REGULATORY REFORMS IN THE
MALAYSIAN
TELECOMMUNICATIONS SECTOR

BY:

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LIST OF ABBREVIATIONS

AC    Average cost
AT&T  American Telephone and Telegraph
Austel Australia Telecommunications Authority
BT    British Telecom
CMA   Communication and Multimedia Act 1998
CTC   Compania de Telefonos de Chile
DG    Director General
DWL   Dead weight loss
FCC   Federal Communications Commission
JTM   Jabatan Telekom Malaysia (Telecommunications Department Malaysia)
KLSE  Kuala Lumpur Stock Exchange
LEC   Local exchange carrier
MCMC  Malaysian Communications and Multimedia Commission
MCMCA Malaysian Communications and Multimedia Commission Act
MECM  Ministry of Energy, Communications and Multimedia
METP  Ministry of Energy, Telecommunications and Posts
MC    Marginal cost
MR    Marginal revenue
NTT   Nippon Telegraph and Telephone
OFTEL Office of Telecommunications
PTT   Post, Telephone and Telegraph
RBOC  Regional Bell Operating Companies
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<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
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<tr>
<td>STM</td>
<td>Syarikat Telekom Malaysia</td>
</tr>
<tr>
<td>TCNZ</td>
<td>Telecom New Zealand</td>
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<tr>
<td>TELMEX</td>
<td>Telefonos de Mexico</td>
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<tr>
<td>TMB</td>
<td>Telekom Malaysia Berhad</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<tr>
<td>US</td>
<td>United States of America</td>
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<td>USP</td>
<td>Universal Service Provision</td>
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ABSTRACT

The Malaysian telecommunications sector was privatized in 1987. A crucial ingredient in the success of the privatization of any telecommunications sector is the accompanying regulatory reforms. The main objective of this study is to examine the regulatory reforms that have taken place in the Malaysian telecommunications sector.

Shifting the provision of telecommunications services operations away from the government makes it easier for the sector to achieve greater efficiency and possibly freedom from political intervention. This process can be further strengthened by innovative financing and investment strategies. In reality, firms are much better informed than the regulator. The key concept of any regulatory regime is to motivate firms to use their information for the benefits of users rather than to increase their rents.

Competition is beneficial. However, it has problems - newcomers cream skim lucrative customers, leaving the incumbent with the less profitable rural and low income customers. Sometimes, competition is inefficient even if liberalization take place. Thus having the right level and right type of regulation is essential to encourage competition.