



# **Prohibition of Price Monopoly Agreements -- Legislation and Enforcement Situation in China**

**Deputy Director-General of Department of Price Supervision of National  
Development and Reform Commission      Zhang Guangyuan**

# I. Development of Legislation

- ❖ Policies and Regulations in early stage
- ❖ Provisions of *Regulations on Price Control*
- ❖ *Price Law and Prohibition of Acts of Price Monopoly Tentative Provisions*
- ❖ Provisions of *Anti-Monopoly Law*
- ❖ *Anti Pricing Monopoly Regulations and Anti Pricing Monopoly Administrative Law Enforcement Procedure Regulations*

## II. Main Provisions

### ❖ 1. Eight Forms of horizontal price monopoly agreements

- a) Fixing or changing the price level of goods ;
  - b) Fixing or changing the price range;
  - c) Fixing or changing the commissions, discounts or other charges that affect prices;
  - d) Using an agreed price as the basis for transactions with third parties;
  - e) Specifying a standard formula calculating the prices;
  - f) Specifying that prices shall not be changed without the consent of other business operators participating the agreement;
  - g) Fixing or changing prices in a disguised mean;
  - h) other price monopoly agreements determined by State Council
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## II. Main Provisions

- ❖ **2. Three forms of vertical price monopoly agreements**
  - a) Fixing the price at which goods are resold to a third party;**
  - b) Limiting the minimum price at which goods are resold to a third party;**
  - c) Other price monopoly agreements determined by the State Council**

## II. Main Provisions

❖ **3. The following factors shall be considered when determining a concerted action:**

- a) The pricing acts of business operators are consistent**
- b) Business operators have conducted communications on intention;**

**When determining concerted actions, the market structure, market changes and other conditions shall also be taken into account.**

## II. Main Provisions

- ❖ **4. An industry association shall not engage in the following acts:**
  - a) Formulating rules, decisions, notifications eliminating or restricting price competition;**
  - b) Organizing business operators to reach any price monopoly agreements prohibited by this regulation;**
  - c) Other acts organizing business operators to come to or implement price monopoly agreements.**

## II. Main Provisions

### 5. Policies of Leniency

- ❖ The first one who voluntarily reports the relevant situation of monopoly agreement reached and provides important evidence can exempt from punishment;
- ❖ The second one who voluntarily reports the relevant situation of monopoly agreement reached and provides important evidence can get a punishment with a extenuation of no less than 50%.
- ❖ The second one who voluntarily reports the relevant situation of monopoly agreement reached and provides important evidence can get a punishment with a extenuation of no more than 50%.

## III. Law Enforcement

### ❖ 1. Overall Situation

In recent years, based on the provisions of Price Law and Anti-monopoly Law, National Development and Reform Commission and local price management departments have investigated and punished several legal cases including the price collusion case conducted by Zhejiang Province Fuyang Paper Industry Association, price increase collusion case conducted by part of rice flour manufacturers in Guangxi, price collusion case conducted by part of mungbean distribution business in Jilin and Inner Mongolia and etc. In 2010, totally 192 price collusion cases in China were investigated and punished.



# III. Law Enforcement

## ❖ 2. Relevant Cases

- 1) Case of price monopoly agreement implemented by Zhejiang Province Fuyang Paper Industry Association
  - a. Basic information of case;
  - b. Settlement of case.

### III. Law Enforcement

- ❖ 2) price increase collusion case conducted by part of rice flour manufacturers in Guangxi
  - a. Basic information of case;
  - b. Settlement of case.

### III. Law Enforcement

- ❖ 3) Price collusion case conducted by part of mungbean distribution business in Jilin and Inner Mongolia
  - a. Basic information of case;
  - b. Settlement of case.

**Thank you!**

