



# Pricing Law of the People's Republic of China

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## Contents

### Chapter I General Provisions

### Chapter II Pricing by the Manager

### Chapter III Pricing by the Government

### Chapter IV Control of the General Price Level

### Chapter V Supervision over and Inspection of Pricing

### Chapter VI Legal Liability

### Chapter VII Supplementary Provisions

### Chapter I General Provisions

Article 1 This Law is enacted in order to standardize pricing, give play to the role of pricing in rationally allocating resources, stabilize the general level of market price, protect the lawful rights and interests of consumers and manage sound development of a socialist market economy.

Article 2 This Law shall be applicable to pricing within the territory of the People's Republic of China.

Pricing as mentioned in this Law covers commodity prices and service prices.

Commodity prices refer to the prices of the various types of tangible products and intangible assets.

Service prices refer to the fees charged for the various types of paid services.

Article 3 The State institutes and gradually improves a mechanism under which prices are formed mainly by the market and the macro-economic control. Prices shall be set in compliance with the law of value, the prices of most commodities and services shall be regulated by the market and the prices of a very small number of commodities and services shall be fixed by the government.

The prices regulated by the market refer to the prices set by the manager on his own and formed through n

The managers as mentioned in this Law refer to the legal persons, other organizations and individuals enga dealing in commodities or providing paid services.

Prices guided by the government refer to the prices set by managers under the guidance of the government charge of pricing or other relevant departments that, in accordance with the provisions of this Law, shall de standard prices and their floating ranges within the limits of their powers for pricing and the scope of appli and services.

Prices fixed by the government refer to the prices set by the government departments in charge of pricing a departments in accordance with the provisions of this Law and within the limits of their powers for pricing applicable commodities and services.

Article 4 The State supports and promotes fair, open and lawful market competition, maintains normal ord exercises administration, supervision and necessary control over pricing.

Article 5 The competent department for pricing under the State Council shall hold unified responsibility fo pricing throughout the country. The other relevant departments under the State Council shall, within the s functions and duties, be responsible for the work respectively.

The competent departments for pricing under the local people's governments at or above the county level s for the work of pricing within their administrative regions. The other relevant departments of the said peop shall, within the scope of their functions and duties, be responsible for the work respectively.

## Chapter II Pricing by the Manager

Article 6 Commodity prices and service prices, with the exception of those whose prices shall be guided or l government under Article 18 of this Law, shall be regulated by the market, that is, fixed by the manager on accordance with this Law.

Article 7 The manager shall follow the principles of fairness, lawfulness and good faith in fixing prices.

Article 8 Production and management cost and the market supply-and-demand situation constitute the ba to fix prices.

Article 9 The manager shall work hard to improve production and management, reduce production and ma provide consumers with commodities and services at reasonable prices, and reap lawful profits through ma

Article 10 The manager shall establish and perfect the internal price management system in light of his ope conditions, accurately record and verify the production and management cost of commodities and services to deceit.

Article 11 The manager shall enjoy the following rights in pricing:

(1) to fix on his own prices that are regulated by the market;

(2) to fix prices within the range stipulated by the government for its guidance prices;

(3) to set prices for trial sales of new products coming within the scope of products whose prices are guidec government, with the exception of specially designated products; and

(4) to inform against or accuse infringements on his right to fix prices on his own according to law.

Article 12 In pricing, the manager shall abide by laws and regulations, accept the prices guided or fixed by law according to law and carry out the statutory intervention and emergency measures regarding prices.

Article 13 In selling or purchasing commodities and providing services, the manager shall, as required by the departments in charge of pricing, clearly mark the prices and clearly indicate the name, origin of production, grade, valuation unit and price of a commodity or service item, charging standards and other related particulars.

The manager may not sell commodities at a premium or charge any fees that are not clearly indicated.

Article 14 The manager may not commit any of the following illegitimate acts in pricing:

(1) colluding with others to manipulate the market price, thus harming the lawful rights and interests of other consumers;

(2) besides disposing of perishable, seasonal and overstocked commodities at reduced prices according to law, selling commodities at prices lower than production cost in order to drive out rivals or monopolize the market, thus disturbing the normal production and operational order and impairing the interests of the State or the lawful rights and interests of consumers;

(3) fabricating and spreading information about price hikes and forcing up prices, thus stimulating excessive price hikes;

(4) using false or misleading prices to deceive consumers or other managers into transacting a deal with him;

(5) while providing the same commodities or services, employing price discrimination against other managers in the same transaction conditions;

(6) forcing up or forcing down prices in disguised form by raising or lowering grades when purchasing or selling commodities or providing services;

(7) making exorbitant profits in violation of the provisions of laws and regulations; or

(8) other illegitimate acts in pricing prohibited by laws and administrative rules and regulations.

Article 15 The various types of intermediate organizations shall abide by the provisions of this Law in collecting and providing paid services they provide, unless otherwise provided in laws.

Article 16 In selling imported commodities and purchasing export commodities, the manager shall observe the provisions in this Chapter so as to help maintain domestic market order.

Article 17 Organizations of different trades shall abide by laws and regulations concerning prices, enhance their regard to prices and accept guidance by the government departments in charge of pricing.

### Chapter III Pricing by the Government

Article 18 When necessary, the government may guide or fix the prices for the following commodities and services:

(1) a very small number of commodities that have a vital bearing on the development of the national economy and the well-being of the people;

(2) a small number of commodities for which resources are scarce;

(3) commodities placed under natural monopoly;

(4) important public utilities; and

(5) important public welfare services.

Article 19 The limits of powers and the scope of applicable commodities and services for governments to set shall be based on the central and local pricing catalogues.

The central pricing catalogue shall be compiled and revised by the competent department for pricing under the State Council and published upon approval of the State Council.

The local pricing catalogues shall be compiled by the competent departments for pricing under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government within the limits of their powers for pricing and the scope of applicable commodities and services defined in the central pricing catalogue, which shall be examined and approved by the said people's governments, shall be submitted to the competent department for pricing under the State Council for examination and approval before being published.

No local people's governments at levels below the people's governments of provinces, autonomous regions and municipalities directly under the Central Government may compile pricing catalogues.

Article 20 The competent department for pricing and other relevant departments under the State Council shall set government guidance prices and government fixed prices within the limits of their powers for pricing and the scope of applicable commodities and services defined in the central pricing catalogue; among the government guidance prices and government fixed prices, those for important commodities and services shall be set with the approval of the State Council required by the regulations.

The competent departments for pricing and other relevant departments under the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall set government guidance prices and government fixed prices for their own regions within the limits of their powers for pricing and the scope of applicable commodities and services defined in the local pricing catalogues.

The people's governments of cities and counties may, as authorized by the people's governments of provinces, autonomous regions and municipalities directly under the Central Government, set government guidance prices and government fixed prices for their own regions within the limits of their powers for pricing and the scope of applicable commodities and services defined in the local pricing catalogues.

Article 21 Government guidance prices and government fixed prices shall be set on the basis of the average market price of commodities or services, the market supply and demand situation, the requirements of the national economic development and tolerance of the community and within a reasonable price disparity between purchase and sale, between wholesale and retail sale, between regions and between seasons.

Article 22 Before setting government guidance prices and government fixed prices, the government departments for pricing and other relevant departments shall carry out investigation into prices and costs and listen to the opinions of consumers, managers and other parties concerned.

When the government departments in charge of pricing are carrying out investigation into prices and costs for setting government guidance prices and government fixed prices, the units concerned shall truthfully report the situation and provide the necessary account books, documents and other material.

Article 23 For the setting of government guidance prices and government fixed prices for public utilities, public services and commodities under natural monopoly that have a bearing on the immediate interests of the mass of the people, an evidentiary hearing shall be established which shall be presided over by the government departments in charge at which suggestions of consumers, managers and the other parties concerned shall be solicited and expounded on their necessity and feasibility.

Article 24 The government guidance prices and government fixed prices, after being set, shall be made known to consumers and managers by the department that sets the prices.

Article 25 The scope of applicable commodities and services under government guidance prices and government fixed prices and the price level shall be readjusted at the right moment on the basis of the economic mechanism, within the powers for pricing and in accordance with the procedures specified.

The consumers and managers may make proposals for readjustment of government guidance prices and government fixed prices.

#### Chapter IV Control of the General Price Level

Article 26 Stabilizing the general level of market prices is an important goal for the State macro-economic policy. In view of the need for the development of the national economy and tolerance of the community, the State sets the general level of market prices, incorporates it into the plan for national economic and social development, and achieves it by comprehensively applying policies and measures concerning currency, finance, investment and foreign trade and export.

Article 27 The government may establish a system for reserving important commodities and set up a price control system to stabilize the market.

Article 28 To meet the needs of price regulation and control, the government departments in charge of pricing shall set up a system for monitoring prices to monitor changes in the prices of important commodities and services.

Article 29 When the market purchasing prices for grain and other important farm products set by the government are too high, the government may assign protective prices and take appropriate economic measures to ensure the adoption of the market prices.

Article 30 When the prices of important commodities and services rise noticeably or are likely to do so, the people's governments of provinces, autonomous regions and municipalities directly under the Central Government may adopt intervention measures for some of the commodities and services, such as setting the price differential, introducing the markup declaration system and the system for putting readjusted prices into effect.

When adopting the intervention measures provided for in the preceding paragraph, the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall report the matter to the Central Government for the record.

Article 31 When anomalous situations such as violent fluctuation arise in the general level of market prices, the government may adopt emergency measures nationwide or in some regions for temporarily centralizing the price-fixing, freezing part or all of the prices.

Article 32 When the situations under which intervention measures and emergency measures need be adopted are over, the government shall, with the provisions of Articles 30 and 31 of this Law in mind, ease such measures shall immediately be relinquished.

#### Chapter V Supervision over and Inspection of Pricing

Article 33 The competent departments for pricing under the people's governments at or above the county level shall supervise and inspect pricing according to law and, in accordance with the provisions of this Law, impose administrative penalties on illegal acts related to pricing.

Article 34 When conducting supervision over and inspection of pricing, the government departments in charge shall exercise the following functions and powers:

(1) inquiring the parties or persons concerned and asking them to provide certifying papers and other materials related to illegal pricing;

(2) examining and duplicating account books, bills, vouchers, documents and other material related to illegal pricing, and checking banking material related to illegal pricing;

(3) inspecting money and property related to illegal pricing, and when necessary, ordering the parties concerned to stop relevant business; and

(4) first registering, according to law, for preservation of evidence which may possibly be missing or may be destroyed later on, and which parties or persons concerned may not transfer, conceal or destroy.

Article 35 When accepting supervision and inspection by the government department in charge of pricing, the parties concerned shall provide true account books, bills, vouchers, documents and other material needed for supervision and inspection.

Article 36 Officials of the government departments in charge of pricing may not use the material or other property obtained for any other purposes than the ones for price control conducted according to law, and they may not disclose business secrets of the parties concerned.

Article 37 Consumers' organizations, employees' price supervision organizations, neighborhood committee organizations and consumers shall have the right to supervise pricing. The government departments in charge shall give full play to the masses' role of supervision over pricing.

The media shall have the right to conduct supervision over pricing by public opinion.

Article 38 The government departments in charge of pricing shall establish a system for reporting against illegal pricing.

All units and individuals shall have the right to report against illegal pricing. The government departments in charge of pricing shall encourage such reporters and be responsible to keep secrets for them.

## Chapter VI Legal Liability

Article 39 Any manager who refuses to accept government guidance prices or government fixed prices or fails to take measures of intervention and emergency measures shall be ordered to make amends, his illegal gains shall be confiscated and he may be fined not more than five times his illegal gains; if he has no illegal gains, he may be fined, if the circumstances are serious, he shall be ordered to suspend business for rectification.

Article 40 Any manager who commits any of the acts listed in Article 14 of this Law shall be ordered to make amends, his illegal gains shall be confiscated and he may also be fined not more than five times his illegal gains; if he has no illegal gains, he shall be given a disciplinary warning and may also be fined; if the circumstances are serious, he shall be ordered to suspend business for rectification, or his business license shall be revoked by the administrative department for industry and commerce. If otherwise provided in relevant laws regarding penalties and penalty imposing organs for the acts listed in Article 14 of this Law, those provisions may be applied.

If the acts listed in Subparagraphs (1) and (2) of Article 14 of this Law are of a national nature, they shall be competent department for pricing under the State Council; those which are of a regional nature at or below level shall be confirmed by the competent departments for pricing under the people's governments of provinces, regions and municipalities directly under the Central Government.

Article 41 Any manager who causes overpayment by consumers or other managers due to his illegal pricing overpaid money; if damage is caused, he shall bear liability of compensation according to law.

Article 42 Any manager who violates the provisions on clearly marking prices shall be ordered to set it right shall be confiscated and he may also be fined not more than 5,000 yuan.

Article 43 Any manager who refuses to suspend business as ordered, or transfers, conceals or destroys the property registered for preservation according to law shall be fined not less than one time but not more than gains derived from business or the value of the money and property transferred, concealed or destroyed.

Article 44 Whoever refuses to provide material needed for supervision and inspection, as required by the law provides false material, shall be ordered to make amends and be given a disciplinary warning; if he fails to time limit, he may be fined.

Article 45 Any local people's government or any relevant department under it that, in violation of the provisions sets or readjusts prices by overstepping the limits of its powers for pricing or the scope of applicable commodities defined or refuses to implement the statutory price intervention and emergency measures shall be ordered to make amends and a notice of criticism may also be circulated; the persons who are directly in charge and the other persons responsible for the offence shall be given administrative sanctions according to law.

Article 46 Officials in charge of pricing who divulge State or business secrets or who abuse their powers, indulge in malpractices for selfish ends, neglect their duties, demand and accept bribes, if the offence constitutes a crime investigated for criminal responsibility according to law; otherwise, they shall be given sanctions according to law.

## Chapter VII Supplementary Provisions

Article 47 State administrative organs shall collect fees according to law, keep under strict control the items and charges are levied, and restrict the scope of such items and standardize the rates. Specific measures regarding fees shall be drawn up separately by the State Council.

Interest rates, exchange rates, premium rates, securities and futures prices shall be governed by the provisions of laws and administrative rules and regulations, other than this Law.

Article 48 This Law shall go into effect as of May 1, 1998.

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