

Abstract

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A Proposal for Egyptian Regional Distribution Centres for the COMESA market

The objective of this research was to assess the feasibility of establishing Egyptian RDCs in the Common Market for Eastern and Southern Africa (COMESA) in order to enhance Egyptian export flows to that economic bloc. The research hypothesis was that the volume of Egyptian exports within the COMESA market would be enhanced through the establishment of a network of RDCs. Intensive analysis of COMESA imports was conducted in order to understand the nature of the demand in the COMESA market and explore the export potential for Egyptian products. To increase the competitiveness of Egyptian exports to the COMESA market the research proposes the establishment of an RDC network in COMESA. Two models were used to Select the locations for the Egyptian RDCs network within COMESA countries. The first model was used to set the criteria for the location decision within COMESA countries from a logistics perspective. The second model was used to assess the Selected locations through criteria pertaining to several external factors such as economic and political stability, local infrastructure and geographical locations. Kenya, Djibouti and Tanzania are the three countries which proved to be the optimal locations to establish a generic network of Egyptian RDCs for the COMESA market. The factors which are adversely affecting the competitiveness of Egyptian exports to the COMESA countries were assessed based on three stages of export flows from the manufacturers' facilities in Egypt until reaching each country in COMESA via the RDCs. The first stage is from the Egyptian manufacturers' locations to the Egyptian seaports, the second from the Egyptian seaports to the seaport of the receiving country in which the RDC is located, and finally the third stage from the location of the RDC to the COMESA market for redistribution to the end users. In order to test the results from these models, two questionnaires were conducted to target Egyptian exporters and COMESA importers to investigate their views regarding the establishment of the Egyptian RDC network to serve the COMESA market. The findings of the questionnaires revealed that the COMESA market is a good gateway for Egyptian exports, however, a number of problems render the benefits from such a market to be a challenge to achieve. Therefore, the research has focused on recommended actions to be considered in potential implementation strategies through a schematic model to enhance the flows of Egyptian exports to the COMESA market and to overcome the hindrances in achieving a competitive position within this market.