

Leading Sectors For Economic Development in Light of Recession in Egyptian Economy

Azza Mohamed Hegazy Shehata

part-time Associate Professor

Abstract

The recession of economic activity in Egypt since 2008/2009 has a negative impact on performance of the indicators and levels of development. The growth rate of GDP declined to 4.7% in 2008/2009, and employment opportunities decreased to 600 thousand jobs only, and the unemployment rates raised to around 9.4%, which impacted negatively on the achievement of goals for economic development in accordance to the Sixth Development Plan (2007/2008-2009/2010). As the target was to increase the growth rate of GDP by nearly 8% annually and provide about 750 thousand jobs annually, and reduce the unemployment rate to 5.5% by the end-year plan.

There are various methods that can be applied by the decision maker to achieve the planned objectives in the Sixth Five-Year Plan and to recover from the recession that hit the Egyptian economy. One of these methods is to identify the leader sectors that are capable to achieve the goals of economic development, and draw policies for developing them to be the engine driving the growth of other sectors of the economy. The study was an attempt to identify the leader sectors for development, in accordance to technical interrelation index and preferences of the decision maker. Within this framework, the tables of input - output of 2006 / 07 have been used to identify the sectors that have advantages of strong interrelation and the ability to double its production and absorption of labor.

The study had shown that the food industries, spinning and weaving sectors are characterized by the ability to absorb employment and doubling of production. Therefore, their structure have been studied and compared relatively with other manufacturing industries. Moreover, some of the problems that they suffer from have been identified . Some suggestions have been presented to develop these sectors.

Faculty of Commerce and Business administration, Helwan University - 2010, January

