

Analytical Study of the Agricultural Policy Impact on the Size of Food Gap in Egypt

This study applied an econometric technique to measure the impact of the various agricultural policies on food gap change in Egypt. Agriculture occupies a vital role in the Egyptian economy and it will continue to be of a major importance for many coming decades. Egyptian economic policies have been subject to a number of changes during the last three decades. Many of these policies have remained ineffective and have continued to impact the Egyptian economy up to the present time. Food gap is considered one of the most important negative results of these policies. Agricultural policy plays a major role in the Agric. sector. It has its direct effect on production, consumption, and pricing system. Any agricultural policies have been implemented through the last three decades. They have taken remedial steps to reduce or even eliminate the food gap and its undesirable effect. The ultimate goal of this study is to investigate the food gap through the period 1965-1991. Economic policies and factors affecting the food gap were under investigation. The study is covered in five chapters. The first chapter deals with the most important factors affecting the agricultural production and consumption in Egypt. Results obtained from the first chapter showed an increasing rate of the food gap, this is mainly due to the agricultural trade policies during the period 1965-1991. The results also indicated that the total imports had been increased to satisfy the national needs of food requirements. Value of food imports varied between 50% and 100% of the total Egyptian exports during the same period, in addition, income multiplier increased to 2.96. The second chapter investigated the economic factors affecting the agricultural production and food consumption in Egypt. Results obtained from this chapter indicated that the cropping area was found to be almost stable. Vertical development showed insignificant increase for agricultural productivity. Total loss of all crops showed an increasing rate. Estimated loss ranged between 5:10 - 14.3% for wheat and 2.9% - 4.3% for maize during the period 1965-1991. The study also indicated an insufficient investments allocated to the agricultural sector. Investments in the agriculture sector represents 12.2% of the total national investments for the period 1980-1990. On the other hand food consumption was extremely affected by per capita income, consumption pattern, and subsidies policy. The third chapter was devoted to investigate the food gap through the last three decades. The effect of Agric. policies on food gap has been discussed in this chapter also. The fourth chapter investigated the economic policies and its effect on the food gap. Results showed a negative effect of both foreign trade policies and subsidies policies. Pricing policies had also a negative effect on the allocation of cultivated areas for the production of specific crops. Production of non-traditional crops became more profitable than the strategic food crops. One can say that food gap was highly affected by the pricing policies. Chapter five was devoted to get some economic indicators. Agricultural policy analysis matrix, simple market analysis and multi-market analysis were applied. The policy analysis matrix indicated that Nominal protection coefficient of each of the output and input wheat, Maize, Sugar Can, Cotton Seeds has been found to be less than one during the three stages of the study period. Also effective protection coefficient has been found to be less than one during the three stages of the study period, while the measured showed a strong comparative advantage in wheat, Maize sugar can, and cotton seeds production. The indicators have shown that there is an implicit tax on the producers and the consumer prices are subsidized. The main findings obtained in this study indicate the failure of the Egyptian

agricultural policy. As long as the policy analysis matrix cared only for the food supply analysis. The study cared for both "supply and demand, Simple market analysis", which showed same results, in addition to the possibility of elimination of the food gap in the studied crops by increasing the production and eliminating the consumption. The results of the multi market analysis has shown that the changes in policy analysis had resulted in eliminating the food gap. This study introduced some recommendations, such as, the tools of any policy have to be consistent with both the policy targets and the economic system of the society, more attention has to be given to the factors affecting the food gap specially those policies related to consumption, using an adequate price policies could create a serious social problems. Price policies have to be used with great care to avoid its negative impact on consumption and income.