Commodity price hikes not caused by scarcities: minister

Bogor, West Java (ANTARA News) - Trade Minister Mari Elka Pangestu said the current surge in the prices of basic necessities was not caused by stock scarcities or distribution network problems.

"The government is studying the possibility that anticipatory steps taken by traders in the runup to the fuel oil price hikes have caused the commodity price hikes," the minister said here on Monday.

She said the important thing to the government was that the hikes in basic commodity prices were not caused by stock scarcities and distribution disturbances.

The minister said farmers were now in the middle of their harvest season but to anticipate price hikes due to traders’ speculative practices, the government was taking various measures, among others, increasing rice allocation for the poor, providing cooking oil subsidy and distributing direct cash assistance.

Mari said the government’s aim was to divert the subsidy to more appropriate recipients, namely the poor who were being seriously affected by the food price hikes.

"In the near future, the government will issue a decree on steps to be taken for the poor," she said.

Indonesia is not the only country which is facing food price hikes in the world, she said.

"The food crisis is basically caused by government behavior because exports and production remain normal," she said.

This means, she said, that all countries must face the food resilience issue and take steps through fiscal and trade instruments.

The steps taken should not cause a disorderly situation in the world market. "Incorrect steps will push up prices," she said. (*)

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