and Institutions: The State of Competitiveness in Malaysia's Services Sector

## Abstract

Competition policy is typically targeted at establishing and monitoring anti-monopoly instruments in several countries to ensure that undesirable business practices arising from market power do not undermine competitiveness of economic activities so as to reduce deadweight losses in consumer and producer benefits. Recognizing its role in influencing economic competitiveness, stimulate good business practices and to protect consumer welfare, the Malaysian government enacted the Competition Act in 2010. Competition policies are generally formulated to stimulate actual or potential rivalry among firms in the marketplace for the patronage of customers, but strictly prohibit economic agents from using unfair trade practices that can reduce consumer welfare. In doing so, competition policy discourages the abuse of market power that creates destructive asymmetries against customers. Thus, competition policy seeks to stimulate competition to impact positively on the business environment so that fair trade practices are not compromised in the entry and exit of new businesses, derivation of prices, licensing and technology among other factors. It is this context that this public lecture analyzes changes in concentration levels in Malaysia's services sector, which has been the leading sector in Malaysia's economy for several decades. The contribution of services to Malaysia's GDP rose from 39.6% in 1970 to 42.5% in 1990 and 47.9% in 2011. We deploy the quantitative measures of four-firm concentration ratio, Herfindahl-Hirschman index and rivalry index to examine latent market power in the services sector over the census years of 2000, 2005 and 2010. Because of limitations in the measurement instruments and the presence of scale economies in some sub-sectors, we have classified an industry as too concentrated when all three measurement instruments show excessive contraction. The quantitative measures show that train services, postal services, sub-urban passenger transport services, highway, bridge and tunnel operation services, port operation services, passenger airlines and advertising are overly concentrated. Since many of the service industries lack competition from external businesses, a cluster and value chain mapping study can help confirm if indeed any of these concentrated industries lack competitive business practices.



Rajah Rasiah holds the Khazanah Nasional Chair of Regulatory Studies and is Professor of Technology and Innovation Policy at University of Malaya. He is also a member of Malaysia's National Science Research Council. He received his doctorate in economics from the University of Cambridge in 1992. His recent books include *The New Political Economy of Southeast Asia*, 2010, edited with Johannes Dragbaek Schmidt (Cheltenham: Edward Elgar), *Malaysian Economy: Unfolding Growth and Social Change*, 2011 (Kuala Lumpur: Oxford University Press), *Innovation and Industrialization in Asia*, 2012, edited with Yeo Lin and Yuri Sadoi (London: Routledge), *Innovation and Learning Experiences in Rapidly Developing East Asia*, 2012, edited with Thiruchelvam Kanasundram and Keun Lee (London: Routledge), and *Evidence-based Development Economics: Essays in Honor of Sanjaya Lall*, 2012, edited with Carlo Pietrobello (Kuala Lumpur: University of Malaya Press).

The Vice Chancellor, University of Malaya  
cordially invites

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to the Public Lecture titled  
**"Market Power and Institutions: The State of Competitiveness in Malaysia's Services Sector"**

By  
Professor Dr. Rajah Rasiah  
First Holder of Khazanah Nasional Chair  
On

25 June (Tuesday) 2013, 3.00pm  
Lecture Hall 3, Faculty of Economics & Administration,  
University of Malaya, 50603 Kuala Lumpur

**Free Admission** RSVP before: 22 June 2013 | **Dresscode** : Business Attire / Formal



**RSVP**  
Reply Slip

Market Power and Institutions:  
**The State of Competitiveness in Malaysia's Services Sector**

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(Please reply **before 22 June 2013**)

Thank you for the invitation to the Public Lecture titled "**Market Power and Institutions: The State of Competitiveness in Malaysia's Services Sector**" by Professor Dr. Rajah Rasiah on Tuesday, 25 June 2013, 3.00pm at Lecture Hall 3, Faculty of Economics & Administration, University of Malaya, 50603 Kuala Lumpur.

I wish to confirm that :-

I will be able to attend the lecture with .....  
(number) of my friends/colleagues (Kindly provide  
details below)

I am unable to attend the lecture

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