



The Status of Algerian Exports, Excluding Hydrocarbons, for the Years (2020- 2022)

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Abstract:

This study has analyzed Algerian non-hydrocarbon exports, revealing a promising trend in the past three years. It has explored Algeria's major trade partners and governmental efforts to boost exports, in addition to highlighting significant obstacles. Several potential solutions were proposed. However, despite government efforts, non-hydrocarbon exports have been adversely affected due to bureaucratic challenges, warranting further attention in enhancing their growth for the country's economic development.

Keywords: exports, non-hydrocarbons exports, foreign trade, trade barriers.

JEL Classification Codes: F13 , F31, N7 , P33 .

Introduction:

The Algerian non-hydrocarbon exports continue to pose a significant challenge despite the efforts and measures taken by the government. With increasing uncertainty about the future of the non-hydrocarbon sector and the necessity of building a balanced economy capable of withstanding fluctuations that may affect the hydrocarbon sector, this study sheds light on the reality of Algerian **non-hydrocarbon exports and their development in recent years, specifically in 2020, 2021, and 2022**. The primary aim is to explore the most viable ways for achieving a qualitative leap in the promotion of these sorts of exports.

From here, the main question that arises is: What is the current reality and future prospects of non-hydrocarbon exports in Algeria?

To address this research problem, the following questions have been posed:

- What are the main non-hydrocarbon exports in Algeria?
- Who are the major foreign partners dealing with Algeria outside the hydrocarbon sector?
- What efforts has the government made to boost non-hydrocarbon exports?
- What are the obstacles faced by the non-hydrocarbon export sector in Algeria?
- What are the appropriate solutions for promoting non-hydrocarbon exports?

Hypotheses:

1. There has been a noticeable increase in non-hydrocarbon exports in Algeria over the past three years, 2020 / 2021 / 2022.
2. There are several organizations dedicated to promoting non-hydrocarbon exports in Algeria, aiming to assist Algerian exporters.
3. There are numerous obstacles preventing the promotion of non-hydrocarbon exports in Algeria.

Research objectives:

This research aims to provide an objective and analytical assessment of the reality of Algerian non-oil exports. Furthermore, its objective is to present various efforts made by the Algerian government to enhance the value of non-hydrocarbon exports, highlight the obstacles they face, and attempt to propose effective solutions to overcome these obstacles.

Methodology:

We have adopted a descriptive-analytical methodology as it is the most suitable for this type of research. We have also relied on a set of statistics, analyzed them, and provided a commentary upon them.

In order to answer the problem and the sub-questions raised, we have decided to divide the research into four main axes:

First axis: The Evolution of Non-Hydrocarbon Exports in Algeria During the Years 2020 / 2021 / 2022.

Second axis: The Distribution of Algerian Non-Hydrocarbon Exports Across Various Geographic Regions in the Year 2022 and Their Evolution Compared to 2021.

Third axis: Algeria's Efforts to Boost Non-Hydrocarbon Exports.

Fourth axis: Barriers to Increasing Non-Hydrocarbon Exports and Appropriate Solutions for Promoting Non-Hydrocarbon Exports.

Firstly: The Evolution of Non-Hydrocarbon Exports in Algeria during the Years 2020 / 2021 / 2022.

Algerian non-hydrocarbon exports have witnessed an unprecedented quantitative and qualitative leap during the last three years, moving from \$1.7 billion in 2019 to approximately \$7 billion in 2022. Following this, there are detailed data for these exports in the years 2020, 2021, and 2022, categorized by product groups, based on the figures obtained by the Algerian News Agency from Algex Agency (commerce.gov.dz, 2023).

Table (01): The Evolution of Algerian Non-Hydrocarbon Exports in the Years 2020-2021-2022. (Unit in US \$ Million)

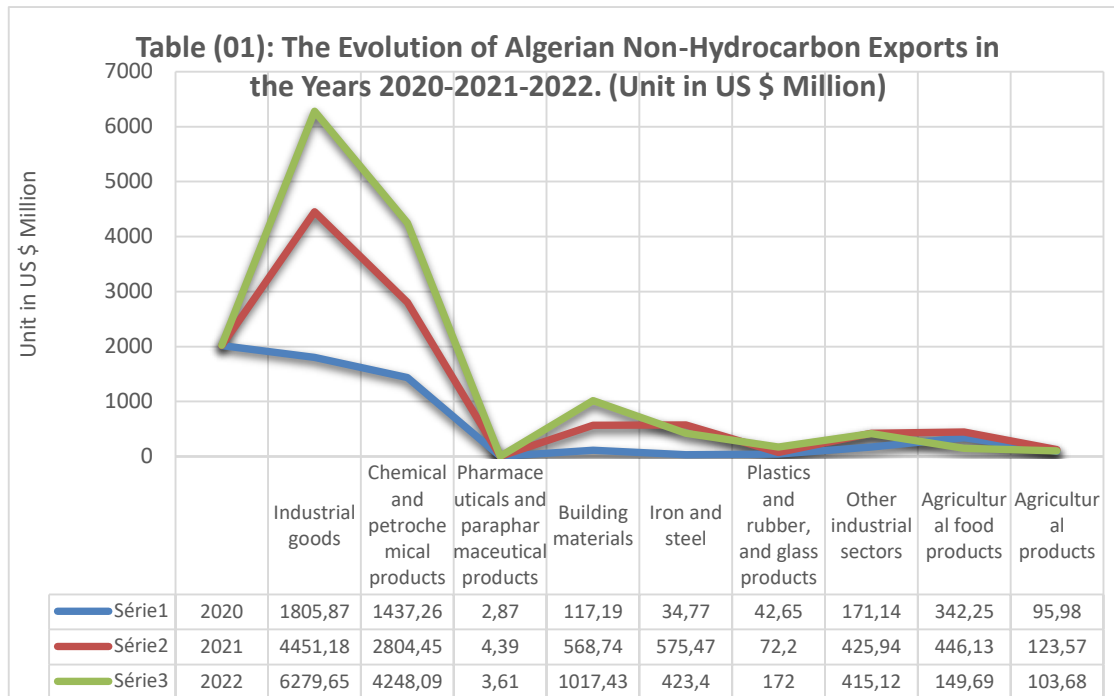
Year Exports	2020	2021	2022
Industrial goods	1805.87	4451.18	6279.65
Chemical and petrochemical products (fertilizers and ammonia)	1437.26	2804.45	4248.09
Pharmaceuticals and parapharmaceutical products	2.87	4.39	3.61
Building materials (ceramics, cement, and reinforced steel)	117.19	568.74	1017.43
Iron and steel (semi-finished iron products, metal wires, and iron and steel pipes and bars)	34.77	575.47	423.40
Plastics and rubber, and glass products (glass and household products, wheels, and waste)	42.65	72.20	172.00
Other industrial sectors, paper and cardboard, electrical appliances, and textiles	171.14	425.94	415.12
Agricultural food products (sugar, mineral water, soft drinks, juices, and soybean oil)	342.25	446.13	149.69
Agricultural products (dates, olive oil, and meat)	95.98	123.57	103.68
The total	4049.98	9472.07	12812.67

Source: Prepared by the researcher based on statistics from the Algerian News Agency.

Non-hydrocarbon exports: Fulfilled commitments and promising prospects thanks to the president's directives (aps.dz)

From the table, it is evident that the total non-hydrocarbon exports reached \$12,812.67 million USD in 2022, marking the highest increase, followed by 2021 with a value of \$9,472.07 million USD, and then 2020 with \$4,049.98 million USD.

Figure (01):



Source: Prepared by the researcher based on the previous table.

Through the curve, it is evident that industrial products take the lion's share in the structure of non-hydrocarbon exports in 2022, hitting \$6,279.65 million USD. They also led in 2021 with a value of \$4,451.15 million USD and had a value of \$1,805.87 million USD in 2020. Chemical and petrochemical products follow the same order. Agricultural food products had a value of \$342.25 million in 2020 and increased to \$446.16 million in 2021 but decreased to \$149.69 million in 2022. This indicates a noticeable increase in the exports of all goods, however, at varying rates, demonstrating the effectiveness of the state's policy in promoting non-hydrocarbon exports.

Secondly: The Distribution of Algerian Non-Hydrocarbon Exports Across Various Geographic Regions in the Year 2022 and Their Evolution Compared to 2021.

Algeria's exports are distributed across several countries and continents worldwide, and their distribution to these countries varies based on the relationship and dealings with Algeria. The following table illustrates the geographical distribution of Algerian non-hydrocarbon exports by region.

Table (02):

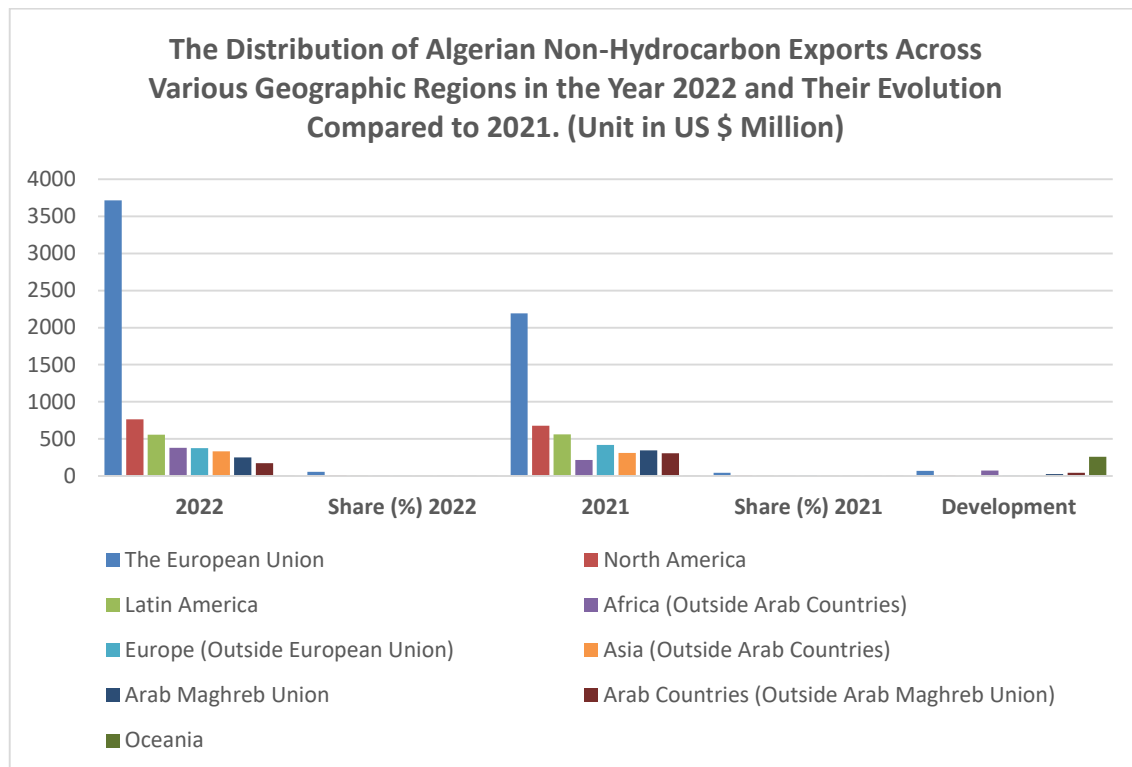
The Distribution of Algerian Non-Hydrocarbon Exports Across Various Geographic Regions in the Year 2022 and Their Evolution Compared to 2021. (Unit in US \$ Million)

Region \ Year	2022	Share (%) 2022	2021	Share (%) 2021	Development (%)
The European Union	3712.98	56.62	2193.10	43.56	69.30
North America	763.78	11.65	679.63	13.50	12.38
Latin America	558.00	8.51	559.75	11.12	0.31
Africa (Outside Arab Countries)	382.44	5.83	217.66	4.32	75.71
Europe (Outside European Union)	377.64	5.76	418.78	8.32	9.83
Asia (Outside Arab Countries)	332.43	5.07	310.36	6.16	7.11
Arab Maghreb Union	252.27	3.85	345.64	6.86	27.01
Arab Countries (Outside Arab Maghreb Union)	173.24	2.64	308.57	6.13	43.86
Oceania	5.00	0.08	1.4	0.03	257.86

Source: Prepared by the researcher based on statistics.

Non-hydrocarbon exports: Fulfilled commitments and promising prospects thanks to the president's directives (aps.dz)

Figure (02):



Source: Prepared by the researcher based on the previous table.

Through the figure, it is evident that the European Union countries are Algeria's top customers, primarily due to geographical proximity through the Mediterranean Sea. In 2022, non-hydrocarbon exports to the European Union accounted for approximately 56.62%, showing a significant increase from 2021, which was estimated at 69.30%. Following that, North America accounted for 11.65%, with a 12.38% increase from 2021. Africa outside the Arab countries accounted for 5.83%, with a 75.71% increase from 2021. Europe outside the European Union accounted for 5.76%, with a 9.83% increase from 2021. Then comes the Arab Maghreb Union, followed by the Arab countries outside the Arab Maghreb Union at 2.64%, with a 43.86% increase from 2021. Finally, Oceania accounted for 0.08%, with a remarkable increase of 257.86% from 2021. This progress can be attributed to the administrative and customs facilitations implemented by the government to promote non-hydrocarbon exports, in addition to the establishment of permanent economic exhibitions in several African countries and branches of public banks abroad.

Thirdly: Algeria's Efforts to Boost Non-Hydrocarbon Exports.

As part of the strategy to enhance non-hydrocarbon exports, the Algerian government has implemented a series of incentive measures and established specialized structures to promote these exports and overcome the various challenges that have always impeded the progress of this strategy. These measures include:

1- Legal measures:

The government has issued a set of legal incentives that can help boost non-hydrocarbon exports and aid exporters in expanding their exports. Among the most significant incentives are:

- a- Export contract liberalization:** With a few exceptions aimed to protect our heritage and history, the export process is liberalized in Algeria and does not require any license or prior authorization. This liberalization of export contracts is particularly reflected in the National Bank of Algeria Directive No. 07-2002 dated December 26, 2002, amending the provisions of Directive 22-94 (National Bank of Algeria Directive, 2002).
- b- Mandatory banking localization and the transfer of export products to the country in hard currency:** Export operations are subject to mandatory localization at an accredited and stable intermediary bank in Algeria, in accordance with the provisions of Algerian Law No. 13-19 dated August 14, 1991, concerning banking localization and financial settlement of non-hydrocarbon exports, as well as Law No. 07-95 dated December 23, 1995, concerning exchange control (National Bank of Algeria Directive, 2002). When selling a product abroad, the exporter receives 100% of the amount specified in the contract. The recording of export revenues is determined by the instructions of the Bank of Algeria, No. 11-05 dated October 19, 2011, amended for the procedures of Directive No. 22-94 dated April 12, 1994. The deadline for remitting the revenues of exports has been extended from 120 days to 180 days from the date of shipment, according to Bank of Algeria Directive No. 11-

65, issued in October 2011, as published in Official Gazette No. 08, dated February 15, 2012. (Official Gazette, 2012).

2- Financial and taxation measures: Which the state has outlined as part of a set of decisions that fall under the implementation of various programs aimed at promoting and developing exports, this includes:

a- Financial measures: As part of the policy to encourage non-hydrocarbon exports, a set of financial measures have been taken, and this includes:

- Establishment of the Special Fund for Export Promotion (SFEP): It provides financial support to exporters in their promotion and marketing efforts for their products in foreign markets.
- According to Law 90-10, in regard to currency and loans, significant opportunities were created to augment the independence of banks and lift the state's restrictive measures regarding foreign currency transactions. In compliance with this law, the Ministry of Finance issued Directive No. 33, which allows for the opening of transferable accounts in foreign currency for exporters. Additionally, Directive 42-04 from the Bank of Algeria addresses the transfer of export proceeds back to the country, placing them at the disposal of the exporter and recording them in their foreign currency account.

b- Tax measures: Public authorities have taken a series of incentive tax measures related to the exemption of export operations from certain tax fees (Guide to Algerian Foreign Trade Procedures, p. 99-100).

- Exemption from the professional activity tax (PAT).
- Exemption from value-added tax (VAT).
- Exemption from corporate income tax (CIT).

3- Customs and transportation procedures: The state has provided facilitations to exporters with the aim of delivering local products to foreign markets. It has adopted a set of measures to help overcome the export obstacles outside the hydrocarbon sector, including:

- a- Customs procedures:** In order to encourage and promote non-hydrocarbon exports, customs authorities have implemented necessary facilitative and simplifying measures (Zeghad Merazek, et al., 2013), such as:
- Temporary Admission System
 - Replenishment Exemption System
 - Temporary Export System
 - **Authorized customs agent:** According to Articles 01, 02, and 03 of Executive Decree No. 12-93 dated March 1, 2012, which defines the conditions and procedures for obtaining the status of an authorized economic operator with customs. (Official Gazette, 2012)
 - **Export within the framework of product exchange:** This process involves exporting without payment of the price in exchange for the import of a foreign product. It takes place within the framework of bilateral agreements between Algeria and a foreign country. In this exchange of products, the same entity is allowed to import raw materials, semi-finished goods, and equipment for its specific needs.
 - **Temporary storage facilities at export points outside the national territory:** One of the ongoing changes in the customs law is the establishment of storage facilities and temporary storage areas for exports or re-exports. These facilities allow exporters to place their goods in designated areas within ports, airports, railway stations, or border checkpoints while awaiting shipment and transfer to their destination abroad.
- b- Transportation procedures:** In order to deliver local products to foreign markets at the lowest cost and competitive prices, the government has made amendments to the transportation sector. Since most goods transportation to foreign countries occurs by sea due to the relatively lower costs of international shipping and transportation, the Ministry of Transport has implemented several measures (Hamed Mohamed Ben Tayeb Mourad, 2013, p. 25), including:

- A 50% reduction for products packaged in containers in addition to agricultural products, while for mineral products and mineral residues, the reduction is 20%.
- Reduction of loading and mooring expenses for shipments destined for export based on the size of parcels and operations.
- Establishment of a temporary contact office for the port authority and equipping it with a telephone line (021-42-35-35) to inform exporters and facilitate the shipment of goods to exporters. Moreover, the Special Fund for Export Promotion has provided subsidies for transportation costs.

4- The structures responsible for promoting exports outside the hydrocarbons sector:

In addition to the measures taken by the state to promote targeted procedures to ease the burdens on exporters, the government has established national structures to help Algerian exporters, they are as follows:

- **The National Agency for the Promotion of Foreign Trade (ALGEX):** This agency replaced the Algerian Office for the Promotion of Foreign Trade (PROMEX), which was established by Executive Decree No. 327/96 dated October 1, 1996. It is a public administrative institution with legal personality and financial independence. The headquarters of SAFEX is located at the Palace of Exhibitions. ALGEX operates in the field of support, assistance, and information for the benefit of Algerian exporting companies.
- **The Algerian Chamber of Commerce and Industry (CACI):** It was established by Executive Decree No. 96 dated March 3, 1996. It is a public institution with an industrial and commercial character, representing the public interests of the industrial and commercial sectors. It works to enhance non-oil exports by organizing various economic meetings and events both inside and outside Algeria, mainly exhibitions and seminars aimed at promoting national economic activities. It also provides reports to Algerian authorities on the promotion of trade outside the oil sector through studies on foreign markets and exportable products (Official Gazette, 1996).

- **The Algerian Company for Fairs and Exports (SAFEX):** On December 24, 1990, the name of the National Office for Fairs and Exports, which was established by Executive Decree No. 87/63 in the same year, was replaced. The executive decree No. 96-235 was issued on July 2, 1996, outlining the conditions for managing the risks covered by export credit insurance and the procedures involved (Kasmi Lakhadar,2013).
- **The Export Promotion Fund (FSPE):** This fund was established by Executive Decree No. 205/96 dated June 5, 1996, specifying the procedures for managing the special appropriation account No. 32/84, which is held by the Treasury. This fund is used to finance research related to international markets and aims to provide information to exporters and improve the quality of exportable goods. The scope of the fund's interventions was expanded by Article 129 of the 1997 Finance Law, effectively making it more like a financial institution that ensures the smooth conduct of export operations. This was further regulated by a ministerial decree in 2009, clarifying the fund's revenues, expenses, and support mechanisms. The fund is dedicated to promoting foreign trade to help our companies enter international markets.
- **The National Association of Algerian Exporters (ANEXAL):** ANEXAL is a non-governmental association whose goal is to defend the rights of exporters. It consists of a group of national exporting institutions, which at first were 200 and currently amount to 700 institutions, according to a statement by the association's president.
- **The National Consultative Council for Export Promotion (CNCPE):** Among its tasks is contributing to the determination of goals and strategies related to all activities and programs that are related to increasing non-hydrocarbon exports. Its aim is to provide guidance for all activities within this framework, where it plays a crucial role as a consultative in achieving the set export goals.
- **The Algerian Export Credit and Guarantee Insurance Company (CAGEX):** As a reaction to the Algerian Credit Insurance and Reinsurance Company (CCAR) failing in its role of export credit, the state intervened to establish a new system through Executive Decree No. 235/96 issued on July 2, 1996, in accordance with Article 4 of

Order No. 96 issued on January 10, 1996, concerning export credit insurance. In the same year, this order was followed by the issuance of Executive Decree No. 96-235 on July 2, 1996, specifying the conditions for managing the risks covered by export credit insurance and the procedures involved.

Fourthly: Barriers to Increasing Non-Hydrocarbon Exports and Appropriate Solutions for Promoting Non-Hydrocarbon Exports.

a- Export constraints outside the hydrocarbon sector in general: Export constraints are defined as the restrictions that hinder economic establishments or diminish their ability to initiate, develop, or sustain business operations in foreign markets. The recognition of export constraints for non-hydrocarbon products began in Western countries in the first half of the twentieth century. During that period, the scarcity of information about foreign markets was a major obstacle to the activities of exporting companies (Aharoni, 1966). After that, Bilkey presented the six barriers that have greatly occupied the attention of export-oriented institution managers, and these are: lack of funding, strict foreign regulations and laws, errors in identifying foreign markets, obstacles to accessing international distribution channels, and lack of experience in communicating with foreign markets (Bilkey, 1978). The economic globalization has led to an increase in the orientation of economic institutions towards vast global markets. Since the beginning of the eighties, they have rushed to intensify and diversify their export activities. This has necessitated dealing with various obstacles, such as: The difficulty of studying foreign export markets, constraints related to internal resources, procedural barriers associated with the export process, external variables...etc. At the present time, the most commonly used classification for the obstacles to non-oil product exports is the one introduced by Leonidou which distinguishes between two categories: internal obstacles and external obstacles (Leonidou, 2024). Internal obstacles are related to two types of barriers, namely:

- **Informational barriers:** They include the obstacles and challenges associated with studying, selecting, and entering foreign markets.

- **Functional barriers:** They encompass financial and human resources, in addition to challenges related to marketing products in foreign markets and the accompanying logistical services.

External obstacles comprise four categories of barriers, they are the following:

- Obstacles related to the practical procedures required to complete international transactions.
- Governmental barriers associated with export policies and the conduct of export-related authorities.
- Market-related obstacles related to an organization's ability to monitor and understand the tastes and needs of customers in foreign markets.

b- Export issues outside the hydrocarbon sector in Algeria:

There are several issues facing the marketing of Algerian products (Zahra Mostafa, 2021). These issues can be briefly outlined as follows:

- A limited number of the exported products (lack of diversity in the export basket).
- Low returns from the exports outside the hydrocarbons sector.
- Limited participation of economic actors in exports (a severe shortage of exporting companies).
- Limited technical knowledge among traditional farmers.
- Shortage of storage and cooling facilities, mainly at ports.
- Low efficiency of external marketing mechanisms, particularly in terms of advertising and promotion, leading to decreased foreign demand.
- Packaging Issue: The lack of suitable packaging for the export of agricultural products, which led Algeria to import these packaging materials.
- Slowness of customs procedures.
- Weak competitiveness of local products and the inability of the non-hydrocarbon industrial sectors to achieve economic diversification.
- The non-hydrocarbon industrial sector faces economic, regulatory, organizational, and supply-related challenges, in addition to a mismanagement of available

resources in terms of physical, human, and financial aspects. Moreover, there is a lack of research and development efforts.

c- Possible solutions to confront export barriers:

- Promoting small investments and providing government aid.
- Providing storage facilities for export purposes.
- Reducing transportation costs and making it more accessible.
- Facilitating access to financing.
- Organizing mobile customs teams during the harvest season to conduct customs procedures on-site, a key suggestion demanded by exporters to save time and prevent the spoilage of export-ready products.
- Establishing networks that facilitate communication among various institutions related to research and development (universities, small and medium-sized enterprises, research and development centers...etc).

Conclusion:

Non-hydrocarbon exports play a crucial role in the economies of oil-exporting developing countries. They have a positive impact on the trade balance, balance of payments, and drive economic growth, especially in our current times. Algeria is one of these developing nations that suffer from oil dominance in its exports, which has left its economy subject to petroleum shocks. Therefore, Algeria has placed significant emphasis on crafting a national strategy to promote non-hydrocarbon exports since 1986, when oil prices dropped to below \$10 per barrel. However, the results have not matched the efforts and expectations and contrary to aspiration. Deficiencies have become apparent, particularly in the lack of dynamism in non-hydrocarbon production activities, which has affected non-hydrocarbon export rates.

Study Results:

- Algeria's exports are distributed across several countries and continents, their distribution to these countries vary based on the relationship and interactions with Algeria. Besides, approximately 69.30% of Algeria's exports are directed towards European Union countries, which are considered Algeria's primary customers, due to their geographic proximity via the Mediterranean Sea.
- The export sector in Algeria is still subject to dependence on hydrocarbons.
- The majority of Algerian non-hydrocarbon exports consist of consumer goods and industrial products.
- The European Union is considered Algeria's primary economic partner, as it receives the largest portion of Algerian exports, primarily consisting of hydrocarbons.
- The Algerian authorities have taken several procedures and measures across various sectors to promote non-hydrocarbon exports. However, the proportion of non-hydrocarbon exports remains low compared to hydrocarbons, indicating that Algeria has not escaped the dominance of this sector yet.
- The presence of obstacles preventing the implementation of a non-hydrocarbon export promotion strategy, these obstacles are related to mindsets and behaviors, as well as challenges linked to human resources and financial resources.

Study Recommendations:

- Encouraging exporters and producers to adhere more strictly to health and safety standards in their products.
- Granting greater autonomy and freedom to national institutions responsible for promoting exports by reducing or removing administrative constraints on their functions and operations.
- Intensifying participation in international exhibitions and training personnel responsible for the export process, in addition to conducting studies aimed at

exploring new markets as part of various plans designed to bring local products to international markets.

- Ensuring continuous training of employees to keep them up to date with advanced work methods and modern technologies.
- Simplifying export legislation, widely disseminating it, and making it accessible to export institutions.
- Enhancing university-level training in various fields related to international trade and connecting it to professional development.
- Supporting various partnership initiatives with foreign investors to ensure the transfer of expertise and technology, to enhance the quality of domestic products and improving their reputation in international markets.
- Giving attention to international marketing to promote non-hydrocarbon industrial exports, recognizing that marketing is a fundamental factor for achieving a distinct competitive position in the business environment.
- Establishing an integrated information network on non-hydrocarbon industrial export activities to connect Algerian exporters with global markets. This network will also provide insights into competitive trends and product quality standards, which will enable the development of an export policy based on the available information.

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