

# Summary

The problem of the study is the insufficiency of the local production of some grains to meet the increasing demand of the population.

Therefore, the food gap of some grains, and specific of wheat in particular has become larger, such that the amount of imported wheat has increased, this increases loaded to burden on the state. The problem of the study was also represented in maintaining the rates of self-sufficiency of rice.

Consequently, the result aimed at investigating the development of wheat imports and rice exports as well as the effect of GAIT Agreement on rice exports and wheat imports. Also studying the effect of GATT on costs of feddan production of rice and wheat in Elsharkia government.

The study applied the statistical analysis. The study used the application of the partial equilibrium model effect on rice and wheat crops. The study also depended on the estimation of the costs production function of the sample farmers and comparing the items of production costs in the average period (1990-1994), and knowing the change in production cost items per Feddan for the farmers after the implementation of GATT.

The study included an introduction, four chapters, a summary in Arabic and another one English.

**Chapter one** includes the theoretical framework and review of the most important researches and studies. The theoretical framework was consisted Concepts, tours and principles of GATT and functions of Word Trade Organization. While, The review studies were divided into two divisions, the first is studies

of policy of economic liberality, the second is studies of GATT agreement.

**Chapter two** presents the development of foreign agricultural trade of the crops of the study.

It deals with the development of rice exports. It is clear that the rice exports increased during this period. The average rice exports increased during the first period (1985-1994) to about 96 thousand tons, while it increased to reach 362 thousand tons during the second period (1995-2003).

By studying the development of wheat imports, it was found that it was fluctuated between increase and decrease. In the first period (1985-1994) the average imported amounts of wheat about 5009 thousand tons, while it increased during the second period (1995-2003) to reach about 5073 thousand tons.

**Chapter three** dealt with the effect of GATT on rice exports and wheat imports. So the period of the study was divided into two periods, The first period is the period before the implementation of GATT (1985-1994) the second period is the period after GATT implementation (1995-2003), to study the effect of GATT Agreement on these crops.

The partial equilibrium model of rice crop, indicated that the returns of country revenues and the supply of foreign currency were increased by about L.E. 12 and 10 Million respectively after GATT, due to the increase of the rice export.

Regarding The welfare indicators, the mediators of change in the producer surplus and the change in the consumer surplus after the implementation of GATT were increased by about 15

**Summary**

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and 27 Million L.E respectively.

Regarding the indicators of efficiency there was a decrease in the value of NELp <sup>(1)</sup>, NELc <sup>(2)</sup> and Net effect <sup>(3)</sup> amounted to 23, 11, 34 million L.E respectively, after the implementation of GATT. As a result of the reduction of implied taxes on rice product, in addition to farm price became close to the international price.

On other hand the effect of GATT on wheat imports, and by applying the model of partial equilibrium on wheat, and by counting the indicators of the country revenues. It was found that the indicator of change in the country returns was decreased with about L.E. 458 million, due to the improvement of the wheat self sufficiency rates.

Whenever the indicator of change in the foreign currency was increased with about L.E. 470 Million after the implementation of GATT.

By investigating the welfare indicators of wheat, the indicator of change in producer surplus was increased by about 693 L.E. Million, due to the reduction in the taxes on producers. On the contrary, the indicator of change in the consumer surplus was decreased after the implementation of GATT with about 236 million L.E. this is due to the inability of the local production to satisfy the food requirements of the increasing population.

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<sup>(1)</sup> NELP = Net economic loss in production.

<sup>(2)</sup> NELC = Net economic loss in consumption.

<sup>(3)</sup> Net Effect = Net economic loss in society = NELp + NELc

By studying the efficiency indicators of wheat, it was clear that the NELp decreased with about L.E. 13 million, due to the high production cost of wheat crop. This means that there is a non-economic usage of production resources, while the indicator of the NELc was decreased about L.E 21 million, as the consumer reduces his wheat consumption due to its low supply in the local market. This reflects the Net effect indicator of the total previous two indicator. It was decreased with about L.E 34 million, after the implementation of GATT.

**Chapter four**, appeared that the sample of the study from. Elsharkia government because it is one of the largest Egyptian wheat and rice production government.

The study was used the multistage stratified random sample, a sample equal 100 farmer in each corps, each sample was divided into three classes. The first class is less than one feddan, the second is from one to less than two feddans, and the third is two and more two feddans.

Studying the effect of GATT on costs of feddan production of rice and wheat in Elsharkia,

By comparing the items of feddan production costs for rice with the items of total costs of Elsharkia at the average period (1990-1994). It was noted that the most expensive element was of machine labor followed by the chemical fertilizer, the human labor. The least expensive element that was affected was the animal labor, while the absolute change rate of the price of seeds, destructive element decreased.

Also, the most expensive element was of machine labor for

wheat crop, followed by the price of seeds, chemical fertilizer. The least expensive element that was affected was the destructive element, on the contrary the absolute change rate of animal labor was decreased.

By estimate the optimum size of production and the size maximum of profit. Regarding the sample of rice and comparing it to the total production of the sample and the three classes estimated to about 3.60, 3.56, 4.40, 3.04 tons respectively, to the feddan productivity estimated at 3.45, 3.57, 3.42, 3.42 tons respectively. It was indicated that the farmers of the first class (less than one feddan), the third class (two and more two feddans) to the optimum amount of production.

By estimate the size maximum of the profit for the sample of rice, the cost per ton for the sample and the three classes were about 317, 316, 320, 318 L.E. respectively, while the average farm price per ton were about 477, 473, 479, 478 L.E. respectively. Thus, no farmer of the sample has reached the size maximum of profit.

Regarding the sample of wheat and by comparing the optimum size of production of sample production and the three classes estimated to 15.61, 18.20, 13.71, 15.43 ardeb respectively, to the feddan productivity estimated about 15.08, 15.54, 15.53, 14.51 ardeb respectively. Therefore, the second class (from one to less than two feddans) reached the optimum size of production.

To estimate the size maximum of the profit for the sample of wheat, the cost per ardeb for the sample and the three classes

were at 68, 65, 66, 69 L.E, while the average farm price per ardeb were about 96, 95, 97, 97 L.E. This indicates that no farmer of the sample has reached the size maximum of the profit

**Which could be summarized as follows: -**

- The positive impacts on rice were: Country returns, total foreign currency, product' surplus and consumer surplus were increased by about 12, 10, 15, 27 LE Million respectively. And decreasing in NELP, NELc and Net effect with about 23, 11, 34 LE Million as a result of rice exports increased and producers' Taxes reduced.
- The positive impacts on wheat were: Total foreign currency, product surplus were increased by about LE 470, 693 Million respectively. And decreasing in NELP, NELc and Net effect with about 13, 21, 34 LE Million respectively as a result of increasing self sufficiency of wheat and the gate price is almost coincides with international price.
- On the other hand there was no negative impact on rice crop, while there was a negative impact on wheat crop were: reduction on country returns and consumer's surplus with about LE 458 and 236 Million respectively.
- Cost of rice and wheat machinery was also increased after GATT application, as well as fertilizers chemical and human labor costs for rice.
- Even though, the total return of wheat and rice was increased, the net profit was reduced as a result of higher cost of their production

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# **IMPACT OF THE GENERAL AGREEMENT OF TARIFFS AND TRADE ON GRAINS PRODUCTION IN EGYPT**

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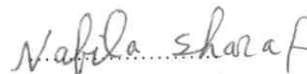
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