

Price Law of the PRC

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Adopted at the 29th Session of the Standing Committee of the 8th National People's Congress on December 29, 1997
Effective: May 1, 1998

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purpose of regulating pricing conduct, giving play to the role of prices in the rational allocation of resources, stabilizing the general level of market prices, protecting the lawful rights and interests of consumers and business operators, and promoting the sound development of the socialist market economy.

Article 2 — This Law shall apply to pricing conduct within the territory of the People's Republic of China. The term "prices" as used in this Law includes prices of commodities and prices of services. Prices of commodities refer to prices of all types of tangible products and intangible assets. Prices of services refer to fees charged for all types of paid services.

Article 3 — The State shall implement and gradually improve a pricing mechanism under which prices are primarily determined by the market under the macroeconomic regulation of the State. The setting of prices shall conform to the laws of value; the majority of commodities and services shall be subject to market-regulated prices, with a very small number of commodities and services subject to government-guided prices or government-set prices. Market-regulated prices refer to prices set independently by business operators through market competition. The term "business operators" as used in this Law refers to legal persons, other organizations, and individuals engaged in the production or trading of commodities or the provision of paid services. Government-guided prices refer to the benchmark prices and their range of fluctuation set by the competent price authorities of the government or other relevant departments in accordance with the pricing authority and scope specified in this Law, and guiding business operators in formulating prices. Government-set prices refer to prices set by the competent price authorities of the government or other relevant departments in accordance with the pricing authority and scope specified in this Law.

Article 4 — The State shall support and promote fair, open, and lawful market competition, maintain the normal order of prices, and exercise management, supervision, and necessary regulation over pricing activities.

Article 5 — The competent price authorities of the State Council shall be uniformly responsible for the work of pricing throughout the country. Other relevant departments of the State Council shall be responsible for the relevant pricing work within the scope of their respective functions and duties.

Article 6 — The business operators shall, as a general rule, formulate prices on the basis of their production or operating costs and market supply and demand, in accordance with the principles of fairness, lawfulness, and good faith.

Article 7 — When formulating prices, business operators shall follow the relevant national provisions on price setting principles and price calculation methods.

Article 8 — Business operators shall not engage in price monopoly, price fraud, price gouging, profiteering, dumping at below-cost prices, or any other unfair pricing conduct.

Article 9 — The pricing conduct of business operators shall conform to the requirements of laws, regulations, and rules, and shall implement prices set by the government in accordance with the law.

Chapter II — Pricing Conduct of Business Operators

Article 10 — Business operators shall clearly mark prices. Where prices are marked, the name, place of origin, specifications, grade, unit of measurement, price, or service item and fee standard, and other relevant information concerning the commodity shall be indicated. Business operators shall not sell commodities at prices higher than the marked prices or charge additional fees that are not clearly indicated.

Article 11 — Business operators shall conduct their pricing activities in accordance with laws and regulations. Business operators shall have the right to: (1) independently formulate prices within the scope of market regulation; (2) propose price adjustment recommendations within the scope of government-guided prices; (3) set prices within the prescribed range for products subject to government-guided prices; and (4) report and file complaints against acts that infringe upon their lawful rights of independent pricing.

Article 12 — When formulating prices, business operators shall comply with laws and regulations and shall implement government-guided prices, government-set prices, and statutory price intervention measures.

Article 13 — Business operators shall, when selling, purchasing commodities, or providing services, display clearly marked prices in accordance with the provisions of the government competent price authorities, indicating the name, place of origin, specifications, grade, unit of measurement, price, or service items, fee standards, and other relevant information. Business operators shall not sell commodities at prices higher

than the marked prices or charge any fees not clearly indicated.

Article 14 — Business operators shall not commit any of the following unfair pricing acts: (1) colluding with others to manipulate market prices and harm the lawful rights and interests of other business operators or consumers; (2) dumping commodities at below-cost prices for the purpose of excluding competitors or monopolizing the market, thereby disrupting the normal order of production and operation and harming the interests of the State or the lawful rights and interests of other business operators, except for the lawful sale of fresh or live commodities, seasonal commodities, or backlogged commodities at reduced prices; (3) fabricating and spreading information on price increases, driving up prices, and causing an excessive rise in commodity prices; (4) using false or misleading prices to deceive consumers or other business operators into transacting with them; (5) applying discriminatory prices to business operators that are equal in trading conditions; (6) buying up or hoarding commodities in disguised form through such means as raising the grade or lowering the grade in order to drive up prices; and (7) engaging in other unfair pricing acts in violation of laws and regulations.

Article 15 — Business operators shall bear reasonable costs and fees for the commodities sold or services provided. In the case of services provided, reasonable labor service fees shall be charged.

Article 16 — Business operators that sell imported commodities or purchase commodities for export shall comply with the relevant provisions of the State.

Article 17 — Trade organizations shall strengthen price self-regulation and shall not organize or coordinate price monopolies or other unfair pricing conduct among business operators within the industry.

Chapter III — Government-Guided Prices and Government-Set Prices

Article 18 — The government may set government-guided prices or government-set prices for the following commodities and services when necessary: (1) a very small number of commodities that are of vital importance to the development of the national economy and the people's livelihood; (2) a very small number of commodities whose resources are scarce; (3) commodities under natural monopoly operation; (4) important public utilities; (5) important public welfare services.

Article 19 — The pricing catalogs for government-guided prices and government-set prices shall be formulated and adjusted by the competent price authorities of the State Council on the basis of the pricing authority and scope specified by the State. The specific applicable commodities and services shall be specified in the central pricing catalog and local pricing catalogs. The central pricing catalog shall be formulated, revised, and published by the competent price authorities of the State Council. Local pricing catalogs shall be formulated by the competent price authorities of the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government in accordance with the pricing authority and scope specified in the central pricing catalog, and may be implemented after being reported to and approved by the competent price authorities of the State Council upon examination. The people's governments of provinces, autonomous regions, and municipalities directly under the Central Government and below may not formulate pricing catalogs outside the scope of the pricing catalogs.

Article 20 — The competent price authorities of the State Council and other relevant departments shall, in accordance with the pricing authority and scope specified in the central pricing catalog, formulate government-guided prices and government-set prices, with the most important of these to be submitted to the State Council for approval. The competent price authorities of the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government and other relevant departments shall, in accordance with the pricing authority and scope specified in the local pricing catalogs, formulate government-guided prices and government-set prices within their respective regions. The people's governments of cities and counties may, in accordance with the pricing authority and scope granted by the people's governments of provinces, autonomous regions, and municipalities directly under the Central

Government, formulate government-guided prices and government-set prices within their respective regions.

Article 21 — When formulating government-guided prices or government-set prices, the social average cost of the relevant commodity or service, market supply and demand conditions, national economic and social development requirements, and the affordability of the public shall be taken into consideration. A reasonable price differential shall be maintained among purchase and sale prices, wholesale and retail prices, regional prices, and seasonal prices.

Article 22 — When the government competent price authorities and other relevant departments formulate government-guided prices or government-set prices, they shall carry out price and cost surveys and shall listen to the opinions of consumers, business operators, and relevant parties. When the government competent price authorities launch hearings on the prices of public utilities, public welfare services, and commodities under natural monopoly operation that are of vital interest to the public, they shall solicit the opinions of consumers, business operators, and relevant parties and shall discuss the necessity and feasibility of the price determination.

Article 23 — Government-guided prices and government-set prices shall be announced to the public after they are formulated. Such price announcements shall be issued by the competent price authorities to the public, and the commodities and services shall be marked at the designated prices.

Article 24 — The applicable scope and price levels of government-guided prices and government-set prices shall be adjusted in due time in accordance with the economic performance and the pricing catalog. Consumers and business operators may make suggestions regarding adjustments to government-guided prices and government-set prices.

Chapter IV — Price Monitoring and Control

Article 25 — The government shall establish an important commodity storage system, a price regulation fund, and a price risk fund to regulate prices and stabilize the market.

Article 26 — To stabilize the general level of market prices, the government may establish an important commodity reserve system and set up a price regulation fund to regulate prices and stabilize the market.

Article 27 — To meet the needs of price regulation and control, the government may establish a price monitoring system to monitor the prices of important commodities and services. The government competent price authorities shall monitor changes in the prices of important commodities and services and shall report to the government and the competent price authorities at the next higher level.

Article 28 — The government may, during important holidays and festivals and when the general level of market prices or the prices of important commodities undergo abnormal fluctuations, order temporary measures such as setting a maximum price differential rate or spread, implementing a price filing system, or setting maximum prices. After the circumstances that gave rise to such measures have disappeared, they shall be promptly lifted.

Article 29 — The government shall establish a reporting system for price monitoring and a price information release system. The government competent price authorities shall announce to the public important price information.

Article 30 — When the general level of market prices rises sharply or there is a possibility of a sharp rise, the State Council may adopt intervention measures such as setting differential rates or maximum prices, implementing a price filing or price markup system, or setting maximum price markup rates for certain commodities. The people's governments of provinces, autonomous regions, and municipalities directly under the Central Government may adopt the intervention measures listed in the preceding paragraph within their respective administrative regions in accordance with the authorization of the State Council. The State Council and the people's governments of provinces, autonomous regions, and municipalities directly under

the Central Government shall lift such intervention measures in a timely manner when the circumstances requiring such intervention have disappeared. Emergency measures for the centralized control of pricing authority may be taken in accordance with the law in the event of serious abnormal price fluctuations caused by war, severe natural disasters, or other force majeure events.

Chapter V — Price Supervision and Inspection

Article 31 — The government competent price authorities shall exercise supervision and inspection over pricing activities and shall, in accordance with the provisions of this Law, impose administrative penalties on unlawful pricing acts.

Article 32 — The government competent price authorities may, in the course of price supervision and inspection, exercise the following powers: (1) to inquire of respondents and interested persons and to require them to provide documents and materials relevant to the unlawful pricing act; (2) to examine and copy account books, vouchers, documents, and other materials relevant to the unlawful pricing act; (3) to inspect the property relevant to the unlawful pricing act and, when necessary, to order the respondent to suspend business temporarily; and (4) to examine and seal up or seize documents and materials that may be transferred, concealed, or destroyed.

Article 33 — When government competent price authorities carry out price supervision and inspection, business operators and other relevant entities and individuals shall provide truthful and relevant materials as requested.

Article 34 — Government competent price authorities shall not turn the documents and materials obtained in accordance with the law or learned in the course of price supervision and inspection into other uses, and shall not divulge the trade secrets of business operators.

Article 35 — Business operators shall accept the supervision and inspection carried out by government competent price authorities and shall truthfully provide the account books, vouchers, documents, and other materials required for supervision and inspection.

Article 36 — Government competent price authorities and their staff shall not use their powers to turn the lawfully obtained materials to other uses, nor divulge the trade secrets of business operators learned in the course of price supervision and inspection.

Article 37 — Consumer organizations, price monitoring organizations by employees, neighborhood committees, village committees, and other organizations, as well as consumers, shall have the right to exercise social supervision over pricing conduct. The government competent price authorities shall give full play to the role of public supervision over prices. News media shall have the right to exercise supervision through public opinion over pricing conduct.

Article 38 — The government competent price authorities shall establish a reporting system for unlawful pricing acts. Any entity or individual shall have the right to report unlawful pricing acts. The government competent price authorities shall keep the reporters confidential and may provide commendations or rewards as appropriate.

Chapter VI — Legal Liability

Article 39 — Where a business operator fails to implement government-guided prices, government-set prices, or statutory price intervention measures or emergency measures, it shall be ordered to make corrections, its illegal gains shall be confiscated, and it may be fined not more than five times the amount of the illegal gains; where there are no illegal gains, it may be fined; where the circumstances are serious, an order shall be given to suspend its business for rectification.

Article 40 — Where a business operator commits any of the acts listed in Article 14 of this Law, it shall be ordered to make corrections, its illegal gains shall be confiscated, and it may be fined not more than five times the amount of the illegal gains; where there are no illegal gains, a warning shall be issued and a fine may be imposed; where the circumstances are serious, an order shall be given to suspend its business for rectification, or its business license shall be revoked by the administrative department for industry and commerce. Where the relevant laws have provisions on penalties and punishment organs for the acts listed in Article 14 of this Law, such provisions shall apply. Where any act listed in items (1) and (2) of Article 14 of this Law is nationwide, it shall be determined by the competent price authorities of the State Council; where it is at the provincial level or below, it shall be determined by the competent price authorities of the people's governments of provinces, autonomous regions, and municipalities directly under the Central Government.

Article 41 — Where a business operator causes the overpayment of a price by a consumer or other business operator as a result of an unlawful pricing act, it shall return the overpaid portion; where damage is caused, it shall bear compensation liability in accordance with the law. Where a business operator violates the provisions of Article 13 of this Law by selling commodities at a price higher than the marked price or charging undocumented fees, it shall return the overcharged portion to the consumer.

Article 42 — Where a business operator is ordered to suspend its business for rectification but fails to comply, or where its business license is revoked due to an unlawful pricing act, its illegal gains and commodities sold in violation of laws and regulations shall be confiscated.

Article 43 — Where a business operator refuses to provide the materials required for price supervision and inspection or provides false materials, it shall be ordered to make corrections within a prescribed period of time and be given a warning; where it fails to make corrections within the prescribed period, it may be fined.

Article 44 — Where a party is dissatisfied with a decision on an administrative penalty, it may apply for administrative reconsideration in accordance with the law; where it is dissatisfied with the reconsideration decision, it may bring a lawsuit in the people's court in accordance with the law.

Article 45 — Where a government competent price authority or any other relevant department, in violation of the provisions of this Law, without authorization, widens the scope of application of government-guided prices or government-set prices, or raises or lowers the price level, it shall be ordered to make corrections, and the persons directly in charge and other directly responsible persons may be subjected to administrative sanctions in accordance with the law.

Article 46 — Where staff of the government competent price authorities or other relevant departments divulge State secrets or trade secrets, abuse their powers, neglect their duties, engage in favoritism, or accept bribes, which constitutes a crime, criminal liability shall be pursued in accordance with the law; where a crime has not been constituted, administrative sanctions shall be imposed in accordance with the law.

Chapter VII — Supplementary Provisions

Article 47 — The State shall separately formulate provisions governing the management of administrative fees. The rates and rates of return for interest, exchange rates, insurance premiums, securities, and futures shall not be subject to this Law.

Article 48 — This Law shall enter into force on May 1, 1998.

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