

**Decree LAW No. 28/2008  
of August 13**

**On public supply of essential goods and management of the negative effects of inflation**

Considering that Timor-Leste is a net importer in the sectors of essential food products, especially of rice and alimentary oils due to the insufficiency of domestic production to satisfy the consumer needs of the population;

Observant of the need to create and maintain a security stock of food and other products, substantially of those essential to civil construction and other public works, crucial in the reconstruction and development of the country, as well as guarantee an adequate market intervention management, capable of correcting the provisioning and prices deficiencies or risks.

Considering that in the specific case of the prices practiced in the public sector of transportation of passengers, a circumstantial situation of generalized rising is seen, a consequence of the persistent rise in the prices of fuel.

Thus:

The Government decrees, based on what is envisaged in paragraphs i) and o) of number 1 of article 115 of the Republic's Constitution, to serve as law, the following:

**CHAPTER I**

**GENERAL AND COMMON DETERMINATIONS**

**Article 1**

**Object and Scope**

1. Following the principles of a free market and the resulting mechanism of prices based on demand and supply, as well as the freedom of business initiative and management constitutionally established, constitutes the Government's essential objective to guarantee the capacity of purchasing essential goods at sustained or subsidized prices for the population.
2. As an effective measure to combat the rise of prices, the intervention in the market is done through the release of significant quantities of basic goods, capable of satisfying immediate needs and cover the stocks made by the families and businesses as a precaution measure, without jeopardy of the resource to the subsidized prices.
3. The present document is applied to the supply of rice, alimentary oil, as well as basic materials used in civil construction and public works.
4. Due to the persistent circumstantial rise of fuel prices, the present law also institutes, a transitory measure, which tends to prevent the uncontrolled and distorted increase of the prices in the sector of public transportation of passengers.

**Article 2**

**The principle of freedom of the private sectors participation**

1. The objective is that the State support the private sector in a way that reasonable prices, the balance of supply and demand is maintained, guaranteeing the stability in the supply of essential goods.

2. It is not the State's intention to replace wholesalers or prevent their free participation in the market.

### **Article 3**

#### **Public supply and subsidized prices for essential goods**

1. For the effects of the decisions in the present document, it is understood that the public supply of essential goods, the guarantee of the existence of security stocks for food and other basic products.
2. The Government can intervene, after the evaluation of the Inter-ministerial Committee composed by: the Minister of Finances, the Minister of Tourism, Commerce and Industry, the Minister of Agriculture and Fishing and presided by the Prime-Minister, in the public supply of essential goods, enumerated as follows:
  - a) Rice destined for the population's consumption and, in particular of the needy citizens, especially those to whom this product is provided for free;
  - b) Alimentary oil destined to the basic preparation of food;
  - c) Cement, tar, iron, etc., specifically but not limited to nails, zinc plaques and covers, triplex, plaster plaques and lumber, regardless of designations and categories, as long as destined to civil construction and public works;
  - d) Other food and non-food basic products, in situations of rupture, with a serious risk of stock rupture or that are the object of monopolization, speculation or other practices detrimental to the market and the population
3. The prices of governmental stock made available to the public and wholesalers are subsidized for the goods referred to in paragraphs a) and b) of the previous number.
4. The sales price for the public and/or the commercialization margin and the subsidy of the transportation costs of the goods identified above that are made available by the Government to the wholesalers, will be fixed by the Inter-ministerial Committee, as foreseen in number 2.

### **Article 4**

#### **Principle of the temporality of the intervention**

1. The intervention regimes and measures foreseen and established in the present document have a transitory character and are designated to provide for the needs and risks induced, motivated by the abnormal circumstance of rise in international prices of essential goods defined in article 2, as well as the price of public transportation and not to alter the economic system and model from free market competition.
2. The exceptional advantages provided at the level of the intervention prices do not confer expectations or acquired rights to the importers, businessmen or consumers, where it can be altered or revoked at any moment, according to the stabilization of the international circumstances or with financial availability.

### **Article 5**

#### **Fuel subsidy for the public transportation of passengers**

1. Under the terms of the decision in the previous article, the fuel sold and exclusively designated for the supply of the public transportation of passengers, including vans (microlete), with up to 12 seats, and the coach (camoineta) with more than 12 seats, properly licensed and with the required technical inspections done, benefits of a social price, subsidized by the Government.

2. The maximum indicative limit of the social expense financed by the Government is of 30% of the average price practiced by any four fuel dealers in the city of Dili.

## **Article 6**

### **Provisioning for public supply**

1. The regime of acquisition of goods foreseen in the present document follow the provisioning rules foreseen in Law No. 10/2005, which approves the Judicial Provisioning Regime.
2. The application of Laws number 11/2005 and 12/2005 regarding public contracts and the regime of infractions in effect, respectively.
3. If the national agricultural production is superior to what is estimated, the priority in terms of provisioning will be given to national producers.

## **Article 7**

### **Financing**

The increase in public spending resulting from the implementation of the measures foreseen in the present document will be supported by the Economic Stabilization Fund.

## **CHAPTER II**

### **DECISIONS REGARDING TO THE SUPPLY OF RICE AND ALIMENTARY OIL**

## **Article 8**

### **Availability Conditions**

1. The Government intends to ensure the supply of rice and alimentary oil, assuming the expenses inherent to the initial transportation, CIF and/or placed in its warehouses for stockage and the free availability to international receivers, designated to the needy, displaced and State employees, to the protection of the law.
2. The Government intends to ensure the sale and availability of rice and alimentary oil to the sector's wholesalers, properly licensed and who request it, compensated for the transportation costs to the final destination.
3. For effects of the decision in the previous number, the ministerial document that establishes sales prices for the public must also establish the compensation of the transportation costs, opting for the reduction of the sales prices to the wholesalers, according to the territorial distance of the places they are destined for, or directly subsidize this cost based on money/km according to the tables established for the effect.
4. The table of direct subsidy allocation "per kilometer" can be eventually indexed to the one practiced by the World Food Program in Timor-Leste.

## **Article 9**

### **Typology and quality**

The categories, types and the quality of the rice and alimentary oil regarding the present document, are of free choice by the Government, taking into consideration the factors of traditional basic consumption and the criteria of price-quality.

## **Article 10**

### **Food safety reserves**

1. The Government reserves the right of not making available the rice and alimentary oil to wholesalers, in case of manifested need of these goods that put in risk the supply to the needy, displace and, in general, the commitments assumed of gratuitous supply, as well as in cases of catastrophes.
2. The safety food reserves must correspond, quantitatively, to the average consumption of the respective goods in a period of three months.

## **Article 11**

### **Allotment**

In case of insufficiency or the need to proceed with an allotment among the interested wholesalers, preferential criteria of the strategic location will be adopted, determined by the location of the wholesalers' headquarters and warehouses, and how old the activity is.

## **CHAPTER III**

### **DECISIONS RELATIVE TO THE SUPPLY OF MATERIALS FOR CIVIL CONSTRUCTION AND PUBLIC WORKS**

## **Article 12**

### **Intervention Conditions**

1. The Government intends to ensure the supply of cement, iron and other goods for civil construction and public works, referred to in article 2, assuming the expenses inherent to the initial transportation, CIF or placed in its warehouses, the storage the gratuitous availability to the receivers who, by law, have the right, as well as the wholesalers and contractors of the sector, properly licensed, at unsubsidized prices, but without profit.
2. The costs and risks of transportation from the port of Dili or the Government's storage centers, are supported by the wholesalers and contractors referred to in the previous number.

## **Article 13**

### **Other conditions**

The conditions and criteria established in articles 9, 10 and 11 are applied, with the proper adaptations.

## **CHAPTER IV**

### **DECISIONS RELATIVE TO THE FINANCING OF THE SOCIAL PRICE OF THE FUEL DESIGNATED FOR THE PUBLIC TRANSPORTATION OF PASSENGERS**

## **Article 14**

### **Social Price**

The social price to be financed by the Government will be published through a ministerial document from the Ministries of Tourism, Commerce and Industry and of Finances, after the ratification by the Prime-Minister, according to the indicative criteria foreseen in number 2 of article 5, which will establish half a price for the elderly and students, rounding it to 5 hundredths above.

## **Article 15**

### **Consumption limits at subsidized prices**

The individual operators and companies licensed for the activity of passenger public transportation have the right to purchase gasoline or diesel oil passwords or coupons at the social price up to the quantitative limit of 300 or 500 liters per Campaign month, as long as it deals with vans or coaches, respectively.

## **Article 16**

### **Passwords and Coupons**

1. The enabling titles of the benefit will be attributed by the services of the Ministry of Tourism, Commerce and Industry and are sequentially numbered in an indelible manner, semi-impermeable and with enough recognition marks to avoid duplications.
2. The face values will be of non-fractioned \$10, \$20 and \$50 US dollars.

## **Article 17**

### **The Rights and Duties of Resellers**

1. The fuel resellers have the right to be reimbursed by the Government along with the services of the Ministry of Tourism, Commerce and Industry (MTCI) or the entities delegated by it in the ministerial dispatch of each Campaign.
2. The fuel resellers have the right and the duty to refuse to supply at social prices when confronted with official illegible passwords or coupons or that present strong indications of being forged, under the penalty of not being reimbursed.
3. The fuel resellers have the right of refusing to supply whenever the presentation of the activity licenses is denied by the individual operators and companies that intend to refuel at social prices.
4. The fuel resellers have the right to refuse refueling, fractioned or partial, of the passwords or coupons, as well as the duty of refusing the transaction for other goods or services other than gasoline or diesel refueling.
5. Outside of the referred conditions of the previous numbers, the resellers cannot refuse refueling to the holders of legitimate passwords or coupons.

## **CHAPTER V**

### **ADMINISTRATIVE SANCTIONS**

## **Article 18**

## **Wholesalers and Transporters**

The wholesalers and transporters that divert the goods, which are the object of the present document, from their social destination, for their own illicit benefit, or that sell or alienate them for any reason at a price equal or superior to the one established to be sold to the public, are excluded from participating in the next two campaigns, besides the eventual criminal responsibilities.

### **Article 19**

#### **State warehouse stockman**

The warehouse stockmen that are public employees or agents and that violate the obligations established in the present regime and in the respective application document, for illicit advantage, their own or for third parties, are subject to the maximum penalties to be applied to them by Law No. 8/2004, which approved the Public Function Statute, without jeopardy of criminal responsibility.

### **Article 20**

#### **Violation to the regime of subsidies for public transportation**

1. The resellers that violate the duties established in article 17 and in the application documents of the present document, in collusion or not with the public transporters of passengers, or in any way gain illegitimate benefits, misrepresenting the foreseen social regime and objective, are subject to the cancellation of the activity license for a maximum period of one month.
2. In case of recidivism, the maximum period established in the previous number is doubled, always without jeopardy of the application of the penal law and the regime of applicable counter-order.

### **Article 21**

#### **Public transportation of passengers**

1. The beneficiaries of the subsidy regime that violate the established duties in the present Law, and in the respective application documents, or in any way remove illegitimate self-benefits, misrepresenting the foreseen regime and social objective, are deprived of the subsidy for the period of the next campaign in case there is one.
2. In case of recidivism, they are permanently excluded from the benefit and subject to the canceling of their activity license.

### **Article 22**

#### **Going into effect**

The present document goes into effect on the date following its publication.

Approved by the Council of Ministers, on June 11, 2008.

To be published.

The Prime-Minister

Kay Rala Xanana Gusmão

The Minister of Finances

Emília Pires

The Minister of Tourism, Commerce and Industry

Gil da Costa A. N. Alves

Promulgated on 01/08/08

To be published

The President of the Republic,

José Ramos-Horta