



# LAW OF MONGOLIA

01 July, 2005

Ulaanbaatar

## LAW ON OIL PRODUCTS

### CHAPTER ONE GENERAL PROVISIONS

#### **Article 1. Purpose of the law**

1.1. The purpose of this law is to regulate relations arising in connection with import, production, sale, transportation, storage of petroleum products and ensuring safety of these activities.

#### **Article 2. Legislation on import, production, trade, transportation and storage of petroleum products**

Legislation on import, production, trade, transportation and storage of petroleum products is regulated by the Law on Petroleum, the Law on Business Licensing, the Law on Fire Safety, the Law on Metrology, the Law on Construction, and the Law on Unfair Competition. Law on Prohibition, Law on Hygiene, Law on Standardization, Technical Regulation and Accreditation of Conformity Assessment, Law on Environmental Protection, Law on Protection from Toxic Chemicals, Law on Railway Transport Safety, Law on Road Transport, this Law and their conformities other legislative acts.

*/ This part of 2 December 2016 0 amended 4 Law /*

*/ This part was amended according to the law dated December 21, 2017 /*

*/ This part was amended according to the law dated May 09, 2019 /*

2.2. If an international treaty to which Mongolia is a party provides otherwise than this law, the provisions of the international treaty shall prevail.

#### **Article 3. Scope of the law**

3.1. This law shall apply to citizens and legal entities engaged in import, production, trade, transportation and storage of petroleum products in the territory of Mongolia.

#### **Article 4. Terms of the law**

The following terms used in this law shall have the following meanings:

4.1.1. "Petroleum products" means all types of fuels, special liquids, flammable gases, lubricants, bitumen, fuel oil and other products obtained by refining petroleum and chemical compounds;

4.1.2. "Equipment" means mechanical and automatic devices such as pumps, distributors, measuring, adjusting, loading and unloading devices, storage tanks, pipelines and valves used for import, production, sale, transportation, storage and quality control of petroleum products. operational equipment;

4.1.3. "Warehouse" means a complex of facilities, equipment and machinery for receiving, storing, packing and wholesale of oil and petroleum products;

4.1.4. "Distribution station" means a complex of buildings and facilities intended for receiving and storing petroleum products, refueling vehicles, and conducting retail trade in packaged products;

4.1.5. "Company reserves" means petroleum products stored in warehouses and containers owned by a legal entity holding a license to engage in wholesale and production of petroleum products in the amount required for the uninterrupted supply and normal operation of a legal entity;

4.1.6. "Wholesale trade in petroleum products" means the sale of petroleum products in the amount of not less than one barrel of a vehicle at a time.

## **CHAPTER TWO STATE REGULATIONS ON IMPORT, PRODUCTION, TRADE, TRANSPORTATION AND STORAGE OF OIL PRODUCTS**

### **Article 5. Powers of the Government and the State Central Administrative Body Responsible for Petroleum Issues with regard to the production, trade, transportation and storage of petroleum products**

The Government shall exercise the following powers with respect to petroleum products:

5.1.1 monitor the implementation of policies on import, production, trade, transportation, storage and investment of petroleum products;

5.1.2. Approve the procedure for forming the state reserve of petroleum products;

5.1.3. To approve the amount of reserves of the company holding a license to engage in wholesale trade and production of petroleum products and the procedure for accumulation of reserves;

5.1.4. To make adjustments in case of abnormal rise in prices of petroleum products, supply disruptions and shortages;

5.1.5. Implement a policy and create conditions for quality control of imported petroleum products at border crossings.

The State Central Administrative Body Responsible for Petroleum Matters shall exercise the following powers with respect to petroleum products:

5.2.1. To organize the development and implementation of the state policy on import, production, trade, transportation, storage and investment of petroleum products;

5.2.2. To issue, suspend and revoke licenses for the production of petroleum products, import of all types of fuels, wholesale and retail trade;

*/ This paragraph was 2 February 2013 0 7 th amended law /*

5.2.3. Approve and enforce rules, regulations and norms related to import, production, trade, transportation and storage of petroleum products;

5.2.4. To develop a proposal on the resources of a license holder to engage in wholesale trade and production of petroleum products and have it resolved by the Government;

5.2.5 approve and enforce detailed regulations related to petroleum product licensing.

*/ This provision of 2 October 2013 0 plus 7 th Law /*

5.3. Technical requirements for vehicles transporting petroleum products shall be determined in cooperation with the state central administrative body in charge of transportation and the state administrative body in charge of standardization.

### **Article 6. Powers of the state administrative body in charge of petroleum matters**

The State Administrative Body Responsible for Petroleum Matters shall exercise the following powers with respect to import, production, trade, transportation and storage of petroleum products:

6.1.1. To implement the policy on petroleum products;

6.1.2. To develop draft standards, rules, regulations and norms related to import, production, sale, transportation and storage of petroleum products;

6.1.3. To issue technical and technological conclusions on the design for construction and renovation of petroleum products factories, warehouses and distribution stations;

6.1.4. To issue a professional opinion on the design of petroleum products and facilities and the issuance of a construction license;

6.1.5. To work as a member of the commission for acceptance of petroleum product constructions and facilities into operation;

6.1.6. To create a database on import, production, trade, transportation and storage of petroleum products, and to obtain additional research and information necessary for policy and regulation from relevant organizations;

6.1.7. To provide information necessary for creating conditions for fair competition in the market of petroleum products to relevant organizations and the State Central Administrative Body in accordance with Article 14.1.5 of the Law on Prohibition of Unfair Competition and to make proposals in this regard;

6.1.8. To conduct training on import, production, sale, transportation and storage of petroleum products, provide information and methodological assistance and advice;

6.1.9. To study the international exchange price of petroleum products and to control the purchase price of the importer from the supplier.

6.2 The State Administrative Body in charge of Petroleum Matters shall monitor and take relevant measures in cooperation with the specialized inspection agency if it deems it necessary during the exercise of its powers specified in 6.1 of this Law.

### **CHAPTER THREE IMPORT PRODUCTION, SALE, TRANSPORTATION AND STORAGE OF OIL PRODUCTS**

#### **Article 7. Import of petroleum products**

7.1. All types of fuel shall be imported on the basis of a license and the importer shall have the following obligations:

*/ This part of 2 December 2013 0 amended 7 reserved /*

7.1.1. To import petroleum products that meet international quality standards;

7.1.2. To have an accredited testing laboratory issue an opinion on whether the imported product meets international standards;

7.1.3. The holder of a wholesale license shall have a warehouse that meets the standard requirements;

*/ This article May 2, 2013 0 amended by-7-law /*

7.1.4. To import petroleum products on the basis of an agreement concluded with a supplier.

7.2 A foreign legal entity that alone supplies more than 30 percent of petroleum products to Mongolia shall be prohibited from selling its products in the domestic market through a legal entity with its own investment and a unit under its jurisdiction and control.

#### **Article 8. Manufacture of petroleum products**

Production of petroleum products shall be carried out on the basis of a license.

8.2. The technology and equipment of the petroleum products production plant shall comply with international standards.

A holder of a license to produce petroleum products shall submit the following documents in addition to those specified in Article 11 of the Law on Licensing of Business Activities:

8.3.1. Conclusion on environmental impact assessment;

8.3.2. Petroleum product production project;

8.3.3. Design of oil product construction and land possession permit developed by a professional organization and inspected by the state expertise;

8.3.4. Geological conclusion of the soil;

8.3.5. Hygiene and hygiene conclusion of the specialized inspection agency;

8.3.6. Fire safety conclusion.

A holder of a license to produce petroleum products shall have the following obligations:

8.4.1. To produce petroleum products that meet national standards;

8.4.2. To have an accredited laboratory for quality analysis and testing of petroleum products;

8.4.3 Create conditions for storage, disposal and destruction of industrial waste in an environment that does not harm the health of the population and the environment.

### **Article 9. Sale of petroleum products**

Wholesale and retail trade of all types of fuel shall be conducted on the basis of a license.

*2013 / part 2 0 7 edited by the Law /*

9.2. An applicant for a license specified in Article 9.1 of this Law shall submit the following documents in addition to those specified in Article 5.2.5 of this Law and Article 11 of the Law on Licensing of Business Activities:

*/ This part of 2 December 2013 0 amended 7 reserved /*

9.2.1. Documents for measuring instruments and liquid meters in accordance with the Law on Metrology;

*/ This part was amended according to the law dated May 09, 2019 /*

9.2.2. Real estate certificate of a warehouse and distribution station that meets the standard requirements or their lease agreement.

9.3. Wholesale and retail traders of petroleum products shall have the following obligations:

9.3.1. To issue quality certificates to buyers of petroleum products wholesalers each time they sell their products;

9.3.2. To sell quality guaranteed petroleum products;

9.3.3. To sell petroleum products through a state-guaranteed distributor;

9.3.4. Not to sell petroleum products directly from uncertified distributors, trucks and tank cars;

9.3.5. To store petroleum products in containers that meet the standard requirements and sell them in the permitted area and environment;

9.3.6. To sell oils, lubricants and special fluids only in special containers in industrial packaging in accordance with the technology;

9.3.7. The holder of a wholesale license shall have a laboratory for quality analysis of petroleum products.

### **Article 10. Transportation of petroleum products**

10.1. Petroleum products shall be transported by special purpose vehicles that meet the conditions of transportation and technical requirements.

10.2. Oil, lubricants and gas packed in special containers shall be transported in troughs and containers that meet safety requirements.

10.3. The carrier shall meet the rules, regulations, standards and requirements related to technical safety and transportation conditions approved by the competent authority.

10.4. The carrier shall put an identification mark on the special purpose vehicle in accordance with the established procedures.

10.5. Vehicle owners, possessors and drivers shall park their vehicles in designated permitted premises, parking lots and squares that meet the conditions to prevent fires, ensure traffic safety, protect the environment, and not disturb the health and peace of citizens.

10.6. The carrier shall obtain a certificate from the wholesaler on the type and quality of petroleum products being transported.

10.7. It is prohibited to transport petroleum products by public transport and non-purpose vehicles that do not meet the standard requirements.

### **Article 11. Storage of petroleum products**

Petroleum products shall be stored in designated warehouses and containers that meet the standard requirements.

A legal entity that owns a warehouse for storing petroleum products shall be obliged to comply with the following requirements:

- 11.2.1. To conduct environmental impact assessment;
- 11.2.2. To have the soil geological assessment conducted by an authorized organization;
- 11.2.3. To be built in accordance with drawings and projects developed by an authorized professional organization and inspected by the state expertise, and to have a land possession permit;
- 11.2.4. To have a sanitary and hygienic conclusion issued by a specialized inspection agency;
- 11.2.5 to obtain a fire safety conclusion;
- 11.2.6. To have an act of the state commission on acceptance of the warehouse and gas station building for operation, a technical conclusion defining the main structure of the building and the condition of the engineering network.

11.3. The owner of a container intended for storage of petroleum products shall register it in the state registry. The procedure for registration of containers for storage of petroleum products in the state registration shall be approved jointly by the member of the Government in charge of petroleum matters and the member of the Government in charge of specialized inspection.

11.4. The following shall be prohibited during storage of petroleum products:

- 11.4.1. To store petroleum products in non-purpose buildings and structures that have not been accepted by the state commission;
- 11.4.2. To store in containers that do not meet the standard requirements;
- 11.4.3. To use infiltration and seepage pipelines;
- 11.4.4. To use containers and equipment without lightning rods or earthing facilities, the resistance of which shall not be measured and certified by a professional competent authority;
- 11.4.5. To unload petroleum products from a tank truck without grounding;
- 11.4.6. Unloading of petroleum products in containers without special unloading facilities.

### **Article 12. General obligations of petroleum related companies**

Manufacturers, sellers and storage of petroleum products shall remove unused warehouses, containers and equipment, clean up petroleum product residues, level the land and normalize the soil to make it harmless to human health and the environment, polluted and damaged. responsible for land reclamation and re-vegetation.

## **CHAPTER FOUR OIL PRODUCTS**

### **Article 13. Reserves of petroleum products**

Petroleum product reserves shall consist of state and company reserves.

13.2. The state reserve shall be formed in accordance with the procedures approved by the Government.

13.3. The holder of a license to engage in the production and wholesale of petroleum products shall form the company's reserves in accordance with the procedures established by the Government.

## **CHAPTER FIVE INSPECTION AND IMPROVEMENT OF OIL PRODUCTS INSPECTION, PRODUCTION, TRADE, TRANSPORTATION AND STORAGE**

### **Article 14. Control over import, production, trade, transportation and storage of petroleum products**

The specialized inspection agency shall exercise control over the import, production, trade, transportation, storage and safety of petroleum products.

14.2 The Law on State Inspection shall be followed in exercising control over import, production, trade, transportation and storage of petroleum products.

**Article 15. Liability for violators**

A person or legal entity that violates this Law shall be subject to liability specified in the Criminal Code or the Law on Violations.

*/ This article was October 12, 2015 0 amended by the Law of 4 /*

**CHAIRMAN OF THE PARLIAMENT OF MONGOLIA Ts. Nyamdorj**