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### **Government intervenes to curb price rises**

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The government has started to temporarily intervene in the market to control the prices of a range of daily necessities such as grain and meat, and rein in inflationary pressure.

The prices of grain products, edible oil, pork, beef, mutton, milk, eggs and liquefied petroleum gas are being monitored and any rises have been subject to government approval from Tuesday, the National Development and Reform Commission, the top economic planner, said Wednesday.

The move highlights rising concern about the surging consumer price index - a key gauge of inflation - which jumped 6.9 percent last November, the highest in a decade. The NDRC said it expects to help curb "unreasonable price hikes" and reduce "inflation expectations of the public".

Major producers need to obtain government approval before raising their prices; and major wholesalers are required to file a statement to government agencies if they raise prices by 6 percent within 10 days or by 10 percent within a month.

"The measures will be lifted once prices ease," said the commission. "But for now, it's necessary for the government to intervene as the prices of some products have risen substantially."

The CPI is expected to reach 4.5 percent for the whole of 2007, the China Academy of Social Sciences has forecast. Food, which accounts for a third of the CPI basket, has been the main driver of inflation.

According to the NDRC, retail prices of soybean oil, pork, beef and mutton climbed 58 percent, 43 percent, 46 percent and 51 percent year-on-year in the first half of this month.

"Surging food prices have put a strain on low-income residents," said Wang Tao, a Beijing-based economist with Bank of America. "The temporary measure came about partly because the government is trying to prevent large price increases in the run-up to the Lunar New Year."

The Ministry of Commerce said earlier that the authorities would continue to release stockpiled pork in the retail market before the Lunar New Year holiday, which starts February 6.

The NDRC noted the intervention is not a "price freeze" and it only intends to intervene in cases of "unreasonable price adjustment".

According to the economic planner, some firms are hoarding goods, raising

prices arbitrarily or spreading rumors about price rises to stoke panic buying.

The State Council, the Cabinet, passed new rules to impose tougher penalties on price manipulators last Wednesday. It also decided to freeze prices of public utilities, such as water and electricity, and gasoline.

(Source: English Site of [UNIDO](#))

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