

Democratic People's Republic of Korea

Commodity Circulation Law

Adopted by Decree No. 1421 of the Standing Committee of the Supreme People's Assembly on August 30, Juche 112 (2023)

Chapter 1: Basics of the Commodity Circulation Law

Article 1 (Mission of the Commodity Circulation Law) The Commodity Circulation Law of the Democratic People's Republic of Korea contributes to establishing systems and order in the organization, operation, securing, supply, and sale of commodities, strengthening the state's leading role and control in overall commodity circulation, and fully guaranteeing the material and cultural needs of the people.

Article 2 (Definition) Commodity circulation is a sector of socialist commerce that secures various consumer goods through commodity circulation networks and supplies and sells them to the people. Commodity circulation networks include wholesale commercial enterprises, shops, electronic shops, and commodity exhibitions.

Article 3 (Principle of Devoted Service to the People) Serving the people is a fundamental requirement in the supply and sale of commodities. The state ensures that service providers in the commodity supply and sale sector possess a spirit of devoted service to the people and serve them kindly.

Article 4 (Principle of Commodity Guarantee) The state accurately grasps the people's demand for commodities and scientifically calculates it to secure and concentrate high-quality commodities preferred by the people in commodity circulation networks.

Article 5 (Principle of Establishing Commodity Registration and Certification System) The state ensures that commodities produced and imported are circulated within the national commodity registration and certification system in line with the requirements of socialist commerce development.

Article 6 (Principle of Unified Control and Guidance of Overall Commodity Circulation) The state establishes a unified control and guidance system for overall commodity circulation, scientifically and rationally conducts commodity circulation activities, and thoroughly opposes and eliminates unit specialization and parochialism that hinder socialist commerce.

Article 7 (Exchange and Cooperation in the Field of Commodity Circulation) The state develops exchange and cooperation with other countries and international organizations in the field of commodity circulation.

Article 8 (Scope of Application) This law applies to institutions, enterprises, organizations, and citizens that produce, import, supply, or sell consumer goods (hereinafter referred to as commodities). Matters not regulated by this law regarding commodity circulation are governed by relevant laws.

Chapter 2: Commodity Circulation System

Article 9 (Basic Requirements for Establishing Commodity Circulation System)

Establishing a commodity circulation system that matches the nature of socialist commerce is a prerequisite for fully guaranteeing the people's increasing demand for commodities and enabling them to enjoy affluent and civilized lives. The central planning guidance agency, central foreign economic guidance agency, central commercial guidance agency, and local people's committees must establish a proper system and order for implementing the order system and conducting planned and scientific commodity supply and sale.

Article 10 (Drafting Plans for Production, Import, Supply, and Sale of Commodities)

The central planning guidance agency, central foreign economic guidance agency, central commercial guidance agency, local people's committees, commercial institutions, enterprises, and organizations must study the people's demand and create commodity order documents, and draft plans for the production, import, supply, and sale of commodities accordingly. Institutions, enterprises, and organizations that produce and import commodities must produce and import commodities according to the national plan and supply and sell them through commodity circulation networks.

Article 11 (Registration of Commodities) The central commercial guidance agency must establish a commodity registration information system and ensure that all commodities produced and imported by institutions, enterprises, and organizations are mandatorily registered.

Article 12 (Distribution of Commodities) The central commercial guidance agency must receive the commodity allocation plan for central indicators from the central planning guidance agency and distribute it by province (directly governed city). Provincial (directly governed city) people's committees must distribute commodities allocated by the central commercial guidance agency and local indicators by city (district) and county.

Article 13 (Circulation of Produced Commodities) The central commercial guidance agency and local people's committees must grasp commodities produced by institutions, enterprises, and organizations and circulate them through state-owned commodity circulation networks.

Article 14 (Circulation of Commodities Requiring Regional Balance) The central commercial guidance agency and local people's committees must circulate commodities requiring regional balance through wholesale commercial enterprises in the relevant region. However, commodities produced and consumed in the relevant region, agricultural products specialized by city (district) and county, and commodities with short transportation distances from production sites are circulated through city (district) and county commercial enterprises regardless of indicators.

Article 15 (Commodity Supply Contracts) Commodity suppliers and demanders must conclude commodity supply contracts based on the national commodity supply plan and faithfully execute them.

Article 16 (Payment for Commodities) Commercial institutions and enterprises must pay for commodities received from relevant institutions, enterprises, and organizations within the contracted period. If payment is not made within the contracted period, the bank must forcibly settle the payment upon the request of the institution, enterprise, or organization receiving the payment.

Article 17 (Credit Guarantee System for Commodities) A credit guarantee system is implemented to ensure the quality of daily commodities such as electrical and electronic products (excluding imported commodities). The central commercial guidance agency determines the types and periods of commodities subject to the credit guarantee system.

Article 18 (Unification of Prices for Essential Consumer Goods) The central price guidance agency must unify the prices of essential consumer goods specified by the central commercial guidance agency nationwide according to indicators, types, and specifications.

Article 19 (Formation of Commodity Reserves) The central commercial guidance agency and local people's committees must form commodity reserves necessary for special activities such as natural disasters, wartime mobilization, and emergency epidemic prevention. The central financial guidance agency must draft and issue financial plans related to the formation of commodity reserves to local people's committees.

Article 20 (Notification of Data Related to Imported Commodities) The central customs guidance agency must send data on the types and quantities of commodities imported for sale to residents by commodity import institutions, enterprises, and organizations to the central planning guidance agency, central foreign economic guidance agency, and central commercial guidance agency at the point of commodity entry.

Article 21 (Informatization of Commodity Circulation) The central commercial guidance agency and central informatization guidance agency must realize the informatization of

national commodity circulation centered on the commodity registration information system.

Article 22 (Handling of Low-Quality Commodities) The central commercial guidance agency, local people's committees, and relevant supervision and control agencies must promptly recover and handle counterfeit, defective, and low-quality commodities supplied and sold through commodity circulation networks. Recyclable commodities are returned, commodities with some usable value are supplied free of charge to necessary units, and the remaining commodities are disposed of by incineration, burial, or other methods. The specific order for recovering, returning, free supply, incineration, burial, and disposal of counterfeit, defective, and low-quality commodities is determined by the implementation regulations and detailed rules of this law.

Chapter 3: Organization of Commodity Distribution Networks

Article 23 (Basic Requirements for Organizing Commodity Distribution Networks)

Central commercial guidance institutions, local people's committees, commercial institutions, enterprises, and organizations must organize commodity distribution networks with a promising outlook, considering the people's commodity demands and convenience, as well as the characteristics of the respective regions, in accordance with the demands of the socialist lifestyle.

Article 24 (Placement of Commodity Distribution Networks) Central planning guidance institutions, central commercial guidance institutions, local people's committees, and relevant institutions must accurately analyze factors affecting commodity distribution, such as population density, floating population, and transportation development level, and set standards for the placement of commodity distribution networks accordingly. Various forms of commodity distribution networks must be reasonably placed, primarily in residential areas.

Article 25 (Organization of Wholesale Commercial Enterprises) The organization of wholesale commercial enterprises is handled by central commercial guidance institutions.

Article 26 (Organization of Stores) Local people's committees, relevant institutions, enterprises, and organizations can organize stores. In this case, they must obtain the approval of the central commercial guidance institutions and the organizational approval of the relevant organizational institutions. Stores cannot be established without the agreement of the central commercial guidance institutions.

Article 27 (Registration of Stores) Newly organized stores must be registered with central commercial guidance institutions, statistical institutions, financial institutions, and relevant institutions as prescribed.

Article 28 (Business Licensing Institutions for Stores) Institutions, enterprises, and organizations intending to operate stores must obtain business licenses from the provincial (directly governed city) people's committees or relevant institutions. Stores cannot operate without business licenses.

Article 29 (Application for Business Licenses) Institutions, enterprises, and organizations intending to obtain business licenses must prepare business license application documents and submit them to the city (district), county people's committees, or relevant institutions. The city (district), county people's committees must conduct local investigations within seven days of receiving the application documents and submit the business license application documents to the provincial (directly governed city) people's committees if the store is organized according to regulations. The business license application documents must specify the name of the applying institution, enterprise, or organization, sales indicators, service capabilities, service facility locations, and organizational basis, and attach the agreement and approval documents of the relevant institutions.

Article 30 (Review of Business License Application Documents) Provincial (directly governed city) people's committees and relevant institutions must review and approve or reject the business license application documents within seven days of receiving them. If the business license application is approved, a business license will be issued; if rejected, a rejection notice stating the reasons will be sent to the relevant institutions, enterprises, or organizations. Provincial (directly governed city) people's committees and relevant institutions must regularly notify central commercial guidance institutions of the status of business license applications.

Article 31 (Approval of Business Types for Electronic Stores) Institutions, enterprises, and organizations with established information technology bases can operate virtual commodity distribution networks (hereinafter referred to as electronic stores) that post commodity information and realize commodity sales through national networks and mobile communication networks. Institutions, enterprises, and organizations intending to operate electronic stores must obtain the agreement of central commercial guidance institutions and submit review documents to the central information technology review committee for review. The central information technology guidance institutions must approve the business types for operating electronic stores for institutions, enterprises, and organizations that have been approved in the review.

Article 32 (Service Types of Electronic Stores) The service types of electronic stores include direct sales and agency sales. Direct sales involve selling one's own commodities

directly through electronic stores, while agency sales involve selling commodities of other institutions, enterprises, or organizations through electronic stores.

Article 33 (Organization of Commodity Exhibitions) Committees, ministries, central institutions, and local people's committees can organize commodity exhibitions. Commodity exhibitions are organized by sector, region, season, and commodity type.

Article 34 (Approval for Organizing Commodity Exhibitions) Committees, ministries, and central institutions intending to organize commodity exhibitions must obtain the agreement of central commercial guidance institutions and the approval of the cabinet, while local people's committees must obtain the approval of central commercial guidance institutions.

Chapter 4: Operation of Commodity Distribution Networks

Article 35 (Basic Requirements for Operating Commodity Distribution Networks) Institutions, enterprises, and organizations (hereinafter referred to as commercial enterprises) operating commodity distribution networks must accurately grasp the people's commodity demands, secure necessary commodities sufficiently, and enhance responsibility and service in the storage, management, supply, and sale of commodities to fully meet the people's consumer goods demands.

Article 36 (Securing Commodities) Commercial enterprises must accurately grasp commodity demands, receive commodity orders, and secure planned commodities in full through production and import.

Article 37 (Transportation and Delivery of Commodities) Commercial enterprises and transportation enterprises must transport and deliver commodities according to transportation plans and order contracts. Institutions, enterprises, and organizations operating electronic stores must deliver contracted commodities to the orderer within the contracted time.

Article 38 (Inspection and Receipt of Commodities) Commercial enterprises must conduct inspection and receipt of commodities as prescribed and manage commodities well to prevent accidents during the commodity distribution process. Losses and accidents discovered during the inspection process must be addressed promptly.

Article 39 (Management of Commodity Storage) Commercial enterprises must equip warehouses and facilities necessary for commodity storage management according to standards and manage commodities according to their characteristics.

Article 40 (Packaging Containers for Commodities) Commercial enterprises must prepare packaging containers for each commodity type necessary for their business activities and use them reasonably.

Article 41 (Inventory of Commodities) Commercial enterprises must conduct regular inventory checks of commodities. Deficiencies discovered during inventory checks must be corrected promptly.

Article 42 (Display, Lighting, and Advertising of Commodities) Commercial enterprises must display, advertise, and illuminate commodities in a cultured manner. Commodity advertisements must be approved by relevant institutions and conducted in prescribed formats.

Article 43 (Guarantee of Service) Commercial enterprises must adopt various service forms and methods, such as mobile services and order delivery services, to maximize convenience for the people. Service personnel of commercial enterprises must possess high humanity, always serve the people in a cultured and friendly manner, and accurately introduce the quality of commodities.

Article 44 (Posting of Price Tags) Commercial enterprises must obligatorily post price tags certified by national price institutions at service locations and sell commodities at the prices specified on the price tags.

Article 45 (Receiving Opinions on Commodities) Commercial enterprises must obligatorily install opinion boxes in places easily visible to the people. When receiving opinions on the quality of commodities and services, appropriate measures must be taken.

Article 46 (Posting of Commodity Information) Commercial enterprises operating electronic stores must accurately post commodity information. Commodity information in electronic stores includes images, names, trademarks, places of production, circulation periods, inventory, specifications, prices, delivery methods, contacts, user evaluations, usage methods, payment functions, and precautions. False or insufficient posting of commodity information to deceive or mislead consumers is prohibited.

Article 47 (Storage of Commodity Sales Data) Commercial enterprises operating electronic stores must store data related to commodity sales for the prescribed period.

Article 48 (Operation of Commodity Exhibitions) Institutions, enterprises, and organizations can exhibit and directly sell produced or imported commodities at commodity exhibitions. In this case, regulations related to the operation of commodity exhibitions must be observed.

Article 49 (Prohibited Acts in Commodity Sales) The following acts are prohibited in commodity sales:

1. Selling counterfeit, defective, or low-quality commodities
2. Selling commodities that contradict the socialist lifestyle
3. Selling commodities in bulk to citizens
4. Selling commodities outside the sales indicators specified in the business license
5. Selling commodities without a business license
6. Selling commodities without setting or registering prices
7. Selling commodities in violation of set or registered prices
8. Selling consumer goods in material exchange markets
9. Citizens selling commodities illegally
10. Selling commodities without attaching product information media where required
11. Selling commodities not registered in the commodity registration information system (except for purchased commodities)
12. Selling commodities in violation of laws and regulations

Chapter 5: Guidance and Control of Commodity Distribution Business

Article 50 (Basic Requirements for Guidance and Control of Commodity Distribution Business) Strengthening guidance and control of commodity distribution business is an important guarantee for thoroughly implementing the state's commercial policies. The state strengthens guidance and control over commodity distribution to grasp all commodities in the hands of the state and ensure smooth distribution to fully meet the people's consumer demands.

Article 51 (Guidance of Commodity Distribution Business) Guidance of commodity distribution business is conducted under the unified guidance of the cabinet by central commercial guidance institutions and local people's committees. Central commercial guidance institutions and local people's committees must establish direct guidance systems for state-owned commodity distribution networks and dual guidance systems for commodity distribution networks of institutions, enterprises, and organizations, and normally grasp and guide the overall commodity distribution business.

Article 52 (Preparation, Issuance, and Operation of Regulations, Rules, and Guidance Documents) Central commercial guidance institutions uniformly prepare and issue national management documents related to commodity distribution business, such as regulations, rules, and guidance documents, and normally summarize and address issues arising in commodity distribution business through the operation of non-permanent commercial associations.

Article 53 (Guarantee of Service Conditions) Central commercial guidance institutions, local people's committees, relevant institutions, commercial institutions, enterprises, and organizations must fully guarantee the service conditions of commodity distribution networks. Acts of diverting funds and commodities from the commodity distribution sector under various pretexts or mobilizing service personnel for unrelated tasks during service hours, thereby hindering service, are prohibited.

Article 54 (Supervision and Control of Commodity Distribution Business) Supervision and control of commodity distribution business are conducted by central commercial guidance institutions, local people's committees, and relevant supervision and control institutions. Central commercial guidance institutions, local people's committees, and relevant supervision and control institutions must normally supervise and control the implementation of the state's commercial policies.

Article 55 (Civil Liability) If this law is violated and property damage occurs, the responsible party is subject to civil liability, such as compensation for damages, penalties, and late fees.

Article 56 (Compensation Penalties) If commodities are illegally handled or improperly managed, resulting in loss, decay, deterioration, or damage, compensation penalties are imposed on the relevant institutions, enterprises, organizations, and citizens.

Article 57 (Fines) Fines are imposed on institutions, enterprises, organizations, and citizens in the following cases:

1. If the prescribed quantity is not guaranteed in the supply and sale of commodities, institutions, enterprises, and organizations are fined 300,000 to 1,500,000 won, and citizens are fined 20,000 to 100,000 won.
2. If institutions, enterprises, and organizations transfer products produced to individual citizens in bulk or if individual citizens receive and sell them, fines are imposed at 2 to 10 times the transaction amount.
3. If prohibited commodities are sold according to Article 49 of this law, fines are imposed at 2 to 5 times the sales amount.

4. If the prescribed order is violated in commodity advertising, institutions, enterprises, and organizations are fined 100,000 to 1,000,000 won.
5. If false or insufficient commodity information is posted in electronic stores, deceiving or misleading consumers, institutions, enterprises, and organizations are fined 1,500,000 won.
6. If commodity supply contracts based on the state's commodity supply plan are not fulfilled, institutions, enterprises, and organizations are fined 1,000,000 to 1,500,000 won.
7. If commodities are not delivered within the contracted time, institutions, enterprises, and organizations are fined 10,000 to 50,000 won.

Article 58 (Suspension Penalties) If the supervisory and control institutions point out corrections for the acts specified in Article 57 of this law and the defects are not corrected, the business activities of the relevant unit are suspended. In severe cases, the business is closed.

Article 59 (Confiscation Penalties) If commodities are illegally distributed, the funds and commodities used in the illegal acts are confiscated.

Article 60 (Warnings, Severe Warnings, Unpaid Labor, Labor Education, Demotion, Dismissal, Removal Penalties) In the following cases, responsible persons are subject to warnings, severe warnings, or penalties of unpaid labor for less than three months, labor education penalties:

1. If commodity distribution plans are prepared and issued without considering demand
2. If commodity supply plans are not met
3. If produced or imported commodities are not supplied according to the commodity supply plan
4. If commodity supply contracts based on the commodity supply plan are violated
5. If commodities (except purchased commodities) are distributed without registering in the commodity registration information system
6. If the credit guarantee system is not properly applied
7. If prescribed commodity reserves are not formed

8. If obsolete or unusable commodities, low-quality commodities are not promptly recovered and disposed of
9. If the placement of commodity distribution networks is not properly done, causing inconvenience to people's lives
10. If business license order is violated
11. If commodity exhibitions are organized arbitrarily
12. If prohibited commodities are sold, commodities are illegally handled, or the prescribed quantity is not guaranteed in the supply and sale of commodities
13. If commodities are lost, decayed, deteriorated, or damaged due to improper storage management and inspection
14. If the prescribed order is violated in commodity advertising
15. If measures are not taken after receiving opinions on the quality of commodities and services, causing social disturbance
16. If commodities are sold without posting price tags certified by national price institutions
17. If commodities are sold without setting or registering prices
18. If commodities are sold in violation of set or registered prices
19. If funds and commodities from the commodity distribution sector are diverted under various pretexts or service personnel are mobilized for unrelated tasks during service hours, hindering service

If the above acts are repeated or cause property damage of more than 20,000 won, penalties of unpaid labor for more than three months, labor education penalties, or demotion, dismissal, removal penalties are imposed.

Article 61 (Criminal Liability) If acts violating this law constitute a crime, responsible persons are subject to criminal liability according to the relevant provisions of the criminal law.