



Law on Competition



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PREPARED BY DIRECTORATE-GENERAL OF CCF



Contents

- 
- I. Introduction**
 - II. The Agreements prevent restrict or distort competition**
 - III. The Abuses of Market Dominant Position**
 - IV. Business Combinations prevent restrict or distort competition**
 - V. Complaint and Investigation Procedures**
 - VI. Penalties**
- 
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I. Introduction



a. Competent Authority



Effective on
05th October 2021



The Cambodia Competition Commission (CCC) has 15 members led by the Minister of Commerce, with the Consumer Protection Competition and Fraud Repression Directorate-General (CCF) serving as its implementing body and secretariat

I. Introduction



a. Competent Authority



CCF Directorate General
as a Implementing body and Secretariat



I. Introduction

b. Purpose



To promote fair and honest
business relations



Increase economic efficiency
encourage new business



Help consumers to access high
quality, low price, diverse and
versatile products and service

Article 1 of the Law on Competition

I. Introduction

c. Scope



The law applies to all Persons conducting business activities, or supporting business activities, which significantly prevent, restrict or distort competition in a Market in the Kingdom of Cambodia regardless of whether taking place inside or outside Kingdom of Cambodia.

I. Introduction

d. Offences



What are the
Offenses under the
Competition Law?



3 (three) pillars of
Competition Law

Agreements which
prevent, restrict or distort
competition

Abuses of Dominant
Market Position
(Article 9)

Business combinations
which prevent, restrict or
distort competition
(Article 11)

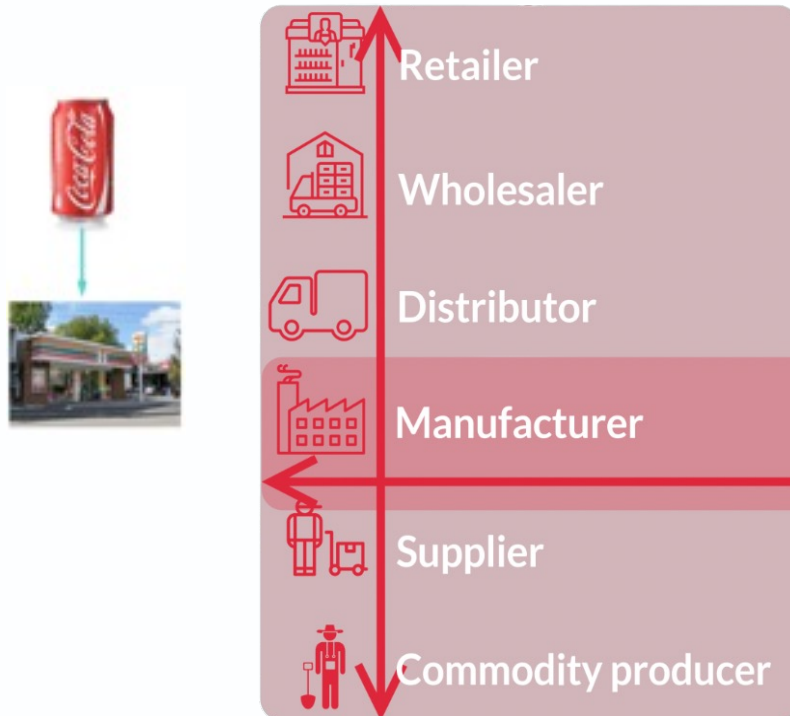
- Horizontal Agreement (Article 7)
- Vertical Agreement (Article 8)

II. The Agreements prevent restrict or distort competition



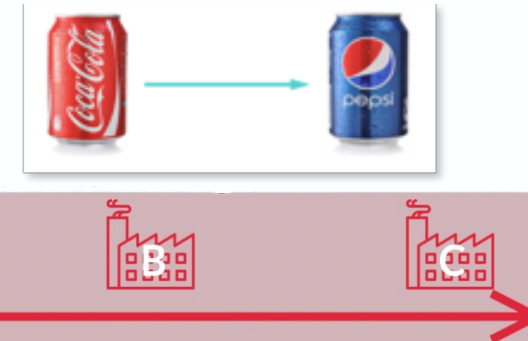
Vertical Agreement (Article 8)

(Between two persons operating at different levels of the production and distribution chain, where generally they do not compete with each other)



Horizontal Agreement (Article 7)

(Between two or more persons (competitors) operating at same level of the production and distribution chain)



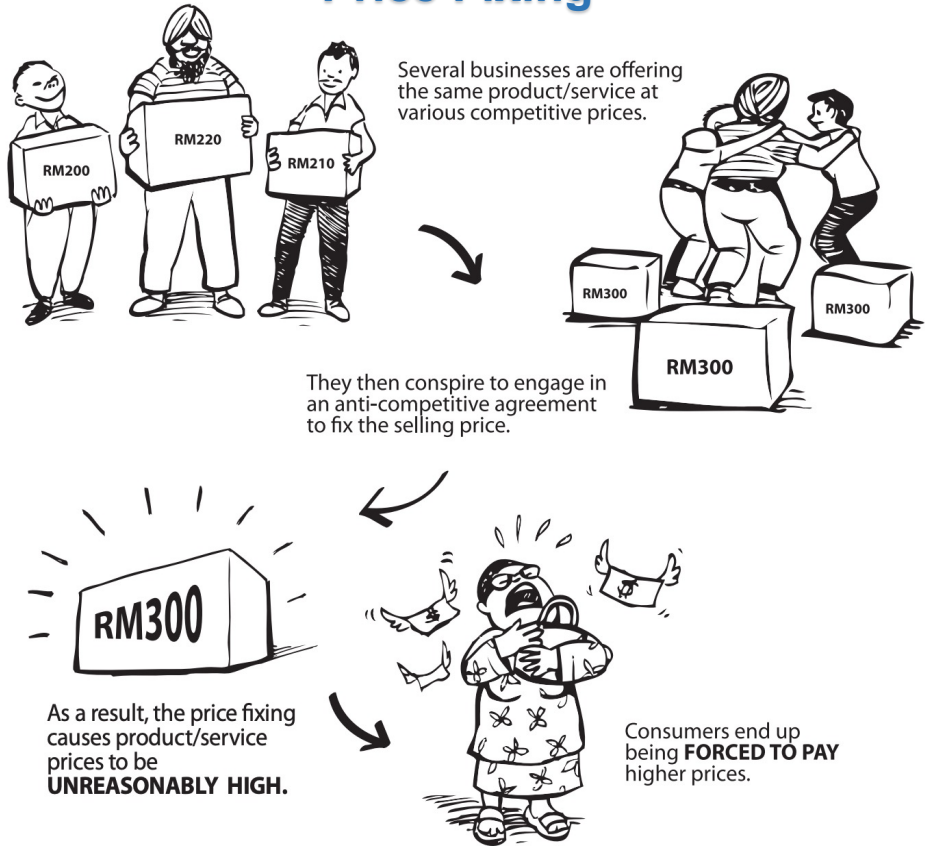
2 types

II. The Agreements prevent restrict or distort competition



a. Horizontal Agreements

Price Fixing



Article 7.1 : Agreement on fixing, controlling or maintain the price of goods or services.

Output & Development Restriction



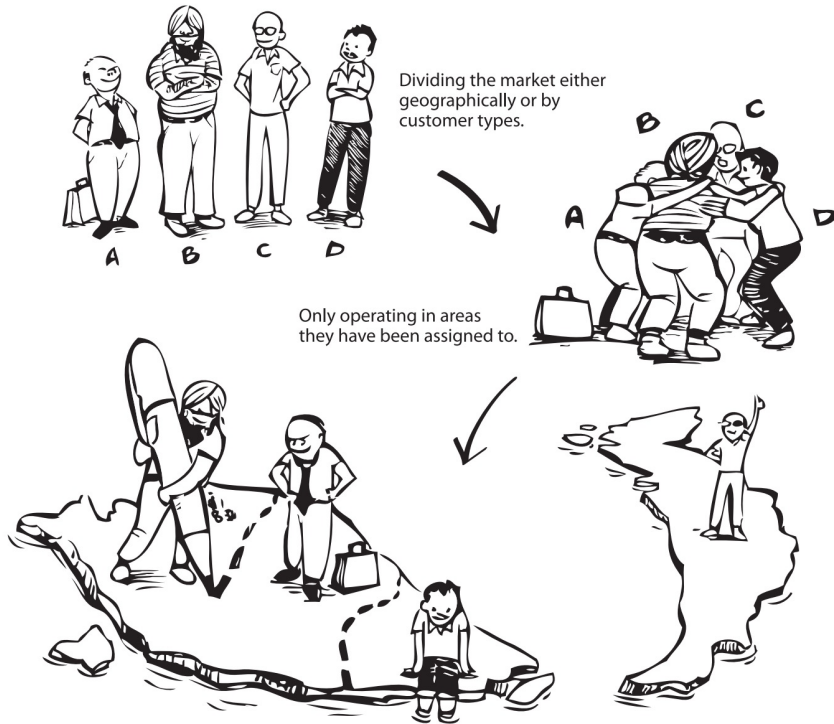
Article 7.2 : Agreement on preventing, restricting or limiting quantity, type, development of goods or services

II. The Agreements prevent restrict or distort competition



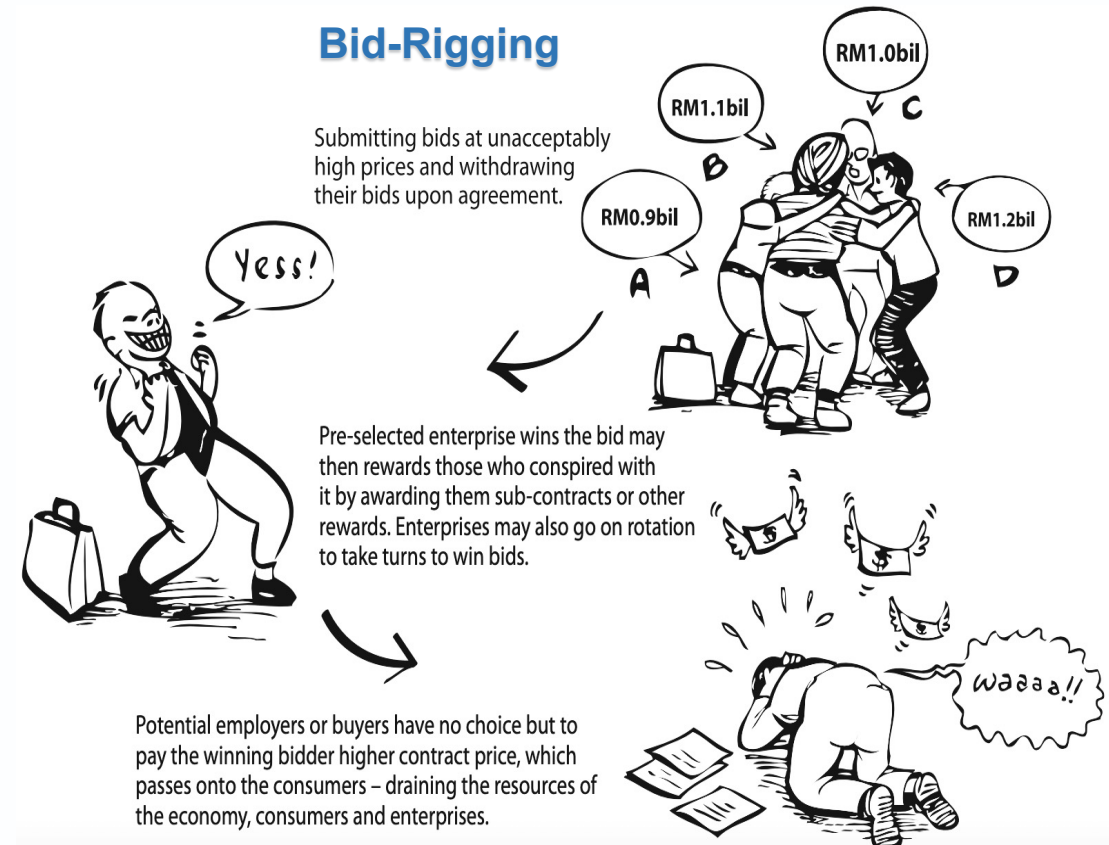
a. Horizontal Agreements

Market Sharing (customers or geographic areas)



Article 7.3 & 7.4 : Agreement on allocating geographic areas and customers between Competitors

Bid-Rigging



Article 7.5 : Bidding conspiracy (Private procurement)

II. The Agreements prevent restrict or distort competition



b. Vertical Agreements

What are the violations of vertical agreements?

Vertical Agreement (Article 8)

1. Price-based vertical agreement (Price Vertical Restraints)

Setting price on reselling (Resale Price Maintenance) or
Setting vertical price (Vertical Price Fixing)

2. Non-Price based vertical agreement (Non-Price Vertical Restraints)



Geographical restrictions (Territorial Restraints)



Restriction on customer categories (Customer Restraints)



Requirements for acquisition terms (Exclusive Purchase)



Preventing selling from selling goods or services to other buyers (Exclusive Supply)



Requiring buyers to purchase other unrelated goods or services (Tie-in arrangements)

II. The Agreements prevent restrict or distort competition



b. Vertical Agreements

Resale Price Maintenance



“Per Se” Rule

- **Article 8.1:** Persons are prohibited from making and implementing a Vertical Agreement which directly or indirectly requires a purchaser to resell purchased goods or services at minimum price set by the seller or to accept any conditions of this nature set by the seller.
 - Supplier are free to recommend prices (Recommended Resale Price) on supplied goods or services to resellers, however the supplier must not put pressure on resellers (i.e., withhold or threaten to withhold the supply) when selling at a price lower than their recommended prices.

III. The Abuses of Market Dominant Position



What is dominant market position?

“**Dominant market position**” means a situation in which a Person has the power to act in a Market significantly without any effective constraint from other competitors.

Example ÷

- A company can maintain a higher profit value than the competitive level.



Having a dominant position is not a *per se* violation of competition

III. The Abuses of Market Dominant Position



When does the business breach competition law by abusing that dominant position?

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Abusive activities



Article 9.1 : Requiring or inducing a supplier or customer not to deal with a Competitor

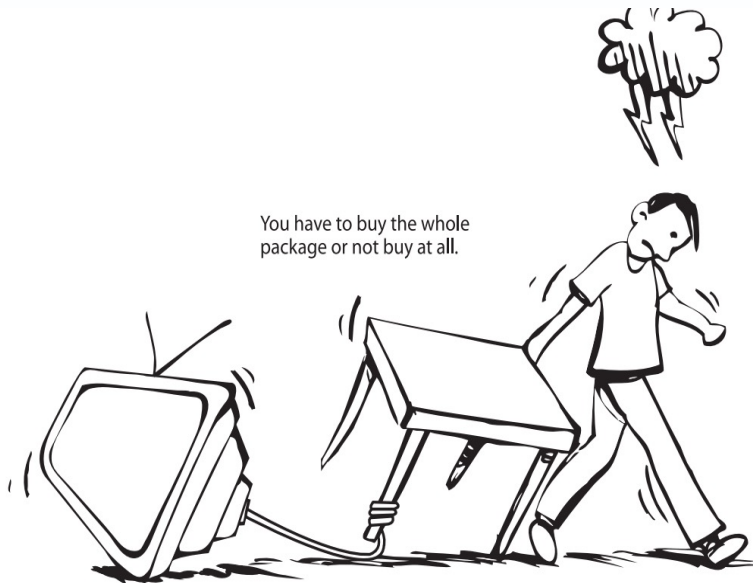
Article 9.2 : Refusing to supply goods or services to a Competitor

III. The Abuses of Market Dominant Position

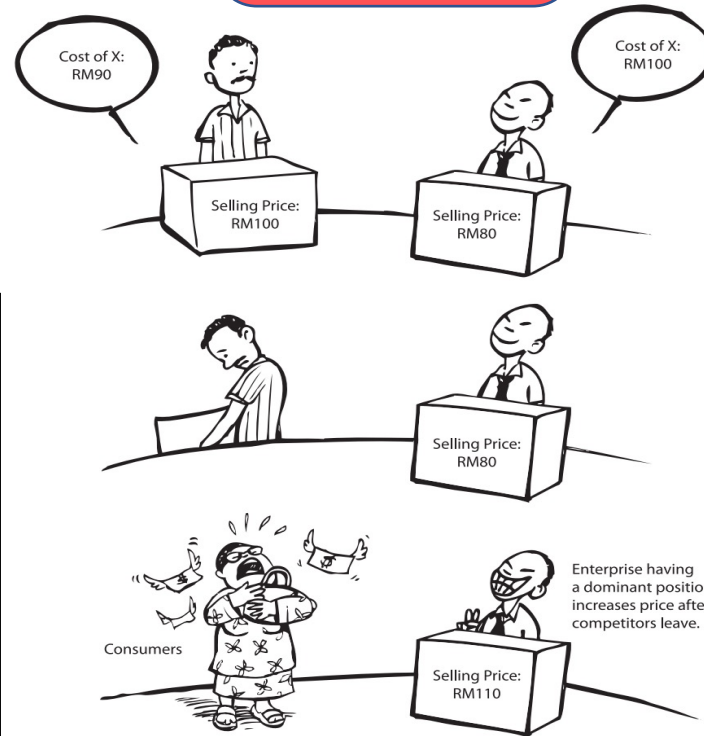


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Abusive activities



Article 9.3: Selling goods or services on the condition that the purchaser needs to purchase other goods or services separately, which are unrelated to the object of the contract



A dominant enterprise eliminates its competitors by selling or providing services at prices lower than aggregate costs.

Article 9.4: Selling goods or services below the cost of production



Article 9.5: Refusing to give a Competitor access to an Essential Facility.

III. The Abuses of Market Dominant Position



is

Person with dominant market position

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Abuses of dominant market position

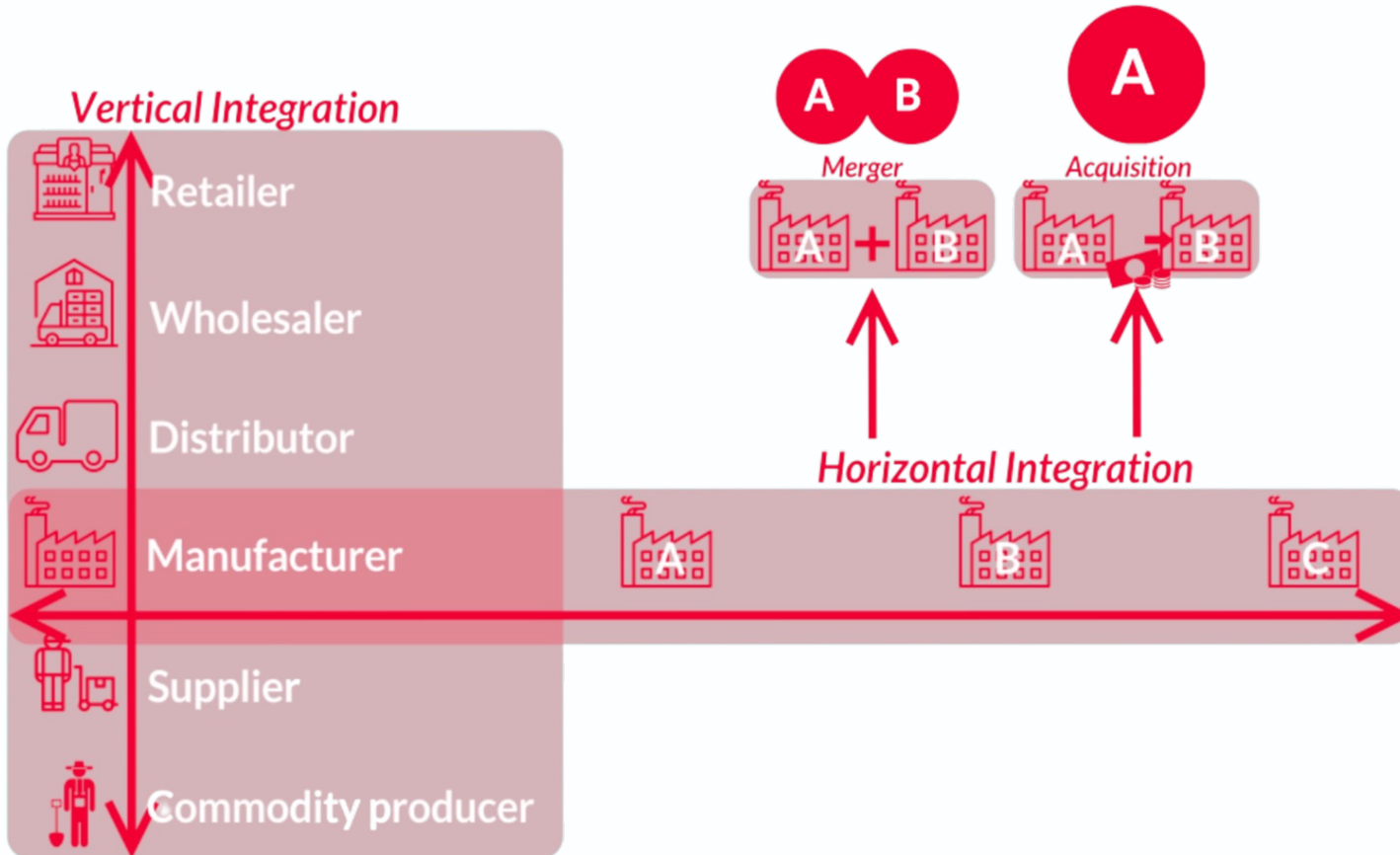
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Rule of Reason

IV. Business Combinations prevent restrict or distort competition



What are the anti-competitive effects of Business Combinations?



- Increased Quality of goods and services
- Economies of scale
- Innovation
- Enhanced market power or shares?
- Reduced competition? (i.e., Unilateral Effects or Coordinated Effects)



IV. Business Combinations prevent restrict or distort competition

Pre- and Post-Completion Business Combination Notifications

Parties proposing to undertake a Business Combination, where any of the thresholds for the Business Combination determined by the decision of the CCC is satisfied, shall be obligated to notify the CCC prior to or after the completion of the proposed Business Combination.



Relevant Regulations :

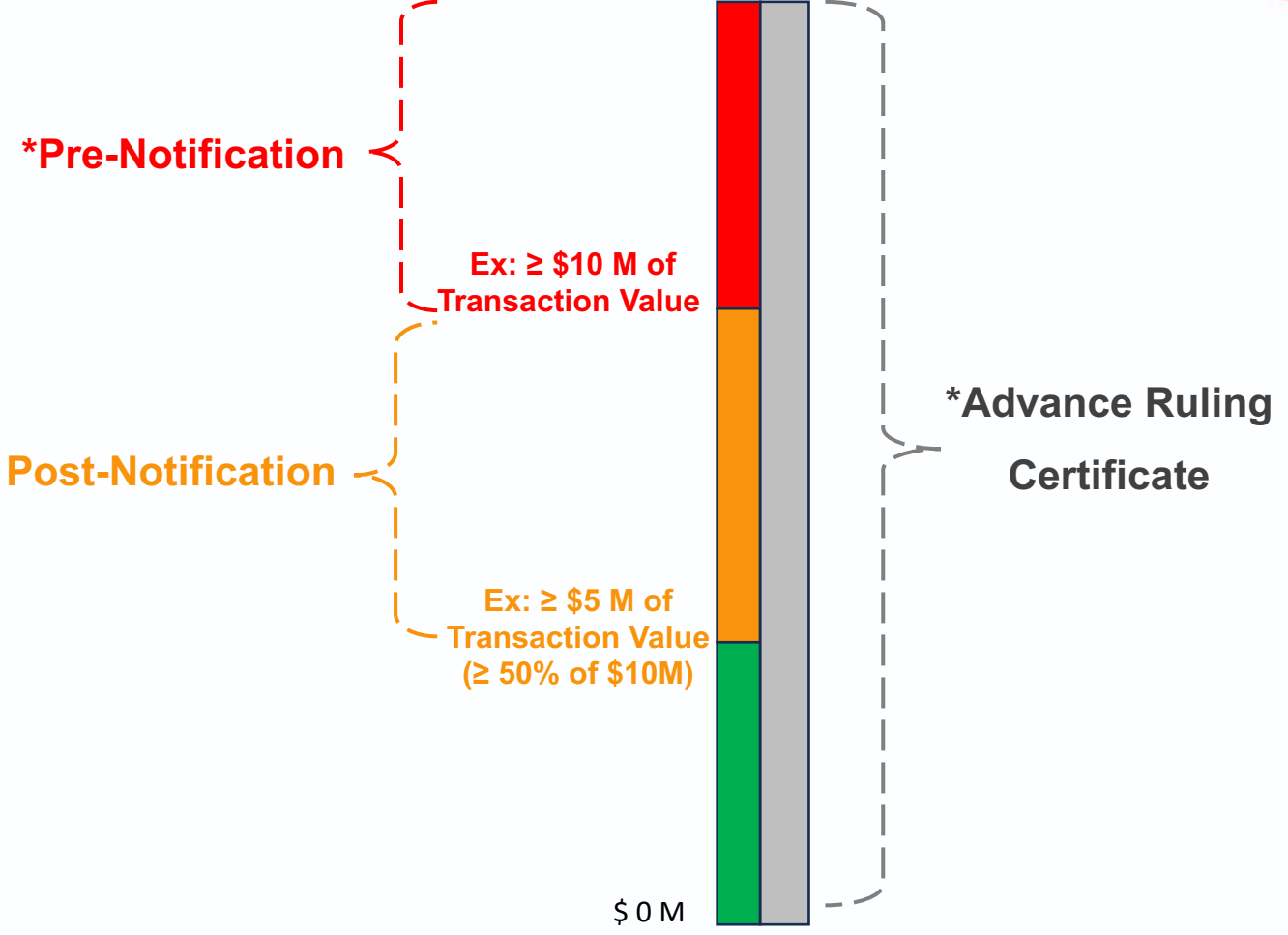
- Sub-Decree on Requirements and Procedures for Business Combinations
- Prakas on Requirements and Procedures of Registration of Completion of Business Combinations Subject to Pre-Notification
- Prakas on Procedures for the Post-Notification of Business Combinations
- Decision on Requirements and Procedures for Issuance of an Advance Ruling Certificate





IV. Business Combinations prevent restrict or distort competition

Sectors	Types of Thresholds	Notification Thresholds (KHR Million)
General	Assets	340,000
	Turnover	270,000
	Input Purchase	120,000
	Transaction Value	41,000
Banking and Finance	Assets	4,500,000
	Turnover	420,000
	Input Purchase	3,800,000
	Transaction Value	120,000
Insurane and Securities	Assets	1,000,000
	Turnover	280,000
	Input Purchase	820,000
	Transaction Value	61,000



Note: The table above depicts the pre-notification thresholds, with the post-notification thresholds set at 50% of these values.

*Note: *Obligation to Register on Substantive Completion of a Business Combination*

V. Complaint and Investigation Procedures



Sources of Complaints

1. Its own initiative
2. Receipt of a complaint from any Competent Regulator; or
3. Receipt of a complaint from any Person Other than a Competent Regulator (i.e. Competitor or Public)

V. Complaint and Investigation Procedures



Rights of CCF Investigating Officers

Investigate, search, collect evidence, and question any individuals concerned to provide information, documents, or objects, for the assessment of the competition activities related to any violation of this law.



Relevant Regulations ÷

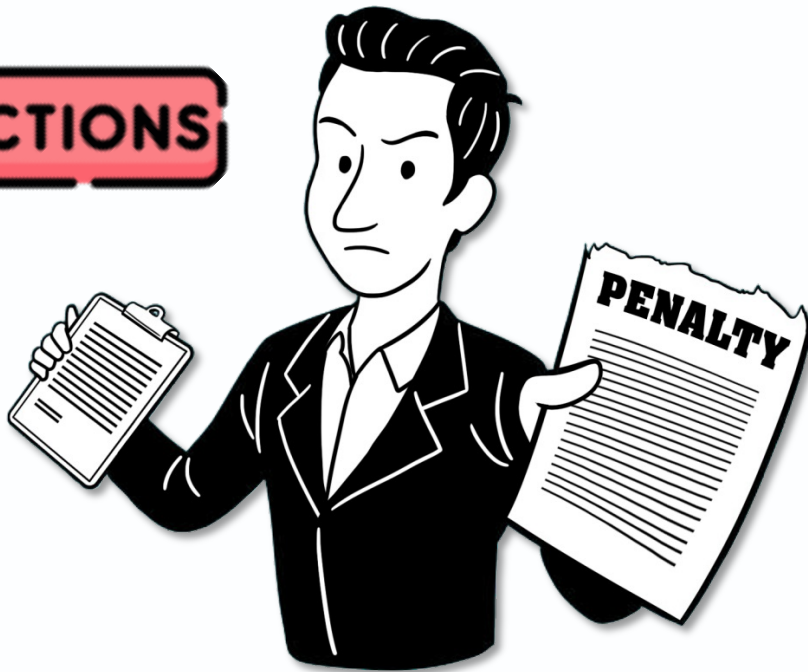
- Prakas on Formalities and Procedures of Inspection and Investigation
- Prakas on Formalities and Procedures of Negotiated Settlement

VI. Penalties



Sanctions under the law include:

SANCTIONS



- Written Warning
- Pecuniary Penalty
- Financial Penalty and Imprisonment
- Suspension, Revocation or Withdrawal of Business Registration Certificates, Business Licenses, or Business Permits

VI. Penalties



CCC

Any Person Violates Articles 8, 9 & 11

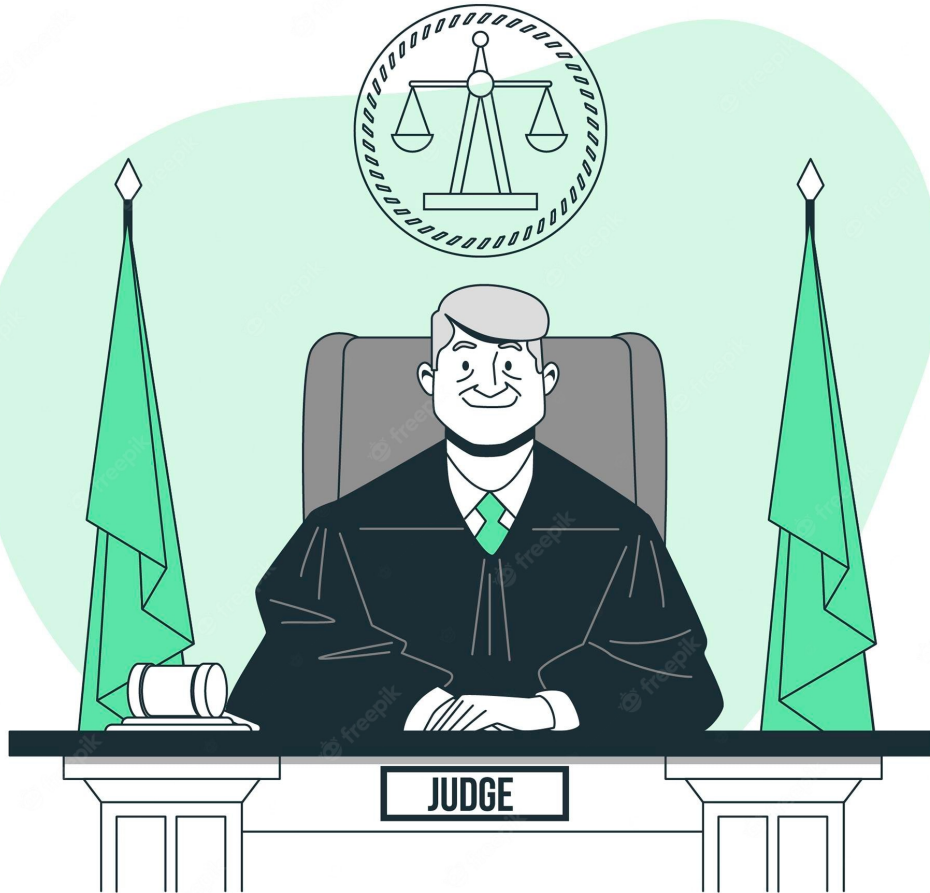
- Written Warning
- Pecuniary Penalty **3% - 10%** of Turnover

In case of having received a written warning and a fine before (Repeated Violation)

Revoke or Withdraw

Business Registration Certificates or Permits, or Business Licenses

VI. Penalties



Any Person Violates Article 7

Natural Person ÷

- Imprisonment **1 month – 2 years** and
- Financial penalty **5 million – 100 million KHR**

Legal Persons ÷

- Financial Penalty **100 million – 2000 million KHR**



Thank You



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