



**REGULATORY REFORMS IN THE  
MALAYSIAN  
TELECOMMUNICATIONS SECTOR**

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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

R&D	Research and Development
STM	Syarikat Telekom Malaysia
TCNZ	Telecom New Zealand
TELMEX	Telefonos de Mexico
TMB	Telekom Malaysia Berhad
UK	United Kingdom
US	United States of America
USP	Universal Service Provision

## **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.