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ESTABLISHING RDCS IN COMESA: EGYPTIAN EXPORTERS' PERSPECTIVES

ABSTRACT

The role of supply chains has been significant in strengthening the competitiveness of international trade among countries. Regional Distribution Centres (RDCs) are among the remarkable drivers of any international trade supply chains. The Egyptian exports face severe competition in the international market which has led the Egyptian government to join regional trade blocks such as the Common Market for Eastern and Southern Africa (COMESA) for the aim of establishing export channels to new markets. Therefore, applying the concept of RDCs was examined to enhance the performance of Egyptian exports which are facing high competition in the EU, US, and Asian markets. Thus, the purpose of this research is to study the associated aspects to this area of interest based on a survey which has targeted the Egyptian exporters who are directly dealing with the COMESA to cover several issues regarding the trade between Egypt and COMESA. Moreover, this survey has also included the analysis of the reasons that make the COMESA prefer other international products rather than the Egyptian products, and the attitudes towards the proposed selection of Egypt's RDCs in COMESA. In addition, this survey is also identifying the main features of the Egyptian exports compared with the foreign exports in COMESA and the recommended action to be taken towards the establishment of the Egyptian RDCs in COMESA.

KEY WORDS

RDC (Regional Distribution Centres), SCM, international trade, Egyptian exports, COMESA

1. INTRODUCTION

Egypt, like most of the less developed countries (LDCs), strives to diagnose and find solutions for the severe difficulties that are obstructing the growth and development of its exports sector [1]. Difficulties such

as high competition, losing market shares, high levels of exports prices, modest products quality and labour, lack of expertise and training for implementation of modern methods of logistics and supply chain management and ineffective organisation structures that all affect the performance of the Egyptian exports [2]. The exports matter is one of the major concerns of the Egyptian government because the exports whether goods or services, represent one of the most important sources of foreign currency that eases the pressure on the balance of payments and creates employment opportunities. Therefore, exports can increase the trade industry, and assist the country to integrate in the world economy and reduce the impact of external shocks on the domestic economy i. e. experiences of the Asian and Latin American economies provide good examples of the importance of the export sector to economic growth and development, which led economists to stress the vital role of exports as the engine of economic growth [3].

The Egyptian government established several export strategies to the African markets and to COMESA in particular. Egypt became an official member of COMESA in 1998 [4], and the main purpose for joining the COMESA group is to increase the volume of the exported products by penetrating new markets through trade agreements and being in Free Trade Areas (FTA) within certain groups of countries. Furthermore, COMESA is one of the potential markets for the Egyptian exports especially since the Egyptian products are facing a severe competition in the EU, USA, and the Asian markets [4]. However, several studies [5]; [6]; [7] and [8] have shown that the successful implementation of supply chain and distribution principles could improve many of the export difficulties mentioned above. Moreover, review of rel-

evant literature reveals that the successful implementation of RDCs would logistically support the flows of exports to certain regions [9].

Therefore, the researchers have applied a set of criteria [10] in order to select the appropriate locations for the Egyptian RDCs in COMESA market. The applied criteria have covered the main issues regarding the location decision criteria for the RDCs, each country in COMESA has been assessed based on the following criteria: transport infrastructure, wages and benefits, proximity to seaports, general business environment, proximity to airports, proximity to rail hubs, labour availability, proximity to customers, proximity to suppliers/sources, corporate taxes, multi-lingualism, congestion risk and utility infrastructure. The results from such criteria showed that Kenya, Djibouti and Tanzania are the best locations to host the Egyptian RDCs to serve all COMESA countries. Therefore, Figure 1 illustrates the Egyptian RDCs network in COMESA.

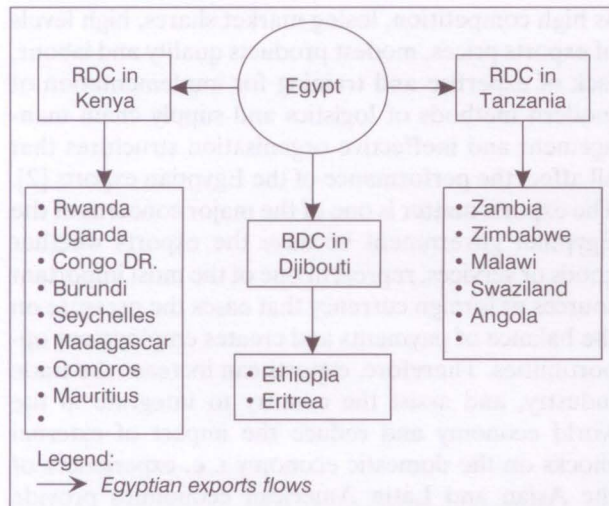


Figure 1 - Egypt's RDCs network in COMESA

Source: the authors

As shown in Figure 1 each Egyptian RDC in Kenya, Djibouti and Tanzania would serve a particular number of COMESA countries. In addition, as for the case of Sudan and Libya, due to their close geographical locations to Egypt, and their high demanding markets for the Egyptian products, this would render them as two special gates for the Egyptian exports without the need for establishing particular distribution centres for each country. Consequently, the main task of the current empirical study is to investigate the implementation of the selected Egyptian RDCs network in COMESA. Therefore, the researchers have developed two major questions; 1) Would the proposed locations of the Egyptian RDCs in COMESA (Kenya Djibouti, and Tanzania) be feasible to boost the Egyptian trade flows to the particular markets? 2) If so, how could the proposed Egyp-

tian RDCs be implemented successfully in COMESA?

These were the overall questions to be answered by the current study defined by the following objectives: 1) to outline the nature of the RDC role in facilitating the trade between Egypt and COMESA; 2) to distinguish the benefits obtained from establishing the Egyptian RDC network in COMESA implementation based on the perspectives of the Egyptian exporters; 3) to identify the problems that Egyptian exporters typically encounter in doing business in COMESA and 4) to recommend actions to be taken to strengthen the idea of establishing the Egyptian RDCs network in COMESA and to boost the Egyptian exports to the particular region. Moreover, this investigation is seen as a principal step towards formulating strategies and tactics that overcome many of the severe difficulties that obstruct the successful implementation of distribution and supply chain principles to achieve its potential benefits.

2. REVIEW OF RELEVANT LITERATURE

The RDC is a theme of distribution activities within the supply chains, which has its unique role to strengthen the trade flows between regions and even countries. Therefore, the following sub-sections will explore the main characteristics of the relation between the position of RDC within the supply chain and its impact on the international trade flows.

Supply chain and RDC features

Distribution management has been an important feature of industrial and economic life for many years; which has been recognised through the growth of supply chain management and logistics activities within the business and economic environment [11]. Moreover, distribution is critical to security of supply, for the basic essentials of life such as food, drink and shelter and luxury products. It determines market diversity and consumer choice, and thus drives competitiveness, jobs and prosperity. Therefore, it supports the logistics activities regime and the supply chains parties in various benefits such as trade-off analysis, value chains and systems theory together with their associated techniques [12]. The RDCs are located in certain areas in order to serve a different number of regions. RDCs provide a number of services attributed to shippers, such as storage, cargo tracking, inland transport service, customs clearance service, consolidation, packaging, labelling, assembly and documentation services [13]. Some of these attributes can be expected to be more important than others to customers, and not all customers would attach the same importance to any particular attribute [7]. In order to develop an

RDC service responsive to customer needs, it is necessary to determine the individual importance of service attributes. On the other hand, RDC as a part of the supply chain could face difficulties among the chain. The problem that exists with various partners in the supply chain are the goals of the participants differences and neither party sees the need for information sharing. If timely information cannot be obtained, inefficiencies in the supply chain performance are inevitable [14]. One of the main causes for the lack of common goals is the functional silo in the organisational structure. This leads to a short-term focus and the other functional silos do not acknowledge the potential of the logistics function. A fact that is often overlooked is that the benefits of supply chain management take some time to materialise [15].

RDC and the international trade

The RDC exists to provide a buffer between supply and demand for certain kinds of products that have a fluctuating demand e. g. groceries. It makes sense to have a small stock of these products so that when customers' demand rises, they can be supplied more quickly [16]. With the advent of Just-in-Time (JIT) manufacturing and other 'lean' systems, however, companies are finding ways to make this buffer smaller and smaller. In addition, RDCs also allow consolidation and sorting of products. Suppliers tend to produce large volumes of a small range of goods, whereas retailers, like supermarkets, tend to demand smaller volumes of a large range of goods. RDCs allow many different types of products to be consolidated and delivered in a cost-effective way [9]. However, trade is crucial to the countries economies where the RDCs play an important role in facilitating the trade for industries and markets [17]. In this process, the RDCs and its logistics activities are considered as trade intermediaries as they constitute a vital link between the industries and its market and supply sources. They are outlining an integral element of the country's trade competitive strategy [18]. For this strategy to succeed, however, all potential barriers hindering the competitiveness of trade industries must be tackled and reduced to the minimum possible [19]. Thus, this is becoming more realistic in the era where information technology applications make it possible for instant communication, and electronic order handling and payment for goods and services. This in turn has led to the enormous pressure on logistics to ensure efficient delivery.

The benefit of logistics and supply chain management excellence is enormous for the national economy [20]. Apart from maintaining cost competitiveness of business operations, it attracts foreign direct investors to establish importing, production and distribution facilities, therefore, increasing employment opportunities and income levels. This should be in line

with the government's objective of making the country a procurement centre/distribution centre for the entire region [21]. Competitive advantage acquired by efficient logistics management also serves the interest of the general public. It has the potential of minimising import and export prices and inflation as well [22]. This in turn gives exporters a fair opportunity, reliable, rapid delivery and relatively cheaper prices in an increasingly competitive world market.

Egypt and COMESA trade features

Of all the African inter-state groupings, COMESA brings together the biggest combination of large African economies. Egypt is one of the largest economies in the group; COMESA includes some of the African states which are engaged in significant trade relations with Egypt, with the exception of South Africa and, to a lesser extent, Ivory Coast. In 2006, the Egyptian exports to COMESA totalled US \$351 million, accounting for 2.2% of the total Egyptian exports and 44.4% of Egyptian exports to Africa. Imports from COMESA totalled US \$254 million, or 1.7% of total Egyptian imports and 73% of imports from Africa [4]. The most important imports from COMESA to Egypt are agricultural products and raw materials, specifically tea, coffee, cocoa, ferroalloys, base metals, refractory raw material, chromate, graphite and precious metals (gold, silver and platinum), and precious and semi-precious stones. On the other hand, Egypt's exports to COMESA are more diverse, such as steel, cement, chemicals, pharmaceuticals, household appliances, aluminium, transformers, oranges, gypsum, carbon, clinker, onions, garlic, rice, fruit, matches, shoes confectionery, transportation equipment, ceramic tiles, dairy products, grains, cement, cotton, textiles and tyres [4]. In addition, Egypt's trade with COMESA has significantly increased after Egypt's signing of the COMESA treaty in 1998 [23]. In 1999, the year after signing the COMESA treaty, Egypt's exports and imports to/from COMESA have increased 6.3% and 11.5% respectively from the previous year. In 2005, and after seven years of being a COMESA member, Egypt's exports to COMESA have greatly increased to 87.4% and its imports from COMESA have also increased to 51.5%. This implies that Egypt has remarkable trade relationships with COMESA countries [23]. On the other hand, the most common difficulties in doing trade with COMESA are the marketing, financing, and high transaction costs. However, African consumers are often unaware of the Egyptian products due to the absence of these products at fairs and trade exhibitions. This can be partially overcome through use of the display spaces and warehouses / distribution centres which could exist in COMESA. There is also a need for more frequent marketing and business missions to explore opportunities in COMESA markets. Egyptian companies' representatives

must be ready to exploit market demand for products and to follow up on bids and tenders, which are sometimes more lucrative than sales [4] and [6].

3. CONTRIBUTION TO CURRENT KNOWLEDGE

The hypothesis of this research was that the volume of Egyptian exports within the COMESA market would be enhanced through the establishment of a network of RDCs. Consequently, a very limited amount of empirical studies have been undertaken concerning the establishment of RDCs to support trade flows. Therefore, this study contributes to what is currently a limited amount of studies and addresses the subject of RDCs between Egypt and COMESA. It examines the actions and strategies to be undertaken prior to the implementation of Egypt's RDCs in the COMESA market. This study may provide an opportunity for other researchers to carry out more research in the field and develop dynamic and conceptual frameworks for the development and operation of RDCs within the international trade environment.

4. STUDY METHODOLOGY

The sample

The survey was sent by email to a convenience sample of approximately 100 Egyptian exporters focusing on the feasibility of establishing the RDCs in Kenya, Djibouti, and Tanzania, as well as exploring the barriers and benefits associated with the idea. The targeted respondents in each company were the general manager or assistant manager. Care was taken to include all companies which relate to the survey's scope in the sample. The initial results were unhappy, but a follow up by telephone and by re-emailing the survey activated the respondents' number. However, usable responses from the survey were obtained resulting in a response rate of 36%. Table 1 presents the survey responses details.

Table (1) Survey responses details

	Egyptian exporters Survey
Sent to	100
Accessed the survey website	96
Total responses	36
Percentage	36%

Source: the authors, based on the survey results

The construction of the survey

The survey was based on unstructured interviews with specialists in the research area and several suc-

cessful studies previously conducted in the related fields of research, i. e. [24]; [23] and [6] studies. The modifications which have been made to these studies were determined by the researchers' own knowledge of conditions of the Egyptian exportation sector and the nature of the business in COMESA and the theoretical issues discussed previously in this research. Therefore, wide varieties of analytical techniques were used to interpret and illustrate the data. Responses containing ratio data were analysed using means, *T* Test, and correlation analysis.

Validity of the survey

A pilot test was conducted using a convenience sample of 15 general managers belonging to Egyptian export companies, each representing a different company. These managers were encouraged to assess critically the surveys instrument and offer suggestions that would improve the clarity and operational relevance of all the survey questions. The feedback from these managers enabled the researcher to improve the survey and tailor the questions to the research scope.

5. DATA ANALYSIS

The findings of the survey

Before going into analysing the findings from the Egyptian exporters' survey, it is imperative to highlight the aim of the survey which are summarised as follows: investigating the COMESA countries where the Egyptian exporters are active; determining the nature of business of the Egyptian companies in COMESA; examining the main foreign competitors of Egyptian products in the COMESA market, with revealing the reasons that make the COMESA market prefer the international products rather than the Egyptian products; evaluating several issues concerning the competitiveness of the Egyptian exports; providing the Egyptian exporters' opinion regarding the proposed Egyptian RDCs in COMESA countries; and determining the benefits that the proposed Egyptian RDCs would bring to the Egyptian exporters when doing business in COMESA countries.

Egyptian exporters profile

The survey was sent to several leading companies dealing with COMESA trade. The number of respondents was 36% of the total responses from the Egyptian exporters as it was mentioned in Table 1. However, 31.48% of the respondents were manufacturers, while 33.33% were transport and freight forwarding companies. These two types of respondents gave the highest responses to the survey. Five types of businesses such as the agricultural, oil and gas, construction, environment, and engineering have similar responses which were two respondents for each busi-

Table (2) Favoured COMESA countries by Egyptian exporters

Countries	Currently active in COMESA countries		Important markets in terms of turnover	
	N	%	N	%
Angola	12	6.59	5	4.42
Burundi	0	0.00	0	0.00
Comoros	1	0.55	0	0.00
Congo DR	5	2.75	1	0.88
Djibouti	24	13.19	15	13.27
Eritrea	13	7.14	2	1.77
Kenya	31	17.03	28	24.78
Libya	27	14.84	24	21.24
Madagascar	4	2.20	0	0.00
Malawi	4	2.20	1	0.88
Mauritius	11	6.04	5	4.42
Rwanda	7	3.85	2	1.77
Seychelles	1	0.55	0	0.00
Sudan	27	14.84	23	20.35
Swaziland	0	0.00	0	0.00
Uganda	8	4.40	3	2.65
Zambia	3	1.65	2	1.77
Zimbabwe	4	2.20	2	1.77

Source: the authors, based on the survey results

ness. These companies were requested to provide the favoured countries in COMESA where they are highly active as well as the most important COMESA markets in terms of turnover for the Egyptian exporters. Thus, Table 2 presents the COMESA countries which are targeted by the Egyptian exporters.

As shown in Table 2, almost 85% of the COMESA countries are considered current markets for the Egyptian exporters. Kenya, Libya, Sudan, and Djibouti received the highest responses from the Egyptian exporters. Kenya is a strategic partner for Egypt in the eastern part of Africa; in addition, it has direct transportation route from/to Egypt. Libya and Sudan being the closest COMESA neighbours are the second two countries favoured by the exporters. Djibouti is a targeted market for the exporters as well. On the other hand, four countries, as it is mentioned above are not favoured by the Egyptian exporters. Burundi and Swaziland did not receive any responses from the Egyptian exporters while Comoros and Seychelles only received one response each. The researchers were keen to investigate these results in particular with some experts in the exportation industry in Egypt by conducting unstructured interviews which have summarised the following: the unavailability of direct transportation with the COMESA landlocked coun-

tries, make the trade bill for the Egyptian exports very high, besides the weak demand on the Egyptian exports from these countries which make the expected profits from doing business with these countries very low due to the small market capacity of these countries. In addition, the South African exports almost dominated the market needs in these countries [4].

Competitors and competitiveness of the Egyptian exports

In order to integrate the thought regarding boosting the Egyptian exports to COMESA, it was significant to reveal the main competitors of the Egyptian exports in COMESA. The Egyptian exporters' responses showed that 28% of the respondents said that China was the main competitor to Egypt in COMESA due to their low-priced products and satisfying quality for the customers in COMESA. The EU came in second with 25%. In addition, the USA is the third main competitor in COMESA by 24% of the respondents. South Africa is the fourth competitor by 20% of the respondents, and the rest 3% for other countries such as Tanzania, Japan, and India. Most of the Egyptian exporters agreed that the competitive and reasonable prices with fair variety of products of the foreign countries are the main reasons for the COMESA market to prefer such products over the Egyptian alternatives. In

addition, the exporters summarised some other important reasons such as: the timing, accessible channels to the customers, quality, bilateral agreements, regularity, and financial facilities. Moreover, the prices of the products according to the exchange rates are low compared with the Egyptian products. Another obvious reason is related to the marketing element, respondents mentioned that the Egyptian products do not have good marketing and promotions in the COMESA market.

Furthermore, the Egyptian exporters encounter several issues when doing business in COMESA. These issues include: competitive prices, lack of working capital, lack of staff/skills, language difficulties, export documentation, exchange rate, import duties, legal complexities/bureaucracy, corruption, availability of shipping lines, identifying business opportunities, cultural issues, cost of market entry, instability of political and economical situation, product development funding, finding overseas distributors/agents, finding overseas business partners, brand identity/market penetration, foreign taxation and sourcing market information.

Table 3 presents the evaluation of the Egyptian exported products by the Egyptian exporters. The exporters were asked to evaluate nine main factors related to the export business in COMESA on a six-point Likert type scale: (1) Excellent, (2) Good, (3) Moderately Good, (4) Moderately Poor, (5) Poor, (6) Very Poor. The respondents evaluated four factors as good and moderately good. These factors are the quality of Egyptian products, their varieties, their prices and the reliability of order fulfilment.

Table 3 - Evaluation of Egyptian exports

Factors	Rank	mean
Quality of Egyptian exports	1	2.56
Variety of Egyptian exports	2	2.61
Price of Egyptian exports	3	2.78
Reliability of order fulfilment	4	2.81
Order cycle time	5	3.00
Flexibility in trade transactions	6	3.03
Tendency to business collaboration	7	3.08
Degree of damage to shipment	8	3.28
Information and communication flows	9	3.33

Source: the authors, based on the survey results

As seen from Table 3 the nine factors are considered as the main competitive elements when doing trade. Quality is ranked first with good evaluation as well as variety. The price came in third, which indicates that the Egyptian exporters are concerned about the high level of prices with average quality; this issue strongly affects the competitiveness of the exports.

However, factors such as damage of shipments and information and communication flows had negative feedback since they are considered as integrated factors with others.

Egyptian exporters feedback on the RDCs network

There are two essential questions involved in this part: the opinion of the Egyptian exporters in the proposed network of the RDCs in COMESA, and the benefits which would be gained from implementing such a network. Thus, it was imperative to explore the opinion of the Egyptian exporters about these locations. Therefore, the exporters have expressed their opinions which are summarised in Table 4. The evaluation of the Egyptian exporters on the proposed RDCs network in COMESA countries showed that the RDC in Kenya is the most favoured gate for the Egyptian exports to the mentioned corridors which are served by the Kenyan ports. Djibouti came in second in their evaluation, while Tanzania occupied the last place.

Table 4 - Evaluation of Egyptian RDCs in COMESA

RDCs networks	Rank	Mean
RDC in Kenya will serve: Uganda, Rwanda, Burundi, Congo DR Seychelles, Comoros, Mauritius and Madagascar	1	2.08
RDC in Djibouti will serve: Ethiopia and Eritrea	2	2.22
RDC in Tanzania will serve: Zambia, Malawi, Angola, Zimbabwe and Swaziland	3	2.39

Source: the Authors based on the survey results

The exporters have presented some comments regarding the above mentioned RDCs network. Firstly, they totally agreed on the RDCs in Kenya and Djibouti while they did not clearly disagree on the RDC in Tanzania. The proposed Egyptian RDC in Kenya is logistically an optimal location for serving Burundi, Congo D. R., Rwanda and Uganda. The Northern corridor represents the transport infrastructure and facilities between these countries and Kenya linked to the Port of Mombasa. These countries are served by road transport through four routes and by both the Kenya Railways and the Uganda Railways, which mean that RDC location in Kenya is totally applicable to the actual trade flows to these four landlocked countries.

In addition, the RDC in Djibouti is another example of the exporters' agreement about this location which proposed to serve Ethiopia and Eritrea by Djibouti road corridor. The Port of Djibouti is strategically located at the junction of the major routes between Europe via the Suez Canal, Asia and East Africa and is the access to Ethiopia and Eritrea. In Djibouti, the private sector provides all the shipping,

clearing and forwarding services. The Ethiopian cargo is cleared in Djibouti by their customs agents but the clearance procedures must be done in Addis Ababa. While the Eritrean cargo could be delivered by road or rail transport as well.

However, The RDC in Tanzania will serve five landlocked countries. As Tanzania is a former COMESA member, although it will not enjoy zero rated duty, COMESA will continue to bridge with Tanzania through PTA, East African Co-operation (EAC) etc. The central corridor which connects Dar es Salam port in Tanzania to Zambia, Malawi, Angola, Zimbabwe and Swaziland will be the main road rail corridor to reach the landlocked countries. Some respondents said that it was not necessary to select a non COMESA country to be one of the RDCs locations.

On the other hand, the exporters were asked to evaluate the possible benefits to the Egyptian exports when implementing the Egyptian RDCs network in COMESA countries. Table 5 shows the respondents' feedback of the benefits of the RDCs.

Table 5 - Evaluating the benefits of Egyptian RDCs in COMESA countries

Factors	Rank	Mean
Enhancing the growth of Egyptian trade	1	2.56
Competitive pricing	2	2.64
Buffering between supply and demand	3	2.67
Improving order fulfilment	4	2.67
Maximising effectiveness while minimising cost	5	2.67
Accurate tracking of goods	6	2.75
Adopting best practices	7	2.75
Allowing consolidation and sorting of products	8	2.78
Generating the chances to enter new markets	9	2.78
Reducing in-transit theft	10	2.78
Achieving inventory control	11	2.81
Customer response time	12	2.83
Increasing productivity	13	2.83
Time compression	14	2.89
Centralisation of Egypt's supply chains structures	15	3.00

Source: the authors, based on the survey results

It seems that the idea of establishing RDCs in COMESA have got a positive feedback from the exporters. They demonstrate their preferences as listed in Table 5, and the enhancement of the Egyptian trade growth came first. The RDCs idea will accelerate and

enhance the flows of Egyptian exports to COMESA market. The strategies of Egyptian trade growth could be acquired within the RDCs in COMESA, the idea of establishment of these RDCs would promote the Egyptian products, and this would require a wide range of governmental support by the commercial representatives which will influence the customers in COMESA countries to know and to be convinced with the quality, price, availability and variety of Egyptian products on the COMESA markets. From this point of view, the enhancement of the growth of Egyptian products on the COMESA market would be tangible. Consequently, this will interact with restructuring and justifying the supply chains of the Egyptian exports on the COMESA market.

General obstacles to Egypt's RDCs in COMESA

The Egyptian exporters exposed several physical and non-physical barriers to the stable flow of Egyptian exports in Egypt and in COMESA countries. Furthermore, they expressed their opinions regarding the factors that adversely affect every stage within the transportation process of the Egyptian exports to COMESA countries, such as infrastructure constraints and bureaucratic operational and administrative procedures. Better co-ordination of policies with the neighbouring countries in COMESA will help ease some international transit problems. To achieve a better market access, all alternative transport combinations must be examined in order to select the most efficient and competitive logistics channel in terms of cost, time and reliability. However, Table 6 compares the Egyptian exports and the competing countries exports in general with a point of view of the COMESA market. From this table the researchers highlight some empirical evidences based on the survey results, which shows the real situation of the Egyptian exports in general compared with the competitors on the COMESA market. Therefore, this could extract several recommended actions to be considered in order to improve the overall performance of the Egyptian exportation strategies not only on the COMESA market but for the international markets as well.

The table reveals the critical situation of the Egyptian exports. Competition is severe, especially in product prices, marketing, and business information aspects. These three issues could negatively affect the market share of the Egyptian products on the COMESA market. The five main issues mentioned above are the basics of the competitiveness of any exporting country, if one or two issues face difficulty, this would affect the entire issues. Furthermore, in order to overcome these difficulties and increase its export competitiveness, the Egyptian government should promptly restructure the exporting strategies. It is worth mentioning that Egypt has all the possible resources, starting from the manufacturing, transporta-

Table 6 - Comparing the features of the Egyptian and foreign exports on COMESA market

Countries	Quality	Price	Transport Connections	Marketing	Business Information
Belgium	H	H	M	H	H
China	M	L	H	H	H
Egypt	M	H	M	L	L
France	H	M	H	H	H
Germany	H	H	H	H	M
India	M	L	H	M	M
Italy	H	H	M	M	M
Mozambique	L	L	H	H	H
Netherlands	H	M	M	M	M
South Africa	H	L	H	H	H
Tanzania	L	L	H	H	H
United Kingdom	H	M	M	M	M
USA	H	H	M	M	M

Source: the authors, based on the survey results

Note: (H) High, (M) Moderate and (L) Low

tion and facilities infrastructure besides the high density of qualified and skilled labour and the massive natural resources which could make it one of the leading countries in Africa and the Middle East, as long as proper distribution and supply chain strategies are applied within the exporting industry.

6. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The test of the proposed network of Egypt' RDCs in COMESA has provided some interesting results including the problems associated with the RDC concept. The following is a summary of the findings:

- Although COMESA is not like the EU, US, and Asian markets regarding their standards requirements of trade, which made the Egyptian government seek to join the COMESA, the Egyptian exports still need to be improved and to be up to the competition levels overall.
- COMESA countries like Kenya, Djibouti, Libya and Sudan are the most favoured countries for the Egyptian exporters to do business with. In addition, although Tanzania is not a COMESA member, the Egyptian exports are highly demanded on the Tanzanian market.
- The lack and disadvantages in certain issues could negatively affect the presence of the Egyptian exports in COMESA such as: competitive prices from foreign competitors, lack of staff/skills, legal complexities/bureaucracy, identifying business op-

portunities, instability of political and economic situation, product development funding and implementing proper logistics and supply chain management principles.

- The three proposed RDCs locations i. e. Kenya, Djibouti and Tanzania are the main trade hubs to most of the eastern and southern countries in Africa, which has been highly agreed upon by the Egyptian exporters.
- The RDCs would bring several benefits to both sides the Egyptian exporters and overall trade and to COMESA customers.
- A very significant implication of the current study is that the Egyptian exporters can use the proposed network of RDCs as a strategic competitive weapon for their business; if they use it as a strategic philosophy, rather than a temporary solution for exporting obstacles.
- Finally, the research contends that RDCs network implementation may seem to be an easy task, but this is a very deceiving thought. The problem is not only how to establish these RDCs, but how to make them work effectively and support the Egyptian exports strategy.

Recommendations

The following recommended future studies are believed to be essential for a sounder understanding of the role of RDCs in the Egyptian trade. However, a similar research should be undertaken concerning how transportation issues affect the operations of the RDCs; the expected role of the Egyptian government and the policy makers in the Egyptian export sector re-

garding the RDCs networks; case studies are needed to present more details regarding the RDC in Kenya, Djibouti and Tanzania individually; further research should be undertaken regarding the relationships between logistics and supply chain activities within the international trade to develop the overall operational performance.

Finally, from this study the authors wish to open new areas of interests for other researchers to develop more research in the field, contributing to the knowledge and enhancement of the implementation of innovative supply chain and logistics tools and philosophies for the benefit of the developing countries of the third world.

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