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05/26/2004 10:33 AM  
Please respond to john

To: MTI draftcompetitionbill/MTI/SINGOV@SINGOV  
cc:  
Subject: Feedback on Draft Competition Bill

Dear Sir,

I wish to make a few comments on the Draft Competition Bill:

**1) Singapore's vulnerability to external forces**

- As a small and open economy, Singapore competes directly with the major global economies in the full value chain of products and services. How do we ensure that Singapore-based companies do not face unfair competition from foreign companies whose economies are many times larger than ours and protected? In what ways does Singapore-based companies command comparative advantage vis-a-vis these foreign companies? These are issues that have to be addressed in crafting in Competition Bill. A highly-competitive market environment is good for consumers here but we need to also consider the scenario in which near-perfect competitive forces actually do more harm than good to the long-term survival of those companies based in Singapore.

- Although it is not productive and efficient for governments to protect their home-based businesses, MTI can look into ways to lay down a firm foundation upon which local businesses can benefit from. Our recent push for entrepreneurship has yielded some great results, but the impetus is also to take entrepreneurship to the next level - first enabling these companies to succeed in Singapore and then venture overseas. For this, IE Singapore has a strong role to play. Local businesses must be equipped with all necessary 'hardware' and 'software' to fight the battle as they venture overseas. Singapore does not enjoy huge reserves of natural resources or a dominant trading partner who can shelter our economic ups and downs. It is very much up to our ministries and government to devise prudent policies and engage in careful resource allocation to help build a strong and healthy local business community.

**2) High market-entry barriers imposed by foreign players**

- We have to constantly monitor the market environment to be on the look-out for extremely difficult and high market-entry barriers imposed by foreign players in various sectors, especially within the fast-growing innovative industries such as software development and IT. This is one area in which our local businesses can possibly do well, but is also an extremely difficult market to penetrate given the unique position we are in. We are too expensive to be an outsourcing center vis-a-vis India (i.e. not competitive enough on the bottom end of the value chain) and not strong enough to compete directly with the few big boys in this field (there being very high market-entry barriers). How should MTI structure a Bill that addresses these sectoral issues? In such specific sectors, are we providing customized solutions to the local businesses instead of adopting a one size fits all approach?

- Unfair competition from high market-entry barriers cut both ways, in our domestic economy and as our companies venture overseas. Does our current Bill specify how certain industries conduct their business in Singapore? Do we provide a market environment that is vibrant and one that supports a plethora of market players - both domestic and foreign - to offer wider choices and better service for consumers here?

**3) Emergence of trade blocs and protectionism**

- As a region, we are not as united as other trade blocs around the world. Although established in the 1960s, the level of cooperation among ASEAN countries cannot be said to be as high as that seen in the more recent European Economic Community. Trade blocs are designed with the aim to manipulate market forces in ways that favor member economies vis-a-vis economies across border. Member countries will increasingly conduct business amongst themselves and less with countries outside their bloc. This will not necessarily result in greater efficiency nor does it promote competition, but there is an increasing global trend towards using trade blocs to benefit national economies at least within the medium term and acceptable parameters.

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