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Competition Regulation in Mongolia

The competition law regulates matters related to the creation of conditions for fair competition in the market for business entities, identification and implementation of legal and organisational grounds for prohibition, restriction and prevention of any activities impeding competition.

This law is effective in the territory of Mongolia and other countries, if the entity engages in illegal activities outside of Mongolia, and its effect on the market is proven.

Natural monopolies means a single entity that alone accounts for the total supply of particular goods to the market at the lowest minimum social cost.

Dominant position of an entity means a position when a single entity acting alone or in a group of business entities or related parties acting together, account for over one third of the manufactures, sales and purchases of certain kind of products in the market. In addition, a position when a single entity acting alone or in a group of business entities or related parties acting together, account for over one third of the manufactures, sales and purchases of certain kind of products in the market shall also be considered as dominance.

An entity in a dominant position shall be prohibited to engage in the following dominating activities:

Halting or restricting production or sale of goods in order to create an artificial shortage;

Fixing excessive price unreasonably

Requiring additional condition of products from enterpriser, selling similar kind of products by differential price in market, refusing to sell unreasonably. It shall not be referred to changing price of products which concerned location of region and calculated realization cost of transportation and to promotion which giving to wholesale and retail purchaser from manufacturer or supplier;

Selling goods and products at lower than cost prices in order to prevent other enterpriser from entering that market or to drive them out from the market

Refusing to establish other relation of business entity without tangible grounds of economic and technical

Fixing price and establishing territories within which resell goods;

Insisting on condition not to buy goods and products of his/her competitors as a condition for sale of its goods and products

Insisting for others to sell their goods and products to him/her by condition which might lead to the reduction of production and sales of those goods and products;

Demanding without due cause from enterpriser to transfer his/her financial means, assets, their rights and labor force to him/her

Demanding from competitors to restructure their companies through a consolidation, merger, division and separation;

Insisting on including conditions that are not relevant to the subject in a contract of certain kind of products of the contract or disadvantageous to the contracting party. Stipulating differential condition from other participant

Attaching goods that are not included in a set in selling goods and products.

The dominant business entity shall submit an application to the Authority for Fair Competition and Consumer Protection (hereinafter – the ‘AFCCP’) in the case of restructuring through consolidation and merger, purchasing more than 20 percent of common stock and more than 15 percent of preferred stock from competitive company, which sales similar kind of products or consolidating and merging with related party.

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Author:

Bolormaa Volodya

Partner

GRATA International in Mongolia

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Key contacts



Bolormaa Volodya

Partner

 Ulaanbaatar, Mongolia

 +976 990 850 31

 +976 701 550 31

 bvolodya@gratanet.com