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4 July 1981

Online at <https://mpra.ub.uni-muenchen.de/67171/>
MPRA Paper No. 67171, posted 11 Oct 2015 09:44 UTC

"RED-MEAT PRICE POLICY IN EGYPT"

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Abstract

The background of the study explained that the price inflation of red meat is partially due to demand pull phenomena. However, the question is does it also work according to a cost push model? the answer, from the analysis followed in the text is yes, it is also a cost push problem, particularly at the feedlot level.

The analysis showed that the cost of producing fed beef animals in late 1980 and early 1981 was 1.34 L.E. per Kg. liveweight, assuming a 20 percent margin. This was close to the market price of 1.35 to 1.40 L.E. in April, 1981. The price fixed by the government in September, 1980,

which was 1.05 L.E. per Kg. liveweight of fed calves, 1.97 L.E. per Kg. carcass and between 2.3 to 2.5 L.E. per Kg. meat, the trader would get a positive margin of 11.4% if the fixed prices for both the fed live calf and the carcass were valid. However, he has to supply his carcass to the butcher at not less than L.E. 2.32 per Kg. because the actual market price of a fed calf is L.E. 1.34 per Kg. Therefore, the butcher would have to supply the lean meat of the carcass at not less than L.E. 3.2 per Kg. instead of L.E. 2.38 per Kg. as a fixed price. These imputed prices of meat allow 10% and 15% margin for the trader and the butcher respectively.

Accordingly, inflation in red meat prices is not only a demand pull effect (due to population increase, income increase and migration from rural to urban areas) but also it is a cost push effect. The feeder calf costs are 79 percent of the feeder's costs of production. The price of a kilo liveweight of a feeder calf increased from L.E. 0.24 in 1968 (Soliman, 1973) to more than L.E. 1.50 in 1981 (Table 3). Accordingly, its cost is the main source of the cost push problem of meat price inflation.

Table 1: Trends of Imported (1960-1980)

Year	Frozen		Preserved		Live		Live		Live		Total	
	Meat		Meat		Cattle		sheep		Camels		Red	Whites
1960	4293		8113		7966		315		444		21131	507
1980	97217		14461		--		--		11209		122887	29566

Source: Calculated from: Ministry of Supply (Egypt), Department of Meat:
Unpublished Records.

The feeder calf market is beyond any practical government intervention. The supply is apparently fixed and demand for those calves is increasing at high rate. Various livestock policies lead to increased demand for feeder calves. The government provides credit to purchase feeder calves and/or establishment of feedlot farms. Governorates' food security projects concerning livestock sector are mainly fattening and/or broiler production (Soliman and El Nager, 1981). Private enterprises prefer to invest in fattening to take advantage of the feed price subsidy and low interest rate credits and low risk.

The break-even weight for finished animals would be 383 Kg. liveweight, implying an average daily gain of about one Kg. per day. A profitable finished animal weight (based on 20 percent feeder's margin) would be 640 Kg. liveweight, implying an average daily gain 1.44 kg.

These efficiency measures are required under the current feeder calf price of 1.55 L.E. per 1-kg. and a fed calf of 1.05 L.E. per kg. Soliman

,78) showed from a random sample of thousands beef calves that less than 25 percent of all Egyptian native calves show an average daily gain above 0.9 kg.

In addition to that, the current fixed price of red meat squeezes the margin of different market levels. Such pressure appears to be transmitted to the by-products market as joint products, particularly edible offals. This raises the prices of edible offals which puts much burden on the budgets of lowest income classes. Hide as a necessary intermediate product for shoes showed an annual inflation rate ranges between 30-60 percent after implementation of current price policy. Both by-products markets are free from any explicit price policies.

It should be mentioned that it is not practical to implement a fixed price per kg. liveweight of beef, simply because there is no kind of scale in Egyptian livestock markets. Transactions are practiced through personnel judgment on the market field of live animals.

This study shows that domestic meat prices are higher than the cost of imported meats and that there is effective protection. Higher prices persist because of high cost of production and despite government efforts to stabilize them at a lower level. The study does not explain why sufficient imports do not enter to drive down the domestic price level. This topic will be examined in a forthcoming paper.

INTRODUCTION

Available research indicates that in Egypt there is a rapidly increasing gap between meat production and effective demand. Soliman (1978) estimated that the red meat gap in the year 2000 could range from 277 to 349 thousand tons. Another recent study by the Arab Organicultural Development showed that the gap in year 2000 would be 586 thousand tons, indicating that Egypt would have self sufficiency ratio of only 41%. These studies indicate that the effective demand would increase at 4% annually, while the growth rate of production would not exceed 1.5%. Current dramatic changes in the Egyptian economy imply

Table 2: Annual Inflation Rates in Red and White
Meat Prices for the Period 1966-1978.

(Percent change)

Level of the Market	Veal	Beef	Aged (cullied) Cattle cattle	Mutton	Poultry
Consumer	12.4	12.0	12.1	+11.7	11.5
Wholesale	+12.8	12.4	14.0	13.0	11.9

Sources: Calculated from: Central Agency for Public Mobilization and Statistics

(Egypt): Monthly Bulletin of Consumer Prices, various issues for the

period 1966-1980, Cairo, (in Arabic).

The Government has followed different policies to stabilize the price. Table 1 shows that red meat imports increased from, approximately, 21,000 tons in 1960 to 122,000 in 1980; at the same time. White meat imports increased from 507 tons to 29,000. Import composition changed in favour of frozen meat carcasses, and the live animal proportion of meat imports diminished, except for camels.

In addition to expansion in meat imports, the government has continued to distribute this meat through consumer cooperatives at a subsidized price of L.E. 0.68 per kilo, which is much lower than its real cost. The government policies also have attempted to lower costs of production at the producer level through subsidizing the common concentrate feed mix price. The official price was 37 L.E. per ton in 1980, while its social costs were estimated to be about three fold that amount (Soliman and El Azim, 1981). Another policy which attempts to diminish, indirectly, the costs of production is to provide credit at 6% annual interest rate while the normal bank rate is between 12-15% a year. Credit is available to establish feedlot farms, to be repaid over 5 years. Also, credit is

available to purchase feeder calves, to be repaid after 6 months (Soliman and El-Nagar, 1981)

In spite of rapidly increasing imports of meat and different direct and indirect subsidy policies of ret meat production, the annual inflation rate of both retail and wholesale prices of meat in Egypt was approximately 12 percent over the period 1966-1978 (Table 2).

After the meat crisis in September 1980, when the consumer price of a kilo of beef reached

Table 3: Producer Margin for Feeding One Head of Native Beef
in 1980/1981 in Egypt.

Item of Costs & Returns	Quantity Kg.	Price per Kg. in LE	Value LE
<u>1. Costs Items</u>			
Purchase feeder calf	200	1.55	310
Concentrate feed mix	990	0.37	36.63
Wheat straw	540	0.4	21.60
Labor costs			10.80
Capital depreciation			1.00
Insurance Costs			1.00
Transportation cost			2.50
Interest cost for credit on purchased calf			6.80
Installation of farm building credit			0.72
Costs of risk (due to mortality)			1.84
Miscellaneous			0.25
			<u>391.14</u>
<u>2. Total Costs</u>			
<u>3. Revenue</u>			
Manure (3 cubic meters/head)			3.00
A fed calf kg. liveweight	350	1.05	367.50
<u>4. Total Revenue</u>			370.5
<u>5. Implicit cost</u>			
Discount due to rumen fill	10	1.05	10.50
<u>6. Producer Margin</u>			-31.14
% of margin / total costs			- 8.0%

Sources: Averages of some big feedlot farm in Kalibia Governorate.

3.5 L.E., the Government established a fixed price policy for red meat. The fixed price applied from the farmgate (fed calf) level up to the retailer (butcher) level. Under this policy, a fed calf is priced at 1.05 L.E. per kilo of liveweight, while the price at wholesale is 1.79 per kilo of carcass weight. The butcher has to sell a kilo of boneless meat at 2.50 L.E. for first quality and at 2.30 L.E. for second quality meat. The butcher is permitted to add 100 gm. fat to each 900 gm lean meat.

OBJECTIVES AND METHODOLOGY

Beef from fed animals is the focus of the present study because it is the common type of red meat, particularly in urban markets (Soliman, 1973). Most of the Government policies referred to above are intended to affect the marketing of such animals. This study analyses the current red meat price policies and their impact on the efficiency of this market. The steps taken are:

- 1) To calculate the margins of the producer,

trader and retailer, in order to diagnose the implications of the current policies.

To calculate social costs of domestically produced red meat in comparison with imported meat costs (border prices), at comparison levels of the market, in order to show the impact of Government intervention.

The relationship of recent fixed price policies of red meat to markets for edible offals and hides is also considered.

Though other research has tried to examine the meat price distortion issue in Egypt, these estimates (Cuddihy, 1980) were overly simplified. Rather than follow Cuddihy's approach of assuming a simple percent of price processing cost, the present study depends on actual values of different cost items in the market chain, and it also includes by product values in the calculations.

RESULTS AND DISCUSSION

Margins of Beef Market at Different levels:

The margin of each market level was calculated as an expected value (average) of one head of beef under current price policies.

Producer Margin:

From Table 3, the producer purchases a feeder calf at 1.55 L.E. per Kilo. Liveweight is an average initial weight 200 kg. He has to sell his fed calf at 1.50 L.E. per kg. liveweight to the trader at an average marketing weight of approximately 350 kg.

The most common feeding system is to use government supplied concentrate feed mix in combin-

Appendix Table 2: Carcass Weight and Boneless Cuts of Imported and Domestic Beef Animals

Item	Imported Animal (kgs)	Domestic Animal (kgs)
Liveweight and Slaughter house	545	346
Empty carcass weight	321.6	193.8
Heart weight **	2.8	1.4
Liver weight **	8.2	4.8
Abdominal and heart fats	9.1	4.9
Total carcass weight	332.70	204.90
Dressing percentage	61.1/	59.3/
Empty Carcass at time of cold storage	311.96	193.26
Empty carcass after cold storage	308.70	190.84
1st quality meat weight **	109.52	68.64
2nd quality meat weight	126.92	80.10
Long bone weight	19.16	12.76
Other bones	36.16	20.71
Kidneys fat	1.21	7.26
Total weight of deboned components	306.98	189.47

* This weight is usually less than the weight at destination site, there is a loss of about 10-20 kgs.

** At retailer level the liver and heart are added to first quality meat.

All types of fats are added to lean meat for sale at a rate 100 gms fat to each 900 gms lean meat.

Source: Average of five experiments for each type, each experiment including conducted jointly by the Ministry of Supply, General Company for Meat Production and the Gerco company for Cold Stores. The experiments were done during 1980-1981. The author acquired the data from Ministry of Supply Department of Meat, 1981.

ation with wheat straw. The normal feeding combination is one kg. concentrate feed mix per 50 kg. liveweight; wheat straw is provided at a rate 0.5 kg. per each 50kgs. of liveweight. Labour input is in linear proportion to the number of head and length of production period. The typical farm scale is 50 head, and the fattening period is 180 days. Each worker thus serves 25 head a day. The average wage rate per day is 2 L.E. The cost of depreciation of building and equipment averages 1 L.E. per head. The producer pays 1 L.E. per head every 6 months as an insurance charge. Assuming that he receives a credit of 160 L.E. to help purchase a feeder calf, and with an interest rate of six percent in accordance with the present policy he would pay 4.80 L.E. as interest costs for 6 months.

The producer also pays transportation costs to transport the feeder calf from the market to his farm (Appendix, Table 1, presents the cost schedule), an average 2.50 L.E. per head. He may acquire credit to build his farm at 6 percent interest rate (current policy) to be repaid in installements over five years. The average cost of this per head is approximately 0.72 L.E. The

expected mortality rate is 1% a year for feedlots. Finally, there are other miscellaneous costs, such as veterinary services and miscellaneous supplies, which are estimated at 0.25 L.E. per head. These average data show that the total costs per head are approximately 391.13 L.E.

The trader usually discounts a value equal to 10 kgs liveweight as a charge for rumen fill at sale. By adding the value of manure produced to the total revenue, the average margin is expected to be a loss of about 31 L.E., i.e. about eight percent negative on total costs. This loss would still be about 5.2% without discounting the value of rumen fill.

This result shows that at the producer (feeder) level the present price policies probably discourage him. He cannot sell his fed animals at 1.05 L.E., the official price, and make a profit. The break-even price is about 1.12 L.E. per kilogram liveweight.

It is difficult to establish how large of a profit margin is sufficient to encourage feeders

to operate. By addition of a 20% profit margin to producer costs the market price would be about 1.34 L.E. per kilo of liveweight. The actual market price in the first months of 1981 ranged between 1.35 to 1.40 L.E. per kilo of liveweight (average price for fed animals at Tanta livestock market in April, 1981). In other words, the government's policy to fix the price of live animals at 1.05 L.E. per kg. has been largely ineffective.

It should be mentioned that there are no scales in livestock markets in Egypt to implement a fixed price policy of a fixed price per kilogram. Valuation of animals in Egypt is mainly by visual judgement. For this reason alone, the government policy of establishing a fixed per kilogram price on live animals is impractical.

Trader Margin:

Traders collect fed animals from feedlots and / or livestock markets through middlemen, and send them to their own yards at urban slaughterhouses. The Ministry of Supply in Egypt estimates that there are 12 traders in the Cairo market,

where more than 60% of Egypt's total fed beef animals are handled. This indicates that the traders are relatively large in size.

Table 4 presents both costs and returns for this stage of the beef market. It should be mentioned that the trader enjoys sources of revenue other than just the sale of the carcass itself. He also sells byproducts consisting mainly of hides and edible offals. Accordingly under the fixed price per unit of carcass weight (1.79 L.E. per kg), he makes about 11.48 L.E. margin over total costs, if the feeder calf is supplied at the fixed price 1.05 L.E. per kg. liveweight.

If the trader must pay the feeder the higher market price of 1.34 L.E. per kilo, his total costs would be 477.47 L.E., while his revenue would be only 418.76. This still assumes that he sells the carcass at the official price of 1.79 L.E. per kg. Accordingly, he would suffer a net loss of 58.71 L.E., i.e. 11.7% of the total cost.

The Ministry of Supply intervened at this stage a few months after the fixed price policy

Table 4: Trader per Head of Native
Beef in 1980/81

Item of Costs & returns	Quantity kg.	Price per kg. in LE	Value LE
1. Costs Items			
Purchased fed calf ^{نرقة}	350	1.05	367.50
Feeding for 1 day at slaughter- house yard			0.50
Slaughter costs and taxes			1.60
0.5% risk due to excluding the infected carcass			1.97
Transportation to slaughtthouse			4.00
Labor			0.20
2. Total Costs			375.97
3. Revenue Items:			
Refund due to rumen fill	10	1.05	10.50
Edible offals			26.25
Hide	30-40		21.55
Tail meat			1.36
Abdominal fats 12	6		3.00
Carcass weight (57.12 dress)	199	1.79	356.10
4. Total Revenue			418.76
5. Trade Margin			
% of B. of total costs			

Source: Calculated from the Ministry of Health, Department of
on Slaughter practices, 1979/80, Vol. 1, 11. Table 4.1, p. 11.
Appendix Table 2, and the data for the export of beef
of Cairo Market.

was established, in order to treat the disequilibrium which had resulted. Imported, partially, finished feeder calves were provided to the traders at the fixed price 1.05 L.E. to help (compensate) them for the loss which resulted from marketing local calves which they were purchasing at higher prices. The higher initial weight and heavier final carcass weight of foreign animals also helped to offset the loss resulting from purchasing local fed calves at higher market price. Currently, however the Ministry provides a subsidy of 0.40 L.E. per kg. for fed calves to cover the loss, because they found that program to import feeder animals was too costly to maintain.

Retailer Margin:

Under the official price policy for red meat market, a butcher (retailer) can earn a positive margin of about 39.52 L.E. per head, i.e. about 10.9% of total costs. However, if the trader purchased the fed calf at 1.34 L.E. per kilo and if the trader takes a 10% margin and thus sells the carcass to the butcher at a price of 2.32 L.E. per kg. (keeping by products at the same pr-

ces as in Table 4), the total costs of the butcher would be 468.68 L.E. per carcass (Table 5). Assuming a butcher margin of 6% of total costs then the weighted average sale price of lean meat with organs and fats would be 3.00 L.E. per kilogram; this is about equal to the average free market Cairo in the first half of 1981. However, the government's price policy, which has tended to be disregarded more with the passage of time provides a weighted average price per kilogram of only 2.39 L.E.

Relationship of the fixed meat price policy to the live stock by-products market:

In Egypt the edible offals, i.e. the head, legs, lungs, rumen meat, intestine, tongue and spleen, represent about 13% of averages per-capita consumption of red-meat (Soliman, 1973). Low income classes depend mainly on such products as a substitute for higher priced lean meat.

However, the fixed price of meat implemented recently by the Government placed a great

pressure on red meat market margins. It is possible that this pressure may have been released through the by product markets, pushing up these products' prices. It is practically impossible under current market functions, scale and structures to control the by products market. Tables 6 and 7 show that the price of edible offals inflated at more than 60% annually, while that of red meat was only 12% (Table 2).

With respect to hide prices there are three notes. First, inflation has been much greater than for red meat and edible offals. Secondly, though the hide price to public sector was less than to the private sector, the two prices are moving closer together. The last note is that the big inflation in shoe prices results because the public sector does not sell hides at low prices as it did in the past. While the recent policy to set red meat prices at a level less than the equilibrium price may have induced upward pressure on the uncontrolled prices of edible offals and hides, it is also true that the prices of these by-product pressures as meat products in general. In any case, the sharp increase in

by-product prices is bound to have severe effects on low income classes.

Red meat shadow price and government intervention

It is important to compare the real costs of locally produced lean meat at the retail level with imported meat costs, at the same market level and form of product, to provide evidence concerning implicit protection or indirect taxation of red meat activity in Egypt.

National costs of domestic lean red meat:

By eliminating the direct and indirect subsidy at different stages of the red meat market up to retail, and by adjusting for taxes, it is possible to get the international opportunity (social) cost of beef. It should be mentioned that allowances must be made for by-product values since imported carcasses and frozen cuts do not provide such by-products. As Table 5 showed earlier, a head of beef provides an average of 167.95 kg of lean meat.

Accordingly, the cost per ton of domestic lean-meat is calculated as in Table 8. The average net social cost per ton of lean meat of domestic

**Table 5: Retailer Margin per Native Beef
Carcass in Egypt, 1980/81**

Costs & Returns items	Quantity kg.	Price per kg. in LE	Value LE
1. Cost items:			
Purchased carcass weight	199	1.79	356.10
Transportation			1.00
Labour			2.00
Costs of store rent and electrical power			2.00
Miscellaneous			2.00
2. Total Costs			363.1
3. Revenue Items:			
Liver & kidneys (2-6% of chilled Carcass weight)	5.00	2.50	12.50
1st quality meat (37.42 of chilled Carcass weight)	73.16	2.50	182.90
kidney fats (1.6% of chilled Carcass weight)	3.13	2.30	7.20
2nd quality meat (44.3% of chilled Carcass)	86.66	2.30	199.32
Long bones	13.27	05	66
4. Total Revenue			402.58
5. Retailer Margin:			
Butcher Margin of Margin/total costs			39.48 10.9%

Source: Calculated from: (1) Ministry of Supply, Department of Meat: unpublished records, (2) Table 4, (3) Carcass cuts, shrinkage percent, and loss are averages of 3 experiment from Cairo slaughter-house, Appendix Table 2, and (4) costs are the average of a sample from Cairo market.

beef is calculated at 2626 L.E. per kg.

It should be mentioned that the national gross costs per ton of domestic lean-meat is about 2959 L.E., and credits for by products remove about 16% from this value. The feeder calf cost is about 62% of total gross costs, while, concentrate feed costs are not more than 5% of total gross costs.

Border costs of red meat:

There are three main types of imported meat at the present time: (1) imported beef carcasses (2) imported boneless cuts of beef and (3) imported feeder animals. Imported mutton and camels were not included so as to be comparable with domestic meat. Accordingly, all kinds of taxes and/or custom tariffs were excluded. The technical coefficients that were used to calculate the real weight of lean meat were taken from the available experimental data on different batches of each type. These experiments were conducted by Ministry of Supply, and results are presented as Appendix Table 2 of this study.

Table 6: Changes in Consumer Price of Edible Offals in Egypt Before and After the Recent Fixed Price of Meat.

Item	<u>June-August, 1980</u> (value in LE)	<u>Oct.-Dec., 1980</u> (value in LE)	<u>Jan.-March, 1981</u> (value in LE)	<u>Quarterly</u> increase rate of price (%)
Head	7.3	6.5	9.5	15.75
Brain	1.2	1.5	1.6	20.3
Tongue	3.0	3.5	4.0	14.3
Spleen	1.0	1.2	1.4	16.8
Rumen	3.5	3.5	4.0	6.0
Legs	3.0	3.5	4.0	14.4
Lungs	2.5	3.0	3.5	16.8
Intestine	1.5	1.9	2.4	23.3
Total	33.2	26.6	30.6	13.8

Source: Collected and calculated from personnel communications with wholesale traders in the Cairo livestock market during February-April, 1981.

Table 2: Inflation Rate in Edible Offals and Hide Prices Before and After
The Fixed Price Policy of Red Meat in Egypt.

Market & Commodity.	1979/1980 Value in LE	1980/1981 Value in LE	Annual increase rate (%)
<u>Edible & Offals:</u>			
Cattle	16.31	30.61	61.7
Buffalo	15.41	30.61	68.6
<u>Hide (private sector):</u>			
Cattle	20.0	26.0	26.2
Buffalo	17.0	23.0	30.2
<u>Hide (public sector):</u>			
Cattle	10.3	21.25	70.5
Buffalo	16.5	21.25	70.5

Source: Collected and calculated from personnel communication of wholesale traders of livestock in Cairo market, February-April, 1981 and also Department of Meat, Ministry of Supply.

Table 8: National Costs per ton of Domestic Lean Meat at the Retail Level

Comparative	Value in LE
1. <u>Cost-Items:</u>	
Feeder-calf purchase costs	310
Concentrate feed mix costs (subsidized price)	36.63
Subsidy value of concentrate-feed mix	86.03
Wheat-straw	21.60
Subsidy value in interest provided by Government	5.50
Other production costs	2.66
Wholesale costs without taxes	7.47
Butcher costs	7.00
2. Gross Cost Value	496.89
3. <u>By-products: Revenue</u>	
Hide value	21.55
Edible offals value	26.25
Tail meat value	1.36
Abdominal fat value	3.00
Long bones value	0.68
Manure value during fattening operation	3.00
4. Total by-product revenue	55.84
5. Net national costs per head	441.05
6. Net national costs per ton of lean meat	2626.08

Source: Calculated from:

(1) Tables 3, 4, 5, 6, and 7

(2) Soliman, I. & Abd El-Azim, M. : Concentrate Feed-policy

Table 9 shows that the calculated costs for lean meat from imported carcass and imported boneless cuts were about 1788 per ton and 1805 per ton, respectively.

The imported fed animal is a new type that is finished on dry feeding for 45 days before slaughter. These animals are partially finished, animals from Ireland. They were assumed to have similar characteristics to domestic beef in calculating the costs per ton of lean meat; to permit comparability, the total value of by product revenue was excluded from gross costs (Table 10). The department of Meat of the Ministry of Supply provided the cost items from actual field data. From Table 10 the national cost per kg. of lean meat was about 2001 L.E. per ton of boneless lean meat in 1980. It should be mentioned that this estimated value is on the basis of 550 kg. liveweight per head, i.e., 309 kgs, boneless lean-meat per head, and 1.55 U.S. dollars per kg. liveweight at an exchange rate. 707 L.E. per dollar.*

Table 9: Border Costs per Ton of Imported Lean Meat of Both
Carcass type and Boneless Frozen Type in 1980

Item	Imported ton of Carcass LE	Imported ton boneless cuts LE
Purchases price	1226.65	1502.38
Insurance costs(0.375.of purchase Price)	4.60	5.63
0% for hard currency fund	98.13	120.19
C.I.F Costs	1329.38	1628.20
Banking costs (5% of C.I.F. value)	66.47	81.41
2%, from C.I.F costs due to loss	26.59	33.41
Landing and transportation at port	10.00	8.94
Transportation	10.00	3.00
Storage for 1 month at cold-stores	15.00	10.00
Butcher costs	7.00	4.00
Total costs at retail level	1464.44	1774.11
Costs per ton lean meat	1768.1 ^a	1804.8 ^a *

Source: Calculated from:

(1) Ministry of Supply, Department of Meat, unpublished records, 1980
(2) Appendix Table 2.

(3) Exchange rate for imported meat is .707 LE per U.S. dollar.

* Net weight is about 819 kgs. out of 1 ton carcass due to deboning and storage shrinkage.

** Net weight is about 983 kgs. out of 1 ton carcass due to storage shrinkage.

Table 10: Border Costs per Ton Boneless Lean meat from Imported Irish Fesler Animal in 1980.

Comparative Item	Quantity kgs.	Value LE
<u>1. Cost Items:</u>		
Purchase costs per 1 head (liveweight) \$ 1.55/1 kg.	550	602.7
Travel expenses of government committee to select animals		1.99
Vaccination and drugs		50
Feeding for 45 days: concentrate feed-mix, (9 kg/day)	405	14.99
Subsidy for concentrate feed mix		35.19
Rice-straw (4.4 kg/day)	180	1.80
Clover hay (1.5 kg/day)	67.5	2.16
Labor Costs		1.04
Transportation costs to carantine		1.28
Rent value of required tractors & equipments		51
Other materials		13
Oil Consumption		05
Facility Maintenance & deprciation		1.00
Miscellaneous costs		09
Slaughter costs		80
Transportation to local market		4.00
Butcher costs		7.00
Gross costs per head		675.23
By-Products revenue per head		56.89
Net costs per head		618.34
National costs per ton boneless lean meat		2001.1

Source: Collected and calculated from:

(1) Tables 4, 5.

(2) Ministry of Supply, Department of Meat, unpublished, 1981.

Comparative advantage of red - meat domestic production:

Comparative analysis of national costs per ton of lean meat at the retail level showed that the domestic meat cost about 3714 dollars per ton, while imported carcass, imported beef cuts or imported fed beef animals cost 2529 dollars, 2553 dollars or 2830 dollars per ton, respectively at an exchange rate of 707 L.E. per dollar (Table 11).

This study shows that current domestic costs of production are higher than the costs of imported meats (Table 12).

The imported carcass is the cheapest type of meat, followed by imported boneless cuts and then the imported fed animals. All imported types are of lower cost than domestic beef meat. However, the impacts of monetary policy, show that the higher the exchange rate is the lower the effective protection of the domestic product. At the shadow exchange rate the imported fed animals are almost of the Same Cost as the domestic meat.

Table 11: National Costs of Domestic Red Meat and Border
Costs of Imported Meat

Comparative Item	<u>Domestic</u> beef meat	<u>Imported</u> beef carcasses	<u>Imported</u> beef cuts	<u>Imported</u> beef feeder animals
National costs per ton of lean meat (LE)	2626.08	1788.1	1804.8	2001.1
National costs per 1 ton lean meat (U.S. dollars) *	3714.4	2529.1	2552.8	2830.4

1 U.S. dollar = .707 LE
Sources: Calculated from tables 2, 3, and 10

Table 12: Net Economic Production Coefficient of Domestic Beef Meat in Egypt, 1980/81.

Alternative rates of exchange	Exchange rate 1 LE / U.S. dollar	Imported Carcass	Imported Cut	Imported Feed-values
1980/1981 exchange rate	.707	1.669	1.455	1.112
Current exchange rate of Egyptian pounds in 1981.	.85	1.236	1.225	1.104
Shadow exchange rate*	.911	1.156	1.161	1.031

* This is a subjective estimate of the average exchange rate in the free market; however, the market rate exceeded 1 LE per dollar in last month of 1981.

Source: Calculated from Table 11.

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Appendix Table 1: Average Transportation Costs per Beef Calf from Different Markets to Cairo
Main Market in 1981.

Departure site (Market)	Kaliole	Shar- kha	Beha- ira	Char- bia	Daka- hlia	Alexa- dria	Fa- youm	Beni- Suef	Menia	Ass- lout	So- hag	North Tahrir, Nubaria & Matiout
Average cost of transportation per head (LE)	2.5	3.75	4.0	6.0	5.0	8.0	3.5	3.5	4.5	6.0	7.0	9.0

ملخص دراسة عن :
السياسة العربية للحوم الحمراء في مصر

اعداد

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يبين تحليل مشكلة البحث ان تضخم اسعار اللحوم الحمراء يرجع جزئيا الي زيادة الطلب عليها (زيادة السكان ، زيادة الدخل ، الهجرة من الريف للحضر) ، والسؤال هو هل هذا التضخم يرجع ايضا الي زيادة تكاليف الانتاج ؟

اتضح من التحليل ان تكاليف انتاج العجل المسن في اواخر ١٩٨٠م واول ١٩٨١ بلغت حوالي ١٢٤ ر جنيها للكيلو جرام وزن حي ، وهذا بافتراض ٢٠٪ هامش للمنتج ، وهذه التكلفة قريبة من سعر السوق في ابريل ١٩٨١ ، والذي بلغ ما بين ١٢٥ - ١٤ ر جنيها للكيلو جرام وزن حي وقد حددت الحكومة الاسعار في سبتمبر ١٩٨٠م ، بحيث كان السعر ١٠٥ ر جنيها للكيلو جرام وزن حي للعجول السمنة ١٢٩ ر جنيها للكيلو جرام ذبيحة ومتوسط مرجع للكيلو جرام لحم احمر (قطعيات درجة اولي ودرجه ثانية) بلغ حوالي ٢٢٨ ر جنيها للكيلو جرام . وتبين ان تاجر الجملة يمكن ان يحصل علي هامش موجب (١١٪) ، اذا كانت الاسعار المحددة سائدة ولكن لا بد أن يعرض تاجر الجملة الذبيحة للجزار بسعر لا يقل عن ٢٢٢ ر جرام ، لان السعر الفعلي للعجول السمنة بلغ حوالي ١٢٤ ر جنيها للكيلو جرام ، وهذا يؤدي الي أن الجزار لا بد أن يعرض اللحوم الحمراء عند سعر يزيد عن ثلاثة جنيهات للكيلو جرام ، وذلك بدلا من السعر

سحدد والبالغ ٢٢٨ جنيهها للكيلو جرام (متوسط مرجع) . هذه الاسعار المقدرة تسمح بحوالي ١٠ ٪ ، ١٥ ٪ هامش لكل من تاجر الجملة والجزار علي القرتهب .

وعلي ذلك فان التضخم في اسعار اللحوم الحمراء ليس فقط نتيجة زيادة الطلب ولكن ايضا نتيجة زيادة التكاليف ، خاصة علي مستوى المنتج (المسمن) . وتبلغ تكاليف العجل المعد للتسمين حوالي ٧٩ ٪ من جملة تكاليف المسمن ، وقد ارتفع سعر العجل المعد للتسمين من حوالي ٢٤ جنيهها للكيلو جرام وزن حي في عام ١٩٦٨ الي أكثر من ١٠٥ جنيهها في عام ١٩٨١ ، وعلي ذلك فسر العجل المعد للتسمين هو المصدر الرئيسي لمشكلة زيادة التكاليف والتي تعتبر سببا رئيسيا لتضخم اسعار اللحوم الحمراء . الي جانب زيادة الطلب عليها .

وسوق العجول المعد للتسمين لا يخضع لأي تدخل حكومي في مكنانيته وانترض في هذا السوق ثابت تقريبا بينما الطلب علي هذا النمط متزايد بمعدل تزايد ، حيث ان عديد من سياسات الانتاج الحيواني تقود الي زيادة الطلب علي العجول المعد للتسمين (لا نشاء مزارع التسمين وشروعات الامن الغذائي في المحافظات في مجال الانتاج الحيواني في معظمها تسمين عجول أو انتاج بداري اللحم للدواجن ، والشروعات الخاصة تفضل الاستثمار في التسمين للاستفادة من دعم اسعار العلف وانخفاض سعر الفاسدة للقروض المقدمة لهذا الغرض وانخفاض المخاطرة في هذا النشاط بصفة عامة نتيجة هذه السياسات .

ولقد بهت الدراسة ان وزن المساواة التسويقي (عند نقطة تعادل) التكاليف (الايراد) لابد ان يكون حوالي ٢٨٢ كيلو جرام وزن حي بمعدل (١٠٠ يومي لا يقل عن ١ كيلو جرام ، بينما الوزن التسويقي الربح (٢٠ ٪ هامش المنتج) لابد الا يقل عن ٦٤٠ كيلو جرام وزن حي اي بزيادة (١٠٠ يومي لا يقل عن ١٤٤ كيلو جرام ، اذا اريد ان تسمن و

الاسعار المحددة وتنخفض تكاليف الانتاج ، وهو ما لا يمكن ان تحققه كفاءة الماشية المصرية .

ويجدر الاشارة الي ان السياسة الحالية للسعر القابت للحوم الحمراء ، أدت الي تقلص الهوامش عند مختلف مستويات السوق ، هذا الضغط كان بديهيًا أن يتم تعويضه في سوق المنتجات الثانوية كمنتجات مشتركة مع اللحوم وسوقها حر ، وهذه المنتجات الثانوية قسما ، أولهما المنتجات الثانوية القابلة للاكل (الاسقاط) حيث ارتفع سعرها بمعدلات كبيرة تصل لبعض هذه المنتجات الي ٦٠٪ سنويا . وهذا يشكل عبئا كبيرا علي عائق ميزانية من الفئسات الداخلية الدنيا ، وثانيهما الجلد الخام كمنتج وسيط لصناعة الجلود والاحذية حيث ارتفعت اسعارها ما بين ٢٠ - ٦٠ ٪ سنويا بما يصير سببا رئيسيا لارتفاع اسعار الاحذية في الفترة الاخيرة ، خاصة وإن القطاع العام لم يستطع أن يثبت اسعاره في سوق الجلود واصبح مقارب للقطاع الخاص .

ومن جهة أخرى اظهرت هذه الدراسة (بحساب معامل الحماية الاقتصادي الصافي) ان التكاليف المحلية لانتاج اللحوم الحمراء علي بكثير من اللحوم المستوردة ، حيث تبين ان الدبائح المستوردة هي ارخص انماط اللحوم ، تليها القطيعات المشواه ، ثم الثيران المسمنه المستوردة وكلها اقل تكلفه من اللحوم المحلية علي نفس مستوي السوق كما بينت الدراسة اثر السياسات النقدية في هذا الشأن ، حيث انه بزيادة سعر الصرف تنخفض قيمه الحماية الفعلية للمنتج المحلي وعند سعر الظل للصرف فان العجول المسمنه الحية المستوردة تكون ذات تكاليف تعادل تقريبا اللحوم المحلية عند نفس مستوي السوق .