



## AN ECONOMIC STUDY OF SOME DETERMINANTS OF AGRICULTURAL INVESTMENT IN EGYPT

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### ABSTRACT

Agriculture Investments play important role in agriculture sector, It contributes about 15.4 of total GDP for the period (1995 / 1996 - 2013 / 2014).

The research problem was the decrease in the contribution of the agricultural investment in the total investment and this has lead to a decrease in the contribution of the agriculture sector in the Egyptian Gross domestic products (GDP).

The results showed that agricultural sector contributes with about 5.6% of the total investments between different economic sectors.

The study showed that there was an efficiency in the agricultural private investment and in total agricultural investment while there was unefficiency in the agricultural public investment.

The study showed that the most important determinants of agricultural investment in Egypt were agricultural gross domestic product, GDP, the agricultural income, reclaimed area, interest rate of agricultural loans and agricultural labor.

The agricultural investment value is inversely proportional to both of the interest rates of agricultural loans and the volume of agricultural labor, where by decreasing both of the interest rates of agricultural loans and size of agricultural labor by about 1% leads to an increase in agricultural investments with about 0.17, 1.88 billion pounds respectively, the reason of decline in the

agricultural employment size was to expand in using the technology in the agricultural sector. From the estimated model indicators that increasing both of the agricultural gross domestic product and GDP and agricultural income with about 1% leads to increase agricultural investments with about 0.413 , 40, 30 million pounds, respectively, and by increasing the reclaimed area with about 1% the investment increased with about 3.2 million pounds.

The study showed that ARIMA model was the most suitable model for forecasting public, private and total agricultural investment. The forecasted figures for public investment were about 3.4, 3.01, 3.04 billion pounds for the years 2014/2015, 2015/2016, 2016/2017, respectively while forecasting for the private agricultural investment were about 6.14, 3.99, 2.65 billion pounds, respectively for the same years. While forecasting for total agricultural investment will be about 10.04, 7.64, and 5.79 billion pounds during the forecasted years.

Finally the study recommended some important and topical recommendations for raising the agricultural investment such as:

1. Unify the agencies responsible for data source of investments to design a correct and clear investment map.
2. Stimulate agricultural investment projects by reducing the taxes through designing good tax and investment policies.
3. To Integrate the young graduates and small farmers in great cooperation for land reclamation and other agricultural projects by the help and stimulation of Agricultural Development And Credit Bank.

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