



# **SESSION 2**

## **THE IMPACT OF MARKET REVIEW**

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# PRESENTATION OUTLINE



## 1 INTRODUCTION

- Power to conduct Market Review
- Market Review content
- Successful Market Reviews by MyCC

## 2 EXAMPLE OF MARKET REVIEW FINDINGS

- Industry survey
- Competition analysis
- Market and regulatory issues

## 3 MARKET REVIEW IMPACTS

- Policy makers
- Industry players
- Consumers

## 4 MEDIA COVERAGE

# **1 INTRODUCTION**

Power to conduct Market Review

Market Review content

Successful Market Reviews by MyCC

## Chapter 3

### *Market review*

#### **Power to conduct market review**

**11.** (1) The Commission may, on its own initiative or upon the request of the Minister, **conduct a review into any market** in order to determine whether any feature or combination of features of the market prevents, restricts or distorts competition in the market.

(2) The market review includes a study into—

- (a) the structure of the market concerned;
- (b) the conduct of enterprises in the market;
- (c) the conduct of suppliers and consumers to the enterprises in the market; or
- (d) any other relevant matters.



**LAWS OF MALAYSIA**

ONLINE VERSION OF UPDATED  
TEXT OF REPRINT

**Act 712**

**COMPETITION ACT 2010**

*As at 15 August 2016*

1



## Sector overview

- Explained about the overview of the sector in general and zoom into the selected focus area.

2



## Market assessment

- Assess the overall market structure, profiling of the players, conduct and performance of the sector and functioning of the supply chain.

3



## Market concentration

- Determine the market concentration by using the Herfindahl-Hirschman Index (HHI) and Concentration Ratio (CR).

4



## Competition concerns

- Identify the competition concerns in the market according to Section 4 and Section 10 of the Act 712 to give insight of competition level in the market.

5



## Issues and challenges

- Establish the market-driven and regulatory-driven issues that may prevent, restrict or disrupt healthy competition in the market.

6



## Recommendations

- Propose solutions for the issues and challenges for stakeholders within suitable timeline.

# SUCCESSFUL MARKET REVIEWS BY MyCC



\*Other market reviews: Market Review on Domestic Broiler (2014) and Research on the Fixing of Fees by Professional Bodies (2013)

## **2** **EXAMPLE OF MARKET REVIEW FINDINGS**

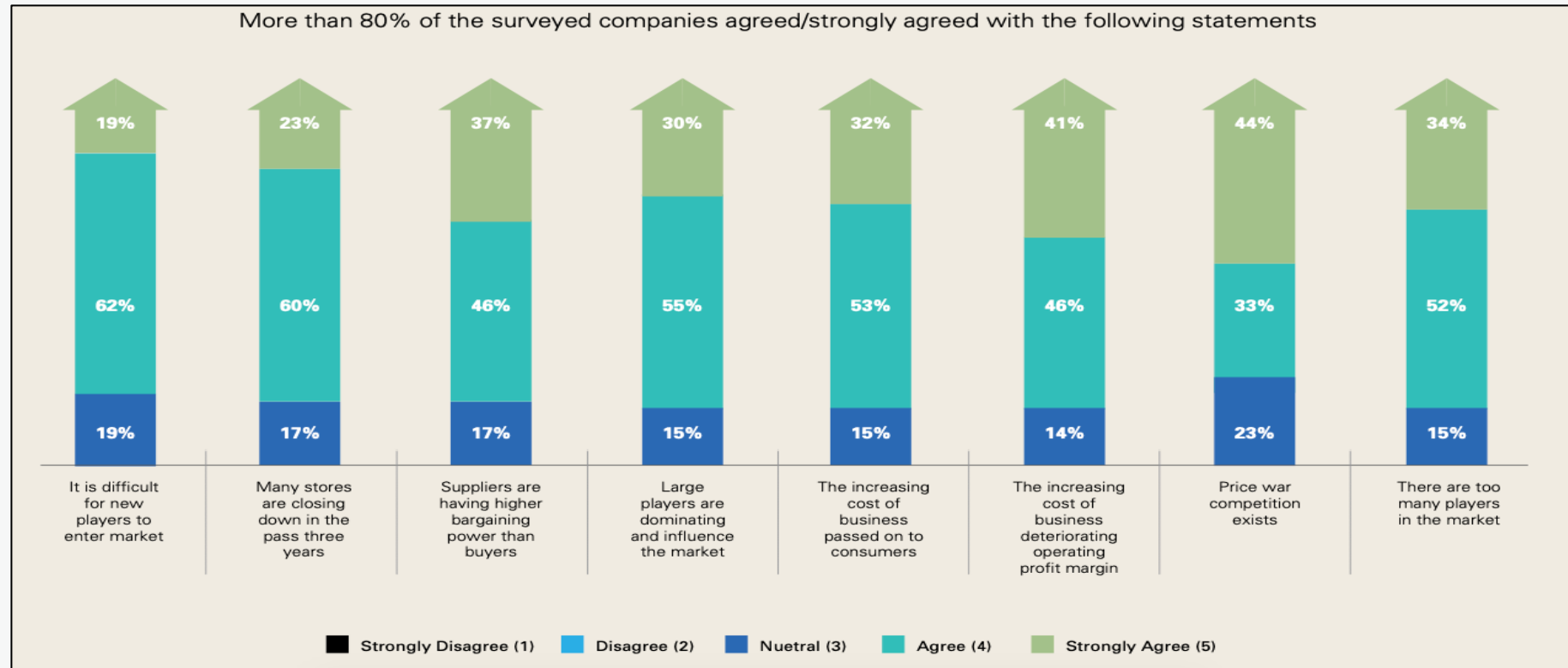
Industry survey

Competition analysis

Market and regulatory issues



## PERCEPTION OF THE WHOLESALE AND RETAIL TRADE SECTOR IN MALAYSIA



*Source: MyCC Analysis based on Industry Survey,  
Market Review on Service Sector by MyCC, 2019*

## MARKET CONCENTRATION IN WHOLESALE TRADE

High concentration was found in 'Wholesale of dairy products' based on both HHI and CR4 in 2018 while 'Wholesale of biscuits, cakes, breads, and other bakery products' and 'Wholesale Confectionary' also have high concentration based on CR4.

MSIC CODE	DESCRIPTION	HHI (2018)	HHI (2013)	CR4 (2018)	CR4 (2013)
46322	Wholesale of dairy products	4141	3,884	84%	89%
46324	Wholesale of biscuits, cakes, breads, and other bakery products	1814	337	59%	32%
46413	Wholesale of clothing	1190	137	43%	18%
46323	Wholesale of confectionary	1183	996	60%	52%
46422	Wholesale of perfumeries, cosmetics, soap and toiletries	752	478	40%	37%
46325	Wholesale of coffee, tea, cocoa, and other beverages	675	224	44%	22%
46419	Wholesale of textiles, clothing n.e.c.	327	158	29%	20%
46329	Wholesale of other foodstuffs	294	96	26%	14%
46321	Wholesale of rice, other grains, flour and sugars	120	153	13%	19%

*Source: MyCC Analysis based on WRT Census 2019 and WRT Census 2014 by DOSM  
Market Review on Service Sector by MyCC, 2019*

Concentration ■ High ■ Medium ■ Low ■ No

## MARKET CONCENTRATION IN RETAIL TRADE

HHI comparison shows that the market concentration of all the categories in Retail Trade industry has reduced in 2018 when compared to 2013 indicating improvement in competition. Based on CR4, high concentration was seen in 'Retail sale of dairy products and eggs in specialized stores'

MSIC CODE	DESCRIPTION	HHI (2018)	HHI (2013)	CR4 (2018)	CR4 (2013)
47213	Retail sale of dairy products and eggs in specialized stores	879	2,696	53%	63%
47217	Retail sale of mee, kuey teow, mee hoon, wantan skins, and other food products made from flour or soya in specialized stores	656	496	41%	36%
47199	Other retail sales in non-specialized stores n.e.c.	487	680	35%	30%
47192	Department stores and supermarket	301	153	23%	38%
47114	Convenience stores	301	314	28%	29%
47219	Retail sale of other food products n.e.c. in specialized stores	266	148	27%	20%
47211	Retail sale of rice, flour, other grains and sugars in specialized stores	216	288	20%	28%
47222	Retail sale of tea, coffee, soft drinks, mineral water, and other beverages in specialized stores	161	1,765	16%	52%
47216	Retail sale of bakery products and sugar confectionery in specialized stores	156	243	18%	25%
47191	Department stores	109	243	15%	30%
47193	Hypermarket	98	76	13%	20%
47112	Supermarket	39	317	7%	22%
47113	Mini market	27	211	7%	19%
47722	Stores specialized in the retail sale of perfumery, cosmetics, and toilet articles	23	218	5%	26%
47711	Retail sale of articles of clothing, articles of fur, and clothing accessories	16	129	5%	15%
47510	Retail sale of textiles in specialized stores	14	243	5%	14%
47111	Provision stores	2	77	2%	6%

Source: MyCC Analysis based on WRT Census 2019 and WRT Census 2014 by DOSM  
Market Review on Service Sector by MyCC, 2019

Concentration ■ High ■ Medium ■ Low ■ No

## SECTOR OVERVIEW

Decrease in SSR from 30% (2010) to 22% (2018)

Increase in beef importation from 129,776 tonnes (2010) to 167,439 tonnes (2018)



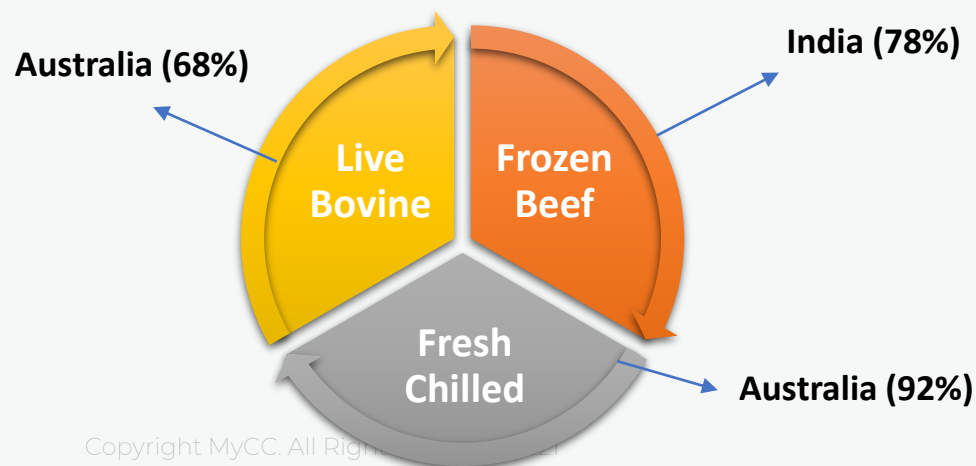
Increase in beef consumption from 5.5kg (2010) to 6.7kg (2018)

Decrease in beef production from 51,227 tonnes (2012) to 46,333 tonnes (2017)

### Note:

1. Price of local beef has increased by about 67% for wholesale level and 64% for retail level from 2010 – 2017.
2. Meanwhile, price of imported beef from India has increased by over 80% for wholesale level and over 70% for retail level from 2010 - 2017.

## IMPORTATION OF BEEF



## PROPOSED SOLUTIONS

1

### Revitalize domestic beef production

- 5 states namely **Pahang, Kelantan, Johor, Terengganu and Sabah** have the capability to develop this industry as they already have high concentration of beef cattle production.
- To develop strategic partnership with private sectors and existing companies which have been successful in the local beef farming industry.

2

### Diversify the source of importation

- There are many other countries that we can rely on for the importation of beef such as Brazil & Poland.
- Currently, Malaysia is in communication with Argentina and South Africa as they have been identified as the potential countries to supply beef.

3

### Control the most important segment of the supply chain

- Animal feed constitutes around 60% - 80% of production costs.
- A national animal feed policy has to be developed to reduce the cost and this can be expanded to non-ruminant and aquaculture sectors for economies of scale.

*Source: Market Review on Food Sector by MyCC, 2018*

## SECTOR OVERVIEW

Reduction in local production from 301,518 tonnes (2014) to 77,342 tonnes (2018)



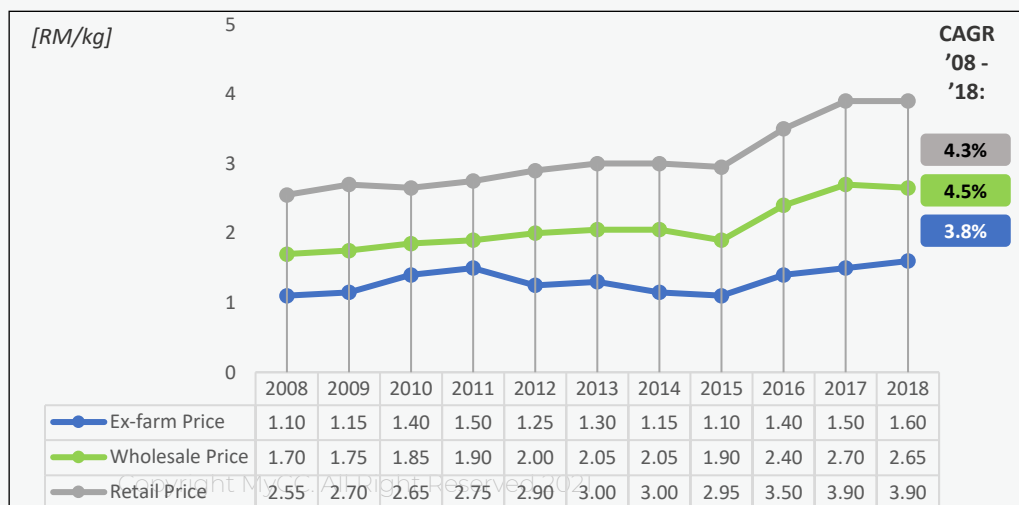
Importation mainly from China (90%) and Indonesia (10%)

SSR for round cabbage has reduced from 81% (2010) to 42% (2018)

Importation of round cabbage grew from 51,691 tonnes to 107,708 tonnes

## PRICING ANALYSIS

It can be observed from the graph that the change of the prices across the different level of supply chain is stable at CAGR of between 3.8% to 4.5% each from 2008 to 2018



## PROPOSED SOLUTIONS

1

### Monitor the application and usage of AP

- Close monitoring of post-granted AP is important to avoid the misuse of AP (selling / renting) and the creation of extra cost through this practice that will eventually be passed on to the consumers.
- Monitor the dominance of foreign companies (China) that produces their own cabbage that uses AP through its own Malaysian subsidiaries that are pushing local players out of the market.

2

### Educate players on competition law

- Market players should be educated on competition laws in order to stop price following practice in the market.
- Promote the usage of e-commerce that can give players competitive edge in the market.

*Source: Market Review on Food Sector by MyCC, 2018*



## Issue: Approval requirement for Customs Brokerage Licenses (CBL) may limit the number of new entrances and potentially restricts and distort competition

### DESCRIPTION:

- The equity requirement under s. 90 of CA 1967 to apply for a forwarding agent approval/license may exclude prospective entrants who could not meet the specifications, where one of the pre-requisites requires for at least 51% of Bumiputera participation on share capital, management and employees.
- On the other hand, the CBL for shipping agents, the 30% Bumiputera participation requirement has been removed, while the requirements on staff and management ratio remains. This issue has also been escalated for discussion between Customs, MOF and Bumiputera Development Agenda Unit (TERAJU) in 2014.

### PROPOSED SOLUTION:

- Conduct a study specifically on the review of the approval requirement in issuing the Customs Brokerage License (CBL) to facilitate the entry of new players.



**Source: Market Review on Transportation Sector by MyCC, 2021**

## Issue: Fatigue regulatory requirements limit business expansion opportunities

### DESCRIPTION:

- To ensure continued growth of the shipping industry in the country, port operators seek out business expansion opportunities to further their objective.
- It is reported that one of the main barriers to business expansion pertains to regulatory constraint. In the past, port operators have faced situations whereby business opportunities are lost as a result of convoluted regulatory requirements posed in relation to the execution of proposed business plans. It is possible for potential investors and business partners to be put off by the stringent and convoluted regulatory constraints, subsequently leading to the reconsideration and cancellation of proposed business plans.

### PROPOSED SOLUTION:

- Frequently review exercise of regulatory control on the import and export of control goods by collaborative between relevant ministries and agencies.



*Source: Market Review on Transportation Sector by MyCC, 2021*

3

## MARKET REVIEW IMPACTS

Policy makers

Industry players

Consumers



1



## PRESENTATION TO HIGH LEVEL MEETINGS

- The outcome of the market reviews were presented in high level meetings such as Economic Action Council Meeting, Cabinet Meeting and *Mesyuarat Menteri Besar dan Ketua Menteri*.
- From the meetings, the outcome of the market reviews could initiate the changes in policy making at national level such as addressing effectively on cost of living, e-commerce initiatives and etc.

2



## ENGAGEMENT WITH RELATED MINISTRIES/ AGENCIES

### Market Review on Food Sector

- The study was well received by the Ministry of Agriculture (MOA) and several improvements have been implemented including implementing improvements on policies and bleaching measures for cabbage products.
- The MOA has also formulated strategies and frameworks to strengthen the meat sector in Malaysia by opening more quotas to new importing countries.

### Market Review on Service Sector

- The study suggested a standardized, integrated and inclusive e-commerce policy across ministries and government agencies such as MITI, MDEC, MEDAC etc to provide a sustainable and fair level playing field across all players and industries including fresh food market.
- The study also recommended the local state government to review local first policy in Sabah and Sarawak as well as keeping rules and regulations in WRT updated across government authorities.

# IMPACTS TO INDUSTRY PLAYERS AND CONSUMERS



## INDUSTRY PLAYERS

In the Market Review of Service Sector, it suggested a few recommendations to industry players aiming to:

- To have business continuity planning;
- To expediate deployment of digital technology and e-commerce development; and
- The do's and don'ts of the businesses in the selected sectors according to CA 2010.

Therefore, the market reviews could provide guidance for their business continuity and to compete fairly in the market.



## CONSUMERS

The market reviews give impact on consumers in terms of:

- Consumer welfare protection by knowing our rights;
- The do's and don'ts of the businesses in the selected sectors according to CA 2010; and
- Served as guidance or reference for research or other purposes.

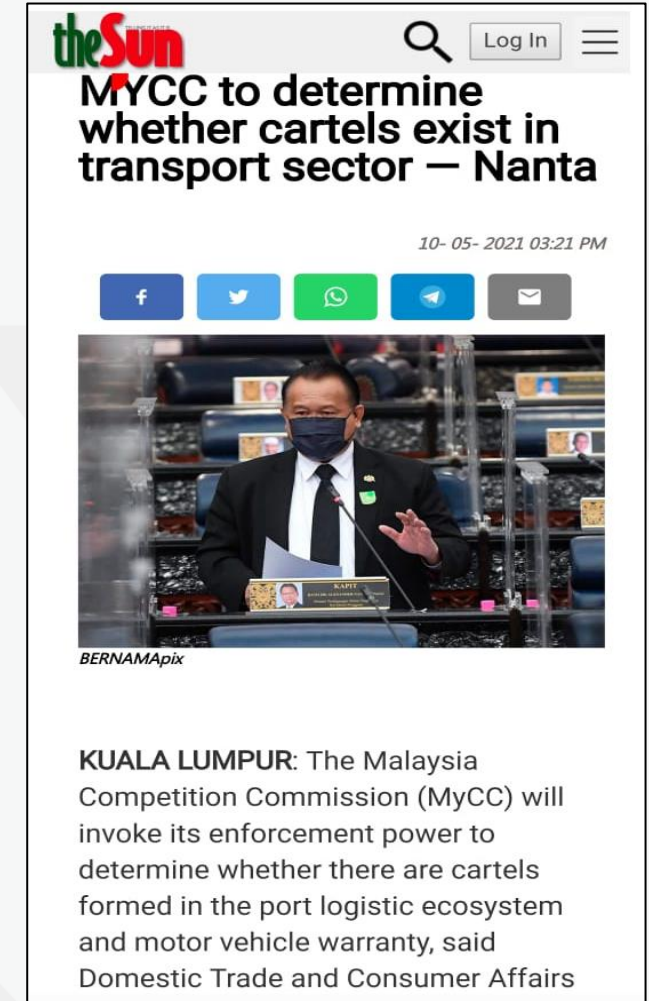
Hence, the market review would create high level of awareness among the consumers on the conduct and performance of the businesses in the selected sectors.

## **4 MEDIA COVERAGE**

## NEWSPAPER CLIPPINGS







# MASS MEDIA COVERAGE





# THANK YOU

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