

FinMin Caciu on inflation: There will be two or three more complicated months

Inflation in Romania has risen faster than expected, and there will be two or three more complicated months, while the solution to this inflationary outbreak will be higher production, higher supply, Finance Minister Adrian Caciu told a news briefing on Thursday at the end of a government sitting.

"In the 'Support for Romania' package there is also a scheme for voluntary increase in the minimum wage, which will have a multiplier effect on the income of employees in the private system as well. Obviously, inflation has risen faster than initially forecast. If we take a look, strong countries have reached historical inflation, not to mention the United States or the United Kingdom, I mean just the Netherlands, where monthly inflation rose by 65%, from 7.3%, if I'm not mistaken, to 11.9%, so there are components that come as an external shock, or an external inflationary trigger. The solution is to reduce our dependence on imports so that we can keep our prices at a reasonable level. There will be two or three more complicated months. The inflationary surge is based on what has been said, the energy price crisis, the effects of the conflict on world oil trade flows, which means rising fuel prices and, on the other hand, disruptions in the food supply chains. Together, they have created this inflationary outbreak to which obviously all of Europe, all of humanity must adapt. That's what we are doing. The solution will be higher production, higher production-higher supply. If we want to have lower prices we have to have bigger supply. In terms of energy, the solution is to invest in energy, so that we have a bigger supply so that we can have lower prices," Caciu said.

When asked if we can expect a freeze on wages and pensions or redundancies in the public sector given a surge in the government public debt, the minister replied that the government does not consider such an issue, but that the resizing of the public sector is included in the National Recovery and Resilience Plan (PNRR).