
Vietnam to cap fuel and steel prices to curb inflation

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Bloomberg reported that Vietnam one of Southeast Asia's fastest growing economies, won't raise prices of essential goods including fuel and electricity this year in order to curb inflation.

According to Mr Bui Xuan Khu deputy minister of trade and industry, companies supplying the products, which also include coal, fertilizer and steel, will have to ensure sufficient stocks to avoid any sudden price increases.

Mr Xuan Khu said that the move comes amid reports of losses by state owned enterprises because of price controls and spiraling inflation. Consumer prices accelerated to 26.8% from a year earlier in June, the fastest rate since 1992. The trade deficit widened to USD 14.8 billion for the first half, up from USD 5.2 billion a year earlier.

Mr Hoang Trung Hai deputy prime minister said that the country needs to maintain a trade deficit of less than USD 20 billion and an export growth rate of at least 28% in 2008 in order to curb inflation by the end of 2009.

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