

CONSUMER PROTECTION LAW OF THE MONGOLIAN PEOPLE'S
REPUBLIC

Chapter One

GENERAL PROVISIONS

Article 1. Purpose of the Law

1. The purpose of the law is to protect the rights of the consumers.

NOTE. For the purpose of this law, "Consumer" means the individual buyer or customer who is acquiring products or services.

Article 2. Legislation on Consumer Protection

1. Legislation on consumer protection shall consist of this law and other related laws and regulations.

2. Unless the provisions of International Treaties signed by the MPR provide otherwise, this law shall apply on consumer protection.

Chapter Two

PROTECTION OF CONSUMERS'

FUNDAMENTAL RIGHTS

Article 3. Use of Quality Products

1. The consumer shall have the right to use quality products and services that comply with standards established by authorized organizations, constructional and sanitary norms, pharmacopoeias, prescriptions and contract terms.

2. The producer shall describe the quality, price, date of manufacture and the time period of warranty of their products on the containers, packages, labels or operating instructions.

Article 4. Safe Use of Products

1. The safe use of products that may be harmful to the health and life of humans and/or the environment shall be ensured by the following measures:

- a) By bringing the quality requirements of such products into conformity with state standards, by keeping record of these products at the State Registry by an authorized organization and by issuing licenses for the manufacture of the products;
- b) By complying with the standards of the manufacturing

country;

c) By prohibiting the manufacture, sale and importation of products without a certificate of quality;

d) By issuing the certificates of quality by a laboratory authorized by a quality control organization.

2. The producer and the seller shall identify products that may be harmful to the health and life of humans and/or the environment by printing warning labels on the containers or the packages of the products.

NOTE. For the purpose of this law, "Seller" means any economic entity or individual offering products or services to consumers.

3. The producer shall declare in the operating instructions and in other documents the requirements for storage, transportation, use and consumption of perishable products and products that may be harmful to the health and life of humans and/or the environment.

4. After the date of expiry, it is prohibited to sell or trade in products that may be harmful to the health and life of humans and/or the environment.

Article 5. Protection of Consumers' Economic Interests

1. The consumer shall have the right to protect his/her economic interests and to claim damages for losses resulting from the producer's, contractor's or seller's wrongful actions.

2. The consumer shall have the right to demand a reduction in price of products or services which are defective, damaged or incomplete, or which do not meet the quality requirements.

3. For losses incurred by the consumer in connection with the purchase of products or services which are defective, damaged or incomplete, the consumer shall have the right to be compensated in the following ways:

a) When the seller did not notify the consumer that the products or services were defective, damaged or incomplete, or of a lower quality, the seller shall immediately replace or complete the products or services at the request of the consumer. In case that is impossible, the seller shall do so within a time period agreed upon with the consumer or at the time the seller receives a new delivery of such products. In case the seller fails to replace or complete the products, or in case the consumer demands, the contract shall be cancelled and the price paid for the products or services shall be partly or fully refunded.

b) If the products cease to function or if the consumer discovers defects or damages that could not be seen at the time of purchase, the seller shall repair or replace the products free of charge within a time period agreed upon by the consumer. In case the seller fails to repair or replace the products, or in case the consumer demands, the contract shall be cancelled and the price paid for the products shall be partly or fully refunded.

4. When a contractor performs work or service using the consumer's materials and the consumer refuses to accept the work or service because the contract terms were not followed, the contractor shall, unless otherwise provided for in the contract, perform the work or service in compliance with the contract terms by using materials of the same kind and quality as those given by the consumer.

5. The seller shall bear the expenses connected with the return and delivery of the products indicated in paragraph 3 of this Article. The instructions for the application of this paragraph and paragraphs 3 and 4 shall be adopted by the state central administrative organ responsible for trade and service issues in agreement with consumers' organization and other related organizations.

6. When the consumer's claim for damages concerns the low quality, defect or damage to the products or that the products are incomplete, the seller is not liable for costs and losses when the claim is unjustified or when the consumer has failed to follow the instructions for operating, transporting or storing the product.

Article 6. Obtaining True and Complete Information About the Products

1. The consumer shall be entitled to obtain true and complete information about the products.

2. The producer and the seller shall provide the consumer with the following information:

a) The producer's and the seller's name and address; the name of the product's trademark;

b) The designation of the product and a description of any special use for it;

c) Instructions for storage and use;

d) Description of the products and the price or charge for them;

e) The dimensions and the quality of the products and the unit of measurement;

f) The time periods for warranty and usage of the products and;

g) The safe use of the products.

3. The producer and the seller are prohibited from giving false information about the products to the consumer.

4. When it is proved that products put into circulation are harmful to the life and health of humans and/or the environment, the producer and the seller shall immediately notify the public. The producer and the seller shall also notify the public through the Executive Boards of local Hurals, relevant state control organizations, the mass media and by other means.

Article 7. Making a Choice between Products

1. The consumer shall have the right to make a choice between products according to his own discretion.

2. The seller shall give the consumer the opportunity to confirm the quality, safe condition, completion, weight, size and price of the products and also have the opportunity to be acquainted with the safe use and operating instructions of the products and with any other relevant information.

3. The seller may not make the buyer sign a contract by being overtly persuasive or a contract which is detrimental to the rights of the consumer.

Article 8. Consumption of Products

1. The consumer shall be entitled to have the ability to use products properly and an opportunity to learn that ability.

2. The consumer shall observe both the trading and service practices and accept the products at the place purchase by confirming their quality, safe condition, completion, weight, size, description and price.

3. The consumer shall comply with the directions for transportation, storage and use of products.

Article 9. Damages

1. The consumer or his lawful representative has the right to seek damages.

2. The consumer's claim shall be decided as follows:

a) The consumer shall first ask the seller whether he is willing to remedy the damage. If the seller, without an adequate reason, is unwilling to act, the consumer shall have the right to present his claim to the

relevant state control organization and;

b) If the consumer finds the decision of the state control organization unacceptable, he shall the right to appeal to a court.

Article 10. State Control of the Implementation of the Consumer Protection Law

1. State control of the implementation of the Consumer Protection Law shall be exercised by the Executive Boards of the local Hurals and the relevant state control organizations.

2. Consumers shall have the right to be protected under the public control.

Article 11. Penal Provisions

1. The relevant state control organization shall impose the following administrative penalties on any person in violation of the Consumer Protection Law:

a) The producer or the seller guilty of violating the provisions in sub-paragraphs 2, 3 and 4 of paragraph 1 of Article 4 as well as those failing to fulfil their duties specified in paragraph 4 of Article 6 of this law shall be subject to a fine up to 50,000 Tugriks. The proceeds from the sale of products concerned shall be forfeited and they shall become state property;

b) The producer or the seller guilty of violating the provisions in paragraphs 2 and 3 of Article 4 of this law shall be subject to a fine up to 20,000 Tugriks;

c) The producer or the seller guilty of violating the provisions in paragraph 3 of Article 6 of this law shall be subject to a fine up to 10,000 Tugriks. The proceeds from the sale of products concerned shall be forfeited and they shall become state property;

d) A contract concluded by the seller in violation of paragraph 3 of Article 7 of this law and which is detrimental to the rights of the consumer, shall be declared legally invalid. The proceeds from the sale of products concerned shall be forfeited and they shall become state property.

2. Unless otherwise provided for in the contract, the seller who has infringed upon the consumer's rights shall be subject to the following penalties:

a) For violating the time limit mentioned in sub-paragraph a) of paragraph 3 of Article 5 of this law, the seller shall pay the consumer, from the day of delay, a fine equal to 1 percent per diem of the total price of the products. However, the fine shall not exceed 50 percent of the total price of the products;

b) If the contractor fails to perform works or services in accordance with provisions in paragraph 4 of Article 5 of this law and if the consumer requires, the contract shall be declared legally invalid and the prices for materials prescribed in the contract shall be refunded twofold;

c) If the contractor loses, impairs the quality or changes the materials given to him for performing works or services, the prices for materials prescribed in the contract shall be refunded threefold;

d) If the contractor fails to perform the works or services within the time fixed in the contract, he shall pay the consumer, from the day of delay, a fine equal to 2 percent per diem of the total price of the works or services as specified by the contract. However, the fine shall not exceed 50 percent of the total price for the works or services.

3. If an appropriate specialized agency finds that a product is harmful to the life and health of humans and/or the environment, the authorized central and local control organizations shall make a decision to terminate the production of the products, to remove them from the circulation and to prevent the performance of works and services.

Article 12. Final Provisions

1. The present law enters into force on the first day of September, 1991.