



EVALUATION OF PRICE POLICY ON THE MOST IMPORTANT CEREAL CROP

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ABSTRACT

The research aimed at studying current situation improvement for grain crops production to meet international and domestic demand needs regularly with stable prices and standard specification, through analysis and assessment Egyptian price policy for crops subject of study, using policy agricultural analysis matrix, partial equilibrium model, measuring the impact of government interference on producers, consumers, foreign trade and government revenue as a result of implementing specific policy, and the impact of this on input and output utilizing efficiency, and on economic welfare on society and government revenue for those crops. The study indicates that, from calculating nominal protection coefficient, there was implicit subsidy for producers in the first period (2008-2010). In the second period (2011-2013) the subsidy decreased, taxes are imposed, and there was implicit taxes in the form of negative protection against producers and decrease in the consumer's subsidy proportion.

As a result of studying domestic resource cost for the study crops, it showed that, the value of coefficient less than one to rice, wheat, and maize. Which indicate to the ability of the current economy to save foreign currency through domestic production, which reflect competitive efficiency in rice international market. The study also indicates the excessive in government revenue at the second period for all study crops, meanwhile there was deficit in the foreign exchange for wheat and maize, this is due to the decreasing in the domes-

tic supply and the increasing in domestic consumption in light of low domestic price relative to international price. While there has been a decline in foreign exchange loss for rice in second period to first period reached about 45% because of the closeness between domestic prices and international prices. The loss in producers surplus for wheat and maize increased because of increasing in cost to returns, meanwhile it showed a decrease in producer net loss in the second period to the first period 12% approximately for rice because of farm price increase to reach the international price, also consumer surplus obtained advantages in all study crops in the tow period of the study. The study showed that, impact of net economic loss was negative at the tow period of the study for wheat and maize with a decreasing rate reached about 43% for wheat and 55%for maize, in contrast the net economic loss was positive for rice with decreasing rate reached about 62% in the first period.

The research concluded with the following recommendations:

- Implementing fair price policy in it domestic price relative to international price for the study crops.
- Reduction direct and indirect taxes imposed on producers in ratio of 6% for wheat and maize crops and with 7% for rice.
- Subsidy imported and essential goods producers to diminishing consumers and producers net loss, to diminishing producers' burdens borne, and to provide foreign exchange to the stat.

The need to provide economical and political stable atmosphere to the success of developing and prices policies in developing countries.

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