

Price rises approved in 7 regions

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Authorities have approved price hikes for a number of basic necessities, amid rising costs faced by manufacturers and wholesalers.

Two cooking oil producers in Beijing were given the green light by local authorities to raise the prices of 13 oil products, with the highest seeing an increase of 9 percent, the National Development and Reform Commission (NDRC) said yesterday.

Government agencies in six other provinces including Guangdong, Jilin and Zhejiang also received applications from retailers and manufacturers to raise prices, some of which were dismissed for being "unreasonable", the commission said.

On Jan 17, the central government decided to temporarily intervene in the market to control the prices of a range of daily necessities such as grain and meat, to rein in inflation.

By Jan 26, 31 provinces, municipalities and autonomous regions had introduced similar measures.

Currently, major producers need to obtain government approval before raising their prices, while 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.

Companies such as cooking oil producer Luhua Group and dairy company Mengniu Dairy need to get approval from the NDRC before raising prices.

Local governments also oversee the price adjustment of smaller producers, wholesalers and retailers.

In a recent case, local price authorities required a supermarket in Nanton, Jiangsu province, to lower its pork prices, which were raised much faster than its purchase prices.

"The tight approval process highlights the government's concern over inflation," Chen Jijun, chief analyst for Beijing-based CITIC Securities, said.

The consumer price index (CPI) grew 7.1 percent year on year in January, the highest level since 1997. Government statistics show the inflation has been largely confined to food prices, which jumped 18.2 percent in the past month.

"But now signs are clear that inflation has been spreading to other sectors, as more and more manufacturers are trying to raise prices," Chen said.

Production prices climbed 6.1 percent year on year in January, the fastest in three years, adding pressure to efforts to curb inflation, analysts said.

The producer price index also climbed 6.1 percent in January from a year earlier, the fastest in three years. The index measures the average change in the prices received by producers for their output, and reflects potential inflationary trends.

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