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## **EFFECTS OF SUGAR PRICE INCREASE IN INDONESIA**

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**Abstract.** This paper studies the effects of the increase on sugar price in Indonesia. The understanding of sugar price policy is of great interest since the Indonesian government would try to increase the domestic production in order to fulfill the domestic demand by its policy. The CGE (computable general equilibrium) was designed to evaluate the sugar price policy and its effects. The study shows that the increased of the domestic sugar price by 10-30% will increase the producer welfare as well as the output, the export and import of other sectors but it would reduce the real income of households, firms and government. This study proved that the rise of sugar price more than 20% would have the worst effects to the consumers. So, the government should maintain the domestic sugar price in order to protect the producers and the consumers wisely.

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