

The effect of targeting subsidies production on economical sectors (using CGE method)

Abstract

Regarding the importance of the effect of subsidy reforming on agricultural sector and aims paper studies to consequences of production subsidy rate changes with using General equilibrium model based on input-output table in year 2001. Payments systems is investigated To modified the effects of reduced subsidies.

This research had three scenarios containing Step down and finally removed production subsidy rates and three Scenario containing step increases removed production subsidy and real wage rates were considered. Results showed that reducing subsidies to increase production price index and GDP also Import and export of goods declined. . With indirect payment increased employment, production and exports. Produce subsidy scenarios the greatest effect on agricultural and Food industrial production, value added and export of cultivation, livestock and poultry activities are reduced more than other activities in the field. Results also showed that employment and capital in Agricultural services and paltry activities are reduced. Also Elimination of production subsidies effect on all activity is negative In other words, imports in those activities increases. Contractions policy had Negative impact on agricultural production; the support of agricultural and Food Industrial beside government expenditures reduced recommended.

Keywords: Agricultural sectorial, Production subsidy, Computable General Equilibrium, indirect payment



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