



EGYPT AND THE COMESA BLOC - PROSPECTS FOR DEVELOPING ECONOMIC INTEGRATION AND LOGISTICAL CONNECTIVITY

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1. **ABSTRACT:** Increasing exports is one of the most important objectives of current economic policy, given its crucial role in financing development, increasing production, employment, and growth rates, as well as providing foreign currency and improving the balance of payments. The Common Market for Eastern and Southern Africa (COMESA) is a promising market for Egypt. This study aims to explore the development of foreign trade and logistical connectivity between Egypt and COMESA, using a descriptive and analytical statistical methodology, supported by a survey of 60 traders and experts.

This research focuses on the economic impact of COMESA agreements on Egyptian exports and identifies optimal economic trends for these exports, which may benefit policymakers in the Egyptian economy. It employs a descriptive and analytical statistical methodology to identify the logistical challenges and obstacles facing Egyptian exports to COMESA countries. The study revealed a small volume of trade between Egypt and COMESA countries relative to Egypt's total foreign trade, while also showing a positive trend in Egyptian exports to COMESA countries. Their contribution to Egypt's total global exports has increased significantly over the past two decades, resulting in a substantial trade surplus. The research also identifies strategic pillars for strengthening relations, such as industrial expansion and the development of logistics hubs. However, it points to challenges such as the high concentration of Egyptian exports in COMESA markets and weaknesses like the lack of coordinated and sophisticated shipping and logistics systems. Overall, the research indicates that while Egypt has benefited significantly from COMESA, further infrastructure and strategic planning are needed to maximize participation and address identified weaknesses. The paper concludes by identifying the challenges facing the promotion of trade and shipping logistics to COMESA countries and offers recommendations on measures to be considered in international trade logistics activities.

2. INTRODUCTION

Countries seek to integrate into large economic blocs due to the numerous benefits they reap from economies of scale and production specialization, based on the comparative advantages each country possesses within the bloc. This enhances the competitiveness of these countries' products, whether agricultural or industrial (Qasim et al., 2023, pp. 69-84), thereby raising their economic growth rates, creating more job opportunities, and reducing unemployment. They also benefit from improved terms of trade and the facilitation of the movement of goods, services, people, capital, and technical expertise (Al-Khashan, 2020).

Besides serving as a general framework through which economic blocs coordinate the economic policies of their member states in their final stages, this approach enables them to address external



challenges facing the bloc, thus providing them with the negotiating power to secure rights and advantages that positively impact the economic situation of their members. This is particularly evident during multilateral economic and trade negotiations involving large economic blocs and major economic powers, where countries often find it difficult to secure advantages that would allow them to compete with these larger economic entities. Trade agreements are among the most important objectives of economic blocs, and may even be the sole reason for their formation. Opening markets to exports and increasing the comparative advantage and competitiveness of national products is a common goal among countries, regardless of their systems, kinds, terms or ideologies. This is because exports are the driving force behind economic development and one of its most important sources of funding. When countries conclude trade agreements, their ultimate goal is to open markets and promote the distribution of their products (Mohammed, 2022).

Research Methodology:

To achieve the study's objectives, a descriptive and analytical statistical approach will be employed to identify its economic implications and determine the most important indicators of its success, utilizing mathematical methods. Secondary data sources will be drawn from the Central Agency for Public Mobilization and Statistics, the Ministry of Trade, the National Planning Institute, and foreign trade models, in addition to relevant research and studies, and primary data for SWOT analysis.

3. LITERATURE REVIEW

A COMESA annual report published in 2023 indicated that the COMESA region experienced a slight slowdown in economic growth, with the average growth rate declining to 5.7%. Inflation, which varied among member states, rose, and trade, both within COMESA and with other African countries, increased significantly, exceeding pre-pandemic levels. However, COMESA's total exports and imports declined in value in 2023 compared to 2022. The European Union maintained its leading position as a major destination for COMESA exports and imports. Intra-COMESA trade remained relatively stable, highlighting the need for enhanced coordination between fiscal, monetary, and exchange rate policies. Significant strides were also made in developing regional economic infrastructure, particularly in the energy, ICT, and transport sectors. Moreover, The Industry and Agriculture Program made notable progress in advancing agricultural productivity, sustainable fisheries and livestock development, as well as promoting industrialization, investment, and climate resilience. COMESA institutions made substantial progress in 2023 toward regional economic integration, financial stability, and sectoral development. Key highlights include ZEP-RE (PTA Reinsurance Company, COMESA Regional Investment Agency, COMESA Monetary Institute, African Trade & Investment Development Insurance, African Leather & Leather Products Institute, COMESA Business Council, COMESA Competition Commission, COMESA Court of Justice, COMESA Federation of National Associations of Women in



Business, COMESA Clearing House and Trade and Development Bank. Focusing on COMESA data, (**Karamorero 2015**) compared export performance before (1980–1993) and after (1994–2012) COMESA's establishment. After validating gravity model estimates using static effects, random effects, and the generalized moment method, he found that COMESA's establishment had a trade-creation effect, leading to an increase in intra-regional exports of approximately 35%. This study provides valuable information on COMESA's overall impact on trade creation, but it did not address the effectiveness of the bloc's deeper integration efforts. Nor did it examine the impact of the free trade agreement since its inception in 2000 or the launch of the customs union in 2009, although both developments occurred within the study period. However, research indicates that not all members can be expected to reap immediate benefits from a customs union unless they effectively coordinate customs procedures, improve economic infrastructure, and remove non-tariff barriers to trade, among other requirements (**Dimaranan and Mevel, 2008; Nzuma et al., 2009**). In general, evidence points to a moderate increase in intra-COMESA trade volume since the Free Trade Agreement (FTA) was concluded in 2000 (**Karamorero, 2015**). While it is clear that the COMESA RIA, the FTA, and the Customs Union have boosted trade, the extent of their positive impact on improving trade in the region remains unclear. Specifically, it is uncertain whether the expansion in trade volume is due to a few countries gaining market share at the expense of many other member states, or whether the FTA itself contributed to this growth. For example, while total intra-COMESA trade grew by more than 8 percent in 2013 (COMESA, 2014), member economies experienced varying rates of growth in both imports and exports. (**Grace Gondwe, 2021**) examined the factors influencing intra-COMESA trade by estimating export and import gravity models to identify the drivers of intra-COMESA trade from 1997 to 2015. The results reveal that the presence of other regional blocs, such as the Southern African Development Community (SADC) and the European Union (EU), positively impacts trade within the region. Positive and statistically significant Linder coefficients were found in both models, indicating that similar underlying factors currently influence the direction of exports and imports. Based on comparative advantages, countries export goods with little or no added value, while importing differentiated goods, primarily manufactured products derived from their original exports. Consequently, the benefits of the COMESA free trade agreement are not being fully realized, and diversifying exports and developing sustainable value chains within and between member states appear to be the optimal choices. Finally, the findings suggest positive returns from improving economic infrastructure. Specifically, the positive and significant coefficient for the transport variable, for both exports and imports, highlights the importance of good transport infrastructure for boosting trade in the region.

By estimating the determinants of Egyptian trade intensity with the Common Market for Eastern and Southern Africa (COMESA) By using a large-scale gravity model to identify the determinants of bilateral trade,(**Samah SA Elmorsy, 2015**) the results shown that each of Libya and Sudan are the most important export markets to Egypt because they have sharing



border with it. Also Libya is more important than Sudan as an export market to Egypt. These results reflect the main obstacles that hindered deeper. Empirical evidence has demonstrated the importance and efficiency of maritime transport and its associated logistics services as a key factor in determining the competitiveness of Egyptian trade with the Common Market for Eastern and Southern Africa (COMESA, 2007:92). Rail/road transport is inefficient, and air transport is discouraged by traders due to its high costs. Therefore, maritime transport and its associated logistics services play a vital role in the Egyptian economy and its international trade. For example, Egyptian seaports handle more than 65% of Egypt's freight logistics to Africa (COMESA, 2007: 92). Maritime transport remains the primary mode of transport for all types of goods in Africa, not only between African countries but also between the continent and other parts of the world. It accounts for 91% of Africa's total trade across all modes of transport, with exports consisting mainly of raw materials (COMESA, 2007: 45). Consequently, the impact of maritime transport on Africa's economic growth remains significant and should be considered as a factor in all socio-economic development and integration strategies on the continent. All Egyptian ports have direct and indirect shipping lines with East African ports, (El-Nakib, 2009) While Not all the east African countries have railways such as: Burundi, Comoros, Mauritius, and Rwanda, as well as River Nile is not totally connecting all Nile basin countries due to several dams in the All the Egyptian seaports have direct and indirect shipping lines with east African seaports, moreover, Low port efficiency, inadequate shipping services. The only barrier which could adversely affect the Egyptian competitiveness to transport exports to COMESA countries is the availability of shipping lines to call at these three RDCs ports. The Egyptian exporters' responses stated that Kenya, Libya, Sudan, and Djibouti are currently active countries for their business in COMESA market and are considered as important markets in terms of turnover. The Egyptian economy faces several internal challenges, including high population growth rates and an imbalanced economic production structure. (Adam, 2020) The study also pointed to external challenges related to trade agreements and economic blocs. Therefore, the research problem lies in the weak and unstable volume of trade between Egypt and COMESA countries. Furthermore, there is difficulty in reducing the growing trade deficit and securing the foreign currency necessary to drive economic development, indicating limited access for Egyptian products to COMESA markets. The study aimed to shed light on intra-COMESA trade between Egypt and COMESA countries. There is a weakness in trade exchange between Egypt and COMESA relative to the volume of Egypt's trade. A statistically significant relationship exists between total exports and positive capital formation for the exporting country, where 11% of the initial exports are for the month. The GDP accounts for 9% of the initial exports, while Egypt's exports to COMESA explain 72% of the decline, and the exchange rate reduces exports by 4%. (Nevin, 2024) Furthermore, there is a statistically significant relationship between Egypt's imports from COMESA countries, the exchange rate, GDP, and capital formation on total exports. This result explains 96% of the change in exports. Regarding the tracking of each factor, capital explains



61% of the change in exports, the exchange rate 6%, and domestic production 36%. Egypt's imports from COMESA explain 31% of the changes in exports. %.(Nevin, 2024)

Gap in the Literature: Numerous studies assess economic growth and trade performance among COMESA countries and the rest of the world, but few specifically describe trade relations between Egypt and COMESA. Some studies focus on trade within a particular sector, while others concentrate on logistics. No studies address the key challenges and obstacles facing Egypt in developing its trade relations with COMESA.

4. RESEARCH HYPOTHESES:

1. There is a direct relationship between Egypt's integration into African economic blocs and an increase in Egyptian exports.
2. There is an inverse relationship between Egypt's integration into African economic blocs and a decrease in Egyptian imports.
3. There is a direct relationship between increased Egyptian exports resulting from its integration into African economic blocs and the development of transportation, logistics, and connectivity networks between Egypt and other African countries.

Egypt observed the COMESA pilot program on June 29, 1998, and began implementing customs exemptions by other countries on February 17, 1999, and applied preferential treatment for goods accompanied by a certificate of origin certified by the disabled members in each country.

5. RESULTS AND DISCUSSION:

The relative importance of the COMESA bloc compared to other blocs and its trade with Egypt 2024.

A study of the relative importance of the COMESA bloc compared to other blocs, in terms of its share of Egypt's total exports and imports, reveals that COMESA is the most important bloc in Africa. However, its share is modest compared to the volume of Egypt's trade with the European Union, Gulf cooperation council (GCC) and the BRICS bloc. Nevertheless, it is higher than other blocs such as ECOWAS, SADC, ECARS, and EAC, whose share of Egyptian trade is negligible.

Table 1. The relative importance of the COMESA bloc compared to other blocs and its trade with Egypt 2024.

<i>Relative importance</i>	<i>Million USD</i>		<i>Group partner</i>	<i>Million USD</i>			<i>Group partner</i>
31%	29,169	imports	(BRICS)	5.1%	4,818	Imports	(MERCOSUR)
5.5%	2,486	exports	(BRICS)	2.0%	910	exports	(MERCOSUR)
24%	22,362	Imports	(EU 28)	1.0%	954	imports	(SADC)
31%	14,025	exports	(EU 28)	1.1%	497	exports	(SADC)
8.7%	8,215	Imports	(NAFTA)	1.0%	972	imports	(EAC)
5.6%	2,496	exports	(NAFTA)	1.5%	681	exports	(EAC)
14%	12,863	Imports	(GCC)	0.3%	290	imports	(ECOWAS)
16%	7,269	exports	(GCC)	2.0%	912	exports	(ECOWAS)
1.6%	1,496	imports	(COMESA)	0.7%	672	Imports	(ECCAS)
9.6%	4,311	exports	(COMESA)	0.6%	257	exports	(ECCAS)
0.2%	196	imports	(AMU)	0.01%	10	imports	(UDEAC)
9.8%	4,404	exports	(AMU)	0.3%	145	exports	(UDEAC)

Source: International Trade Centre Database: <https://www.trademap.org>

The contribution of the COMESA to Egypt's exports and imports to the world:

1- The contribution of the COMESA to Egypt's exports to the world:

It is evident from Table (2) and Figure (1) that the contribution of the COMESA to Egypt's exports to the world was approximately 3.26% in 2004, while it was around 9.61% in 2024, with an average of about 7.6% over the period. The contribution of the COMESA to Egypt's exports to the world ranged from a minimum 2003 to a maximum of about 10% in 2023.

Table 2. The contribution of the COMESA to Egypt's exports and imports to the world during the period 2004-2024:

US Dollar Million

<i>Year</i>	<i>Egypt exports value to COMESA</i>	<i>Egypt exports value to world</i>	<i>COMESA contribution to Egypt exports to world %</i>	<i>Egypt imports from COMESA</i>	<i>Egypt imports value from world</i>	<i>COMESA contribution to Egypt imports from world</i>
2004	250	7,680	3.26	207	12841	1.61
2005	473	10,645	4.44	311	19812	1.57
2006	479	13720	3.49	269	20594	1.31
2007	663	16,167	4.10	378	27031	1.40
2008	1,874	26,335	7.12	1247	53596	2.33
2009	2,184	24,213	9.02	758	45429	1.67
2010	2,501	26,331	9.50	1030	53003	1.94



2011	1,932	31,582	6.12	979	62282	1.57
2012	2,785	29,417	9.47	1226	69865	1.75
2013	2,640	28,779	9.17	798	66666	1.20
2014	2,224	26,812	8.29	771	71338	1.08
2015	1,925	21,859	8.81	673	73998	0.91
2016	2,040	22,973	8.88	735	70670	1.04
2017	2,158	26,434	8.16	661	66767	0.99
2018	2,497	29,303	8.52	1185	81909	1.45
2019	2,962	30,505	9.71	1232	76515	1.61
2020	2,341	29,322	7.98	957	70437	1.36
2021	3,065	43,637	7.02	1319	89206	1.48
2022	3,543	52,115	6.80	1887	96189	1.96
2023	4,214	42,553	9.90	1581	94697	1.67
2024	4,311	44,846	9.61	1495	94698	1.58
Average	2241.0	27868.0	7.59	938	62740	1.50
Maximum	4,311	52,115	9.90	1,887	96,189	2.33
Minimum	250	7,680	3.26	207	12,841	0.91

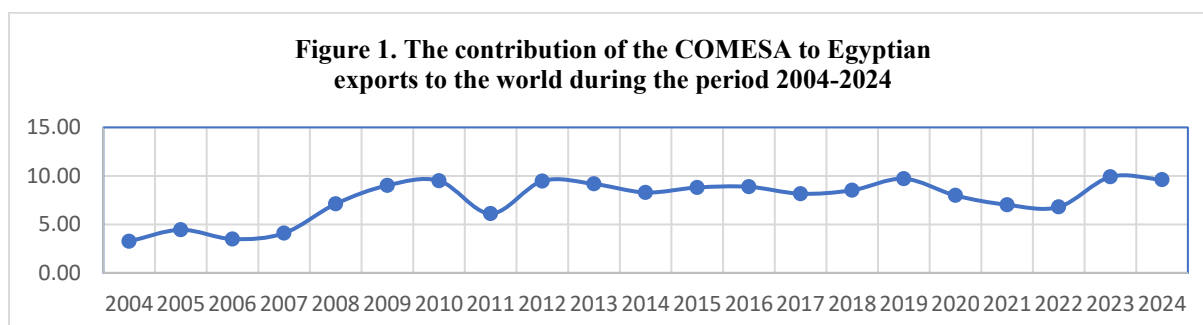
Source: International Trade Centre Database: <https://www.trademap.org>

As shown in the data from Table (2), the value of Egyptian exports to COMESA countries in 2004 was approximately \$250 million USD, then reached about 4311 million USD in 2024, with an average of approximately 22241 million USD during this period.

By studying the general time trend equation for the development of Egyptian exports to the COMESA, equation number (1) shows that the value of exports increases annually by a statistically significant amount of approximately 156.8 million USD, representing about 2.11% of the overall average during that period, the coefficient of determination (R^2) was about 0.76, indicating that approximately 76% of the changes in total exports are attributed to changes reflected by the time factor.

$$\hat{Y} = 515.9 + 156.8 \times \dots (1)$$

$R^2 = 0.765$, $F = 2.1^{**}$, Annual change rate = 2.11%



Source: Data Table 2.

Figure 1. The contribution of the COMESA to Egyptian exports to the world during the period 2004-2024

2- COMESA contribution to Egypt's imports from the world:

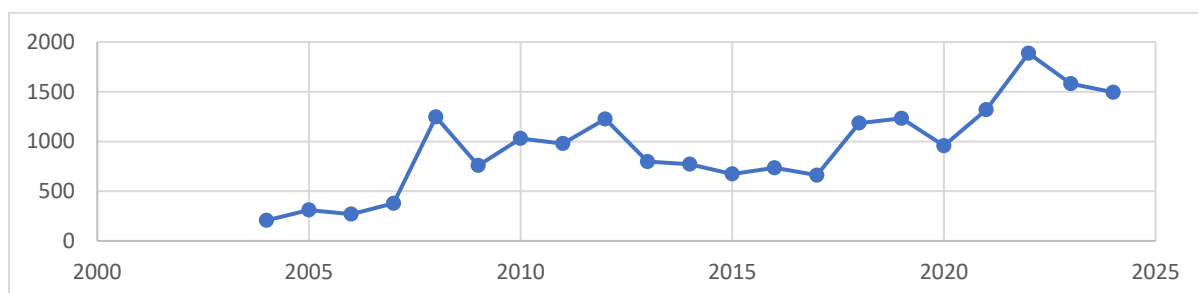
The contribution of the COMESA to Egypt's imports from the world It is evident from Table (2) and Figure (2) that the COMESA contribution to Egypt's imports from the world was about 1.61% in 2004, while it was about 1.58% in 2024, with an average of approximately 1.5% over the period. The COMESA contribution to Egypt's imports from the world ranged from a minimum of about 0.91% in 2015 to a maximum of about 2.33% in 2008. It was also found that the value of Egypt's imports from COMESA countries in 2004 was approximately 207 million USD, and it reached about 1,457 million USD in 2024, with an average of approximately 938 million USD during this period.

By studying the general time trend equation for the development of Egyptian imports from COMESA countries, it was found in equation number (2) that the value of imports increases annually by a statistically significant amount of approximately 323million USD, which represents about 4.3% of the overall average during that period, amounting to approximately \$286.78 million. The coefficient of determination (R²) was about 0.59, indicating that approximately 59% of the changes in total imports are attributed to changes reflected by the time factor.

$$\hat{Y} = 55.8 + 323.3 \times \dots (2)$$

(2.90)**

$$R^2 = 0.591, F = 27.5^{**}, \text{Annual percentage change} = 1.96\%$$



Source: Data Table 3.

Figure 2. The contribution of the COMESA to Egypt's imports from the world during the period 2003-2022.

Table 3: The geographical structure of the main COMESA markets for Egyptian Imports & exports in 2024.
Units: Million USD

Egyptian imports from COMESA		Egyptian exports to COMESA		Partner
%	2024	%	2024	
19.53	292	20.08	866	Sudan
3.34	50	8.6	371	Tunisia
3.75	56	45.22	1950	Libya
1.54	23	2.62	113	Ethiopia
1.74	26	2.62	113	Uganda
0.33	5	2.85	123	Somalia
0	0	0.12	5	Eritrea
44.28	662	0.39	17	Republic of the Congo
0.47	7	0.93	40	Zimbabwe
4.28	64	0.77	33	Zambia
17.39	260	7.12	307	Kenya
1.54	23	0.28	12	Malawi
0.07	1	0.19	8	Swaziland
0.94	14	2.53	109	Djibouti
0	0	1	43	Mauritius
0	0	0.14	6	Seychelles
0	0	1.14	49	Rwanda
0	0	0.28	12	Burundi
0.07	1	0.07	3	Comoros
0.74	11	3.06	132	Madagascar
100	1495	100	4312	Total

Source: International Trade Centre Database: <https://www.trademap.org>

It is evident from the data and results in Table (3) and Figure (3)

- Largest countries to which Egypt exports (in terms of export value):

Libya – Sudan – Kenya – Tunisia – Djibouti

- Largest countries from which Egypt imports (in terms of import value):

Congo – Sudan – Kenya – Zambia

- Countries with the smallest share of Egyptian exports:

Eritrea – Swaziland – Seychelles – Comoros – Democratic Republic of Congo – Burundi – Malawi – Zambia – Mauritius

- Countries with the smallest share of Egyptian imports:

Seychelles – Rwanda – Burundi – Comoros – Zimbabwe – Eritrea – Somalia – Swaziland

- Therefore, only five countries receive approximately 80% of Egyptian exports. Thus, **we can conclude that Egypt has not yet fully capitalized on the vast and diverse African market.**

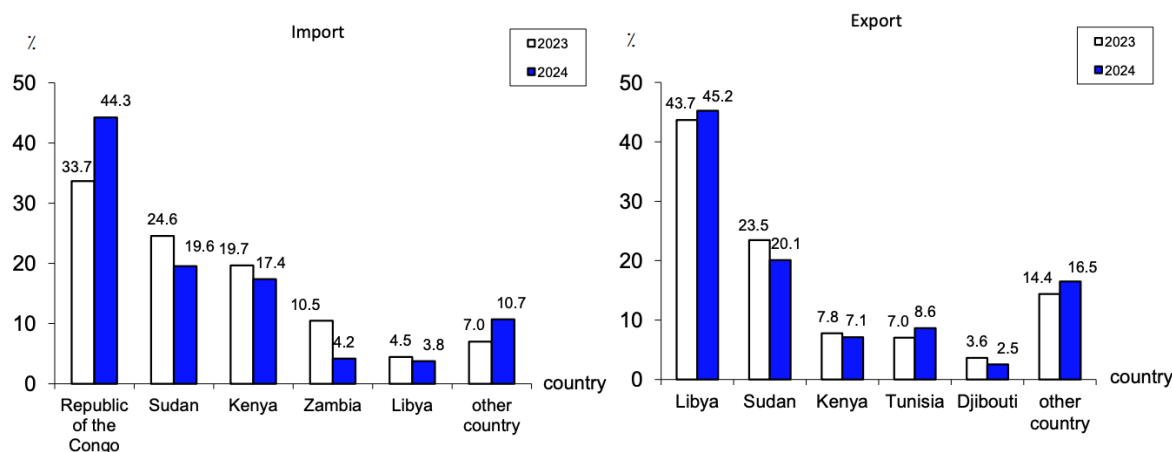


Figure 3. The geographical structure of the main COMESA markets for Egyptian Imports & exports in 2024

Strategic Pillars of Africa's Role

Key Pillars for Strengthening Relations with Africa

1- Expanding Industrial Exports:

Objective: To increase the share of Egyptian exports to African markets.

Mechanism: Leveraging preferential agreements (such as COMESA and the African Continental Free Trade Area) to localize Egyptian industries with a comparative advantage (chemicals, pharmaceuticals, food products, and building materials).

2- Securing Supply Sources

Objective: To diversify sources of raw material and intermediate goods imports from Africa to enhance national resource security.

Mechanism: Importing from resource-rich African countries (such as timber from Cameroon, coffee from Ethiopia, and cocoa from Ghana) to supply local industries.

3- Enhancing Production Integration



Objective: To establish shared regional value chains with African countries.

Mechanism: Encouraging direct Egyptian investments in Africa in the fields of agro-processing, packaging, and manufacturing, creating a two-way trade flow.

4- Logistics and Trade Connectivity

Objective: To transform Egypt into a logistics hub for trade between Africa and the world. The mechanism: developing transport corridors (such as the Aswan corridor - Juba principles), developing dry ports, and enhancing the role of logistics centers in Egyptian ports.

* Most COMESA member states are committed to implementing the agreed-upon customs exemptions within the framework of the free trade area. However, **some countries have yet to do so, most notably:**

- Uganda (does not apply customs exemptions to a negative list of several sensitive products).
- Eritrea (offers 80% exemptions).
- Ethiopia (offers 10% exemptions).
- The Democratic Republic of Congo is still in the process of ratifying its accession to the COMESA free trade area.
- Somalia is not a full member.
- Sudan recently expressed its desire to suspend customs exemptions due to the repercussions of the war.

Table 4: Egypt's main exports to COMESA in 2024

US Dollar Million					
<i>Product label</i>	<i>Egypt's exports to (COMESA) (1)</i>	<i>(COMESA)'s imports from world (2)</i>	<i>Egypt's exports to world (3)</i>	<i>Egypt exports to COMESA in terms of Egypt's share of COMESA imports = (1)/(2)</i>	<i>Egypt exports to COMESA in terms of COMESA's share of Egypt's exports = (1)/(3)</i>
	Value in 2024	Value in 2024	Value in 2024		
All products	4311	270766	44847	2%	10%
Products of the milling industry; malt; starches; wheat gluten	362	1180	525	31%	69%
Plastics and articles thereof	269	11500	2593	2%	10%
Articles of stone, plaster, cement, asbestos, mica	225	790	542	28%	41%
Sugars and sugar confectionery	197	4254	532	5%	37%
Salt; sulphur; earths and stone; plastering materials, lime	180	2626	1490	7%	12%



Electrical machinery and equipment and parts thereof; television	179	18974	3004	1%	6%
Iron and steel	158	9565	2209	2%	7%
Edible vegetables and certain roots and tubers	142	1473	2060	10%	7%
cereals, flour, starch or milk; pastry cooks' products	140	1489	399	9%	35%
Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments	134	1431	320	9%	42%
Preparations of vegetables, fruit, nuts or other parts of plants	119	764	1104	16%	11%
Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	119	51681	5585	1%	2%
Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ...	118	1347	343	9%	35%
Paper and paperboard; articles of paper pulp, of paper or of paperboard	116	3493	399	3%	29%
Articles of apparel and clothing accessories, not knitted or crocheted	106	1330	1937	8%	5%
Edible fruit and nuts; peel of citrus fruit or melons	105	985	2609	11%	4%
Essential oils and resinoids; perfumery, cosmetic or toilet preparations	105	2079	718	5%	15%
Fertilizers	104	2959	2185	4%	5%
Aluminium and articles thereof	102	2031	878	5%	12%
Miscellaneous edible preparations	100	1682	534	6%	19%
Articles of iron or steel	92	5672	595	2%	15%
Pharmaceutical products	90	8222	447	1%	20%
Nuclear reactors, boilers, machinery and mechanical appliances; parts	84	25168	457	1%	18%
Animal, vegetable or microbial fats and oils and their cleavage products;	82	6273	421	1%	19%
Furniture; bedding, mattresses, mattress supports, cushions	70	2121	307	3%	23%
Ceramic products	69	1185	273	6%	25%

Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	62	1991	265	3%	24%
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Source: International Trade Centre Database: <https://www.trademap.org>

Table 4 indicates the most important products that Egypt inspected for COMESA in 2024, namely:

- The most important products that Egypt inspected for COMESA in terms of their value:** Flour; barley; starches; wheat gluten, Plastics and their derivatives, Stone, plaster, cement, and mica, Sugars and sugar confectionery, Salt; sulfur; lime, Electrical machinery and equipment, Iron and steel.
- The most important products that Egypt exports to COMESA in terms of Egypt's share of COMESA imports:** Products of the milling industry; malt; starches; wheat gluten, Articles of stone, plaster, cement, asbestos, mica ,Edible vegetables and certain roots and tubers, vegetables, fruit, nuts or other parts of plants.
- The most important products that Egypt exports to COMESA in terms of COMESA's share of Egypt's exports:** Products of the milling industry; malt; starches; wheat gluten, Articles of stone, plaster, cement, asbestos, mica , Sugars and sugar confectionery, cereals, flour, starch or milk; pastry cooks' products, Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments , Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial , Animal, vegetable or microbial fats and oils and their cleavage products; Furniture; bedding, mattresses, mattress supports, cushions Ceramic products.
- The most important products that Egypt can promote exporting to COMESA**
those that COMESA imports from the world, and Egypt's share of COMESA imports is small: Plastics and articles thereof, Electrical machinery and equipment and parts thereof; television, Iron and steel, Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral , Paper and paperboard; articles of paper pulp, of paper or of paperboard, Essential oils; perfumery, cosmetic or toilet preparations, Fertilizers.

Table 5: Egypt's main exports to COMESA in 2024

US Dollar Million

Product label	Egypt's imports from (COMESA) (1)	(COMESA A)'s exports to world (2)	Egypt's imports from world (3)	Egypt imports from COMESA in terms of Egypt's share of COMESA exports =(1)/(2)	Egypt imports from COMESA in terms of COMESA's share of Egypt's imports =(1)/(2)
	Value in 2024	Value in 2024	Value in 2024		
All products	1496	191277	94698	1%	2%
Copper and articles thereof	723	34182	2308	2%	31%



Coffee, tea, maté and spices	283	5908	692	5%	41%
Live animals	147	1573	490	9%	30%
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	94	2300	2292	4%	4%
Iron and steel	55	3841	5179	1%	1%
Cotton	54	695	868	8%	6%
Tobacco and manufactured tobacco substitutes; products, whether or not containing nicotine, ...	37	2608	516	1%	7%
Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	19	8498	6240	0%	0%
Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	17	17595	192	0%	9%
Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, ...	14	7197	663	0%	2%
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	10	452	685	2%	1%
Edible fruit and nuts; peel of citrus fruit or melons	6	3459	414	0%	2%
Paper and paperboard; articles of paper pulp, of paper or of paperboard	6	764	1443	1%	0%
Live trees and other plants; bulbs, roots and the like; cut flowers and ornamental foliage	4	1237	15	0%	31%

Source: International Trade Centre Database: <https://www.trademap.org>

The Importance of COMESA for Egypt – Trade and Industry

1- Free Access for Egyptian Exports

COMESA is the most important African agreement for Egypt, as it provides duty-free access to 15 countries and tariff reductions ranging from 10% to 80% in the remaining countries. This makes the COMESA member states the largest open market for Egyptian exports in Africa.

2- Achieving a Significant Trade Surplus for Egypt:

Before joining the agreement, Egypt's trade balance was negative at \$108 million (1998). After joining, it became positive, exceeding \$2.9 billion in 2024 – the highest trade surplus Egypt has achieved under any free trade agreement.

3- Largest Exporting Country within COMESA:

Egypt accounts for 34% of intra-COMESA exports, ranking first.

Industrial Benefits: Cheap and Duty-Free Production Inputs:

COMESA countries export raw materials needed by Egyptian industry, such as:



Copper (Zambia - Congo)- Coffee and tea (Kenya - Ethiopia)- Oil fruits - sesame (Sudan)- Hides and livestock.

These are key production inputs for the food, engineering, and leather industries in Egypt.

4- Linking Egyptian industry to regional value chains:

Egypt launched an industrial integration initiative within COMESA and linked five key sectors to value chains: Food industries- Textiles- Electrical and electronic equipment - Electrical machinery and power- Medical supplies.

Connecting with Africa (Roads, Railways, Rivers, and Ports):

The Egyptian government is working to enhance regional connectivity with African countries through various projects in the fields of land, river, and sea transport, thereby supporting intra-African trade and strengthening Egypt's integration into regional supply chains. **Each country is responsible for completing/developing its section of the road within its borders.**

A. Land Routes:

1- Cairo-Cape Town Highway:

This is one of the longest roads in the world (approximately 9,700 km) and passes through ten African countries. Egypt aims to complete and develop the section within its territory up to the Arqin border crossing with Sudan, as part of efforts to complete the Continental Corridor with the support of the African Union.

2- The land link between Egypt, Chad, and Cameroon via Libya, spanning 3,400 km:

The road passes through the borders of four African countries (Egypt, 370 km; Libya, 390 km; Chad, 1,810 km; and Cameroon, 830 km).

3- The Suez/Hurghada/Halayeb/Port Sudan Road, 1360 km long:

This ring road connects Egypt and Sudan along the Red Sea coast (1080 km in Egypt and 280 km in Sudan).

4. Port Said/Salloum/Tripoli/Rabat Road, 5200 km long:

This road passes through the borders of five African countries (Egypt, 800 km; Libya, 1800 km; Tunisia, 650 km; Algeria, 1300 km; and Morocco, 650 km).

B. Railways:

1- Egypt-Sudan Railway Project:

The Ministry of Transport is preparing technical, economic, and environmental studies for the project linking Aswan (Abu Simbel) to Wadi Halfa in Sudan, a distance of approximately 450 km, in preparation for implementation. This will later allow for extension to Central African countries.

2- The high-speed rail project from Marsa Matrouh to Sirte, Libya:



This project is an extension of the first line of the high-speed electric rail network (Sokhna-Alexandria-El Alamein-Marsa Matrouh) from Marsa Matrouh to Sirte, Libya. The planned high-speed rail route from Marsa Matrouh to Sirte, Libya, will be 1270 km long.

C. Corridors River Transport:

1- Developing Navigation on the Nile River between Egypt and Sudan:

Coordination is underway between the two countries to develop river transport routes between the High Dam and Wadi Halfa as part of the Nile Valley River Transport Authority's modernization plan. This will contribute to reducing transport costs and improving environmental sustainability.

2- The Lake Victoria-Mediterranean Sea Link Project:

Egypt continues to support technical studies for the Lake Victoria-Mediterranean Sea navigation corridor project, one of the African Union's long-term projects to enhance water connectivity among Nile Basin countries.

D. Ports and Maritime Navigation

Egyptian Ports as Logistics Hubs for African Trade:

The role of Red Sea ports (Suez, Safaga, Hurghada) and Mediterranean ports (Alexandria, Damietta) is being strengthened as pivotal centers for trade with East and West Africa. This is being achieved through developing berths, increasing storage capacities, and improving land connectivity to inland ports.

Opportunities and challenges facing Egypt in promoting trade with COMESA :

Egypt faces numerous challenges in enhancing trade with COMESA countries. Several studies have highlighted economic shortcomings and identified challenges specific to the Egyptian economy, such as exchange rate instability in some years, limited surplus production for export, and a preference for European markets over African markets. (Nevin, 2024). Other studies have focused on logistical challenges, including road transport issues such as inefficient and inadequate road security, high land and sea freight costs, insufficient use of automation and information technology, and underutilization of transport capacity in many African countries. (El-Nakib, 2009) Therefore, it is essential to identify and prioritize the opportunities and challenges facing Egypt in trade with COMESA countries. This study utilized SWOT analysis to identify and prioritize these opportunities and challenges and to formulate key recommendations.

SWOT Analysis of the Economic Aspects of Trade between Egypt and the COMESA Bloc.

The origins of SWOT analysis back to the 1960s. It is a frequently employed tool for analyzing internal and external environments so as to obtain a systematic approach and facilitate decision making processes (Masozera et al., 2006).



SWOT Analysis is an analysis method used to evaluate the Strengths, Weaknesses, Opportunities and Threats involved in an organization, a plan, a project, a program, a person or any kind of business activities. SWOT Analysis is the most commonly used strategic planning tool to access the Internal and External factors of any organization (**Sharath Kumar, 2023**). This is considered as an effective framework plan and manage the organizational resource to achieve certain goals in a specific period of time. The purpose of the implementing SWOT analysis in an organization is to formulate the strategy of business based on existing internal and external factors. This article provides a study of SWOT Analysis basics and historical development of SWOT along with its merits and limitations.

SWOT analysis is one of the most important stages in the planning and subsequent decision-making process, given the economic, social, and political changes affecting the internal and external environments. These changes impact Egyptian policies related to foreign trade with the rest of the world, particularly with COMESA countries. While the growth of foreign trade between Egypt and any other country is influenced by the decisions of Egyptian economic policymakers and the Egyptian economic sectors, it can also be influenced by the conditions of other sectors linked to that trade sector, whether directly or indirectly.

Each point in the SWOT matrix was assessed according to its importance and the effectiveness of the Egyptian foreign trade institutions' response to it with respect to COMESA member states. This assessment was based on a five-point scale, where 5 represents a strong response and 1 a weak response. Each point in the SWOT matrix was also assigned a weight representing its importance, ranging from 0 (not important) to 1 (very important).

Study Sample:

The study sample consisted of economists involved in Egyptian foreign trade, totaling 60 economists distributed as follows: 10 employees of the Ministry of Investment and Trade; 10 experts from the Egyptian Customs Authority (General Inspectors); 10 experts from the Ports Authority at the Ministry of Transport; 20 companies in the import and export sector (representing various export companies); and 10 researchers in the field of foreign trade from faculties of commerce at Egyptian universities. In addition, Two professors with expertise in the research field were consulted to review the questionnaire before its distribution to the respondents.



Table 6 : Distribution of respondents and experts participating in SWOT analysis

<i>Item</i>	<i>Category</i>	<i>No.</i>
Internal environment	- Experts from the Ministry of Investment and Trade.	10
	- Chief Inspector at the Egyptian Customs Authority.	10
External environment	- Experts from the Ports Authority at the Ministry of Transport	10
	- Representatives from various import and export companies (representing various export companies).	20
	- Researchers in the field of foreign trade from faculties of commerce at Egyptian universities.	10
Total		60

Table 7. Analysis of the internal strategic transactions of the Egyptian foreign trade environment with COMESA member countries.

		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Strengths	The country's political leadership recognizes the importance of promoting initiatives aimed at achieving sustainable economic development.	25	17	10	7	1	60
	The country is striving to enhance exports to COMESA countries by implementing land and river connectivity projects and strengthening maritime transport and port capabilities.	23	20	8	7	2	60
	The International Monetary Fund estimating that Egypt will become the second largest economy in Africa by 2025 after South Africa and enjoys a strategic and geographic location makes it the gateway to Africa..	22	17	11	9	1	60
	Egypt is the largest recipient of foreign investment, having successfully ranked first among African countries in attracting foreign direct investment during the period 2016-2024.	23	17	10	7	3	60
	Egypt is working to improve the efficiency of its workforce, both within and outside the country, in the transport and logistics sector, and to enhance the capabilities of Egyptian shipping companies.	23	17	13	6	1	60
	The Egyptian state seeks to achieve integration between Egypt and Africa by leveraging comparative advantages and promoting mutual investments.	24	17	8	9	2	60



Weaknesses	Regional competitors, Morocco and South Africa are strengthening their presence in West and Central Africa. African markets are flooded with cheaper manufactured goods from Asia.	22	25	8	4	1	60
	Lack of harmonized regulations, Technical standards, product certificates, and health regulations often vary widely.	26	17	8	7	2	60
	Egyptian companies often lack Permanent distribution networks, Local partnerships and After-sales support.	20	19	12	8	1	60
	Knowledge & Information Gaps: Many Egyptian exporters lack Market intelligence, Awareness of African business culture, Understanding of demand trends in Africa	19	17	13	7	4	60
	the methods for promoting Egyptian products in the COMESA region are notably ineffective.	17	12	13	12	6	60

Source: Data was gathered and analyzed from the field research concerning Egyptian foreign trade with the COMESA.

To analyze the strategic factor of the internal environment, it was found that the main strengths are political leadership recognizes the importance of promoting initiatives aimed at achieving sustainable economic development. And second Strength is The country is striving to enhance exports to COMESA countries by implementing land and river connectivity projects and strengthening maritime transport and port capabilities.

And we found that the main Weaknesses is Lack of harmonized regulations, Technical standards, product certificates, and health regulations often vary widely. Then Regional competitors, Morocco and South Africa are strengthening their presence in West and Central Africa. African markets are flooded with cheaper manufactured goods from Asia.

Table 8. Analysis of the external strategic transactions of the Egyptian foreign trade commodities and Services with the COMESA countries.

		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total
Opportunities	There is strong demand across Africa for infrastructure: roads, housing, energy, transport. Egypt can export its construction expertise, equipment, and services. Egypt could export renewable energy technology, invest in regional energy projects, or partner on infrastructure.	24	17	8	9	2	60



	There are opportunities to develop Egyptian exports in diverse sectors such as engineering products, heavy equipment, pharmaceuticals, food, fertilizers, and chemicals.	20	25	8	4	3	60
	As a logistics and financial hub, Egypt can facilitate intra-African trade, not just export its own goods but also act as a transit or value-add hub.	21	18	6	10	5	60
	Growing healthcare needs across Africa (population growth, rising income) mean opportunities for pharmaceutical exports, medical devices, and health services.	19	16	12	8	5	60
	Egyptian banks can expand their footprint in other African countries, providing trade finance, working capital, and banking services to both Egyptian exporters and African importers.	18	17	13	7	5	60
	There is strong demand for education, training, and capacity building. Egypt can export its educational services, vocational training, and professional services.	21	17	10	9	3	60
	Africa is rich in natural resources (minerals, oil, gas). Egyptian industrial and chemical companies could partner in mining, resource processing, or even energy exploration.	17	25	8	4	6	60
threats	Political crises and ongoing conflicts in many countries, such as Sudan, hinder the implementation of connectivity and integration projects.	20	16	12	8	4	60
	Weak infrastructure, fragile financial systems, and limited access to capital and information.	19	17	13	7	4	60
	Donor organizations have been slow to provide urgent assistance to struggling African countries, and funding for African integration and connectivity projects has been weak.	17	12	13	12	6	60
	Rapid political shifts, Changes in African governments sometimes disrupt existing trade agreements.	23	17	13	6	1	60
	Currency volatility, Several African currencies fluctuate strongly, increasing payment risk.	24	17	8	9	2	60

Source: Data was gathered and analyzed from the field research concerning Egyptian foreign trade with the COMESA.

6. RECOMMENDATIONS:

- Expand the use of the **National Single Window (Nafeza)** for all African trade routes.
- Digitize certificates of origin and sanitary/phytosanitary documents.
- Implement **pre-arrival processing** and risk-based inspections to reduce delays at borders and ports.
- Prioritize the **Cairo–Cape Town Road** and regional linkages to Sudan and East Africa.



- Increase container connectivity with East African ports (Mombasa, Dar es Salaam).
- Partner with Afreximbank for **guarantees, letters of credit, and low-risk financing** for exporters.
- Organize sector-specific trade missions (pharmaceuticals, food industries, engineering products).
- Increase “**Egypt Trade Houses**” in Kenya, Zambia, Ethiopia, and DR Congo.
- Help exporters meet **COMESA Standards and Quality Assurance Guidelines**, especially for:
 - Food products
 - Pharmaceuticals
 - Electrical appliances
- Prepare exporters to meet new **regional value chain opportunities**, e.g.:
 - Automotive components
 - Agro-processing
 - Chemicals and fertilizers
- Focus on products where Egypt has competitive advantage and COMESA has high demand:
 - Pharmaceuticals
 - Construction materials (steel, ceramics, cement)
 - Food industries (sugar, oils, processed foods)
 - Textiles and apparel
 - Fertilizers and chemicals
- Egypt should actively negotiate with COMESA partners to reduce:
 - Restrictive product standards
 - Import licensing
 - Quotas and administrative fees
 - Slow border clearance
 - Testing and certification duplication
- Increase Egypt’s participation in COMESA councils and committees.
- Propose regional projects in energy, logistics, and food security.



- Use Egypt's position as a gateway between Africa and the Arab world to attract investment into COMESA from Gulf countries.
- Egyptian companies can expand outward through:
 - Joint ventures in Kenya, Uganda, Ethiopia, and Zambia
 - Industrial zones (e.g., agro-processing parks)
 - Regional distribution hubs
 - Contract farming arrangements to secure inputs

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