

# Government is Asked to Increase Fuel Price Gradually

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YOGYAKARTA -.The fuel subsidy amounting to 193,8 trillion that will be disbursed by government in 2013 is confirmed to be not on the target. The subsidy that should target public transports, motorised vehicles and fishermen will benefit the haves more. Therefore, the government is requested to increase fuel price gradually, single identity number (SIN) installment through E-KTP in marketing fuels, acceleration of conversion from fuels to gas, and increasing oil and gas. The idea emerged in a discussion on "Fuel Subsidy and National Economy" in the Pertamina Tower, Faculty of Economics and Business UGM, Saturday (23/2).

Rimawan Pradipto, M.Sc., Ph.D, researcher from the Faculty, said that the consumption pattern of subsidised fuels is compensated consumption. This is like the phenomenon of parents giving a credit card to their teenager who is freed to buy anything they want to buy in a posh mall and the parents will pay whatever price.

Reducing subsidised fuel allocation by minimising the negative impacts of the policy on unfortunate families will be more difficult to materialise in Indonesia, because there is no single identity number (SIN) in fuel marketing, so, there is no price discrimination between subsidised and non-subsidised fuels. "The choice we face is not between 'easy and not easy', but between 'not easy and 'more not easy'," Rimawan said.

Head of State Budget Policy of Finance Ministry, Rofyanto Kurniawan, S.T.. M.B.A., said the subsidised fuel allocation from year to year kept increasing so it burdens the state budget. In 2011, the subsidy was 129 trillion, increasing to 165 trillion in 2012. "The subsidy debt of 23 trillion in 2012 was not even paid yet," he said.

Member of Parliament, Ir. Isma Yatun, M.T, explained that government finds it difficult to monitor limitation of subsidised fuels. "In Java and Bali, only 23% of the target 80 percent has been reached," she said.

The choice to increase fuel price according to Isma Yatun is a difficult one for government. If they increase it to level with international price, it will become Rp 9,000 per liter.

Even so, she proposed that the government reduce fuel subsidy gradually so that the subsidy that reaches 2,1 of the GDP can be transferred to increase economic growth and health and minimise the number of impoverished people.

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