

The effectiveness of trade policy in promoting non-fuel exports in Algeria for the period 2010-2022: An analytical study based on foreign trade indicators

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Abstract:

Through our study, we aim to analyze the effectiveness of the trade policy implemented by the state to promote non-hydrocarbon exports. This is done using the economic exposure index and the economic dependency index to determine the extent of the benefits gained by Algerian non-oil exports. Simultaneously, we assess the ability and efficiency of economic sectors in exporting. Based on this, we can identify the success or failure of the trade policy in Algeria to develop an export-oriented development strategy for the future. We have concluded that Algeria's heavy reliance on hydrocarbons has equally contributed to the inefficiency of trade policies in promoting exports, rendering them temporary remedies rather than sustainable solutions for the country's economy.

Keywords: Trade policy, exports, economic exposure index, economic dependency index, revealed comparative advantage.

Jel Classification Codes: F1, F13.

Introduction:

Algeria's trade policy has been marked by numerous developments and changes in its implementation tools, constantly adjusting to fit the circumstances and requirements of each stage, without taking into consideration any long-term backward-looking perspective on the future of Algerian foreign trade. Amidst the rapid developments witnessed in the global trade system and the ambiguity characterizing the trade policies of global trade hubs, in addition to the potential impacts on the economies of developing countries due to the escalation of trade wars among countries with global trade significance, Algerian foreign trade finds itself challenged to position within the structure of global trade through a more smooth and flexible trade policy strategy in dealing with the developments of the global trade

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system and in a manner that serves its commercial interests and aligns with its local economic capabilities.

In the context of global openness, the role of exports emerges as a crucial component due to the financial returns they provide to the country. It is imperative to focus on this aspect by promoting non-oil exports." Despite oil prices often registering record levels, this has not positively reflected on the economy. This situation has prompted us to investigate the reasons for this duality in the economy, how it has affected economic sectors in general, and thus the economy's ability to diversify.

From this standpoint, the upgrading of non-fuel exports can only be the result of effective measures supported by trade and investment policies aimed at developing export production capacities and structural economic change.

Therefore, **we can pose the following question:** How effective is the trade policy pursued in Algeria in upgrading non-fuel exports during the period 2010-2022?

Significance of the Study:

The importance of studying trade policy stems from its critical role as a pillar of the Algerian economy, particularly in paving the way for Algeria's entry into global markets through the upgrading of its exports.

Problem Statement:

The trade policy pursued in Algeria has led the economy into a state of vulnerability and dependence, as it relies heavily on oil, a depleting resource, as an exportable commodity amid fluctuating prices.

Hypothesis of the Study:

The study is based on the hypothesis that trade policy, given the economic conditions and available resources in the country, does not play a positive role in upgrading non-fuel exports.

1. Evolution of Instruments and Strategies of Trade Policy in Algeria:

1.1. Exchange Rate Strategy and Currency Devaluation²:

The monetary authorities' adoption of the exchange rate strategy aimed at alleviating the deficit accompanying Algeria's current account, particularly after the oil setback of 1986. This was achieved by upgrading non-fuel exports through adjusting the exchange rate of the national currency in proportion to national production.

In general, Algeria's economy, like other economies undergoing transitional phases, witnessed economic imbalance with disruptions in macroeconomic balances. As overvalued exchange rates cannot be sustained for long periods and only leave negative impacts on the economy, such as depleting hard currency reserves, collapsing tax systems, and expanding the parallel market, the government decided to devalue the national currency. This approach aimed to improve international exchange rates.

The evolution of the exchange rate system in Algeria can be summarized into the following stages:

- Fixed Exchange Rate Stage (1964-1986):

This stage was characterized by the stability of the national currency since its issuance in 1964, where the dinar followed the developmental plans outlined by the central authority at that time. During this period, the Algerian dinar was not pegged

² Baba Hamed, K ; Mekkaoui, H(2019), Algeria's foreign trade under trade protection policy, Al-Manhal Economic Review ,2(2), p41.

to the French franc, despite maintaining a fixed exchange rate (1 DZD = 1.25 French francs). However, the continuous devaluation of the French currency led to a steady decline in the national currency's value, which initiated the first quadrennial plan (1970-1977).

From 1974 to 1986, the value of the Algerian dinar was determined based on a basket of 14 currencies. Each currency was given preference based on its weight in external payments, and the exchange rate was calculated by the Algerian Central Bank using methods such as weighted average calculation of currency basket changes and daily valuation of the US dollar compared to the Algerian dinar.

- Managed Exchange Rate Stage (1987-2019):

The sudden deterioration of oil prices in 1986 plunged the Algerian economy into a severe crisis marked by a dual deficit in the state budget, especially in the balance of payments. This deficit resulted in a significant slowdown in economic activity due to the decrease in imports of various inputs needed by the production apparatus, which remained dependent on the global market.

The exchange rate of the dinar shifted from 4.936 dinars per US dollar at the end of 1987 to 8.032 dinars per US dollar by the end of 1989. The national currency's value continued to decline rapidly, reaching 12.11 dinars per US dollar at the end of 1990 and 17.76 dinars at the end of March 1991.

The government resorted multiple times to devaluing the national currency as part of external debt restructuring agreements, causing the currency to lose between 25% and 30% of its value by 1993. The real exchange rate of the Algerian dinar increased by more than 20% until 1998, and its value began fluctuating until it reached around 73.5 dinars per US dollar in 2008.

1.2. Customs Reforms and Export Incentives³:

- Reducing customs duties and promoting domestic production :

To bolster non-fuel exports, a new technique was introduced in the form of the customs tariff. This tariff contains a list or table comprising all goods and the fees imposed on them upon importation and exportation. This list is found in the annex of the International Convention on the Harmonized Commodity Description and Coding System dated June 14, 1983. Therefore, the new technique targeted within the framework of the customs reform strategy aimed at facilitating international trade exchanges. As part of efforts to liberalize the foreign trade sector, the Algerian authorities reduced customs duties according to agreements concluded with international financial institutions (such as the International Monetary Fund), as illustrated in the following table:

Table1 .The evolution of applied tariff rates in Algeria during the period (1992-2002) (Unit :%)

Année	Applied tariff rates						Number of tariff rates
1992	3	7	15	25	40	60	6
1996	3	7	15	25	40	50	6
1997		5	15	25	45		4

³ Madouri,A,(2012), "Analysis of the effectiveness of public policies in promoting exports outside the hydrocarbons sector in Algeria.", Majister's thesis in International Economics,p225.

1998	3	15	25	45	4
1999	5	15	25	40	4
2001	5	15	25	40	4
2002	5	15	30		3

Source : "Prepared by researchers based on various financial laws and supplementary regulations that addressed the amendments made to customs duties."

From the table above, it is evident that the customs tariff resulting from the customs reform in 1992, following Algeria's accession to the International Convention on the Harmonized System, had a maximum tax rate of 60%, with six rates included. After this reform, several amendments were made to the customs tariff, all leading to a reduction in customs rates. The latest amendment in 2002 reduced the number of tariff rates to three: a reduced rate of 5%, an intermediate rate of 15%, and an increased rate of 30%. The first rate applies to raw materials and processing materials, the second rate applies to semi-manufactured goods, and the third rate applies to manufactured goods or products intended for final consumption⁴. Thus, public authorities have aimed to implement an import substitution policy.

- **Customs Incentives⁵:**

These encompass a range of measures, summarized below:

- **Temporary Admission:** This customs system allows goods imported for a specific purpose and intended for re-export within a certain period to be admitted into the customs territory without payment of duties and taxes and without application of economic prohibitions. The duration of stay under the temporary admission regime corresponds to the time necessary to carry out the operations for which the goods were imported.
- **Re-exportation with Exemption:** This customs system permits the importation of goods used in the manufacturing of exported products to be exempt from duties and taxes upon importation.
- **Processing under Bond (Temporary Export):** This system grants companies the ability to temporarily export some of their products for processing or manufacturing abroad, aiming to enhance the commercial value of their products by improving their quality.
- **ATA Carnet System:** This system assists exporters in participating in international exhibitions and sending commercial samples through the ATA Carnet (an international customs document facilitating the temporary admission of goods for exhibitions in all countries that are signatories to the relevant agreement).

1.3. The Quota System:

Since its inception in Algeria, this system has involved specifying the nature and quantity of imported goods. It began to be implemented in June 1964, as per Decree No. 188-63 dated May 16, 1963, which established a framework for imported goods, serving as a form of control over the importation of certain foreign goods⁶.

⁴ Baba Hamed, K ; Mekkaoui, H(2019), Algeria's foreign trade under trade protection policy, Al-Manhal Economic Review ,2(2), P40.

⁵ Abdelkrim, K,(2011)"The Impact of Foreign Direct Investment on the Competitiveness of the Algerian Economy" , Majister's thesis in International Trade,P139.

⁶ Baba Hamed, K ; Mekkaoui, H(2018), "The trade policy and its impact on the non-oil sector in Algeria.", Etudes Economiques Approfondies Review, N°2, p96.

By the end of 1963, the National Office for Foreign Trade (Office National du Commerce Extérieur) was established. It is one of the bodies responsible for exercising control over foreign trade, tasked with supplying the local market with essential consumer goods. For this purpose, the state imposed control over foreign trade in general, covering both imports and exports. However, with the implementation of the socialist system in Algeria, which mandated state intervention in foreign trade, what became known as Professional Purchasing Groups (Groupements Professionnels d'Achat - GPA) emerged in 1964. These groups coordinated with technical agencies for import operations such as the central bank, customs authorities, and the Ministry of Trade, which granted contracts for imports. In 1971, the Professional Purchasing Groups were dissolved due to private sector monopolization of foreign trade. Economic sectors were nationalized, and monopolies were granted to public institutions.

1.4. Global Economic Integration Strategy:

- Joining the Euro-Mediterranean Free Trade Area:

Algeria entered into a partnership agreement with the European Union as part of what was called the Barcelona Process. The European group invited countries on the southern shores of the Mediterranean Sea to make the Mediterranean a "zone of shared prosperity." The agreement was signed in April 2002 and came into effect on September 1, 2005.

To establish a free trade area, the parties agreed to exchange exemptions and customs reductions. These exemptions and reductions were specified for industrial products, agricultural goods, fisheries products, and processed agricultural goods. The first part of the agreement focused on industrial products, covering articles 7 to 11. The second part addressed agricultural products, fisheries products, and processed agricultural goods (articles 12-16 of the agreement). The third part dealt with common provisions for both categories (articles 17-29 of the agreement).

However, despite the significant percentage of our exports to the European Union, ranging from 44% to 55%, it is well known that these exports are predominantly hydrocarbons, accounting for over 95%. Consequently, despite the intensity of trade between Algeria and the European Union, the non-hydrocarbon export sector has benefited very little from this agreement. Instead, the benefits have been clearly directed towards exports of industrial products with a hydrocarbon nature and some agricultural products, nonetheless, these exports remain modest.

- Algeria-Tunisia Preferential Trade Agreement:

The aim of this agreement is to facilitate and promote economic and trade cooperation between the two countries, thus supporting partnership relations and enhancing bilateral trade development alongside encouraging mutual investments. This contributes to economic integration and gradual progress towards establishing a free trade area between the two countries.

The agreement applies to goods of Algerian and Tunisian origin, with a list of Algerian goods and a list of Tunisian goods being fully exempted from duties, fees, and taxes with similar direct effects immediately upon the entry into force of the agreement. Algeria also committed to granting another list of Tunisian industrial goods with customs reductions of up to 40%, and additional unspecified reductions as per the agreement after one year of its implementation.

- **Greater Arab Free Trade Area:**

Algeria submitted its accession file to the Greater Arab Free Trade Area to the General Secretariat of the Arab League on December 31, 2008. Following the official commitment of the Algerian government to implement the executive program of the area, trade exchanges between Algeria and the member Arab countries in the area began to benefit from full exemption from customs duties starting from January 1, 2009.

There is a significant concentration in Algeria's exports towards the region, with 71.7% of non-hydrocarbon exports going to only four countries: Tunisia, Morocco, Lebanon, and Syria.

2. Measuring the effectiveness of trade policy in promoting non-oil exports during the period 2010-2022 :

We will attempt to analyze the effectiveness of the trade policy implemented by the government in stimulating and promoting non-oil exports. This will be done using a set of indicators, through which we can identify the benefits gained by Algerian non-oil exports. At the same time, we will assess the capability and efficiency of economic sectors in exporting (such as agriculture and industry). Based on this analysis, we can determine the success or failure of trade policies in Algeria, with the aim of developing export-oriented strategies for the future. These indicators serve as an important measure for evaluating the effectiveness of trade policies in promoting non-oil exports in Algeria over the specified period.

2.1. Economic Exposure Index to Foreign Markets:

Economic exposure index, also known as economic openness index, is a measure that assesses the degree to which an economy is reliant on foreign markets for its economic activities, including trade in goods and services. It quantifies the extent to which a country's economic performance is influenced by external factors such as international trade policies, global demand, exchange rates, and economic conditions in other countries. A higher economic exposure index indicates a greater vulnerability to fluctuations in international markets and external shocks⁷.

The importance of this index lies in indicating the extent to which foreign trade, both imports and exports, contributes to the formation of the Gross Domestic Product (GDP). In other words, it illustrates the degree to which economic activity in any country depends on the prevailing conditions in its export and import markets. An increase in this index indicates a deeper reliance of the economy on foreign markets to sell its products and obtain its consumption goods and services. It also reflects the sensitivity of the local economy to external variables such as global prices, financial and economic policies, trade partners' policies, economic blocs, global events, and crises.

The calculation of the Economic Exposure Index can vary depending on the specific methodology employed and the context of the analysis. However, one common approach is to calculate the ratio of a country's total exports and imports to its gross domestic product (GDP)

Here's a basic formula:

⁷ Hill, R. C., Griffiths, W. E., & Lim, G. C. (2018). Principles of Econometrics (5th ed.). John Wiley & Sons.

$$\text{Economic Exposure Index} = \frac{\text{Total Exports} + \text{Total Import}}{\text{Gross Domestic Product}} \times 100$$

This formula yields a percentage value representing the proportion of a country's GDP accounted for by its foreign trade activities, providing an indication of its economic exposure to international markets⁸.

Table2 : The Economic Exposure Index of Algeria (2010-2022)
(Unit: Million dollars)

	Gross Domestic Product (GDP).	Total exports	Ratio of exports to GDP%	Total imports	Ratio of imports to GDP%	Economic exposure %
2010	161.21	57.09	35.41	50.65	31.42	66.83
2011	200.01	72.89	36.44	57.38	28.69	65.40
2012	209.06	71.73	34.31	59.61	28.51	62.82
2013	209.76	64.71	30.85	63.77	30.40	61.25
2014	213.81	59.99	28.06	68.26	31.93	59.99
2015	165.98	34.57	20.83	60.62	36.52	57.35
2016	160.03	29.31	18.32	56.10	35.06	53.38
2017	170.10	34.57	20.32	55.60	32.69	53.01
2018	174.91	41.14	23.52	56.33	32.21	55.73
2019	171.76	35.32	20.56	49.97	29.09	49.65
2020	145.74	21.93	15.05	40.61	27.86	42.91
2021	163.47	38.63	23.63	43.26	26.46	50.09
2022	195.00	65.53	33.61	46.23	23.71	57.32

Source : Prepared by researchers based on:

-<https://unctadstat.unctad.org>, consulted on : 28/12/2023
-Annual reports of the Bank of Algeria (2022/2018/2014)

Through the data in the first table, the extent of Algerian economy's exposure to the external world becomes apparent. This exposure is attributed to the Algerian economy's reliance on the global economy to meet its needs through exports and imports. This stems from Algeria's loss of a sophisticated and diverse production base, despite government efforts to change its economic policies and adopt economic systems that align with the country's economic situation. Despite fluctuations in the degree of Algerian economic exposure, it generally tends towards a decrease. In 2022, it was approximately 57.32% compared to around 66.83% in 2010. Despite this downward trend, the degree of exposure remains high because economic exposure should not exceed 45%, nor should it fall below 20%.

Based on the foregoing, the Algerian economy is deeply integrated and highly interconnected with the international market. This means that it is an economy exposed to external influences, whereby market fluctuations have a significant impact on it due to its high production and institutional capabilities. Consequently, this implies that the Algerian economy is commercially dependent on advanced economies.

⁸ Hill, R. C., Griffiths, W. E., & Lim, G. C. (2018). Principles of Econometrics (5th ed.). John Wiley & Sons.

2.2. Commodity Export Concentration Index :

"Commodity Export Concentration Index" is a metric used in international economics to assess the extent to which a country concentrates its exports in specific commodities. This index is typically calculated by determining the ratio of the value of exports of a specified group of commodities to the total value of exports. Generally, the higher this ratio, the greater the levels of concentration, implying that the economy is more vulnerable to risks due to fluctuations in global prices of those commodities⁹.

The purpose of this index is to reveal the extent of concentration on exporting a single commodity or a very limited number of commodities. Exports of developing countries are characterized by containing a small number of commodities, predominantly primary goods, and are mainly exported to developed countries. Therefore, an increase in commodity concentration increases the dependence of developing countries on developed ones. The commodity concentration index can be considered a measure of dependency. When its percentage in a country exceeds 60%, the economy of that country becomes vulnerable to any measures taken by importing countries, especially when the exported goods are subject to sharp price fluctuations, such as oil, for example. This negatively impacts the country's foreign currency reserves necessary for development. The degree of commodity concentration for exports can be measured using the following equation¹⁰:

$$\text{Commodity Export Concentration Index} = \frac{\text{main commodity exports.}}{\text{Total exports}} \times 100$$

Table 3 .The commodity concentration of Algerian exports (2010-2022)
(Unit: Million dollars)

Anneés	Oil exports	Total exports	Degree of commodity concentration of oil exports%
2010	56.12	57.09	98
2011	71.66	72.89	98
2012	70.58	71.73	98
2013	63.66	64.71	98
2014	58.36	59.99	97
2015	33.08	34.57	96
2016	27.92	29.31	95
2017	33.20	34.57	96
2018	38.93	41.14	95
2019	33.26	35.32	94
2020	20.02	21.93	91
2021	34.14	38.63	88
2022	59.71	65.53	91

Source : Prepared by researchers based on:

⁹ Thorbecke, E. (2000). "The Commodity Composition of Japan's Bilateral Trade." Japan and the World Economy, 12(4), 383-404.

¹⁰ Zebidi, M, Analysis of some indicators of trade dependence in the Iraqi economy, Management and Economics Review,5(20) ,P 208.

-<https://unctadstat.unctad.org>, consulted on : 28/12/2023
-Annual reports of the Bank of Algeria (2022/2018/2014)

From the table above, it is evident that the Algerian economy is not just characterized by commodity concentration in exports, but it is at the pinnacle of commodity concentration. The average commodity concentration of exports exceeds 98% of total exports. This means that the Algerian economy exports agricultural, industrial, or other goods only to an extent not exceeding 2% of total exports. Meanwhile, oil exports represent the highest proportion among total exports, exceeding 98%. As mentioned earlier, oil is characterized by extreme volatility, and Algeria's dependence on it will either lead to or make the Algerian economy a follower of the global economy.

2.3. Measuring the achieved relative advantages of agricultural exports:

Comparative advantage is a widely used concept in economic literature that allows for evaluating trade trends and the specialization of countries in goods for which they have a competitive advantage. It indicates how and why individuals, groups, and nations can find mutual interest in trade. Its development succeeds the more restrictive notion of absolute advantage developed by Adam Smith.

Furthermore, it allows for analyzing the comparative advantages between different product groups for the same country as well as comparing these advantages for each product group across a set of countries. Despite these limitations, this index remains the most widely used in analysis due to its simplicity and practicality in empirical analysis¹¹.

We will analyze the importance of agricultural exports in the national economy using the relative advantages index according to the following equation:

$$RCA = (xi-mi) / (xi+mi)$$

Where:

- xi represents the value of exports for the same commodity or homogeneous group of commodities.
- mi represents the value of imports for the same commodity or homogeneous group of commodities.

When the value of the equation equals 1, it means that imports equal zero, indicating full relative advantages for exports. Conversely, when the value of imports is greater than 1, and exports equal zero, it means that there are no relative advantages for exports at all. This index clarifies the relative advantages for agricultural exports as shown in the following table:

Table 4. Measuring the relative advantages of agricultural exports during the period 2010-2022(Unit: Million dollars)

Anneés	Agricultural exports	Agricultural imports	Agricultural trade balance	Relative advantages
2010	329	7350	-7021	-0.91
2011	377	11489	-11112	-0.94

¹¹ Rim BERAHAB (2016), Structure des échanges entre le Maroc et l'Afrique : Une analyse de la spécialisation du commerce, OCP Policy Center, P 22 P23.

2012	327	10755	-10428	-0.94
2013	413	11270	-10857	-0.93
2014	337	12712	-12375	-0.95
2015	247	10761	-10514	-0.96
2016	341	9630	-9289	-0.93
2017	370	9807	-9437	-0.93
2018	278	8396	-8118	-0.94
2019	305	8841	-8536	-0.93
2020	382	8944	-8562	-0.92
2021	485	10276	-9791	-0.91
2022	392	12484	-12092	-0.94

Source: -World Bank (2022), Trade Indicators, Extrait de: <http://wits.worldbank.org>
-Annual reports of the Bank of Algeria (2022/2018/2014)

Through the above table, we find that the Algerian trade balance for agricultural products is in a very difficult situation. We notice a continuous and increasing deterioration in imports during the study period, estimated at \$12484 million in 2022. This record figure raises an important question about how to cover imports in the future in case of a decrease in fuel prices. We consider the deficit witnessed by the Algerian trade balance to be very logical due to the misguided trade policy in this area.

By using the comparative advantage index, the ability of the agricultural sector to meet the country's needs becomes clearer. It is evident that the achieved advantages during the study years are close to -1, indicating that agricultural sector exports are almost non-existent, meaning there are no advantages for exports at all. Therefore, we can conclude that the agricultural sector in Algeria is fragile and weak. In our belief, this is attributed to the failure of trade policies in this field. In summary, after analyzing the advantages achieved in agricultural exports, we discovered that agricultural development in Algeria has never been a priority for economic development. Those who observe our trade policies in this area notice the ambiguity regarding agricultural development since independence due to the absence of any effective policy aimed at promoting agricultural output.

2.4. Measuring the Achieved Relative Advantages of Industrial Exports :

Industrial exports in Algeria mainly consist of semi-manufactured products and industrial equipment. However, semi-manufactured products dominate this group, accounting for over 90% of exports. Before delving into the study of the relative advantages achieved for industrial exports, we will first address the evolution of the industrial trade balance as illustrated in the following table:

Table5. Measurement of Relative Advantages of Industrial Exports during the Period 2010-2022
(Unit: Million dollars)

Anneés	Industrial exports	Industrial imports	Industrial trade balance	Relative advantages
2010	460	31367	-30907	-0.97
2011	658	33875	-33217	-0.96
2012	646	33951	-33305	-0.96
2013	572	38509	-37937	-0.96
2014	1203	42192	-40989	-0.97

2015	1093	37805	-36712	-0.94
2016	990	35136	-34146	-0.94
2017	940	33603	-32663	-0.95
2018	1858	30677	-28819	-0.95
2019	1772	29965	-28193	-0.89
2020	1686	22580	-20894	-0.86
2021	3797	23233	-19436	-0.72
2022	5568	24245	-18677	-0.63

Source: -World Bank (2022), Trade Indicators, Extrait de: <http://wits.worldbank.org>
-Annual reports of the Bank of Algeria (2022/2018/2014)

Through the table, we notice that the industrial trade balance has been experiencing deficits from year to year, reaching \$18677 million in 2022. Based on the continuous deficit in the trade balance, the weakness of Algerian industrial exports in gaining significant advantages enabling them to capture foreign market shares becomes evident. This is confirmed by the index of achieved comparative advantages of these exports, which took on negative values very close to -1 over the study period, ranging between -0.72 and -0.97. Therefore, it is apparent that Algerian exports of these products do not enjoy any comparative advantage compared to imports of the same products. Hence, it can be said that industrial goods exports are almost non-existent.

3. Reasons for the failure of non-oil export promotion policy in Algeria:

Through our examination of the trade policy pursued in Algeria, as well as Economic Exposure Indices, the Commodity Concentration Degree of exports and Revealed Comparative Advantage Indices, we noticed the state's inability to achieve set objectives, even to a certain extent. This raises more than one problem regarding the role of the state in activating its economic institutions, which have not contributed to diversifying export-oriented products. According to our belief, the failure of trade policies, despite economic and political reforms, may be attributed to the following reasons:

- **Economic-related factors:**
 - Difficulty in breaking away from dependence on hydrocarbons. Oil exports have always been a significant source of attracting hard currency. Although their conditions improved in the early years of the last decade, they became the sole financial lever for the state's economy, leading to an improvement in the trade balance position as a result of their prices rising in the global market. Hydrocarbon exports are dense compared to other exports, according to the relative advantage Algeria possesses. Therefore, the economic analysis of the export reality in Algeria indicates the fragility of the foundations of this economy in production and investment outside hydrocarbons.
 - The Algerian production apparatus lacks the necessary flexibility and support to gain competitive advantages in the short and medium term, allowing it to increase production in case of increased demand.
 - The significant gap in meeting domestic demand has made domestic sales more profitable than exports. For the same reason, imports have become a fertile field for profit-making with fewer risks compared to exports. Hence, there is a large number of importers in Algeria compared to a small number of exporters, despite the privileges provided by the state in this field. Thus, this reflects the absence

of an export culture among economic actors and their inclination towards imports.

- The improvisational, partial, and fragmented nature of trade policies, as well as the absence of a long-term strategy for these policies that do not extend beyond the stage in which they are applied, all contributed to reducing their effectiveness in supporting and promoting non-oil export activities.
- **Export environment-related factors:**
- Most Algerian institutions, whether public or private, are ignorant of export strategies.
- Misdirection of national savings towards financing the import sector at the expense of the productive and supportive investment for the export sector. This could disrupt the balance of goods and services in the country. Additionally, there are no specialized banks in Algeria for financing non-oil exports.
- Weak export capacity of Algerian economic institutions due to the limited financial resources, lack of knowledge about foreign markets, and the absence of technological elements, along with weak local performance.
- Through all the mentioned reasons, it's evident that Algeria's non-oil export promotion policies are merely patchwork and temporary solutions, which contradict the nature of the export problem in Algeria, which is a structural problem as long as it concerns the country's production system. Therefore, it is incumbent upon public authorities to reform investment and production structures by leveraging the effects of foreign direct investment on increasing exports, by improving our country's attractiveness to host such investments, and by reforming industrial policy to ensure good economic efficiency for the manufacturing sector. However, before everything, it is necessary to identify the list of institutions with potential for investment. In our opinion, Algeria must choose the correct approach for its industrial fabric by selecting industries in which it has considerable relative advantages.

Conclusion:

This research has shed light on the effectiveness of foreign trade policy in promoting Algeria's exports. Through the statistics related to Algerian trade exchanges for the period between 2010 and 2022, it became evident to us that despite the state's efforts to achieve optimal levels of non-oil exports, they did not exceed the efforts made for hydrocarbon exports. The Algerian state has outlined all available trade policies in hopes of promoting and diversifying exports to achieve real economic growth rates that truly reflect the contribution of national production sectors, whether agricultural or industrial, to forming gross domestic product. These strategies or trade policies have touched upon all aspects surrounding the export sector, starting from exchange rate policies aimed at reducing the value of the national currency to impact global demand, to customs strategies directed by the state towards updating and encouraging exporters, as well as supporting export operations in the country. In addition, strategies for integrating into the global economy by creating leading trade with certain economic blocs have been employed. However, our assessment of the effectiveness of trade policy in promoting non-oil exports in Algeria during the period 2020-2022, based on Economic Exposure, Economic Dependency and Revealed Comparative Advantage indices, led us to conclude that Algerian exports

have not achieved the desired levels. This confirms the failure of trade policies in this area and underscores the need for Algeria's export promotion strategy to be further activated through the introduction of new mechanisms based on research and development to establish a strong link between Algerian enterprises and exports.

Recommendations:

- Efforts should be made to reform the current trade policy towards implementing a protective type that activates tariff policies, allowing control over the quantities of imported goods and services randomly, and reducing them by applying selective protectionist policies for specific sectors and periods, provided that it does not affect consumer purchasing power. Support should also be provided to local economic sectors that have a relative advantage that makes them competitive.
- Support competitive advantages that stimulate exports, including the use of an exchange system aimed at reducing production costs and ensuring fair trade by complying with trade agreements or laws, and reducing the export of raw materials and oil, in particular, to eliminate economic dependency.
- The private sector must take the lead and initiate efforts to rescue and rehabilitate the industrial and agricultural sectors to diversify the economy and manufacture modern products capable of competing with industries in Algeria and abroad.

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