

Unofficial Translation

LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Prime Minister's Office

No 474/PM
Vientiane Capital, dated 18.11.2010

DECREE ON MANAGEMENT OF GOODS PRICE AND SERVICE FEES

- Pursuant to the Law on Government No.02/NA, dated 06 May 2003;
- Pursuant to the Law on Protection of Customers No.02/NA, dated 30 June 2010;
- Referencing the Proposal Letter of the Minister of Industry and Commerce No.1220/MOIC, dated 01 June 2010.

The Prime Minister issues a Decree:

Chapter I General Provisions

Article 1. Objective

This Decree determines the principles, rules and measures regarding price management aiming to keep stability of pricing and also protect the rights and equitable interests of business person and customers and benefits of the State.

Article 2. Price Management

Price management relates to the management of pricing of goods and service charges from the Price Management Organization based on principles and provisions as prescribed under this Decree.

Article 3. Interpretation of Terms

The terms used in this Decree have the following meanings:

- "Price" means the compensation in money, materials or other benefits for the distribution of goods or the provision of services. The Price is composed of: price managed by the State and the fixed by business operators;
- "Maximum Price" means the maximum price of goods or the provision of services that the business operators may distribute or provide goods or services;
- "Price Range" means the minimum and maximum price of goods or the provision of services that the business operators may distribute or provide services at;
- "Business Operators" means individuals or organizations both domestic and abroad which produce, distribute, purchase or import for distribution or provide services within the territory of the Lao PDR.
- "Production" means the manufacture, mixture, processing, assemblage,

- invention, processing raw materials, change of form, adjustment, selection, collation, packing or manufacturing raw materials into commercial goods, either by hand or machine, that may be marketed under a commercial name or trademark;
- “Distribution” means the selling, exchange, giving, distribution or the transfer of rights of possession of goods to another person;
 - “Goods” means materials and commodities which are consumer goods including documents indicating the rights over such materials;
 - “Service” means a service or interest in the asset with a return value in monetary consideration or other benefit;
 - “User” means individual, legal entity or organization which buys and utilizes goods and the provision of services in accordance with the laws and regulations of the Lao PDR which have a commercial objective in the territory of the Lao PDR;
 - “Price Management Organization” means the State’s organization which has the power to oversee the implementation of price management activities;
 - “Items subject to Price Management” means goods and services of which the Price Management Organization has determined to use price control measures from time to time;
 - “Item to monitor price fluctuation” means the goods and services of which the Price Control Organization has determined in each period to monitor price fluctuation;
 - “Reserved Fund” means a reserve fund or warehouse that is built for the purpose of storing reserved goods which are subject to price control;
 - “Fulfillment of Deficit” means assistance from the State directly or indirectly relating to price control;
 - “Necessity” means the need to make the price stable in order to protect the rights and equitable interest of the business operator, the users and the benefit of the State;
 - “No Discrimination In Implementation” means the harmonious principles implemented regarding price control measures are to be transparent and disseminated to the public.

Article 4. Price Control Principles

Price control shall be performed according to the below principles:

1. The price in the Lao PDR is determined in relation to market mechanisms that are controlled and adjusted by the State;
2. The State strictly respects the rights in the determination of the price and competitive pricing of business operators in accordance with laws and regulations;
3. The State applies price control measures according to necessity in a transparent manner without discrimination.

Article 5. Scope Applicability

This Decree is effective for business operators and the Price Management Organization.

Chapter 2

Price Management

Article 6. Price Management Measures

If necessary, the Price Management Organization may use price management measures in two forms such as: price management measures and price fluctuation measures.

Price management measures include:

1. Regulate price structure;
2. Determine the maximum price, minimum price or price range;
3. Control of goods in the reserved fund;
4. Fulfill the Deficit of goods and services;
5. Adjustment of supply and demand.

Delegate the Ministry of Industry and Commerce, to coordinate with relevant sectors to determine in detail (a) items to be subject to price control and price fluctuation shall be monitored, (b) consult with the Price Management Organization for each item, (c) determine measures to be implemented to effect price management and (d) the duration of such measures.

Article 7. Determination of the Price Structure

The business operator shall send the price structure for items which shall be subject to price control to the Price Management Organization to consider for approval prior to use of such price structure in the distribution or provision of services. The price structure shall be comprised of (a) production costs or costs of purchase for distribution, (b) circulation costs, (c) distribution price and (d) profits.

The Price Management Organization shall use data of the price structure as obtained from business operators as the sole indicator of price determination of the price structure.

Article 8. Determination of the Maximum Price, Minimum Price or Price Range

The Price Management Organization may determine the maximum or minimum price, or price range for items which are subject to price control.

The determination of the maximum price and minimum price or price range is based on the following:

1. Price structure;
2. Demand and supply of goods and services;
3. Purchasing power within the country;
4. Price in domestic and foreign market;
5. Policy on the socio-economic development in each period.

Article 9. Control of goods in the Reserved Fund

The Price Management Organization may notify business operators that additional price controls or reduction of volume of goods in the reserved fund are necessary in order to prevent hoarding of goods or price fluctuation.

The business operator shall report the status, volume and quantity of its reserved fund to the Price Management

Organization.

Article 10. Fill up of Deficit

The Price Management Organization may enact measures to resolve a deficit relating to price controlled items. Details of such measures will be defined in a separate regulation.

Article 11. Adjustment of Supply and demand

The Price Management Organization may enact measures relating to the adjustment of the supply and demand for items which are subject to price control. Details of such measures will be defined in a separate regulation.

Article 12. Monitoring of Price Fluctuation

The Price Management Organization can monitor price fluctuation including the monitoring of price display board of the business operator.

**Chapter 3
Implementation of Price Management**

Article 13. Price Management Organization

The Price Management Organization is comprised of:

- Ministry of Industry and Commerce;
- Provincial Industry and Commerce Division;
- District/Municipality's Industry and Commerce Office;
- Other relevant sectors.

The Ministry of Industry and Commerce shall set up a secretariat to be the logistic arm to direct, lead and implement price management by appointing the Director General of Domestic Trade Department of the Ministry of Industry and Commerce to be the Head of such secretariat.

Article 14. Rights and Duties of the Ministry of Industry and Commerce

In the implementation of price management, the Ministry of Industry and Commerce has the following rights and duties:

1. Study policies and measures in price management;
2. Study and analyze price management and the conduct of businesses including the proposal of projects, programs and measures to manage pricing;
3. Determine regulations to be utilized in the implementation of price management;
4. Direct and guide the Provincial and City Industry and Commerce Divisions and District and Municipal Industry and Commerce Offices and be the focal point of coordination with other relevant sectors in the implementation of price management;
5. Implement price management in accordance with this Decree and other relevant regulations;
6. Widely disseminate and instruct the implementation of this Decree and other relevant regulations;
7. Monitor the fluctuation of the price and relevant behavior related to price management of the business operator;

8. Review and consider the proposals submitted by persons effected by price management;
9. Strictly fine the violator as provided in Article 26 of this Decree according to items of the controlled price as set by the Price Management Organization;
10. Monitor, supervise, summarize, report and propose the implementation according to Articles 2, 3 and 7 of this Decree to the Government;
11. Issue notifications, regulations, decisions and otherwise as requested by the Government;
12. Exercise such other rights and perform such other duties as provided in the laws and regulations.

Article 15. Rights and Duties of Provincial and City's Industry and Commerce Division

In the implementation of price management, the Provincial and City's Industry and Commerce Division has the rights and duties in its province and city's territory as follows:

1. Study and analyze price management and the conduct of businesses including to propose projects, programs and measures relating to price management;
2. Direct and guide the District and Municipality's Industry and Commerce Office and coordinate with divisions and other relevant sectors in the implementation of price management;
3. Implement price management in accordance with this Decree and other relevant regulations upon request from the Ministry of Industry and Commerce;
4. Widely disseminate and instruct the implementation of this Decree and other relevant regulations;
5. Monitor price fluctuation and behavior related to price management and business operators;
6. Consider and resolve proposals of persons whom have been negatively impacted by the price management measures;
7. Strictly fine the violator as provided in Article 26 of this Decree according to items of controlled price as set by the Price Management Organization;
8. Summarize, report and propose recommendations regarding the implementation of clauses 1, 2, 5 and 6 of this Article to the Ministry of Industry and Commerce and Provincial and City Administrative Authorities;
9. Exercise such other rights and perform such other duties as provided in the laws and regulations.

Article 16. Rights and Duties of the District and Municipal Industry and Commerce Office

In the implementation of price management, the District and Municipal Industry and Commerce Office has the rights and duties in their District and Municipal territory as follows:

1. Study, analyze regarding the price and the conduct of business including the proposal of projects, programs and measures to manage the price;
2. Direct and guide the Goods Management Working Unit and liaise with the Provincial and City Industry and Commerce Division and other relevant sectors in the implementation of price management;
3. Implement the price management according to this Decree and other relevant

- regulations upon request of the Provincial and City Industry and Commerce Division;
4. Widely disseminate, instruct the implementation of this Decree and other relevant regulations;
 5. Monitor price fluctuation and behavior which is related to price management and business operators;
 6. Consider and resolve proposals of persons whom have been negatively impacted by the price management measures;
 7. Strictly fine the violator as provided in Article 26 of this Decree;
 8. Summarize, report and propose regarding the implementation of the contents of the clause 1, 2, 5 and 6 of this Article to the Provincial and City's Industry and Commerce Division and Provincial, City, District and Municipality Administrative Authorities;
 9. Exercise such other rights and perform such other duties as provided by the laws and regulations.

Article 17. Rights and Duties of other relevant sectors which are Price Management Organizations

In the implementation of price management, other relevant sectors have the rights and duties as follows: price control as determined by the Price Management Organization according to this Decree:

1. Study and analyze, in relation to the price, any the conduct of businesses including the proposal of projects, programs and price management measures;
2. Co-operate with the Industry and Commerce sector in the implementation of its rights and duties in accordance with this Decree;
3. Determine regulations to effect the implementation of price management;
4. Implement price management according to this Decree and other relevant regulations;
5. Disseminate and instruct the implementation of this Decree and other relevant regulations;
6. Monitor price fluctuation and behavior which relates to price management and business operators;
7. Consider and resolve proposals of persons whom have been negatively impacted by the price management measures;
8. Fine the violator as provided in Article 26 of this Decree in accordance with the Articles relating to price management;
9. Monitor, control, summarize, report and propose in relation to the implementation of the contents of Articles 1, 3, 6 and 7 of this Decree to the Government;
10. Issue notification, rules, decision and others upon request of the Government;
11. Exercise rights and other duties as provided in the laws and regulations.

Chapter 4 Rights and Obligations of the Business Operator

Article 18. Rights of the Business Operator

The business operator has the following rights:

1. Fix prices based on the market mechanism except goods and services that are in the controlled price list;
2. Propose or lodge petition against officials or officers regarding their improper work performance as provided in the laws and regulations;
3. Use of other rights as provided in the laws and regulations.

Article 19. Obligations of the Business Operator

The business operator has the following obligations:

1. Send financial report at the end of each term, bi-annually and annually, including controlled price list, to the relevant Price Control Organization;
2. Implement according to the standard of the price control as provided in this Decree and as adopted by the Price Control Organization from time to time;
3. Indicate and fix the price board, whether such goods or services are on the controlled price list or not. The price board shall be affixed to the goods or service trading location and shall be clearly displayed and easily accessible for customers.
4. Shall give cooperation to the performance of duties of officials or officers;
5. Exercise other obligations as provided in the laws and regulations.

Chapter 5 Prohibitions

Article 20. Prohibition to Officials and Officers

In the performance of duties it is prohibited to officials or officers to act as follows:

1. Opportunistic user of power, title, position to claim for their benefit;
2. Abuse of power which is an oppression and a threat such as: use of violence, weapons, torture or offensive language;
3. Abandon duties and exit from operations;
4. Neglect, be careless, irresponsible or act with dishonest intent;
5. Conceal, protect, hide and co-operate with an offender in order to receive bribes or other interests;
6. Disclose the confidentiality obtained from business operators without authorization from the relevant business operator;
7. Engage in other acts which violate the laws and regulations.

Article 21. Prohibitions to Business Operators

It is prohibited for a business operator to act as follows:

1. Intentionally act in such a way that causes prices to increase or decrease or have a negative impact on society;
2. Hoard goods that are on the controlled price list, by having possession of such goods as characterized by the Price Control Organization;
3. Store goods in the reserve warehouse other than as reported to the Price Control Organization;
4. Acquiring existing goods that are on the controlled price list to distribute without receiving the authorization from the Price Control Organization;
5. Stop, reject or delay the distribution or the provision of services without any reason

when receiving the order from the Price Controlled Organization.

Chapter 6

Privileges towards Productive Persons and Measures against violators

Article 22. Privileges towards Productive Persons

A business operator, who is fully compliant with the implementation of this Decree by conducting legal business, who co-operates and properly, clearly and in a timely manner supplies data regarding pricing shall receive commendations or other privileges as deemed appropriate in each event.

Article 23. Measures against Violators

A business operator who violates this Decree shall be educated, disciplined, fined and compensated for the civil loss or criminally punished according to the severity of the offence.

Article 24. Educational Measures

A business operator who violates this Decree which is not a criminal offence will be cautioned and educated.

Article 25. Discipline Measure

Officials or officers which violate this Decree and will be disciplined appropriately.

Article 26. Fine Measures

A business operator who violates this Decree which is not a criminal offence and has received a caution and being educated two times previously will be fined depending on the severity of the offending as follows:

1. Not fixing price board, will be fined 500.000 kip to 1.000.000kip/each time/each item;
2. Declare false data on the structure of the price or reserve fund will be fined from 1.000.000 kips to 3.000.000 kip/each items;
3. Not indicate price structure will be fined from 1.000.000 kip to 3.000.000 kip/each time/each item;
4. Bring out goods from the Reserve Fund to distribute without obtaining authorization from the Price Control Organization will be fine from 1.000.000 kip to 3.000.00 kips/each time/each item;
5. Stop, reject or delay the distribution or provision of services without reason when there is an order from the Price Control Organization will be fined from 1.000.00 kip to 3.000.000 kip/each time/each item;
6. Using the price structure without obtaining the authorization from the Price Control Organization will be fined from 1.000.00 kip to 5.000.000 kip/each time, each item.

Article 27. Civil and Criminal Measures

The civil and criminal measures shall be based on the relevant laws and regulations.

Article 28. Additional Penalty Measures

A business operator who violates this Decree may be subject to additional penalty measures such as: suspend or withdraw the enterprise registration certificate, other permits or property seizure in accordance with the laws and regulations.

**Chapter 7
Final Provision**

Article 29. Implementation

Delegate to the Price Control Organization to implement this Decree with efficiency. Ministries and other ministry equivalent organizations shall strictly cooperate in the implementation of this Decree according to their roles.

Article 30. Effectiveness

This Decree supersedes the Decree on Control of Goods Price N.207/PM, dated 11/10/2001 and shall enter into force after 90 days from date of this Decree. Any regulations, provisions which contradict to this Decree are hereby repealed.

The Prime Minister of the Lao PDR
(Seal and signature)
Bouasone BOUPHAVANH
(signed and sealed)