12 Egypt

12.1 - Developments at the macroeconomic policy level

12.1.1 - Introduction

The recent low level of foreign investments in Egypt and the efforts to fully integrate the Egyptian economy into the global economy have had their impact on Egyptian economic policy in the year under review. We have witnessed a number of developments in this respect, the most important of which are:

- Legislative amendments including various laws regulating the economic arena in Egypt on the one hand, and Egypt's relationship with the economic world on the other. This is illustrated by many examples such as:
  - New amendments to the law on investment incentives and guarantees, the objective being to provide more facilities for investment procedures for all investors whether Egyptian or foreign. This was done in order to encourage investment and overcome its obstacles.
  - Amendments to the customs law lifting the restrictions on imports, the objective being to activate various economic sectors and provide the opportunity for all investors to implement all production requirements at lower cost. A further aim is to eliminate a number of distortions in the customs tariffs system, which were causing a great deal of bureaucracy. As the result of the reductions introduced by this law, Egypt has reached the required final tariff level to be implemented by the beginning of 2005 according to Egypt's commitments to the World Trade Organisation (WTO), and has even gone beyond that level in accordance with the above-mentioned objectives.
  - Establishment of the Standard Customs Tax Centre to assist in the improvement of the customs procedures.

- Activation of more economic agreements and arrangements. The implementation of the Liberalisation of Trade Agreement between the Arab countries commenced at the beginning of 2005, for instance. Furthermore, the QIZ Agreement (Qualified Industrial Zone) was signed and began to be implemented between Egypt, the US and Israel, introducing a unilateral preferential rate for all products manufactured in the qualified industrial zones (industrial zones selected for deals by virtue of the agreement). This agreement includes: the freedom of immediate entry for all products manufactured in this zone into the US market duty-free and exempt of quotas or restrictions as long as the products comply with the rules of origin. These rules state that 11.7% of Israeli inputs (of the manufacturer's production price in the selected zones) should be included in the case of commodities exportable to the US market.

- Development of the basic structural projects related to the industrial zones.

- Liberalisation of the Egyptian pound on the foreign exchange market. In addition, adoption of a monetary and financial policy of expansion, and, finally, reduction of government intervention in market forces to a minimum in terms of wages and prices.

- Introduction of a new tax law tending to reduce the tax burdens imposed on investors and to diminish the bureaucratic constraints involved in dealing with the Tax Department. The major modifications of the law included:
  - Reducing the minimum tax rate to 20% on individuals and companies;
  - Eliminating the tax on income from securities;
  - Unifying the tax rates for all types of companies (partnerships, joint stock companies, financing companies, financial holding companies, ...etc).
  - Obliging the Tax Department to accept the tax declarations submitted to it.

- Creation of a new Ministry of Investment overseeing and controlling all economic sectors related to investment, such as the public works sector, the general authority for investment and free trade areas, the general authority for the financial market, the insurance sector and housing finance. The objective of the new ministry was defined as "to improve the investment climate, remove the obstacles that stand in the way of national and foreign investors, increase the trust between investors and the government, and eliminate the overlap of investment regulation laws".

12.1.2 - Macroeconomic indicators

These developments were accompanied by a trend reflected by the macroeconomic indicators as follows:

Table 12.1 – Macroeconomic indicators

	Items	2000-01	2001-02	2002-03	2003-04
1.	Employment (number in million)	18.0	19.7	18.2	18.7
2.	Unemployment rate %	8.4	9.0	9.9	9.9
3.	Gross Domestic Product (GDP) at factor cost (at current prices (£E bn)	338.6	363.1	388.06	426.048
4.	Growth rate %	3.4	3.2	3.1	4.2
5.	Gross Agricultural Product (£E bn)	56.9	60.9	62.6	67.8
6.	Growth rate % (Agri Sector)	3.6	3.6	2.8	3.2
7.	Gross domestic investment (£E bn)	66	68	71	76
8.	National investment/ GDP%	18.3	17.8	17.1	16.7
9.	Direct Foreign Investment / GDP%	9.0	9.5	8.2	
10.	Direct Foreign Investment (in million US$)	510	580	530	
11.	Average annual inflation rate %	2.4	2.4	3.2	4.9
12.	Trade balance (US$ mn)	(9 363.1)	(7 516.5)	(6 615)	(7 523)
13.	Revenue from tourism (US$ mn)	4 316.9	3 422.8	3 796.4	5 475*
14.	Foreign investment (US$ mn)	509.4	428.2	700.6	407.2*

* Tentative.
(£E bn): billion Egyptian pounds.
(US$ mn): million US dollars.

Source:
1. National Bank of Egypt – Economic Bulletin – Issue 4 , Vol.57 , Cairo, 2004.
2. Central Bank of Egypt – Annual Time Series – www.cbe.gov.eg

Perhaps one of the most prominent developments to be observed in this table is the increase of the country's foreign currency revenue (transfers by migrant workers, revenue from tourism and oil). What is also to be observed is the improvement in GDP growth rate as well as the increase in GAP. On the other hand, the trade balance deficit has begun to increase again, the rate of foreign investment flow has decreased, and the inflation rate has increased. All such indicators point to the instability of economic policy and fluctuations in growth rates from one year to the next.

Table 12.2 - Shares of the major sectors in GDP (%) 2001/2002-2003/2004

Sector	2001/2002	2002/2003	2003/2004
Agriculture	16.8	16.8	15.9
Industry, construction & electricity	24.1	25.4	24.9
Oil & oil products	7.6	7.6	9.6
Other	50.2	50.2	49.6

Source:
1. Ministry of Planning – Socio-Economic Development Plan (2002-2007).
2. CAPMAS (Central Agency for Public Mobilisation And Statistics) – Annual Statistics Book, successive issues.

The past year has witnessed a change in the relative shares of the economic sectors which generate GDP as illustrated in Table 2. The data indicate the decrease in the shares of agriculture and the industry & construction sector and the increase in the share of the oil & oil products sector. This development could be interpreted in terms of the continuous increase in the prices of oil & its products during the recent period.

12.1.3 – The agricultural sector and the national economy

Despite the fact that the year 2002/2003 witnessed a decrease in the percentage of the agriculture sector's contribution to both GDP and total investments, the sector has continued to play a vital role in the Egyptian national economy. It accounts for approximately 28% of labour in the national economy and 9.5 of total investments, and it exported approximately two-thirds of the commodity exports in the 2003/2004 period.

Table 12.3 - Percentage of the agricultural sector's contribution to the national economy 2000/2001-2002/2003

Indicator	2001/2002	2002/2003	2003/2004
Labour	27.7	28	27.9
GDP	16.8	16.8	15.8
Investments	13	9.4	9.5
Bulk commodity exports	47.5	61.5	62.6

Source:
1. CAPMAS - Annual Statistics Book, successive issues.
2. National Bank of Egypt– Economic Bulletin – successive issues: www.mop.gov.eg

The agricultural sector achieves a growth rate amounted to approximately 3.3% on average during the 2001/2002 to 2003/2004 period. In the most recent period,

this rate has been stable despite the changes and swings in the growth rate of the national economy as a whole.

Table 12.4 - GDP growth rate and the agricultural sector (%)

Years	**GDP**	Public	Private	**Agriculture**	Public	Private
2000/2001	3.4			3.6		
2001/2002	3.2			3.6		
2002/2003	3.1	3.7	2.9	2.8	2.2	2.8
2003/2004	4.2	2.9	5	3.2	3.3	3.3

Source: Ministry of Planning – Annual Monitoring Report 2003/2004 for the government's five-year plans.

As illustrated in the data of Table (4), the agricultural sector achieved a growth rate in the last year (2003/2004) of 3.2% in a new return to growth after the decrease registered in this rate the previous years. This growth was accompanied by a similar growth in the national indicator, which reached approximately 4.2% after an opposite trend that continued throughout the previous periods – 2000, 2001, 2002, and 2003. However, in spite of the great opportunities and potential available for the private agricultural sector, its growth rate did not differ much in the last year from that of the government agricultural sector.

The growth rate achieved by the private sector, although at the level of the national economy as a whole, is about double the rate achieved by the government sector. The increase in growth rate in the agricultural sector from 2.8% to about 3.2% during the last year occurred as a result of the developments introduced in agricultural policy (exports and production) with a view to encouraging producers to produce and improve products as mentioned in detail in one of the following sections.

12.2 - Agricultural resources and agricultural production

12.2.1 - Land resources

Despite the tremendous political propaganda for horizontal agricultural expansion programmes in desert lands, the statistics do not indicate any appreciable improvement in the cultivated area. In other words, the area reclaimed in 2003/2004 did not exceed some 18 000 feddans (7 500 hectares). It was expected that the area of land reclaimed would increase in the South Valley (Toshka & East Owainat Project) but, due to investors' tardiness in that region, it did not add what was anticipated to the cultivated area, although the government has completed the implementation of most of the infrastructure projects in the region. The region is anticipated to add about 210 thousand hectares of agricultural lands. As a result of

this, the per capita of population and employees in the field of cultivating the agricultural lands has decreased as illustrated in table (5).

Table 12.5 - Land and human resources in Egyptian agriculture

Resource	2000-01	2001-02	2002-03	2003-04 (mid year)
Population (million)	63.9	65.3	67.3	68.6
Total labour force	17.9	17.9	18.4	18.7
Agricultural labour (million)	5.06	5.1	5.1	5.2
Share of total labour force in %	28	28.7	28.6	28
Cultivated area (million feddans)	8.9	8.2	8.1	8.1
Average agricultural area per capita	0.1236	0.1256	0.120	0.118
Agricultural labour's average share of agricultural area	1.56	1.60	1.59	1.6

Source: CAPMAS –Statistical Year Book, successive issues.

The consequence of this situation is tangible not only in that land resources cannot meet the Egyptian population's needs in terms of food and nutrition commodities as well as the raw materials for a large number of processing industries, but also in the spread of the phenomenon of "disguised unemployment" in this sector due to the accumulation of a growing labour force on the same cultivated area.

Table 12.6 - Horizontal expansion in Egyptian agriculture

Year	Reclaimed area (1000 feddan)	Index (1999/2000 = 100)
1999/2000	22	100
2000/2001	12.7	57.8
2001/2002	28.7	130.5
2002/2003	18	81.8
2003/2004		

Source: CAPMAS – Statistical Year Book, successive issues.

The cultivated land is exposed to many dangers, which affect both the cultivated area and soil quality. On the one hand, urban expansion, which has reached the agricultural areas bordering on large cities, is leading to the rapid expansion of both service and industrial buildings and units as well as housing. This construction activity is gradually encroaching on areas of cultivated land. Moreover, due to the increasing number of residents in rural areas and their growing need for dwellings, increasing areas of agricultural land are being converted to civilian use. This phenomenon is exacerbated by the style of construction and buildings in Egyptian villages, where dwellings extend horizontally rather than vertically. Furthermore, local policies are limited and the local administrations do not devote adequate serious thought to the issue of

stopping residential encroachment on agricultural lands. Some estimate that about 15%-20% of agricultural area has been converted from productive to residential use.

The cultivated areas may face the risk of deterioration in quality due to the policies regulating irrigation processes and agricultural deflation, i.e. reliance on the re-use of agricultural drainage water for irrigating increasing areas of farmland is growing. It is well known that this kind of water, which is expected to amount to approximately 1/3[1] of the water used in irrigation, contains high percentages of ammonium (salts) and mineral components, a fact which in turn has negative effects on the nature of the irrigated soil.

Furthermore, the prevailing system of agricultural land inheritance in Egypt leads to the continuous division and shrinking of agricultural property (holdings), which is converted to poor productive units, i.e. units which produce only for subsistence and not for market. This is due to the fact that such young owners are unable to own modern agricultural equipment, let alone using it, a phenomenon which is further aggravated by the absence of legislation or social regulation or any kind of economic incentives which would halt the process of farm division into micro units.

12.2.2 - Water resources

There has been no change whatsoever in Egyptian water resources for a very long time. The country depends largely on the river Nile for providing agricultural irrigation as well as drinking water and water for other civilian uses. With the steadily growing population, the increasing rate of urbanisation and the expansion of cultivated areas, the limited amount of water available is thus now facing major challenges in terms of its ability to fulfil national water needs.

Both the Ministry of Irrigation and the Ministry of Agriculture are making tremendous efforts to rationalise the consumption of the limited amount of water available. These efforts are implemented in a number of strategies simultaneously in order to obtain the greatest possible benefit from the available water resources.

The first strategy involves a package of rationalisation and improvement operations targeting irrigation and agricultural drainage in particular. The water users associations (NGOs) have a major role in this field, since they play an important part (in a large area of agricultural land) in organising irrigation shifts, decreasing losses during irrigation and maintaining canals and water transport machinery.

The second line of policy concerns modifying crop components and expanding the cultivation of crops and varieties which need little water and are more drought-resistant than others. This also includes replacing crops and species which consume much of the irrigation water with crops which have a short growth period.

[1] Agriculture & Food in Egypt 2020 – Dr. Mahmoud Abd El-Fattah.

One of the most important programmes in this field concerns the replacement of rice and sugarcane (which are highly consumptive of water resources) with new species which grow and ripen in a short period and consequently require less irrigation water.

The third strategy concerns expanding the use of drainage water blended with fresh water in percentages which make it fit for re-irrigation. Some studies point out that in the future some 12 billion m^3 of agricultural drainage water could be re-used to meet irrigation needs. As is illustrated in Table 7, approximately 5 billion m^3 of this water is being used at the present time. Furthermore, some industrial waste water is used after being treated, i.e. after the pollution level has been reduced to a minimum. The data in Table 7 show that this share does not exceed 0.2 billion m^3.

The fourth strategy includes measures to develop and improve the methods for using groundwater (both shallow and deep groundwater) and thus to increase its utilisation after estimation of the real volume. More than 5 million m^3 of this water is currently being used in desert areas in northern and southern Egypt.

Despite these efforts, water needs are growing due to population growth (approximately 2% per year) and increasing urbanisation and industrialisation. This will result in a constant decrease in the per capita share of water. Studies show that that share has dropped in Egypt to below 1000 m^3/year and that unless the country develops its water resources and improve their utilisation it will be included in the list of countries suffering from water shortage.

Egyptian water resources, which are already limited, are exposed to a number of dangers which affect their availability in terms of quantity and quality. Nile water, for instance, is subject to various forms of pollution, which deteriorate its quality. The major sources of pollution are:

- the high percentage of poisonous chemical elements in agricultural drainage water due to excessive use of chemical fertilisers and insecticides;
- the wastewater from drainage and industry in villages, cities and factories which discharge their wastewater straight into the Nile and the major canals.

The negative impact of this pollution is tremendous because it decreases the possibility of re-using drainage water for irrigating farmland.

In addition to the environmental dangers threatening the water of the Nile, there are several political dangers which have started to increase noticeably over the past few years. These dangers are due to the attempts by certain upstream countries to re-organise the rights of the downstream countries. Some of these countries have set up huge irrigation and electricity projects increasing the amount of Nile water they use, and this could well affect Egypt's share of water.

Table 12.7 - Total water resources and needs of the consumer sectors

Resources (billion m³)		Needs (billion m³)	
Source	**Quantity**	**User sector**	**Quantity**
Nile water	55.5	Agriculture	53.1
Re-use of agricultural drainage water	4.5	Industry	7.5
Treated drainage water	0.7	Drinking and civilian use	4.5
Shallow groundwater	4.8		
Deep groundwater	0.6		
Total	**66.1**	**Total**	**65.1**

Serious attempts have been made to create a mechanism for cooperation amongst the Nile Basin Countries in order to improve the rate of water benefit for all (riverhead and mouth). Important proposals have been made in this respect regarding the conducting of joint research and the implementation of common projects by the Nile Basin Countries in addition to other positive attitudes to stimulating cooperation amongst the Nile Basin Countries rather than contention over water.

12.2.3 - Agricultural labour

As is illustrated in Table 8, there is relative stagnation in the number of workers in general and in agricultural labour in particular. Increase in both cases has not exceeded 1000 workers. The agricultural labour force and the share of the agricultural sector in employment at the national level have remained constant (5 million and 28% respectively).

Table 12.8 - Number of employees in the national economy and in the agricultural sector and their productivity throughout 2000/2001-2003/2004

Years	Total working population (1000)	Agricultural workers (1000)	Agricultural workers as a % of the total working population	GAP (£E million)	Productivity (£E)	Index 2000/01 =100
2000-01	17 984	5 069	28.2	47 900	9 450	100
2001-02	17 950	5 119	28.5	49 500	9 670	102
2002-03*	18 179	5 153	28.3	60 330	11 707	124
2003-04	18 659	5 206	27.9	67 834	13 164	139

* Based on 2001/2002 figures.

Source: CAPMAS Resource Centre.

Despite these figures, the ratio of agricultural labour to the limited area of agricultural land is considerably high when compared to the figures in a large

number of countries. In many countries, this figure can reach tens or hundreds or even thousands of hectares of farmland per agricultural worker.

This situation explains the spread of the phenomena of direct unemployment and disguised unemployment in the Egyptian agricultural sector. What makes it more serious is the fact that educated rural people are also unemployed and the fact that job opportunities resulting from the limited investments effected in rural areas are rare.

Despite this situation, due to the growth achieved by the sector, which was clearly reflected in both GDP and GAP growth, agricultural labour productivity has increased during the period under review. The labour productivity index rose to 141 in 2003/2004 compared to 100 in 1999/2000, yet despite this clear increase, the rate is still below the productivity increase rate registered in the other sectors of the national economy.

12.3 - Agricultural policies

The agricultural policies pursued since the adoption of structural reform – liberalisation of the sector with a view to diminishing the government's role in agricultural activity, privatisation of government-owned production units by the government, and at the same time providing every opportunity for the private sector to play a fundamental role in agricultural development – have continued (the government's role being limited merely to conducting scientific and technological research and guiding producers as to how to use the results of that research). In this respect, the government is implementing a long-term strategy for developing agriculture with a time schedule extending until 2017. This strategy includes direct focus on the following major lines of policy:

12.3.1 - General objectives of agricultural development policy (until 2017)

- To invest more effort in and devote greater attention to scientific agricultural research authorities. The Cairo Branch of the "International Institution for Food Policies Research" is scheduled to open next year with a view to supporting research activities targeting Egyptian agriculture.

- To develop agricultural extension programmes, linking research with extension and transfer technology, to expand extension activities in order to include the fields of marketing and agricultural extension geared to women, to raise the awareness of the population, to develop environmental protection and maintain water and land resources alongside agricultural production.

- To develop the statistical database on agricultural activities and make it available to researchers and scholars on the World Wide Web (Internet).

- To rationalise the consumption of irrigation water and make changes in yield structure so that reliance on yields consuming less water will increase. In addition, to encourage the role played by NGOs played in both water protection and the facilitation of water use.

- To decrease reliance on chemical fertilisers and insecticides and thus increase reliance on the use of integral biological pest-control programmes.

- To devote attention to integral rural development and highlight the role of rural women in agricultural development.

- To increase the volume and type of national production of various agricultural commodities as well as animal, poultry and fish production.

- To develop veterinary guidance efforts.

- To develop sources of agricultural credit and support the Principal Bank for Development and Agricultural Credit (PBDAC) in order to enable it to play its role to the full.

- To develop various forms of agricultural cooperatives as well as the agricultural producers' unions and to resolve their legislative, financing and organisational problems in order to enable them to play their role in development.

- To provide the basic structure needed for reclaiming desert land and encourage investment in horizontal expansion efforts.

With these aims in view, the following action to develop the most important lines of this policy in the short term could be outlined as follows:

12.3.2 - Investment policy

In the past few years, the share of the agricultural sector in national investments has followed a trend which obviously contradicts the government's declared strategy. As is illustrated in Table 9, the absolute size of such investments is low in general except for the last year, when the investments allocated to agriculture began to increase again, albeit very slightly. This downward trend was accompanied by an upward trend in total national investments, a fact which led to a sharp fall in the share of agricultural investments in total investments over the last few years.

Table 12.9 - Total investments and agricultural investments (1999/2000-2003/2004) in £E million

Year	Total investments	Agricultural investments	Agricultural investments as a % of total investments
1999/2000	67 000.0	9 893.0	14.7
2001/2002	67 511.5	9 593.5	14.2
2002/2003	68 103.0	6 403.6	9.4
2003/2004	78 084.4	7 440.0	9.5

Source: National Bank of Egypt, Economic Bulletin, various issues.

Table 10 shows clearly that private investment accounts for the major share of agricultural investments (even if the rate has decreased in recent years) exceeding that of the government sector. This trend might explain the decreasing rates of horizontal expansion and the limited expansion of cultivated area, which has only increased slightly in recent years, i.e., private capital has been dedicated to investment in the fast income-generating and highly profitable projects of the sector such as fish and animal production as well as the production of cash and export crops. At the same time, government investment has been dedicated to horizontal expansion projects, the construction of infrastructures, the implementation of irrigation and drainage projects and the continuation of existing projects.

Table 12.10 - Share of the public and the private sectors in agricultural investment in £E million

Year	Government	%	Private	%	Total in million
1999/2000	3 573.6	36	6 319.4	64	9 893
2001/2002	3 696.5	38.5	5 898	61.5	9 593.5
2002/2003	2918.7	45.4	3 508.5	54.6	6 427.2
2003/2004	3 414	46	4 000	54	7 414

Source: Ministry of Planning, Economic and Social Development Plan 2001, Five-Year Plan (2002-2007).

12.3.3 - Production policies for agricultural crops

In general, Egyptian agricultural policy aims to increase the production of various agricultural crops with a view to meeting local industrial and food needs as well as the needs of foreign markets for such crops and products.

The government is focusing in particular on strategic export crops such as cotton, vegetables and fruit as well as strategic food crops such as cereals, sugarcane, sugar beet and oil products.

Due to the crucial importance of cereals and cotton within this policy, we shall endeavour to illustrate them in detail below.

12.3.3.1 - Cereals policy

Egypt suffers from a state of chronic imbalance in the ratio of cereals output to cereals consumption. The country's dependence on imports to bridge the cereals gap is steadily increasing. Agricultural policy thus aims to reduce that gap to a minimum in order to achieve complete self-sufficiency in such vital crops.

With this in view, agricultural policy is based on the following strategies:

a) Horizontal expansion: by increasing the grain-sown area at an annual rate of 10%-15%. This could be achieved by encouraging producers to grow such crops and decrease the areas sown with other crops in the agricultural cycle. Furthermore, various incentives should be provided such as mechanical services, extension services and weed control in addition to the service of ploughing the subsoil for half the normal cost and instructing the PBDAC to pay half the price of yields in advance to producers on the understanding that the rest of the price will be paid when the crops are supplied to the Bank's stores.
b) Vertical expansion: through constant work in research centres to develop and cultivate highly productive varieties which are resistant to disease, epidemics and insects, and through measures to provide agricultural extension to help implement scientific technical recommendations and to continue to grow various ranges of crops in the areas suitable for such ranges in terms of soil and environment.
c) Participation in the marketing process: by stepping up the construction of suitable stores which meet the technical requirements for preserving the quality of cereals and improving crop transport methods. All of these measures aim to decrease the percentage of crop loss and damage.
d) Implementation of a suitable pricing policy: this aims to save a profit margin for producers which encourages them to grow the commodity again the following years as described in detail in the section on "Pricing policy".
e) Devoting attention to the manufacturing of bread as well as other cereal foodstuffs with a view to improving the nutritious quality of cereals. Furthermore, improving the population's negative cereals consumption habits.

12.3.3.2 – Cotton policy

Agricultural policy in this field is based on the following factors:

a) Estimating the target area: this is done by estimating the target quantities that could be exported according to studies and international market forecasts on the anticipated volume of production and demand and the amounts required for domestic consumption. Furthermore, the amounts of cotton remaining from previous years should also be taken into consideration.

b) Taking all measures which help to achieve the highest yield from the smallest possible area given the current shortage of agricultural land. This can only be done by working along the following main lines of policy:

1- In the crop species field:
by breeding the species with the highest yield and shortest growth period, species which are resistant to grasses and epidemics, species which withstand high temperatures, lack of water and salinity. This can only be done a) by using foreign germ plasma to support the breeding of such species, b) through close cooperation between research centres working on the cotton crop (both in Egypt and abroad). On the other hand, such cooperation can lead to improvement of the technology used in the various stages of cotton growing and production.

2- In the agricultural extension field:
by training advisers specialising in all stages of crop production and by providing the necessary financial, logistic and technical facilities which enable them to perform their role in guiding farmers in good time towards different agricultural procedures; furthermore, by encouraging farmers themselves to take advantage of these agricultural extension services.

3- In the field of pre-sowing operations, while the crop is growing and at harvest:
by making all the necessary efforts through the various government units in the different agricultural areas to carry out such operations in good time. For instance, the government could:
- bear 50% of the cost of most of these operations,
- provide loans to farmers at reasonable interest rates to enable them to carry out such operations,
- devote attention to combating epidemics by organic means and to massively decreasing chemical pest control.

4- In the field of marketing:
the Ministry of Agriculture is taking the necessary measures to preserve the purity of the various species and prohibit hybridisation, to open up a variety of new market outlets for crops and to encourage both the private and the cooperative sector to participate in the marketing process.
As will be illustrated in detail, the government determines a guarantee price for crops, which is adjustable on a weekly basis, the objective being to achieve a profit margin for farmers to encourage them to grow the commodity again the following years.

12.3.4 - Agricultural pricing and subsidisation policy

12.3.4.1 - Agri-pricing policy

The government has continued to abide by its policy of ceasing to intervene in the agricultural commodity markets as well as in the agricultural equipment market. However, the need to guarantee an increase in the production of certain major crops urges the government to intervene through its policy for those crops, namely wheat, sugarcane and cotton. Government intervention takes the form of intervention in the markets of these crops by announcing the government's willingness to purchase crops at prices known as "*Guarantee prices*" before the beginning of the crop-growing season. This is to encourage the farmers to expand the areas planted with these crops or to supply them to the government authorities concerned. Through this method the government will be able to control the market of these commodities internally. The guarantee price, at its minimum limit, is usually higher than production costs. At its ceiling, the guarantee price is higher than the international prices for the crops. One of the consequences of this policy was seen in wheat yield in the 2004/2005 agricultural season, when the government announced a guarantee price for wheat that was equal to the international price at the time of cultivation and exceeded the local price by about 14%. This resulted in an increase of about 16% in the area sown with wheat[2]. This will undoubtedly mean higher output and a higher percentage of supply to the government store; the government also announced a guarantee price for cotton which exceeded the international price during the crop-growing season by 20%-30%.

The same policy is also followed with sugarcane. There are also plans to create a fund for stabilising the prices of agricultural crops, which would be financed by the difference between the guarantee prices and the international prices for agricultural crops where the international prices exceed the guarantee prices. This revenue would be expended on compensating farmers when the international prices are lower than the guarantee prices.

This system is also applied to agricultural inputs because the government's role is restricted only to intervening in the distribution of some of these inputs through the channels it controls such as the PBDAC and its branches in the different villages as well as the agricultural cooperatives. This is done in return for fixed prices in order to eliminate the monopolisation of these inputs (particularly fertilisers) by the private sector and to provide them at a suitable time and at a suitable price for agricultural producers. This method has played an important role this year in directing resources. It has guaranteed the availability of fertilisers for various agricultural crops, making them available to small producers, who cultivate the major part of agricultural land in Egypt.

[2] Al-Ahram Economics – issue 1881 of 24/01/05.

In addition to these positive impacts of pricing policy on the achievement of the objectives of government agricultural policy, allowing prices to be determined by the interaction of the forces of supply and demand - with the absence of institutions which complement market mechanisms (such as marketing and cooperative institutes, consumer protection associations, etc.) and maintain the profits of the producers and consumers by confronting the merchants and monopolising dealers in such agricultural commodities – has led to an increase in marketing margins (difference between the farm price and the consumer price) for many agricultural commodities. This increase was very marked, amounting to approximately 103%, 53.7%, 46.0% and 34% for potatoes, tomatoes, rice and maize respectively in 2003 (see Appendix 17).

The result was that producers were no longer getting a fair (economic) price for their products.

However, in most cases these procedures still do not suffice to address the dysfunctions resulting from the liberalisation of the agricultural sector. The government thus provides some financial aid in the form of direct or indirect subsidies for certain agricultural commodities and products and certain agricultural inputs. We shall review the major developments in this field in the following section.

12.3.4.2 - Subsidisation of foodstuffs

To protect the population segments with low incomes and guarantee the availability of the major commodities for them, the government allocates cash amounts annually to subsidise the prices of a number of such commodities as illustrated in Table 11. The government will thus guarantee that such commodities are available at prices which the majority of consumers can afford. As a complementary procedure, the government applies the system of “supply coupons” which enable the delivery of fixed allocations of foodstuffs to certain population groups.

Table 12.11 - Value of food subsidies from 2000 to 2004 in £E million

	1999/2000		2000/2001		2001/2002		2002/2003		2003/2004	
	Value	%	Value	%	Value	%	Value	%	Value	%
Bread & wheat *	2 861	66.3	2998	67.6	3 083.9	68	3 624	78.8	6 024	79.3
Sugar	799	18.5	814.7	18.4	839.8	18.5	6 31.6	17.6	459	6
Other **	658	15.2	622.4	14	609.4	13.5	556	3.6	820 (293)	10.8
TOTAL	4 318	100	4 435.1	100	4 533.1	100	4 213	100	7 596	

* This includes the subsidy for wheat and maize (both the local and imported).
** This includes beans, lentil, rice, macaroni, tea, cooking butter which were decided to be subsidised starting from June 2004.

Source:
1. Ministry of Trade and Supply – unpublished data.
2. IDSC (Information & Decision Support Centre) (under the Egyptian Cabinet).

It is observed, furthermore, that due to the huge price increase for many food commodities in 2003-2004, the subsidies increased considerably as illustrated in the figures of Table 12. The table indicates the downward trend in subsidy allocations throughout the last few years and the sharp upward trend of the last year[3].

Table 12.12 - Share of government funds allocated to subsidies in total government expenditure (%)

Year	Government spending £E Million	Subsidies £E million	%
1999/2000	101 834	4 318	4.2
2000/2001	109 069	4 435	4.1
2001/2002	113 626	4 533	3.9
2002/2003	124 909	4 213	3.4
2003/2004	152 000	7 596	5

Source:
1. National Bank of Egypt, The Economic Periodical, successive issues.
2. Ministry of Supply & Internal Trade (unpublished data).

[3] Wheat and flour have continued to increasingly account US$ for the highest percentage of the subsidy allocations, amounting to approximately 79.3% in 2003/2004.

12.3.4.3 – Production input subsidies

The government intervenes in the distribution of several basic production inputs – basically fertilisers and seeds – in order to guarantee their availability for producers at suitable prices and at a suitable time. The land productivity for these crops thus will not be affected. The government plays this role through the channels it controls such as the PBDAC and its branches in the different villages as well as the agricultural cooperatives. These authorities can thus provide the inputs at fixed prices (lower than the monopolistic prices which the private sector merchants try to impose) so as to avoid private sector monopoly. The purpose of the PBDAC and its branches is to distribute these basic production inputs and make them available at the right time and at a reasonable price.

This method has played a major role in the allocation of resources during the current farm year (2004/2005), and in guaranteeing the availability of fertilisers for the various agricultural crops for small producers, who hold the major part of the country's cultivated areas[4].

In some years, input subsidisation policy also includes subsidisation of certain insecticides (especially for combating the epidemics affecting cotton) as well as the interest rates on the agricultural loans granted by the PBDAC in order to guarantee that these inputs are available to producers at an affordable price, even if the funds allocated to such forms of subsidy differ from one year to the next, or, in some cases, the allocations have even completely ceased for a number of years.

12.3.5 - Financing policy

12.3.5.1 - Sources of financing in Egyptian rural areas

The various sources of financing in Egyptian rural areas include:

a) **Official fund sources (banking institutes):** these banking institutes are supervised by the Central Bank and include the commercial banks, the investment and business banks and the specialised banks. The most important of these is the PBDAC with its various branches in the different villages in rural Egypt.

b) **Semi-official sources:** these are financing institutions created by virtue of a special law with the aim of achieving limited social and economic goals, such as

[4] In the present year (2004/2005), the amount of subsidies allocated to providing fertilisers for the agricultural sector has amounted to approximately 440 million £E (approx. US$76 million), which has meant that fertilisers have been available to producers at a price not exceeding 60% of the price of their import. This amount of the subsidy was paid from the resources of the fund for stabilising fertiliser prices. Source: Al-Ahram – Economics, issue 1903 of 27.06.05.

the Social Fund for Development (SFD), the Local Development Fund, Cooperatives, NGOs, Insurance Funds, etc.

c) **Unofficial sources:** these sources are not controlled by either the mechanisms, the monitoring or the supervision of the Central Bank. They include rural merchants, brokers, agricultural companies, usurers, relatives, charities, etc. It is pointed out in one study[5] in this context that the unofficial sources provide about 50% of the funds available in rural Egyptian.

The objectives of agricultural credit policy can be defined as follows:

1. To increase the volume of agricultural exports by providing credit for cultivation for export.

2. To improve the efficiency of agricultural resources management and increase agricultural production in general.

3. To raise the level of farmers' income, improve their financial situation and encourage them to save.

4. To provide suitable financing for small and micro projects and encourage rural producers to set up such projects.

The PBDAC is considered the main source for financing the agricultural sector in Egypt, since it provides all kinds of loans necessary for productive purposes. Since the launching of the liberation policies for the agricultural sector, the Bank has been applying basic commercial rules in its credit activities when dealing with client farmers. Furthermore, since the government is endeavouring to relieve the burdens on small producers and those who work on reclaiming desert land, it is continuing to subsidise interest rates on certain types of short-term loan as well as the loans intended for reclaiming and cultivating new land.

The Bank provides short and medium-term loans depending on the kind of activity for which the loan is contracted. The Bank services cover more than 11 investment activities in the agricultural sector as illustrated in Table 13.

[5] Sabaa & Sharma, M. Strengthening the Institution for providing Financial Services to the rural Households in Egypt. AERI – IFPRI, APRP Project, 1999.

Table 12.13 - Loans granted by the P.B.D.A.C. for investing in various agricultural sectors *

Purpose of loan	Value of loans depending on their term in £E million					
	1999/2000			2000/2001		
	Short	Medium	Long	Short	Medium	Long
Animal	2 766	1 112		2 966	1 174.6	
Poultry	151.1	134		138	120.9	
Fish	3.3	1.4		2.6	2.5	
Machinery		201			182	
Arable crop production		11			7.6	
Protected agriculture	11.3	11		108.5	8.4	
Land reclamation			1.7			1.2
Irrigation systems			5			3.8
Establishing orchards			0.8			0.1
Technical agricultural operations	2 389	681		2 496	747.5	
Youth	11	19		7.6	33.9	
Other						
Total	5 332	2 170	7.4	5 610.2	2 277.4	4.1

Purpose of loan	Value of loans depending on their term in £E million					
	2001/2002			2002/2003		
	Short	Medium	Long	Short	Medium	Long
Animal	3 354.4	1 271.5		3 169.8	1 078.6	
Poultry	143.6	126.8		123.7	113.4	
Fish	4.9	1.3		4.7	2.5	
Machinery		163			150.6	
Arable crop production		18.9			10	
Protected agriculture	8.1	7.1		5. 9	2.5	
Land reclamation			1.1			0.75
Irrigation systems			2.4			3.8
Establishing orchards			1.6			2.8
Technical agricultural operations	3 002.2	771.9		2 734.4	708.3	
Youth		19.3		7.5	24.7	
Other				30.3	258. 4	1.6
Total	6 513.2	2 381.2	5.3	6 076.3	2 348.9	8.9

Table 12.13 (contd.)

Purpose of loan	Index		
	1999/2000 = 100		
	Short	Medium	Long
Animal	114	97	
Poultry	81.8	84.5	
Fish	142.4	178	
Machinery		75	
Arable crop production		91	
Protected agriculture	52..2	22	
Land Reclamation			44
Irrigation Systems			76
Establishing orchards			350
Technical agricultural operations	114.4	104	
Youth	68	130	
Other			
Total	113.9	108	120

*Source:
1. PBDAC.
2. CAPMAS Bulletin of Cooperative Activity in the Agri Sector.

12.3.5.2 - Guarantees and conditions for obtaining credit

The required guarantees depend on a variety of factors the most important of which are:

1- The purpose, term and size of the loan.

2- The feasibility study on the investment projects.

3- The availability of land tenure rights for agricultural lending. In this respect, in the owner-tenant relationship many tenants have lost the possibility of dealing with the bank because they have lost land ownership despite the fact that they have farmed the land. Guarantees thus differ from case to case. The terms of credit have improved remarkably for small farmers and the agricultural rural population.

a) Agricultural credit guarantees for old lands:
   1- Ownership of the farmland.
   2- The crop must have actually been sown, as vouched for in a report submitted by the agricultural inspector (i.e. a PBDAC official).
   3- There must be no other mortgage on the same land.

4- There must be no legal problems or litigations concerning the land for which the loan is contracted.

b) Guarantees for the new lands (reclaimed land):

1- No short-term seasonal agricultural loans are granted, but cash amounts are granted for agricultural production inputs (fertilisers) if it has been proved that the land has attained the marginal level of productivity.
2- For graduates who are beneficiaries of the land reclamation project, the Bank provides this service through the guarantee of the cooperative association within whose purview the land falls.
3- Some loans are granted for land on the basis of a mortgage, after the PBDAC survey, in addition to the guarantee of the cooperatives, once the PBDAC surveys of the land registered with the Land Registry Office have been approved.

c) Investment credit guarantees:

Loans are granted in return for guarantees such as:

1- Guarantee of the project's financial situation (as per financial statement) after examination of the loan applicant's five credit eligibility criteria: Reputation – Ability To Repay – Previous Experience – Guarantees – Sound financial position. If the required loan exceeds a certain limit, the mortgage of real estate is a further a condition.
2- Specialised associations provide 100% of the amount of the proposed loan provided that there are no liabilities on the mortgaged assets.
3- Loans for machines and equipment are granted in return for the mortgage of the assets (the ownership deeds).
4- Loans are granted amounting to up to 50%-60% of the project's value.
5- Investment loans are granted for animal production based on the mortgage of the farms and the farm's turnover record.
6- In the case of investment credit, small farmers are granted one (short-term investment) loan to buy one or more animals in return for guarantees and bank cheques.
7- Small farmers are granted investment loans in return for the mortgage or the security provided by a public employee guarantor (who enjoys a guaranteed government income) and to guarantee the bank cheques for periodical loan repayments for amounts between £E3000 and £E5000. In this respect, it is evident that all investment loans, even the smaller ones such as the livestock fattening loan, need the holding as a guarantee as well as the guarantee of a public employee's salary and uncrossed cheques signed by the borrower. None of these are available for small farmers, tenants, agricultural labourers, women breadwinners, or for the various other categories studied. The study therefore recommends that a more flexible solution be sought with regard to providing the guarantees needed for small investment loans.

12.3.5.3 - Interest rates on agricultural loans

Table 12.14 - Changes in the interest rates for the major agricultural activities 1998/1999-2002/2003

Years	Total agricultural loans million £E	Crop production loans*			Investment loans**		
		Interest rate %	Total loans million £E	%	Interest rate %	Total loans million £E	%
1998/1999	9 633.7	10	2 700.7	28.0	12-13	6 933	72
1999/2000	10 998.7	7.5	3 270.5	29.7	12-13	7 728	70.4
2000/2001	11 571.7	7.5	3 422.3	29.6	12-13	8 149	7.04
2001/2002	11 982.6	7.5	3 520.6	29.4	12-13	8 462	70.6
2002/2003	12 325.5	7.5	3 790.8	30.8	12-13	8 535	69.2

* Crop husbandry loans include the loans granted for non-farm agricultural investment.
** Investment loans include the loans granted for food security activities, agricultural machines and land reclamation. Such activities are carried out by large-scale farmers.

Source: PBDAC – Information Sector & Computer Resource Centre – Cairo 2004.

As indicated in Table 14, it is clear that the interest prices on the loans provided for crop farming (mostly to small farmers) are low due to the government subsidisation of these activities as of the 1999/2000 farm year. In this respect, the government pays the difference between the market interest rates and the rate at which such loans are granted. It is also observed that interest on loans for financing investment activities (charged mainly to large farmers) is high, since these loans are not subsidised. The table also shows that around 30% of the loans provided by the PBDAC are still subsidised and are intended for serving small farmers. At the present time, there is a tendency in the Bank's policy to link interest subsidisation to tenure status (leasehold or owner-operated farm).

12.3.5.4 - Conditions for obtaining credit

The conditions according to which loans are granted can be summarised as follows:

a) Short-term loans for crop husbandry:
The term of these loans does not exceed 14 months. The ceiling of the amount of any loan is 70% of the production cost of the target crop of the loan. The interest on these loans is not subsidised since the original loan is reimbursed along with the interest in one single repayment after harvesting.

b) Short-term investment loans:
These loans are provided to finance the operating costs of various investment activities. The term of the loans does not exceed 14 months, their value is 70% of the operating costs of the investment activity, and the interest rate amounted to approximately 12% (a commercial rate) in 1996 and continued at the same rate as

the rate charged by commercial banks the following years. The government occasionally intervenes to fix an interest rate lower than that fixed by the commercial banks so that producers can obtain their loans at low interest rates. In this case, the government compensates the PBDAC by the difference between the two rates. The loan term, grace period, and number and periodicity of instalments are determined according to the financial expectations for the target activity to be funded. The target activities concerned in this type of loan include animal breeding projects, poultry projects, apiaries, fishery projects, protected agriculture, trade in agricultural inputs and small, craft and environmental projects.

During the period under review, the amount of short-term loans increased for most activities except those in the fields of poultry and protected agriculture, which decreased as shown in Table 13. The increase in the total amount of short-term loans amounted to approx. 113.9% during the two-year period under review.

c) Medium-term investment loans:
The term of these loans is between 14 months and 5 years. They are provided to finance the establishment of agricultural and rural projects and other relevant activities such as poultry production projects, hatching laboratories, establishment or renewal of animal production projects, protected agriculture, permanent agriculture, milk preservation and refrigeration, the purchase of agricultural equipment and outfits, agricultural manufacturing projects, improvement of the quality of agricultural soil and improvement of the irrigation system in the Valley and Delta. The loan value differs according to the nature of each of these projects, as illustrated below:

Project	**Loan value**
Purchase of agricultural machines and equipment	85% of the value of the equipment
Means of transport	80% of the actual cost
Environmental, craft and vocational projects	70% of the actual cost

Furthermore, the interest rate on these loans is determined according to the current market interest rates at the time of contracting the loan. Moreover, grace periods and the number and periodicity of instalments are determined according to the cash flows of the target activity.

As shown in Table 13, apart from the loans provided for fishery activities and agricultural machinery, the value of medium-term loans has decreased for most activities, the lowest rate being reached in protected agriculture loans, about 22% less in the 2002/2003 farm year than in the 1999/2000 farm year. The increase in the total medium-term loan amount between these two farm years was approximately 108% due to the increase in the amount of these loans from 2.17 billion to approximately 2.4 billion in the period from 1999/2000 to 2002/2003.

d) Long-term investment loans for reclaiming new land:
The term of these loans is more than 5 years, while the value of each loan is determined as 50% of the actual cost of reclaiming new land with a maximum ranging from £E 1200 to £E2300 per feddan depending on the type of agricultural land and the irrigation source and system. These loans have been provided without any subsidy since the 1998/1999 farm year. A grace period of 5 years is granted, after which loans are reimbursed in annual payments according to the expected cash flows of the target project.

The amount of long-term loans for projects for establishing orchards has increased. In other words, the amount of the loans granted for this activity in the 2002/2003 farm year increased by 350% compared to the 1999/2000 farm year. As a result, the total value of this type of (long-term) loan amounted in the 2002/2003 farm year to approximately 120% of its value in the 1999/2000 farm year (see Table 13). This survey of lending policy in fact shows that the PBDAC's activity diminished in the case of many activities during the period under review. There was no increase whatsoever in the Bank's activity except in the field of animal production (short-term loans), fishery and technical agricultural operations (short and medium-term loans).

12.3.6 - Environment policy

In the agro-environmental field the implementation of programmes designed as basic components of the Egyptian strategy for dealing with the environment in the agricultural sector continued. This is based on the conviction of policy makers and executives in both the agricultural and the environment sector that environmental protection is one of the fundamental pillars of sustainable development. In order to achieve this objective, a number of programmes are being adopted, the most important of which in the agricultural sector are:

1. Programme for monitoring the quality of Nile water.
2. Programme for developing afforestation and increasing green areas.
3. Programme for environmental protection and the management of nature reserves.

Furthermore, the Egyptian Ministry of Agriculture has adopted the Integrated Combat Programme, which includes action to develop new genetically epidemic-resistant species in all agricultural crops. Thus, many projects are currently being implemented for managing agricultural waste by transforming it into organic fertilisers or animal feed or using it (after treatment and processing) as raw material for numerous environmental industries.

12.4 - Production and agricultural income

The Egyptian agricultural sector achieved favourable development during the period under review. There was an increase in productivity for most agricultural crops and products as the result of horizontal and vertical expansion efforts on the part of both the government and the private sector. This expansion and development was the outcome of a number of the policies mentioned above (see Appendices 10-15).

The figures in Table 15 indicate what the sector achieved in increasing agricultural income in the various fields (crop and animal husbandry, fisheries). Perhaps the stability of the value added figures for crop and animal production (which is the result of the high intermediate consumption figure) proves the fall in growth rate in 2002/2003 which was indicated in Table 4. The increase in income from the fishery sector made it possible to offset this fall.

The results of agricultural production activities illustrated in Appendices 10-15 reflect the positive changes in the self-sufficiency rates for most agricultural crops. The rate for crops and for animal and plant products has improved (with the exception of pulses, vegetables, fruit and fish), as illustrated in Table 16.

Table 12.15 - Agricultural economic account, global results in million local currency

Agricultural and livestock indicators	2001	2002		2003	
	Value current prices	Value current prices	Index	Value current prices	Index 2002= 100
A- Final agricultural output	68 747	84 260	100	90 142.8	107
Arable crop production	44 744	48 511	100	55 536.9	114.4
Animal production	24 003	29 556	100	34 605.9	117
B- Intermediate consumption	21 059.7	22 156	100	27 675.3	12.5
C=A-B, Gross value added	47 687.3	62 104	100	62 470.5	100
D = Subsidies *	161.4	2 21.3	100	2 25.4	101
E= Taxes*	145.4	1 35.2	100	1 45.4	110
F= C+D-E, Gross value added at factor costs	47 7 03.3	62 1 90.1	100	62 550.5	100
G = Depreciation	59.3	62.2	100	63.9	
H = F-G, Net value added at factor costs = Agricultural income	47 644	62 138	100	62 386.6	100
Fisheries	**2001**	**2002**		**2003**	
	Value current prices	**Value current prices**	**Index**	**Value current prices**	**Index**
A- Final Agricultural output	5 993	6 188.3	100	6 710.1	108
B- Intermediate consumption	103.3	110.2	100	114.8	108
C=A-B, Gross value added	5 889.7	6 078.1	100	6 595.3	108
D = Subsidies**	-	-	100	-	
E= Taxes**	-	-	100	-	
F= C+D-E, Gross value added at factor costs	5 889.7	6 078	100	6 595.3	18
G = Depreciation	402.2	439	100	501.9	112
H= F- G, Net value added at factor costs = Agricultural income	5 487.5	5 639.1	100	6 093.4	108

** Since there are no available data on subsidy, tax and annual depreciation, these assumptions were developed by myself based on the rate of the previous year.

* As for the fishery sector, there is no published data regarding these items.

Sources:

1. Ministry of Agriculture and Land Reclamation, Economic Affairs Sector, Income Estimations Periodical, various issues.
2. Ministry of Agriculture and Land Reclamation, The General Authority for Agricultural Budget Fund, unpublished data.
3. Ministry of Finance, Real Estate Tax Authority, Resource Centre, unpublished data.

Table 12.16 - The percentage of self-sufficiency for the major food items

Item	Years			Index
	1996-2000	2002	2003 *	2002=100
	% of self-sufficiency			
Wheat (and flour)	95.8	54.3	62.9	116
Maize (white and yellow)	63.5	55.8	60.6	109
Rice	105.7	108.5	110.4	102
Potatoes	112	109.6	112.5	103
Pulses	73.8	56.3	53.2 (-)	94
Vegetables	101.3	102.7	102.6 (-)	100
Fruit	100.7	104.1	102.2 (-)	98
Sugar	64.9	75.8	84.1	111
Oil	30.6	38.8	47.3	122
Red meat (beef and buffalo)	70.7	81.3	86.2	106
Poultry	100	99.6	100	100
Fish	73	83.5	82.8 (-)	99
Fresh eggs	100	100	100.5	100
Dairy products	76.4	79	83.1	105

* A recent study anticipates the decrease of the self-sufficiency rate of wheat, flour, sugar, red meat, fish and dairy products to 50%, 50%, 72%, 75%, 80%, 80% respectively in 2004[6].

Source: Arab Agricultural Organisation – Yearbook of Agricultural Statistics 2004 (see Appendix 7, 8 & 9).

12.5 - Agricultural foreign trade

12.5.1 - External relations policies

Exports in general, and agricultural exports in particular, are considered one of the most important fundamentals of Egyptian economic policy. They are perceived as an "engine for development" the revival of which will result in success in addressing various economic and social problems such as the balance of trade deficit, unemployment, and the modernisation of the domestic economy.

The government has thus continued to exert efforts at all legislative, administrative and technological levels with the ultimate goal of removing all obstacles to the annual expansion and increase of the value of exports. This would definitely require overcoming all bureaucratic obstacles and legislative complexities and providing

[6] Nassar, Saad (phd), The 2nd Egypt Human Development Report 2005 – Workshop EHDR 2005: vision for Egypt in the year 2005 – Agriculture, 2017. Cairo, June 2005.

incentives for promoting product quality and improving agricultural yields intended for export.

The major developments observed in this field are as follows:

- The government has continued to pass a number of laws and to reform existing legislation concerning the obtaining of approval or permits, fees or taxes, shipping or transport, insurance or financing, etc, in order to create an appropriate legislative environment for expanding exports.

- Two new laws have been passed on customs duties and taxes. These laws introduce numerous simplifications and rules which aim to facilitate the flow of foreign trade in general.

- In the context of the measures to develop the institutional environment of the export sector, a separate ministry has been established for foreign trade and is related to the industrial sector in that it will be responsible for all tasks relating to exports.
  Both the AFTA (Arab Free Trade Area) Agreement and the QIZ (Qualified Industrial Zone) Agreement have entered into effect as of the beginning of 2005. Furthermore, interest in linking export policies to the requirements of international markets has emerged. This was evident in the efforts exerted to comply with the international quality systems established by the European Union and the World Trade Organisation such as the Codex, the EuroGAP, the Hasp (**H**ealth **A**nd **S**afety **P**lan), which are, for instance, the marks of compliance and conformity, as well as the requirements of food quality laid down by the European Union (EU). These are a set of arrangements and technical and administrative systems that aim to achieve healthy and high quality products which meet the quality standards set on export markets.

- The government is continuing to pursue efforts to open new markets for Egyptian agricultural exports and to take full advantage of the shares allocated to Egyptian agricultural exports in agreements concluded with other countries and economic coalitions.

12.5.2 – Developments in the export and import of agricultural commodities

As a result of these efforts the volume of agricultural exports has increased in the past few years, reaching unprecedented figures. This development in export volume in the period from 2001 to 2004 is shown in Table 17, the increase being particularly marked in 2004, when a figure some 41% higher than the figure for the previous year was registered.

Table 12.17 - Total and agri-exports and imports in million US$*

Year	Exports			Imports		
	Total	Agricultural	%	Total	Agricultural	%
2001	4 123	529	12.8	12 639	1 784	14.1
2002	4 698	660	14.1	12 524	2 004	16
2003	6 147	776	12.6	10 927	1 566	13.4
2004	7 650	1 095	14.3	12 859	1 579	12.3

* The sections do not include either the trade of free zones with foreign countries or trading through the special customs system.

Source: Ministry of Foreign Trade & Industry – accumulated report on Foreign Trade – Vol. 4 – issue 9, January 2005).

Table 12.18 - Total and agricultural balance of trade

	Total	Agricultural	%	Index 2001=100	
				Total	Agricultural
2001	- 8516	1255	14.7	100	100
2002	- 7835	1344	17.2	92	107
2003	- 4780	632	13.2	56	50
2004	- 5209	485	9.3	61	38.6

Source: ibid.

As a result, the agricultural deficit dropped sharply to reach a level 38.6% lower than in 2001. Furthermore, the share of agricultural exports in total exports continued to increase from 12.6% to 14.3%.

Meanwhile, total imports continued to decline as did agricultural imports, with only a slight increase in 2004 compared to the previous year. Despite this, the share of agricultural imports in total imports decreased continuously due to the constant increase in total imports, and in particular to the leap in total imports in the last year. The result was that the figure recorded for the total deficit in 2004 increased from 56% to 61% after dropping the previous year from 92% to 56%.

Table 12.19 - Geographical distribution of exports (value in million US$)

	US		European Union		Arab countries	
	Value	**%**	**Value**	**%**	**Value**	**%**
Cotton, raw	42	8.8	79	16.4	-	
Vegetables	1		113	58.2	51	26.3
Cereals	-		13	5.6	119	51.3
Fruit	-		34	53.2	22	34.4
Meat	1	2.4	2	4.8	36	88
Edible oil	-		2	9	20	91
Sugar	-		26	43.4	18	30
Total	**44**	**4.1**	**269**	**24.5**	**266**	**24.3**

	Asian countries		Others		Total	
	Value	**%**	**Value**	**%**	**Value**	**%**
Cotton raw	334	69.2	27	5.6	482	100
Vegetables	7	3.6	22	11.3	194	100
Cereals	50	21.6	50	21.6	232	100
Fruit	4	6.2	4	6.2	64	100
Meat	1	2.4	1	2.4	41	100
Edible oil	-		-	-	22	100
Sugar	8	13.3	8	13.3	60	100
Total	**404**	**36.9**	**112**	**10.2**	1095	100

Source: CAPMAS – ibid.

Table 12.20 - Geographical distribution of imports (value in million US$)*

	USA		European Union		Arab countries	
	Value	**%**	**Value**	**%**	**Value**	**%**
Cereals	623	57.3	78	7.2	44	4
Meat	11	2.6	126	29.3	17	3.9
Edible oil	9	2.5	21	5.8		
Sugar	-	-	4	6	1	1.5
Total	**643**	**33**	**229**	**11.8**	**62**	**3.2**

	Asian countries		Others		Total	
	Value	**%**	**Value**	**%**	**Value**	**%**
Cereals	-	-	343	31.2	1088	**100**
Meat	-	-	276	64.2	430	100
Edible oil	219	60.5	113	31.2	362	100
Sugar	1	1.5	61	91	67	100
Total	**220**	**11.3**	**793**	**40.7**	1947	100

* The sections include both the amounts imported in the free zone systems and the dismantling of customs tariffs (special customs system) .

Source:

1. CAPMAS.
2. http://192.1.1.253:7777/pls/trade/trfo (in 11.06.05).

All of this resulted in a steady decrease in the share of the deficit in the agricultural balance in the total deficit during the last year, when it reached its lowest rate of 9.3% as illustrated in Table 17.

Perhaps the positive developments in export policy, which were pointed out at the beginning of the present section, were behind such a favourable development in the balance of trade and the agricultural balance.

As regards the geographical distribution of exports to the major regional groups[7], when one studies the data in Table 19, it is evident that the group of Asian countries ranks first as the destination of Egyptian exports. This is due to the increase in their imports of Egyptian cotton and rice. They are followed by the European Union countries due to the increase in their imports of vegetables and fruit as the result of the implementation of the partnership agreement between Egypt and the countries of this group. Then come the Arab countries, which import more than 50% of Egyptian rice exports. Furthermore, there is the group of "Other countries", whose share of Egyptian rice exports has increased to more than 21.6% and of Egyptian vegetable exports to 11.3%. In this respect, it is generally considered that the markets of the group of Eastern European countries are the traditional markets for Egyptian fruit and vegetables. Finally, the US ranks at the bottom of the list, concentrating on importing a limited amount of Egyptian raw cotton.

As regards the geographical distribution of imports for the same group of economic coalitions, which is illustrated in Table 20, it is evident that the largest exporter to Egypt is the "Other countries" group, especially in the case of the two commodities of sugar (91%) and meat (64%). Furthermore, this group of countries accounts for about one-third of Egyptian imports of cereals and edible oil. They are followed by the US, which ranks second in the list of exporters to Egypt with a remarkable share of 57% of cereals in particular (wheat and maize). Then come the European Union countries, which account for a considerable share of meat imports (some 29.5%), and the Asian countries, which also account for a significant share of edible oil imports (some 60.3%). And finally, the Arab countries occupy the last position in the list of exporters to Egypt according to the statistics for 2004.

12.5.3 -The degree to which Egypt takes advantage of the quotas allocated for Egyptian exports to the EU

When one examines the data in Table 21, one notes that Egypt still takes limited advantage of this agreement although many years have passed since it began to be

[7] The US, the countries of the European Union, the Arab countries, the non-Arab Asian countries, as well as to the other groups of countries, which include African countries with their new economic coalitions (in which Egypt is a member) - such as the COMESSA (North African countries) - and Latin America (with which Egypt has recently established strong economic ties) as well as the non-EU European countries - mainly the countries of Eastern Europe (it is well known that historically they have had good economic relations with Egypt throughout the previous decades prior to the collapse of the socialist regimes).

implemented. The percentage of Egypt's use of the quotas granted for its exports to the markets of these countries still does not exceed 69% for potatoes, 82% for citrus, 56% for frozen and canned vegetables, 9% for onions, 20% for garlic and 18% for dried vegetables. Meanwhile, Egypt's trade with the countries of other economic groups has developed favourably, in spite of the absence of partnership agreements. These results show that it is important to review the terms of the agreement. This phenomenon should also be taken into consideration whenever the list of commodities is periodically revised. This should pave the way for more extensive possibilities for Egyptian exports by removing the barriers which are repeatedly added to the terms determined by the Union countries for the agricultural commodities and products entering their markets. At the same time, considerable effort should be made at production level and in the export sectors so that the competitiveness of Egyptian commodities on the markets of these countries can be improved.

Table 12.21 - Percentage of use of the quotas for agricultural exports to the EU

Item	Export period	Share (ton)	Usage (ton)	Percentage (%)
Early potatoes	1/1/2005 – 31/3/2005	190 000	131 603	69
Fresh citrus	1/7/2004 – 30/6/2005	63 020	51 744	82
Fresh and dried onions	1/1/2005 – 15/6/2005	16 634.5	1 499.8	9
Lettuce	1/11/2004 – 31/3/2005	515	515	100
Fresh garlic	1/2/2005 – 15/6/2005	3 090	603	20
Cucumber	1/1/2005 – 28/2/2005	515	94.4	18.3
Frozen and canned vegetables	1/1/2005 – 31/12/2005	2 000	1 122	56
Dried beans	1/1/2005 – 31/12/2005	17 046.7	3 071.7	18
Fresh strawberries	1/10/2004 –31/3/2005	1 205	1 188	98.5

Source: Consolidated Report on Foreign Trade – ibid.

12.6 - Food Consumption

The data in Table 22 indicate a slight improvement in the Egyptian pattern of food consumption in the last year. In other words, average per capita consumption has increased for both vegetables, fruits, red meat (beef and buffalo) and dairy products. When one considers that these food items are responsible for building the body and generating energy, the increase in the per capita share of the consumption of such major nutritional components is considered a positive indicator of the improvement in the diet of the Egyptian population, even if the effect of this increase is diminished by the decrease in the average per capita share of sugar, oil and poultrymeat. This improvement is demonstrated by the steady

downward trend in the per capita share of cereals, potatoes and pulses, all of which contain a large amount of starch, which causes weight gain.

Table 12.22 - Per capita food consumption (2002/2003) in kg

Items		2002 (population: 67.3 million)	2003 (population: 68.6 million)	Index 2002=100
1.	**Wheat (and flour)**	181.3	158.5	87.4
2.	**Maize (white and yellow)**	159	150	94.3
3.	**Rice**	83.6	81.5	97.5
4.	**Potatoes**	26.9	26.4	98.1
5.	**Pulses**	13	11.6	89.2
6.	**Vegetables**	208.3	219.9	1.06
7.	**Fruit**	114.1	112.4	98.5
8.	**Sugar**	27.5	24.3	88.4
9.	**Oil**	10.2	7.7	75.5
10	**Red meat (beef & buffalo)**	11.1	13.2	119
11.	**Poultry**	16.1	12.1	75.1
12.	**Fish**	13.7	13.5	98.5
13.	**Fresh eggs**	5.2	5.1	98
14.	**Dairy products**	76.8	90.3	117.6

The same study by Nassar Saad (ibid) points to an anticipated decrease in the per capita share of food products in 2004. However, the per capita share of sugar, fish and dairy products is also expected to improve.

Sources:
1. CAPMAS – Department of Statistics – published in the *Al-Ahram* newspaper on June 23, 2004.
2. Ministry of Agriculture and Land Reclamation - Agriculture & Economic Department, Food Balance Sheet.
3. Arab Agricultural Organisation – Yearbook of Agricultural Statistics 2004 (see Appendix 7, 8 & 9).

12.7 - Agricultural and food industries (AFI)

The share of the government sector in the food industries continued to decrease during the period from 2000-2001 to 2002-2003, when there was a relative decrease in the number of units connected with that sector as well as in the value of their production due to the annual increase in the share of the private sector. This is basically the result of the privatisation programme which has been implemented for the past few years and which aims to do away with the increasing number of government sector units as well as to cease to provide new investments for that sector.

As illustrated in Table 23, the relative importance of the value of production of the government and public sector units dropped from 52.4% in 2000/2001 to 44% in 2002/2003, whereas the relative contribution of the volume of production of the private sector increased from 47.6% to 56% in the same period. Despite the decrease in the number of private sector units during that period, the rate of decrease involving both sectors (private and public) was higher for the units of the government and public sector, reaching about 16%, whereas it did not exceed 8% for the units in the private sector.

Table 12.23 - Development of food industries in the private and public sector
(quantity-units) – (value-£E Million)

	2000/2001			2001/2002		
	No. of units	Production value	% of production value	No. of units	Production value	% of production value
Government and public sector	30	12 244	52.4	28	13 109	51.4
Private sector	861	11 107	47.6	683	12 368	48.6
Total	891	23 351	100	711	25 477	100

	2002/2003		
	No. of units	Production value	% of production value
Government and public sector	25	12 737	44
Private sector	792	16 214	56
Total	817	28 951	100

Source: CAPMAS – Yearbook, successive issues.

The data in Table 24 show the steady decrease in the relative importance of the various indicators of the agricultural industry within the total industrial activity of the public sector throughout the period under review. In other words, the

employment rate and the number of workers and their contribution to output and added value have constantly decreased. Investments allocated to AFIs did not exceed 5.5% during the last year under review.

Table 12.24 - Main indicators of the agro-food industries (AFI), in the public business sector 2001/2002 – 2002/2003

Indicators	Units	2001/2002			2002/2003		
		Total industries	AFI	%	Total industries	AFI	%
Employment	Workers	398 000	50 785	12.8	371 190	47 856	12.8
Production	£E million	38 292	5 564	14.5	43 404	6 004	13.8
Value added	£E million	11 602	989	8.5	14 055	1 049	7.4
Salaries	£E million	5 016	454	9	5 149	459	8.9
Investment	No. of enterprises	672	285	42.4	42 944	2 370	5.5

Source: CAPMAS - Annual Industrial Production statistics – Public Business Sector – successive issues.

Furthermore, it is evident from Table 17 in the Appendix that the milling, baking, dairy and oil industries are considered the major activities with the largest share in the public sector of the agro-food industries. The data on the development of the major indicators (denoting the activities of these industries) point to a decline in the number of units and workers. At the same time, they indicate an increase in production value and added value. Perhaps this could be interpreted to mean that although the privatisation programme aims to do away with such units, albeit in the medium term (it is claimed that they are unable to achieve competitive profits), workers and managers are endeavouring to prove otherwise.

Appendices

Appendix (1) - Equivalent rates for measurement units

1 Hektar	2.38 Feddan
1 Ardeb (wheat)	150 Kg
1 Ardeb (white maize)	140 kg
1 Ardeb (Beans)	155 kg
1 kintar (cotton)	157.5 kg
1 Ardeb (Peanuts)	75 kg
1 Ardeb (sesame)	120 kg

Appendix (2) - Value of agri production, value in million L.E., 2001-2003

Value of Vegetal Production			
Item	**2001**	**2002**	**2003**
Cereal	12328	13591.2	16647
Legume	775	793,2	711
Fibers	2021.7	2062.1	2105.03
Oil	608.2	609.5	683.7
Sugar	1949.4	2110.4	2011.2
Onion	347.8	413.6	400.8
Green Fodders	7730.4	8588.9	9489.9
Other	1791.4	2044.6	37.8
Vegetables*	7629.1	8269.9	9687.8
Fruits**	9127.2	9594.2	10962.4
Aromatic and Medical	435.3	433.4	512.2
Total of Vegetal Product	44744	48511	55536.9

Value of Livestock Production			
Item	**2001**	**2002**	**2003**
Animal Production			
Livestock meat	9060.8	11406.8	12424.9
Poultry meat	44579	6266.1	6403.6
Milk	6384.9	7035.1	9488.4
Table eggs	1347	1922.7	2077.9
Beehoney & wax	96.9	89.6	99.7
Manur	2541	2701.2	3879.7
Total	27003	29556	34605.9

Value of Fish Production			
Item	**2001**	**2002**	**2003**
Mediterranean, Red Sea and Lakes	3244.8	2497.9	3242.7
Aquaculture	21749	2889.6	3467.4
Total	5993.5	6188.3	6710.1

* The value of vegetal seeds is 123952 thousand L.E.
** Including the value of fruit seedlings and carved wood seedlings which is 13542 thousand L.E.

Source:
1- Ministry of Agriculture & Land Reclamation - Economic Affairs Sectors (Eas).
2- National Agriculture Income for year 2003 - Cairo 2003.

Appendix (3) - Evaluation of animal production 2001-2002

Meat	Slaughters (1000 TON)	
	2001	**2002**
Beef	1960	2199
Sheep	2063	2295
Goat	2266	2331
Pork	64	68
Horse	_	_
Poultry	607844	714759
Rabbit	31873	33331
Other	33	
Total	_	
	Production (1000 TON)	
	2001	**2002**
Milk	_	
Cow Milk	3831	1997
Sheep Milk	_	
Goat Milk	123	126
Other	_	
Eggs	271	398
Other	_	

Appendix (4) - Data of fisheries 2001-2002

	2001	**2002**	**2003**	**Index 2002=100**
Fleets (number of fishig vessels) 1000	45	46.3	44.2	95.5
Production value L.E. Million	5993	6188	6710	108.4
Production 1000 Ton	772	801.5	876	109.3
Employment (number) 1000	56	53.9	52.6	97.6
Aquaculture (quantities) 1000 Ton	324.5	376.1	_	_
Fish Farming (quantities) 1000 Ton	18.3	359.1	427.9	119.2
Consumption (quantities, value)	_	919.7	927.8	101
Import 1000 Ton	26.1	154.4	163	105.6

* Only 3954 out of this number are mechanical, the rest are manual.

Source:
CAPMAS - Fish Production Bulletin in A.R.E.
Various Issues Till Jan 2005.

Appendix (5) - Farm gate prices 2001-2003

	Unit	Price ----------Local Currency/T		
		2001	2002	2003
Soft Wheat	Ardeb	105	107.7	114
Barley	Ardeb	83.9	86.6	90
Maize	Ardeb	85.8	88	97
Rice	Ton	592.4	671.9	992
Potato	Ton	502	508.4	505
Sugar beet	Ton	110	110	110
Sunflower	Ton	900	1150	1730
Fourrage	Ton	_	_	_
Lettuce	Ton	_	_	_
Watermelons	Ton	556.8	779.9	441
Melona	Ton	663	670	_
Tomatotes	Ton	387	401.4	458
Pepper	Ton	628.6	460.2	435
Onion	Ton	252.6	251.5	230
Oranges	Ton	510.5	756.3	
Mandarins	Ton	453.1	779.8	
Lemons	Ton	782	657.9	
Apples	Ton	1584	1346	
Pears	Ton	2011	1954	
Peaches	Ton	1426	1435	
Apricots	Ton	1752	1459	
Almonds	Ton	_	_	
Bananas	Ton	1272.5	1296.7	
Grapes	Ton	1355.5	1210.8	
Wine	Ton	_	_	_
Table olives	Ton	_	_	_
Olive oil	Ton	_	_	_
other	Ton	_	_	_
meat	Ton	_	_	_
beef	Ton	12423.5	13735.3	1500
Sheep	Ton	13910	14823.3	
Goat	Ton	13953.7	14825.3	
Pork	Ton	12210	13096.3	
Horse	Ton	_	_	_
Poultry	Ton	5164	4669	6100
Rabbit	Ton	8678.8	9083.5	
other	Ton	_	_	_
Milk	Ton	_	_	920
Cow Milk	Ton	1482	1553.9	
Sheep Milk	Ton	_		
Goat Milk	Ton	1288	1356.4	
Other	Ton	_		
Eggs	Ton	3935.2	4830.9	5220
Other	Ton	_		

Agricultural Price = Value of Total Production / Production

Source: 1- Ministry of Agriculture & Land Reclamation - Economic Affairs Sectors (Eas).
2- National Agriculture Income for year 2003 - Cairo 2003.

Appendix (6) - Value of main inputs 2001/2003

Plant Production Inputs	Unit E.L.	Price ----------LC/T		
		2001	**2002**	**2003**
Field Crops, seeds		1048.9	1144.8	1312.2
Vegetable Crops, seeds		496	533.5	686.4
Med & Aromatic crops, seeds		5.5	5.6	5.7
Fruit nursery plants		14	14.7	14
Total of Seeds, nursery plants		1564.4	1698.6	2017.9
N-Fertilizers		1364	1329.1	1728.1
P-Fertilizers		309.4	549.1	431.4
K-Fertilizers		83.5	127.9	79.8
Total of Chemical Fertilizers		1757	2006.1	2239.3
Manure		2541	2701.3	2239.3
Fuel, oil, grease		185	197.1	201.7
Depreciation		59.3	62.3	63.9
T. of Fuel depreciation		244.4	259.4	265.6
T. of pesticides		273.3	288.4	293.1
Total of Plant Prolud inputs *		5596.1	6258.6	8695.6
Animal Production Inputs		**2001**	**2002**	**2003**
Green Jodder			8588.9	9489.9
Berseem		7284	8089.5	8715.6
Egyptin clover		222	247.5	327.2
Other fodder		7730.4	251.9	447.1
Total		**15236**	**17117**	**18980**
Processed feeds		1252.7	1230	2160.8
Concentrates feeds		3763.3	4574.7	4894.1
Straws		1062.7	1262.1	1762.1
Eggs for hatcheries		457.9	606.4	687.9
Total		14267	16262	18994.4
Fish Producton Inputs		**2001**	**2002**	**2003**
Fish meat		4.2	4.3	4.7
Fingerlings		79.2	90.9	97.8
Fuel, oil greases for fishing gears		9.9	11.1	12.3
Depreciation & maintenance for F. gears		402.3	449.3	501.9
Total fish production inputs		505.6	555.7	616.8

*Without rent which is estimated by E L 1200 annually, and it should be added to the producer who is not a land owner.

Source:
1- Ministry of Agriculture & Land Reclamation - Economic Affairs Sectors (Eas).
2- National Agriculture Income for year 2003 - Cairo 2003.

Appendix (7) – Food balance sheets for major commodity groups
Egypt, average 1996-2000

Value (V) : million U.S. dollars ; Quantity (Q.) : 1000 M.T ; S.S.R: Self-Sufficiency Rate

ITEM	S.S.R. %	AVAILABLE FOR CONSUMPTION	BALANCE V.	BALANCE Q.
CEREALS (TOTAL)	68.97	27028	1238.74	8386.48
WHEAT AND FLOUR	95.82	6384.62	843.13	266.95
MAIZE	63.48	9424.79	473.29	3441.58
RICE	105.67	5048.39	-89.2	-286.26
BARLEY	91.31	132.92	1.62	11.55
POTATOES	112.03	1780.86	-24.89	-214.22
PULSES (TOTAL)	73.82	629.22	93.39	164.7
VEGETABLES (TOTAL)	101.33	12840.46	-33.74	-171.21
FRUITS (TOTAL)	100.74	6594.38	6.6	-48.97
SUGAR (REFINED)	64.89	1848.37	194.01	649.04
FATS & OILS (TOTAL)	30.64	741.18	370.59	514.09
MEAT (TOTAL)	84.77	987.79	228.85	150.42
RED MEAT	70.68	514.03	229.77	150.72
POULTRY MEAT	100.06	473.76	-0.92	-0.3
FISH	73.12	767.97	120.72	206.45
EGGS	100.05	166.72	-0.02	-0.09
MILK & DAIRY PROD.	76.39	4339.46	170.77	1024.68
TOTAL			**2365.02**	

ITEM	IMPORTS V.	IMPORTS Q.	EXPORTS V.	EXPORTS Q.	**PRODUCTION**
CEREALS (TOTAL)	1343.45	8683.43	104.71	296.95	18641.52
WHEAT AND FLOUR	844.66	274.34	1.53	7.39	6117.67
MAIZE	473.54	3442.22	0.25	0.64	5983.21
RICE	1.22	1.81	90.42	288.07	5334.65
BARLEY	1.62	11.56	(..)	0.01	121.37
POTATOES	23.41	43.29	48.3	257.51	1995.08
PULSES (TOTAL)	102.47	180.38	9.08	15.68	464.52
VEGETABLES (TOTAL)	0.89	1.4	34.63	172.61	13011.67
FRUITS (TOTAL)	39.05	60.09	32.45	109.06	6643.35
SUGAR (REFINED)	194.47	652.57	0.46	3.53	1199.33
FATS & OILS (TOTAL)	389.24	533.92	18.65	19.83	227.09
MEAT (TOTAL)	231.04	151.47	2.19	1.05	837.37
RED MEAT	230.89	151.43	1.12	0.71	363.31
POULTRY MEAT	0.15	0.04	1.07	0.34	474.06
FISH	122.28	207.32	1.56	0.87	561.52
EGGS	0.02	0.02	0.04	0.11	166.81
MILK & DAIRY PROD.	177.57	1055.68	6.8	31	3314.78
TOTAL	**2623.89**		**258.87**		

Source: Arab Organization for Agricultural Development , Annual Agricultural Statistics Book 2004, Khartum – Sudan.

Appendix (8) – Food balance sheets for major commodity groups Egypt, 2002

Value (V) : million U.S. dollars ; Quantity (Q.) : 1000 M.T ; S.S.R: Self-Sufficiency Rate

ITEM	S.S.R. %	AVAILABLE FOR CONSUMPTION	BALANCE V.	BALANCE Q.
CEREALS (TOTAL)	67.09	30056.18	1302.76	9891.85
WHEAT AND FLOUR	54.3	12200.71	815.81	5575.84
MAIZE	55.89	10699.75	582.5	4719.96
RICE	108.51	5626.77	-104.62	-478.69
BARLEY	90.27	111.66	1.07	10.86
POTATOES	109.6	1811.4	-12.51	-173.92
PULSES (TOTAL)	56.26	873.16	146.38	381.88
VEGETABLES (TOTAL)	102.71	14017.43	-74.6	-379.35
FRUITS (TOTAL)	104.1	7677.32	15.53	-314.44
SUGAR (REFINED)	75.81	1850.77	98.4	447.77
FATS & OILS (TOTAL)	38.76	687.97	265.52	421.3
MEAT (TOTAL)	92.1	1831.78	236.07	144.64
RED MEAT	81.27	747.02	229.26	139.88
POULTRY MEAT	99.56	1084.76	6.81	4.76
FISH	83.49	919.72	91.44	151.82
EGGS	100.17	352.31	-2.24	-0.59
MILK & DAIRY PROD.	79	5169.43	136.43	1085.43
TOTAL			**2203**	

ITEM	IMPORTS V.	IMPORTS Q.	EXPORTS V.	EXPORTS Q.	**PRODUCTION**
CEREALS (TOTAL)	1410.5	10384.11	107.74	492.26	20164.33
WHEAT AND FLOUR	817.81	5586.86	2	11.02	6624.87
MAIZE	582.68	4720.57	0.18	0.61	5979.79
RICE	0.82	1.4	105.44	480.09	6105.46
BARLEY	1.07	10.86	-	-	100.8
POTATOES	30.06	55.46	42.57	229.38	1985.32
PULSES (TOTAL)	159.73	412.98	13.35	31.1	491.28
VEGETABLES (TOTAL)	4.4	7.92	79	387.27	14396.78
FRUITS (TOTAL)	64.57	79.42	49.04	393.86	7991.76
SUGAR (REFINED)	105.5	466.6	7.1	18.83	1403
FATS & OILS (TOTAL)	284.14	449.48	18.62	28.18	266.67
MEAT (TOTAL)	237.79	145.68	1.72	1.04	1687.14
RED MEAT	229.92	140.32	0.66	0.44	607.14
POULTRY MEAT	7.87	5.36	1.06	0.6	1080
FISH	93.61	154.35	2.17	2.53	767.9
EGGS	-	-	2.24	0.59	352.9
MILK & DAIRY PROD.	145.71	1114.84	9.28	29.41	4084
TOTAL	**2536**		**333**		

Source: Arab Organization for Agricultural Development, Annual Agricultural Statistics Book 2004, Khartum – Sudan.

Appendix (9) – Food balance sheets for major commodity groups Egypt, 2003

Value (V) : million U.S. dollars ; Quantity (Q.) : 1000 M.T ; S.S.R: Self-Sufficiency Rate

ITEM	S.S.R. %	AVAILABLE FOR CONSUMPTION	BALANCE V.	BALANCE Q.
CEREALS (TOTAL)	73.11	28246.93	969.62	7595
WHEAT AND FLOUR	62.94	10875.2	575.64	4030.51
MAIZE	60.61	10286.56	528.34	4051.63
RICE	110.44	5592.5	-142.46	-583.77
BARLEY	99.47	142.21	0.09	0.76
POTATOES	112.51	1812.54	-1.9	-226.81
PULSES (TOTAL)	53.23	795.72	107.46	372.12
VEGETABLES (TOTAL)	102.58	15088.82	-76.14	-388.55
FRUITS (TOTAL)	102.16	7708.85	-22.48	-166.81
SUGAR (REFINED)	84.12	1667.94	47.16	264.94
FATS & OILS (TOTAL)	47.33	527.59	170.55	277.87
MEAT (TOTAL)	92.82	1736.69	176.09	124.63
RED MEAT	86.21	908.34	176.99	125.28
POULTRY MEAT	100.08	828.35	-0.9	-0.65
FISH	82.77	927.78	83.95	159.88
EGGS	100.53	349.9	-8.17	-1.85
MILK & DAIRY PROD.	83.12	6193.58	111.28	1045.58
TOTAL			**1557.42**	

ITEM	IMPORTS V.	IMPORTS Q.	EXPORTS V.	EXPORTS Q.	**PRODUCTION**
CEREALS (TOTAL)	1118.54	8182.45	148.92	587.45	20651.93
WHEAT AND FLOUR	580.69	4062.41	5.05	31.9	6844.69
MAIZE	528.77	4052.62	0.43	0.99	6234.93
RICE	0.87	2	143.33	585.77	6176.27
BARLEY	0.1	0.98	0.01	0.22	141.45
POTATOES	40.14	69.48	42.04	296.29	2039.35
PULSES (TOTAL)	115.39	392.96	7.93	20.84	423.6
VEGETABLES (TOTAL)	1.64	3.22	77.78	391.77	15477.37
FRUITS (TOTAL)	37.95	60.5	60.43	227.31	7875.66
SUGAR (REFINED)	63.74	332.39	16.58	67.45	1403
FATS & OILS (TOTAL)	195.01	313.26	24.46	35.39	249.72
MEAT (TOTAL)	177.88	126.09	1.79	1.46	1612.06
RED MEAT	177.78	126	0.79	0.72	783.06
POULTRY MEAT	0.1	0.09	1	0.74	829
FISH	86.86	163.01	2.91	3.13	767.9
EGGS	-	-	8.17	1.85	351.75
MILK & DAIRY PROD.	125.98	1097.42	14.7	51.84	5148
TOTAL	**1963.13**		**405.71**		

Source: Arab Organization for Agricultural Development , Annual Agricultural Statistics Book 2004, Khartum – Sudan.

Appendix (10) - Egypt: Area, yield and output of Cereal, Legumes and Fodder Crops throughout (2000-2004)

Area in Hektar, Yield in Ton/Hek, Production in Thousand Tons

Years	Wheat			Rice Summer Crops		
Crops	**Area**	**Yield**	**Production**	**Area**	**Yield**	**Production**
2000	853.3	6.7	5678.3	659.2	9.1	6000.5
2001	983.9	6.4	6250.8	563.2	9.8	5226.7
2002	1029.4	6.4	6624.9	650.2	9.4	6109.7
2003	1053.2	6.6	6624.9	650.2	9.4	6109.7
2004	1085.6	6.6	7177.8	628.2	9.8	6174.4

Years	Maize			Clover		
Crops	**Area**	**Yield**	**Production**	**Area**	**Yield**	**Production**
2000	681.9	8.0	5482.5	760.5	68.1	517.1
2001	718.6	8.2	5876.6	812.6	67.1	54655.0
2002	652.0	8.1	5278.4	838.3	69.9	58583.0
2003	652.0	8.1	5278.4	826.1	70.1	58583.0
2004	702.1	8.2	5839.9	794.1	71.7	56945.7

This table and the following includes the summer crops of 2003.
The data on most of summer crops of 2004 are not available until now.

Source: Ministry of Agriculture, Economic Affairs Sector, the General Authority for Statistics, unpublished data.

Appendix (11) - Egypt: Area, yield and output of Cash Crops throughout (2000/2004)

Area in thousand Hektar, Yield in Ton/Hektar, Production in Thousand Tons

Years	Sugar Cane			Sugar Beet		
Crops	**Area**	**Yield**	**Production**	**Area**	**Yield**	**Production**
2000	134	117.2	15705.8	52	51	2678
2001	131	118.8	15571.5	60	48	2857.7
2002	135	118.9	1601.6	65	49	3168.3
2003	136	117.9	1633.4	55	49	2691.5
2004	125	120	1500	59	49	2860.5

Years	Cotton			Beans		
Crops	**Area**	**Yield**	**Production**	**Area**	**Yield**	**Production**
2000	218	2.54	553.8	83.2	3.2	262.9
2001	307	2.71	832.2	140	3.1	439.5
2002	294	2.75	809.4	127	3.2	400.9
2003	225	2.64	593.4	106	3.5	336.8
2004	310	1.73	5174.1	100	3.3	330.4

Source: Ministry of Agriculture, Economic Affairs Sector, the General Authority for Statistics, unpublished data.

Appendix (12) - Development of the area, yield and output of Oily Crops in A.R.E. throughout (2000/2004)

Area in Hektar, Yield in Ton/Hektar, Production in Thousand Tons

Years	Peanuts			Soya Beans		
Crops	**Area**	**Yield**	**Production**	**Area**	**Yield**	**Production**
2000	60.34	3.1	187.2	3.9	2.3	10.5
2001	63.04	3.2	205.1	5.3	2.8	14.9
2002	59.26	3.2	191	5.9	3	17.69
2003	61.33	3.2	195	8.2	3.5	28.68
2004	60.01	2.8	166.9	8.2	3.1	43.42

Years	Sesame			Sunflower		
Crops	**Area**	**Yield**	**Production**	**Area**	**Yield**	**Production**
2000	30	1.2	36.3	12	2.3	27.5
2001	29	1.2	34.8	19	2.3	44.1
2002	30	1.2	36.78	16	2.3	35.041
2003	30	1.2	36.66	14	2.3	31.592
2004	29	1.3	36.93	4	2.4	9.55

Crops in this table are summer crops the data on summer crops of 2004 are not available until now.

Source: Ministry of Agriculture, Economic Affairs Sector, the General Authority for Statistics, unpublished data.

Appendix (13) - Egypt: Area, yield and output of Vegetable Crops in A.R.E throughout (2000/2004)

Area in Hektar, Yield in Ton/Hektar, Production in Thousand Tons

Years	Potato								
Crops	Potato Winter Crop			Potato Summer Crop			Potato Nile Crop		
	Area	Yield	Production	Area	Yield	Production	Area	Yield	Production
2000	28.2	23.47	663.2	28.4	26.3	746.8	18.4	19.3	354.9
2001	32.2	24.73	785.1	27.5	25.4	700.8	20	20.9	417.1
2002	34.6	24.6	847.9	27.7	26	719.9	20.3	20.6	417.6
2003	34.8	25.4	882.9	28.5	26.6	759.5	18.9	21	396.8
2004	37.6	24.09	906.03	40.5	28.06	1136.8	25.2	20	503.7

Years	Tomato					
Crops	Tomato Winter Crop			Tomato Summer Crop		
	Area	Yield	Production	Area	Yield	Production
2000	74.5	38.79	2883.1	88.8	31.87	2831
2001	66.3	40.15	2662.2	84.4	31.73	2677.8
2002	72.6	41.3	2998.1	85.3	31.79	2707.5
2003	74.6	42	3133.7	84.8	33.04	2804.4
2004	82.7	43.3	3580.5	82.8	35.4	2931.9

Source: Ministry of Agriculture, Economic Affairs Sector, the General Authority for Statistics, unpublished data.

Appendix (14) - Development of the area, yield and output of Vegetable Crops in A.R.E. throughout (2000/2004)

Area in Hektar, Yield in Ton/Hektar, Production in Thousand Tons

Years	Onion					
	Onion Winter Crop			Onion Nile Crop		
Crops	**Area**	**Yield**	**Production**	**Area**	**Yield**	**Production**
2000	28.6	26.66	763	2.4	28.8	70.3
2001	22.7	27.7	628.4	4	28.92	116.8
2002	27	27.96	754.9	_	_	_
2003	23.2	29.5	686.3	3.9	28.7	112.1
2004	28.8	31.1	895.5	4.5	31.6	142.3

Source: Ministry of Agriculture, Economic Affairs Sector, the General Authority for Statistics, unpublished data.

Appendix (15) - Area, yield and output of Fruit Crops throughout (2000/2004)

Area in Hektar, Yield in Ton/Hektar - Production in Thousand Tons

Years	Orange			Mango		
Crops	**Area**	**Yield**	**Production**	**Area**	**Yield**	**Production**
2000	84.5	19.06	1610.5	27.1	11.04	298.8
2001	83.6	20.28	1696.3	27.8	11.73	325.5
2002	83.6	21.63	1808.6	28.8	9.98	287.3
2003	83.6	21.63	1808.6	28.8	9.98	287.3
2004	91.7	22.4	1850.02	54.3	11.04	375.4

Years	Grapes			Banana		
Crops	**Area**	**Yield**	**Production**	**Area**	**Yield**	**Production**
2000	54.5	19.73	1075.1	19.2	39.61	760.5
2001	54.9	19.66	1078.9	20.7	41.03	849.3
2002	56.3	19.07	1073.8	21.1	41.59	877.6
2003	56.3	19.07	1073.8	21.1	41.59	877.6
2004	57.7	22.1	1275.2	21.1	41.49	875.1

Source: Ministry of Agriculture, Economic Affairs Sector, the General Authority for Statistics, unpublished data.

Appendix (16) - Development of the wholesale price and the consumer price for Red Meat in A.R.E. throughout (2000/2003)

L.E./KGm

Years / Price of Crops		2000	2001	2002	2003
Cow Meat	Wholesale Price	12.9	13.61	12.28	17.86
	Consumer Price	17.35	18.09	15.73	20.8
Buffalo Meat	Wholesale Price	9.85	9.98	12.35	15.3
	Consumer Price	13.44	14.21	15.66	18.98
Large Mutton Meat	Wholesale Price	12.3	13.43	14.54	17.3
	Consumer Price	15.2	17.18	17.41	19.93
Goat Meat	Wholesale Price	11.62	13.11	13.81	16.24
	Consumer Price	16.03	16.47	16.86	18.94

Source: CAPMAS (IBID).

Appendix (17) - Development of the farm price an the consumer price for the main Crops in A.R.E throughout (2000-2003)

L.E./Ton

Years / Price of Crops		2000	2001	2002	2003
Wheat	Farm Price	692.7	700.7	718	760
	Consumer Price	948.3	960	960	1000
Rice	Farm Price	582.7	592.4	671.4	993
	Consumer Price	1112.5	1277	__	1450
Potato Summer Crops	Farm Price	627	627.6	__	714
	Consumer Price	990	1033	__	1450
Tomato Winter Crops	Farm Price	391	392.9	396.7	600
	Winter Consumer Price	1140	846	692	922
Onion Winter Crops	Farm Price	216.5	223.3	228.3	230
	Winter Consumer Price	566.67	711.11	722.22	0
Cotton	Farm Price	2516	2559	2603	3175
Maize	Farm Price	607.1	621.9	628.57	692
	Consumer Price	742.9	764.3	__	928

Years / Price of Crops		Marketing Margins for 2003	
		Amount (difference between FP & CP)	%
Wheat	Farm Price	240	31.6
	Consumer Price		
Rice	Farm Price	457	46.6
	Consumer Price		
Potato Summer Crops	Farm Price	736	103
	Consumer Price		
Tomato Winter Crops	Farm Price	322	53.7
	Winter Consumer Price		
Onion Winter Crops	Farm Price		
	Winter Consumer Price		
Cotton	Farm Price		
Maize	Farm Price	236	34
	Consumer Price		

Source: CAPMAS.
Source of 2003: Ministry of Agriculture & Land Reclamation, Department of Economic Affairs.

Appendix (18) - Imports of some agricultural items throughout 1999-2004

Q: Quantity in Million ; V: Value in US $ Million

	Wheat		Corn Flower		Sugar		Tea		Diary Milk		Total of Meat		
	Q	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**	**Total V.**
1999	5962	547	3585	387	1206	274	73	98	44	75	182	230	1611
2000	4962	719	5162	583	574	196	72	113	30	50	201	244	1905
2001	2818	427	4699	541	438	113	56	99	91	15	100	160	1325
2002	4530	667	4656	583	239	55.7	_	_	_	_	106	190	1495
2003	3400	514	3963	515	314	61					90,1	150	1238.9
2004	4286	713.8			292.3	62.5					102.7	181.2	1238.9

Source: CAPMAS - Resource Center - Unpublished Data.

Appendix (19) - Exports of some agricultural items throughout (1999-2004)

Q: Quantity in 1000 tonne ; V: Value in US $ Million

	Cotton		Rice		Potato		Onion		Tomato		Orange		
	Q	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**	**Q**	**V**	**Total V.**
1999	112	238	307	88	256	46	106	9,5	5	1	53	16	399
2000	63	132	393	113	49	7,7	147	12	1,7	0,5	86	17	281.8
2001	82	185	650	132	185	29	166	14	54	1,1	257	50	411.1
2002	161	330	452	103	229	42	293	24	_	_	127	27	525.5
2003	191.8	359.2	779.4	264.2	296.1	34.9	320	33	3.2	.82	166	38.9	739.4
2004	132.4	334.8	803.6	222.7	380.4	66.9	329	34	4.7	1.2	225	66.85	958

Source: Ibid.

Appendix (20) - Indicators of sub-sectors of AFI, in the public sector in Egypt 1999/2000-2002/2003

LC=Local currency

	1999/2000				2001/2002				2002/2003			
	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
	U	N	M LC	MLC	U	N	M LC	M LC	U	N	M LC	M LC
Fish Industries	2	307	13,7	4.4	2	198	7.2	1	2	189	8.5	2.4
Processed Vegetables	7	767	42.5	6.1	7	788	49.7	12	7	769	6.4	17.6
Oils and Fats	23	16061	1579	186.5	16	12108	1138	144.6	16	11966	1175	157.6
Dairy Milk Industries	7	1379	60.6	13.1	5	1004	65.4	14.7	5	959	52.9	5.8
Mill Products	94	15322	1748	109.2	89	15126	1996	226.8	81	13934	1929	214
Animal Feed	10	1141	155.5	8.1	8	781	149.2	26.5	7	623	167	22.2
Bread, Pastry, Biscuits	129	4524	111	12.7	128	4217	110.4	35.7	121	4065	104	22.6
Sugar	10	14676	1607	309.8	10	12899	1802	494.7	9	12402	2300	559.4
Cacao, Chocolate	2	1138	27.9	-1.3	1	277	9.4	3.6	1	276	6.9	1
Other	13	7145	191.4	115.1	22	2864	224.8	31.2	21	2673	254	9046
Total AFI	301	59557	5594	749.8	285	53304	5584	987.6	270	47856	6004	1049

(1) Number of enterprises U = Unit
(2) Number of employees
(3) Production M = Million
(4) Value added M = Million

Source: CAPMAS ; Annual Statistics of Industrial Production - Public Sector - successive issues.

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