Industry-1 Minister explains measures to maintain stable commodity prices

NAY PYI TAW, 25 March- At today’s Pyidaungsu Hluttaw session, Daw Lé Lé Win Swe of Tamway Constituency said that commodity price has been surging across the nation since the beginning of January and that especially people with low income are facing hardships due to price rise of basic foodstuffs, and asked what contributing factors to rising commodity prices are and the government’s measures to deal with the situation and maintain stable commodity prices.

For his part, Minister for Industry-1 U Aung Thaung said that local and foreign issues and special phenomenon-rise of global oil and gold price, climate change, world’s financial market change, global political and military issues, inland transportation charges, bridge and road-passing charges, and black market- have adverse effect on commodity prices.

During 2010, world’s crops production declined due to climate change across the globe.

Decline in world’s food production led to an increase in rice, edible oil and foodstuff prices beginning the third quarter of 2010. United Nations, World Food Programme and other responsible organizations concerned about the issue. Commodity price across the world is on the increase as some countries have stockpiled foodstuffs.

One of the reasons of high commodity price in Myanmar is that rice and foodstuff for domestic consumption have leaked into neighbouring countries that are facing rocketing food prices.

World’s crude oil price has been surging gradually since September last year.

Drop in oil production resulted from political instability of oil-producing countries in the Middle East added fuel to the situation, which was worsened when the world’s industrialized nations began to store crude oil, being afraid that oil supply would be cut off. The rise in oil price resulted in increased transportation charges which led to rising commodity prices.

Another factor was the rumors of pay rise for governmental staff. Oil production in oil exporters (Egypt, Libya, Yemen, Bahrain, Oman, Tunisia and others) from the Middle East has declined by two third and countries that posses oil are storing it, which leads to rise in oil price. The situation was further worsened when other countries felt worried about the situation in the Middle East and have began to store oil and other commodities.

Domestic oil use has increased due to mining of jade, jewels, gold and other minerals in this summer. Over 1,100 companies are working in jade mining industry alone and its oil consumption reaches over 2 million gallons per month. Over 400 companies working in gold and other mineral mining industry use over 1.4 million gallon of oil. These companies are stockpiling the oil for fear of potential oil shortage resulted from instability in Middle East, making oil price rocketing high.

To prevent huge damages of roads, ASEAN standard transport system was adopted. Transport charges hit high as transport entrepreneurs is not used to the system.
Regarding speculation of raising salaries of government staff, storing commodities by some merchants makes the increase in demand and price in the market.

Following fabricated broadcasts of foreign media in previous January and February, deposits were drawn out from two domestic banks.

But the situation is now stable with this news fading out as rumors.

Commodity Price Supervisory Committee watches production, export and consuming of commodity and estimates that the food security covers the entire nation. The State is setting sight on sufficiency of rice, oil, salt, meat, fish, onion, garlic, chili, pulses and beans and vegetables. A total of 1566.303 million of baskets of rice were harvested from 19.933 million of summer and monsoon paddy farmlands.

The amount is sufficient for 59 million of population accounting for nearly 160 per cent. Rice production increased from 631 million baskets in 1988 to 1566.303 million now. Edible oil is somewhat sufficient as 322.435 million of edible oil is produced from 9.271 million acres of farmlands of oil crops. Onion, garlic, chili and pulses and beans production exceeds local consumption. Local food security will not be a matter of concern in any circumstance.

Meat and fish production has been increased to meet local consumption.

Compared with 4.1 kg in 1988, the meat individual annual consumption has surged to 24.8 kg. Fish individual annual consumption has increased to 59.9 kg from 15.3 kg and egg consumption to 122 from 21. Meat and fish exceeded the local consumption are exported. A total of 532.909 million US dollars were obtained from meat and fish export in 2009-2010 compared to 10.38 million US dollars in 1988. In 2011-2012, the estimated amount of fish and prawn production is 2618.8 million viss, that of meat is 1273.252 million viss and that of egg is 3332.1 million eggs with the cooperation of international projects, local and foreign experts, entrepreneurs and organizations.

With short- and longterm objectives, the State is realizing meat and fish sufficiency and price stabilization.

The State is boosting development of agriculture, breeding and production yearly by ensuring enough commodity is in market, transport charges are reasonable and by reducing unnecessary stages and controls which increase the production price. The State controls food leakage to other countries, joins hands with related organizations to eradicate of rice and food storage following rumours, pursues private entrepreneurs not to play prices and to participate in market, encourages swift commodity flow and helps improve agricultural and breeding production.

Political and economic instability in some foreign countries and playing price by some businessmen are the contributing factors for current price increase. For this situation, the State has arranged to distribute fuel and helped the swift transport and basic foods are sufficient in the country. So, the State can maintain the price stabilization well.

*Source: NLM 2011-03-26*