

**Government Decree
No. 13/2008 of August 13th
Rules for the intervention in the public supply and prices**

Considering that Law No. 28 of August 13, 2008, which instituted the judicial regime of public supply of essential goods and management of the negative effects of inflation, expressly foresees its complementary regulation;

Attending to the fact that the procedures concerning to intervention in the market distribution rules, namely in the settlement of prices and subsidies, as well as to the period of intervention are crucial to the execution and transparency of the policy;

Aware that the practice of administrative fixating of prices in order to face an abnormal rise in prices of first necessity products, must be a transitory and last resource measure;

Thus:

The Government decrees based on the decision of Law No. 28 of August 31, 2008, to serve as law, the following:

**CHAPTER I
SCOPE AND OBJECTIVES**

**Article 1
Application Scope**

1. The present Regulations are applied to the procedures to be observed in the

CHAPTER II
NORMS RELATIVE TO THE SUPPLY OF RICE AND ALIMENTARY OILS

SECTION I
ATTACHED CRITERIA

Article 3
Opportune criteria of the intervention

1. The intervention in markets of essential goods included in the present document must be measured through the verification of one or more of the following situations:
 - a) A disruption in the supply, regardless of the factors that have determined it;
 - b) Situations of illicit distortion of the market, through monopolies, cartels or of artificial collusion of price fixing;
 - c) Substantial variation of prices with speculative profits unjustified by the economic circumstances;
 - d) Monopolizing, which is understood as the building of abnormally large stocks, with the intent of obtaining a dominant position in the market of these essential goods;
 - e) Prevision of the need for large stocks of a determined good, that the market forces do not have financial liquidity to support the respective costs, either to purchase or to maintain, nominally due to the announcement of large public works or of bad agricultural crops;
 - f) Alimentary emergency situations, including catastrophes and other unpredictable events;
 - g) Unequivocal result of the oversight of prices of essential goods, the prevision of a lack of stock in the market capable of supplying the population's basic needs, nominally, but not limited to a sudden circumstantial crises.

Article 4
Inter-ministerial agreement for the fixating of critical territorial areas

1. The Inter-ministerial Committee defines the intervention areas according to the purposes of evident and relevant social investment, of impact of immediate poverty and of the creation of local jobs.
2. In case it is found that the supply crises persists only in a certain region or certain districts, nominally, in the case of bad crops or catastrophes, the intervention can concentrate and focus only on these territorial areas.

Article 5
Priority criteria for apportionment

1. In application of the decisions in article 11 of Law No. 28 of August 13, 2008, or "Classification Law", the apportionment among the interested wholesalers is based on criteria of the strategic localization, determined by the location of the wholesalers' headquarters and warehouses, and the antiquity in the activity.
2. The antiquity criteria is assessed through the activity license date of the company and that such authorization unequivocally respects the wholesale commercialization of rice and alimentary oils or, in general, of alimentary products.
3. The decision applies directly to the decision in the classification law, a TDe ohRsupplyiib(and alisupo

Article 6
Participation in National, International and NGO Organizations

1. The participation of national and international unprofitable entities or organizations, as well as NGOs, although they can be compensated for the cost of participating, can be admitted or requested.
2. In the panel of the participation agreements of the entities foreseen in the previous number, the Program-Contracts will be valid for a period not superior to 1 year.

Article 7
Quantity and quality of alimentary goods

1. The Ministry of Tourism, Commerce and Industry, from now on MTCI, along with the Ministry of Agriculture and Fishing and with the Ministry of Social Solidarity, fixate the necessary amount for the supply and for reserve stock, submitting to the decision of the Inter-Ministerial Committee.
2. The Alimentary and Economic Inspection, in collaboration with the Health Inspection Services of the Ministry of Health, safeguarding the quality conditions and norms of the alimentary goods foreseen in the present Regulation.

Article 8
Provisioning Criteria

The judicial regime foreseen and established in Law no. 10/2005, which approved the Judicial Provisioning Regime is applicable.

SECTION II
DURATION OF THE INTERVENTION

Article 9
Beginning and end of the intervention

1. The intervention measures regulated in the present document are occasional and are designated to supply the needs and the risks induced in the supply of the country, motivated by the abnormal circumstances of high international prices over essential goods.
2. The beginning of the intervention is counted from the effective importing and physical storage of the goods and must end as soon as the circumstance and the market have the conditions to supply the referred needs.
3. A "Campaign" is the effective period of the intervention of subsidies to the prices and security stocks, ending, if possible, at the end of the fiscal year.

Article 10
Action scheduling

1. Without jeopardizing the decision in the program-contracts foreseen in the present document, the ministerial document that starts off the invitations for proposals and manifestations of interest to the business sector, wholesalers can include a schedule of actions, with references to the quantities and the districts of operation.
2. When dealing with actions of alimentary goods supply, subsidized for social solidarity purposes, it is up to the Ministry of Social Solidarity, in collaboration with the MTCI, to define the actions and periods or action, in cased it deems it necessary.

SECTION III
FIXATING PRICES

Article 15
Participation Process

1. As soon as the sales price to the public is fixated and/or the margin of commercialization and the subsidy to the cost of transportation of goods, the

Article 19
Specific duties of the wholesalers

For the effects of the present Regulation, the specific duties of the wholesalers are:

- a) The duty of cooperating with the objectives of public interest inherent to the public supply of essential goods;
- b) Prior payment and presentation of proof of payment of the price of the goods, as a contractual requirement of their acquisition at a subsidized price and the included transportation to the warehouses;
- c) Accounting rules in general, added with what is foreseen in article 34.

Article 20
Essential elements of the contracts

The contract text must include at least the following basic elements:

- a) Identification of the parties;
- b) Object of the contract;
- c) Conditions and deadlines for fulfilling the parties' obligations;
- d) Terms of payment of the transportation subsidy, if applicable;
- e) Penalties for non-fulfillment;
- f) Competent court to decide on eventual conflicts between the parties, which will be the competent Court in Timor-Leste.

Article 21
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Article 23
Transportation to the Government's warehouses

1. The transportation from the port of Dili to the Government's warehouses in the capital, when unable to be transported by vehicles of the State or of international organizations at cost, it will be contracted with the Transportation Association.
2. The transportation from other entry points of the country to the Government's warehouses, is preferably contracted under the CIF regime and, if this is not possible, giving preference to local transportation companies, as long as they ensure a more advantageous price and safety conditions.

Article 24
Storage

1. The storage locations and facilities for alimentary goods to which the present document refers are subject to permanent security and supervision by the authorities referred to in section VIII.
2. Without jeopardizing the gratuitous utilization or warehouse reduced prices or warehouse space donated by national or international organizations, as long as there aren't warehouses belonging to the State in the Districts, the government can lease the necessary space through contracts that will always include the clauses of security and duration.
3. The sanitary conditions are guaranteed by the authorities referred to in article 7.

Article 25
Logistic documental support

1. In each of the Government's warehouse, there will be two sequential registration books, where Book 1 is relative to the entries and exits and Book 2 for the reports of inutility and other fortuitous cases.
2. The models of the records are respectively included in Annexes I and II of the present Regulation and are an integral part of it.
3. No alimentary good covered by the intervention can enter or exit the respective warehouses without such a movement being integrally recorded.
4. At the exit from the warehouse, a probative document will be issued and handed to the transporter, according to Annex III, with the data regarding the quantities, qualities and identification of the destination, for the control of the circulation.

Article 26
Warehouse Operators

1. Regardless of the position title, the main responsible for the warehouse and his assistant, or co-responsible immediately inferior in the hierarchy, are designated for the present effect as "warehouse operators".
2. The warehouse operators respond civilly, disciplinarily and criminally, for the intervened goods deposited in it, their movement and records.

Article 27
Places of delivery and sale to wholesalers

The place of delivery of the goods made available to the wholesalers is the Government warehouse of the respective intervention District, where they are forbidden to take the merchandise directly from the port of Dili, except in justified and properly authorized cases.

Article 28
Transportation and distribution to the beneficiaries of the social solidarity

The Ministry of Social Solidarity organizes and ensures the transport and the gratuitous distribution to the legal beneficiaries, within the principles of the present Regulation.

SECTION VI
CONTROL DOCUMENTS

Article 29
Documents of obligatory circulation

1. Without jeopardy to the decision in number 2, the documents that must accompany the means of transportation of the intervened goods, are the following:
 - a) Original certificate and copy of the contract granted with the Ministry of Tourism, Commerce and Industry/
 - b) Probative document issued at the exit from the warehouse, which refers to article 25, number 4, according to Annex III, with the identification data of the movement.
2. In the exclusive and direct circulation between the Government's warehouses, the document, issued by the exit warehouse, in paragraph b) of the previous number is mandatory.
3. In the transportation movements without escorts, the competent authorities oversee the observance of these requirements, at any time of the day or night.
4. The transportation from the port of Dili to the Government's warehouses in the city, are forced to have and present the usual legal documents issued by the port and customs authority and will always be escorted.

Article 30
Lack of or refusal to present the circulation documents

In the lack of or refusal to present the circulation documents to the competent authorities, the means of transportation and their cargo are held in a place that does not put traffic into jeopardy and with permanent security, until they are presented and confirmed by the MTCl.

Article 31
Escort

1. The transportation from the port of Dili to the warehouses in the city, are always accompanied by a police or military escort.
2. The transportation from the Government's warehouses, or between them, by land or sea, designated for gratuitous distribution, is always accompanied by an escort.
3. The subsidized transportation of alimentary goods made available for the wholesalers, from the Government's warehouses, will be escorted whenever possible, by decision of the Minister of Tourism, Commerce and Industry according to the availabilities, risks and costs.
4. In the cases of the previous number, the accompaniment of at least one credentialed MTCl employee will be guaranteed, namely from the Alimentary and Economic Inspection or from the Auditing or any other nominated, who will present a report of where the destination location or locations of the goods are.
5. It is understood that an escort is the accompaniment of the means of transportation of the essential goods, which are the object of the intervention, by national or international security force, besides the agents of the supervising entities to be nominated by the Ministers of Social Solidarity and MTCl.

SECTION VII ACCOUNTING RULES

Article 32 Ministries

The Ministries of Finances and MTCI will maintain accounting records organized in the following order:

- a) Intervention campaign, with mention to their respective period;
 - b) Total value withdrawn from the Economic Stabilization Fund (ESF);
 - c) Importing or acquisition of the quantities and by type of alimentary goods;
 - d) Participants and quantitative apportionment to each one, including Social Solidarity;
 - e) Total value of the costs and expenses, by rubrications of: subsidy to the campaign, announcements and divulgation, inherent to the importing, storage, transportation, security and general logistics and salaries;
 - f) Total value returned to ESF and respective balance: total of b) – f).
3. The Ministry of Social Solidarity keeps the records and accounting support foreseen in paragraphs a), c) and e) of the previous number.

Article 33 Accounting of entries and exists from the Government's warehouses – Remission

The logistical documental support foreseen and established in article 25, must reflect all of their quantitative movements, always with the available balance in sight.

Article 34 Wholesaler and transporter accounting

The wholesalers and transporters, including the cooperative sector, will keep their accounting organized under the general legal terms, but with the obligation of resulting clear and unequivocal accounting supports referring to:

- a) The purchase operations to the State per campaign; and
- b) The respective acquisition and sales prices, per product.

SECTION VIII SUPERVISION, INSPECTION AND EVALUATION

Article 35 Supervision

1. It is up to the National Board of Domestic Commerce, along with the Alimentary and Economic Inspection – Regulatory Unit of the Public

Article 36
Inspection

1. It is up to the Alimentary and Economic Inspection – Operational Control and Risk Analysis Unit, to inspect the actions of inspection and investigation, along with other Services, nominally of Health, of Finances, of Agriculture and Environment, under the terms of the respective organic competencies.
2. The PNTL collaborates with the ministerial tutelage identified above under the punctual or protocolar terms concerted.
3. The Church, with its assent, conditions and availabilities, can support the control of the effective reception of the essential alimentary goods by the needy population who have the gratuitous right to them.

Article 37
Evaluation

- c) Identification of the goods to be purchased;
 - d) Maximum prices;
 - e) Method or methods of the proposed selection;
 - f) Need and form of diffusion in the adequate media;
 - g) Specific logistics;
 - h) Reserve of exclusive availability for the contractors of public works, if applicable.
3. The dossier is sent to the Inter-ministerial Commission, under the terms and for the effects of the decision in the Classification Law.

Article 40
Implementation procedures and norms – Remission

The criteria and principles foreseen and established in Sections III to VIII of Chapter II are applicable, with the necessary adaptations, always taking into consideration that the intervention and the campaigns referring to the goods and materials of the present Chapter, exclude the subsidy to transportation in favor of the wholesalers, under the terms of the decision in article 2 of the present Regulation.

CHAPTER IV
NORMS RELATIVE TO THE SUBSIDY OF FUEL FOR THE PUBLIC TRANSPORTATION OF PASSENGERS

Article 41
Regime classification norms

1. The attribution of the temporary subsidy, has the intent of guaranteeing a social price for the users of public transportation, vans and coaches, tending to prevent an uncontrolled and distorted increase of prices, where all other means of transportation are excluded.
2. Under the terms of the decision in the Classification Law, only the fuel sold directly to gas stations, exclusively designated for the refueling of the public transportation of passengers, properly licensed and with the required technical inspections having been done, is benefited by a social price, subsidized by the Government.
3. The indicative maximum limit of the social expense financed by the Government is 30% of the average price practiced by any four fuel dealers in the city of Dili.
4. The subsidy is fulfilled through the allocation of inviolable passwords or coupons to the private sector, with a non-fractional face value of 10, 20 or 50 US dollars, and up to the quantitative limits foreseen in the classification Law.
5. The physical supply of subsidized fuel is done exclusively directly for the vehicle deposits, where its sale to tanks or any other containers is prohibited.

Article 42
Publication and application of the social price

1. The subsidized social price will be published after being ratified by the Inter-ministerial Commission, with the indication of the date and time of the beginning of distribution of passwords and coupons.
2. The face value of the passwords and coupons is reimbursed to the fuel dealers within the maximum period of 3 business days or twice a week.

Article 43
Characteristics of the passwords and coupons

1. The consignees of the contracts of elective supply, declare and guarantee, in writing, that the place where the passwords and coupons are manufactured is situated at a

2. The passwords or coupons are numbered sequenti

6. Beyond the conditions referred to in the previous numbers, it is prohibited for the

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Annexes

Annex I – Model of registration of entries and exits from the warehouse (Book 1)

Annex II – Model of registration of the report of non-utilization (Book 2)

Annex III – Model of circulation document

Table 1 – Elements that compose the transportation costs to the Districts.

Table 2 – Transportation costs to the Districts according to mileage or distance

Annex I

Model of registration of entries and exits from the warehouse (Book 1 to which article 25 refers)

Date	Quantity In	Quantity Out	Balance/Duration	Type of Product	Wholesale Company	Vehicle Matriculation	Warehouse Operator
							Page No.

Annex II

Model of registration of the report of non-utilization (Book 2 to which article 25 refers)

Date	Unused Quantity	Balance/Duration	Reason for
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Annex III
Model of circulation document
(To which articles 25 and 29 refer)

Date/Time	Warehouse (Neighborhood and City)	Quantity loaded	Type of Wholesale Product Company	Vehicle
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Table 2
Transportation costs to the Districts according to mileage or distance
(To which article 13 refers)

Dispatch District	Destination District	Transportation cost per ton/km (USD\$)	Transportation cost per 35 kg sack/km (USD\$)	Transportation price 3 ton trucks
Dili	Dili			
Dili	Liquiçá			
Dili	Mantuto			
Dili	Aileu			
Dili	Ermera			
Dili	Maliana			
Dili	Suai			
Dili	Ainaro			
Dili	Same			
Dili	Lospalos			
Dili	Viqueque			
Dili	Baucau			
Dili	Oe-Cussi			* By sea

Notes:

- 1) The ponderation used by the World Food Organization, cfr. Article 8 of Law No. 28/2008 can be adopted.
- 2) The criteria for the composition of Tables 1 and 2 are not accumulative. This type of ponderation according to mileage is alternative to Table 1, the option must be mentioned in the ministerial expedition of price fixating by the MTCl to which article 2 , No. 3 of article 2 of Law No. 28/2008 refers.