



**REGULATORY TRAINING**  
(Mongolia, 4-7 July 2003)

**SUMMARY REPORT**

<b>Name of Session:</b>	Overview of Regulatory Challenges & Issues in Mongolia (4 July 2003: a.m.)
<b>Name of Rapporteur:</b>	Wan Faizal Wan Hassan, MCMC, Malaysia
<b>Name of Speaker:</b>	Mrs. U Tamir, Head of Regulatory Department, CRC, Mongolia
<b>Summary of Presentation:</b>	<p>The presentation consists of 5 parts</p> <ol style="list-style-type: none"><li>1. development of the communications sector in Mongolia</li><li>2. regulatory activities in the communications sector</li><li>3. reforms of communication regulatory regime</li><li>4. problems of regulations</li><li>5. future challenges</li></ol> <p><u>Development of the communications sector in Mongolia</u></p> <p>In last 10 years, reforms in the communications sector have taken place - digitisation, pc and internet, wireless communications, digital broadcasting. As a result, competition has been introduced significantly. Number of licensees have grown. In 1996, new service providers such as mobile, ISPs offering news services, including foreign investment totaled only 14 and in 2002, there are 130 service providers. In terms of ownership – 80% state-owned, compared favorably with global benchmarks</p> <p><u>Regulatory activities in the communications sector</u></p> <p>As in other countries, it began as a monopolistic market, 100% state-owned. In 1992, transition to competitive situation began with regulatory framework changed and key developments occurred in 1995. In 1996, the regulator was set up and TV broadcast was liberated and the Mongolian Laws on Communications was passed in 2001.</p> <p><u>Reforms of communication regulatory regime</u></p> <p>Pursuant to the Law on Communications, the CRC was set up Structure of CRC – organizational structure of regulator was implemented based on the Law on Communications which provided for the appointment of chairman and members through transparent, well-defined rules. CRC is also financially independent, independent from the government to carry out duties transparently.</p> <p>Among the duties and responsibilities of CRC</p> <ol style="list-style-type: none"><li>1. develop fair competition (based on the existing general competition law) and to uphold principles of non-discrimination, treatment for dominance, fair allocation of scarce resources</li><li>2. manage licensing framework and process, receive and process application including non-networked licensees (via registration), spectrum / radio frequencies based on first come first served rule and tendering</li><li>3. manage interconnection issues – develop framework and procedures, approve RIOs (including technical arrangements, terms, pricing methodology, access pricing) and resolve disputes</li><li>4. implement tariff regulations – approve tariff methodology, monitor dominant operators' tariffs, resolve dispute resolution on tariffs</li></ol>

	<ol style="list-style-type: none"> <li>5. develop standards – develop policy on national standards on communications based on international standards to be adhered to by licenses and ensure equipment comply with the standards</li> <li>6. develop numbering plan - develop and implement numbering plan, and monitoring radio frequency regulations – allocations, according to spectrum plan...registration, monitor utilisation</li> <li>7. monitor QoS – based on ITU recommendation – define KPIs, control monitor QoS, order improvements, resolve disputes</li> </ol> <p><u>ProblemAreas in Regulations</u></p> <ol style="list-style-type: none"> <li>1. Assessing and defining dominance</li> <li>2. Define reserved segment of postal</li> <li>3. Tariff rebalancing for telephony services</li> <li>4. Terms and conditions of interconnection</li> <li>5. Implementing cost-based rates for retail and interconnection</li> <li>6. Improve radio frequencies</li> <li>7. Universal service</li> <li>8. Legal environment for enforcement</li> </ol> <p><u>Future Challenges</u></p> <ol style="list-style-type: none"> <li>1. There is an issue with the status of CRC. There is also a need to redefine the role and function of CRC so that it's clear.</li> <li>2. There is also the issue of transparency and independence of CRC and the regulatory decisions in the sector. Have the decisions taken into account of the interest of customers and service providers?</li> <li>3. CRC also has an issue with implementing flexible regulations which is based on innovation and market changes in the interest of consumers and service providers</li> <li>4. Issue of timeliness and currency of decisions?</li> <li>5. Capacity issues - skilled staff. Constant re-training and favourable conditions, to attract the right professionals</li> </ol>
<p><b>Highlights of Question &amp; Answer period:</b></p>	<p>Q: What is the source of CRC's revenue?  A: Under the Law on Communications, CRC is financed from license fees, payment from tariffs charged by service providers, advisory (inspection) fees from service providers. In terms of entrance fees, no barrier to entry in terms of entrance fees.</p> <p>Q: Does a mobile operator needs two licenses to operate i.e. operating and spectrum licenses?  A: Yes. The Law on Communications 2001 established the differences. For FM radio operators (not broadband), CRC follows ITU unified allocation planning, allocate according spectrum planning and moderate disputes on frequencies ranges.</p> <p>Q: Is there broadcasting service in the rural areas?  Q: Yes, service is available everywhere. FM radios, cable tvs.</p> <p>Q: Does CRC impose prices / tariffs regulation?  A: CRC set dominant operator's tariffs and is looking to expand and introduce tariffs to others, however still developing thoughts, listening to recommendations from experts, tariff setting not based on dominance. Law of Fair Competition is also taken account for e.g. to take into account, percentage / market share.</p> <p>Q: Why is there an issue with the status of CRC?  A: Currently, the Mongolian government structure separates policy making agencies, implementing agencies and regulatory agencies. CRC is the nominated regulatory agency, in cooperation with another agency</p>
<p><b>Recommendations (if any):</b></p>	<p>No specific recommendations were made as participants wanted to hear the presentations from the experts first before engaging in discussions.</p>