

## FOR IMMEDIATE RELEASE

### ***Pro-competitive laws and regulations can boost Malaysia's logistics sector and help drive economic recovery.***

**Kuala Lumpur, 5 OCTOBER 2021** – The Organisation for Economic Co-operation and Development (OECD) and Malaysia Competition Commission (MyCC) jointly launched the ***OECD Competition Assessment Reviews: Logistics Sector in Malaysia*** and the ***OECD Competitive Neutrality Reviews: Small-Package Delivery Services in Malaysia*** reports today.

The two reports provide robust, pragmatic, non-binding policy recommendations to the government of Malaysia to help the industry boost overall growth and expedite its recovery from the negative economic impact of the COVID-19 pandemic.

Malaysia has made significant strides in improving the competitiveness of its logistics sector, in line with the plan to position the country as a regional logistics hub and a gateway to ASEAN. The country has a well-developed port sector and has shown significant improvements in integrating with global shipping networks. The government also recently established the Digital Free Trade Zone, which provides an e-fulfilment hub that provides warehousing, order processing, and delivery services, to help SMEs export their goods.

These advances have not insulated Malaysia from the economic impact of the ongoing pandemic. Global disruption to trade and production have affected logistics activities in country. Rising infections and the extension of lockdown measures in 2021 affected trade and production, leading the Asian Development Bank to lower Malaysia's growth forecast for the year.

Antonio Gomes, Deputy Director of OECD's Directorate for Financial and Enterprise Affairs, highlighted in his opening remarks that, by streamlining its logistics sector, Malaysia can help drive further growth of its logistics and e-commerce industries and at the same time soften the impact of COVID on investment and trade.

"The report's findings have clearly established that clear policies and regulations which are pro-competitive as well as conducive business environment would be essential in order to provide good value services to the consumers. Enhanced competition will also be translated to productivity growth, business dynamism and innovation which will be crucial to restoring the economy growth after the pandemic," said Iskandar Ismail, Chief Executive Officer of MyCC, emphasising the importance and benefits of competition in markets.

#### **About the reports**

The ***OECD Competition Assessment Reviews: Logistics Sector in Malaysia*** report assessed the impact of regulation on competition in the sector. It covers five main subsectors of the logistics market: freight transportation, including transport by road, inland waterway and maritime; freight forwarding; warehousing; small-package delivery services; and value-added services.

Meanwhile, the ***OECD Competitive Neutrality Reviews: Small-Package Delivery Services in Malaysia*** report examined the effects of state-owned enterprises on competition in Malaysia's small-package delivery market. This market segment is a critical part of the logistics industry due to its role in the rapid expansion of e-commerce, whose growth has been dramatically accelerated by COVID-19.

In the course of its research, the OECD analysed legislation across Malaysia and cooperated closely with many private and public stakeholders in the country. The reports propose 78 recommendations on issues affecting competition dynamics in Malaysia, such as rules that may limit market entry, limit the ability of suppliers to compete, or grant preferential treatment only to certain companies such as state-owned enterprises.

The two reports are part of the [OECD's Fostering Competition in ASEAN project](#). The project, a partnership between the OECD and ASEAN, supported by the UK Government's ASEAN Economic Reform Programme. It reviewed regulatory constraints on competition in all 10 ASEAN Member States to identify regulations that hinder the efficient functioning of markets and may unlevel the playing field to the disadvantage of businesses and consumers.

**Download the reports [here](#).**

**Watch the project video [here](#).**

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