



The role of barter trade in achieving economic diversification and promoting Algerian foreign trade outside the hydrocarbon sector

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Abstract :

The aim of this research paper is to shed light on activating the role of border barter trade as one of the forms of commercial exchanges that characterize border areas. Especially with the countries of Mali and Niger to create opportunities to enter African markets and strengthen economic ties. In order to promote non-oil exports in Algeria as a strategic direction to strengthen international trade relations by knowing the requirements of African markets.

It has been concluded that barter trade is considered to have strategic dimensions represented in achieving economic, social, and political and security development for these areas. In addition to activate trade exchanges between Algeria and international Mali and Niger to develop exports outside the circle of hydrocarbons and to attract African markets.

Key Words: Diversification, African markets, Barter trade, Border areas, Exports outside hydrocarbons.

JEL Classification : F12, F15

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Introduction :

Exports has a great importance in the process of economic growth and development, due to their expanding role in the field of production and marketing in the national economy by opening new markets for local products. But after the increased interest of countries at the present time in the economic aspect, it was necessary to go to what global changes require, which is the search for foreign markets to discharge various goods and services .

Africa represents a strategic depth and a natural extension of the State of Algeria. Therefore Algeria must take advantage of the advantages that Africa can provide in terms of investment, trade exchanges and promising markets for export, including the revitalization, diversification and expansion of the national economy to include productive sectors outside the field of hydrocarbons.

As a country like other countries that seeks to establish free zones in order to raise and develop export capabilities outside the hydrocarbon sector, Algeria has



resorted to activate decisions related to the practice of border barter trade with Mali and Niger.

The problem of the study: In light of the above, and in order to understand more the topic of "activating barter trade as a strategic direction to promote non-hydrocarbon exports and attract African markets", the main question that represents the study in its theoretical and practical aspects arises: What is the role of activating border barter trade as a strategic direction to promote non-hydrocarbon exports and attract African markets, especially with Mali and Niger ?

Study hypotheses: To answer the problem, the study started from the premise that the activation of barter trade with Mali and Niger has a role in attracting African markets in order to promote non-hydrocarbon exports in Algeria .

The importance of the study: The study has a great importance, it links two important topics, namely border barter trade and promotion of non-hydrocarbon exports. The importance of the study lies in addressing the activation of the role of barter trade as a strategic direction to promote non-hydrocarbon exports in order to attract African markets.

Study Methodology: In this study, we focused on the methodology of inductive analysis of the total data obtained, in order to analyze the transformations that occurred in the border barter trade during the year 2021 .

Themes of the study: To answer the problem raised, we divided this intervention into three axes as follows:

- The first axis: the nature of non-hydrocarbon exports;
- The second axis: the concept of border barter trade;
- The third axis: Activating border barter trade as a strategic direction to attract African markets in order to upgrade the circle of exports outside hydrocarbons .

I. the concept of non-hydrocarbon exports

The export sector offers a strategic role for exporting countries, as well as for institutions, it contributes to a high degree in the development of foreign trade, and the export process is one of the most forms of entering international markets, and this is due to the importance of export in foreign trade, Algeria decided to follow several strategies to promote the export sector and thus advance economic development, and give a new impetus to foreign trade outside the hydrocarbon sector in Algeria.

The export process is mostly the result of a policy of encouraging the national product in foreign markets, which results in a flourishing economic relations between countries. Export is defined as: "the ability of the state and its institutions to achieve commodity, services, information, financial, tourism and human flows to other countries, global and international markets, with the aim of achieving the objectives of exports of profits and added value, expansion, growth and spread of job opportunities, also to identify other horizons, new technology and others" (Al-Najjar, 2002, p. 3).

Export is also defined as: "the process of taking goods and services outside the borders of the state and selling them officially for an estimated financial value,



usually in hard currency, and is used as a means by most institutions to penetrate international markets".

Based on the above, it can be said that export is the process of discharging the economic surplus achieved by a country to countries suffering from production shortages, and crossing goods and services from national borders abroad. It represents the means that allow exporting countries to take advantage of the opportunities available in foreign markets, through the flow of national goods abroad, as it reflects the extent to which the state and its economic institutions are able to provide an export offer that include all commodity and service flows from within the economic territory of the country towards the outside. It is able to compete with international products in international markets and control its technologies, which leads to the prosperity of the foreign economic relations of a country. Exports and export policies in particular play an important role in improving overall economic performance in countries that depend on the export sector to provide food and raw materials for manufacturing industries and also as an exporter of raw materials.

Export has an important role in the economy through its intervention in economic growth, national income and increasing foreign imports, for the growth of domestic product and the provision of profits in hard currency, especially for developing countries whose export promotion is an important element in developing their economy in order to finance their imports and pay off their foreign debts. With the availability of many foreign loans, the development of export activity is necessary due to its multiple advantages in various fields, including the following (Qadri, 2021, p. 82) :

Export activity is of great importance in the economies of various countries and a key factor for economic development, as it was considered by trade theorists as an effective way to achieve the desired growth rates. I also consider it an effective way to collect as much hard currency as possible, and the importance of exporting is also linked to the volume of production, which increases the different enterprises have to double production in order to cover this increase in the market.

The importance of export is evident in its ability to create new jobs, fix the balance of payments deficit, attract domestic and foreign private investment, and thus achieve high growth rates. Export can be considered one of the main ways to finance the country's imports in a way that does not negatively affect the external balance of payments. Exporting does not only provide a continuous resource for capital investments. But it works to develop local industries and reduce production costs, which increases the purchasing power of consumers and it is done by paying high wages to workers in export industries .

Export supports the negotiating power of the country in foreign markets, as well as the strength of the national currency against other currencies, it is one of the most important measures expressing the level and position of the institution in the markets in addition to being among the best ways to integrate into the regional and global economy;



Exports attract many foreign investments, as both exports and investments are linked to reciprocal relations (Abdul Mohsen, 2001, p. 276), investment transfers modern technology that contributes to the diversification of the product, improve its quality and link it to foreign markets, and exports allow the increase of capital that leads to the expansion of production and the establishment of industries.

II. the concept of border barter trade;

Barter is one of the first and simplest commercial systems in commercial transactions, it is based on the idea of exchanging one commodity for another commodity and barter can be defined in different forms, including:

Barter trade is defined as: "the exchange of people's things, needs, goods and benefits among themselves without the use of cash, and the process calls for the exchange of a commodity for another commodity equal in value, and not necessarily similar to it or of the same type and type, and the barter process needs the presence of two or more parties in the process to carry it out and the existence of subjects for exchange" (Saqr, 2004, p. 19)

Barter is also defined as "exchanging a commodity for a commodity, a commodity for a service, or a service for a service without the use of money and for this purpose a certain rate must be used to complete the process" (Alwani, 2014, p. 12).

In another , more specific definition, border trade is defined economically as: the possible exchange of goods for other goods between adjacent regions in two different countries, such as the exchange carried out to create sufficiency for daily needs through the close and connected communities in the two countries (Badawi and Al-Mahal, 20.., p. 52).

Based on the above, it can be said that barter trade is a system in which economic dealers exchange goods, services or any combination of goods and services in exchange for other goods or services without use amid the exchange of (money) and barter trade is characterized by immediate exchange that does not deferred, occurs between two or more parties to exchange benefits of goods and services between various economic operators to revive trade exchanges and local development, as a means to activate the exports of developing countries and promote exports of marginal goods and this by providing markets for the exchange of Products under strong competition .

Border trade (barter trade) is of paramount importance, especially on the borders of Algeria, Mali and Nigeria, because of its important role in controlling the work ... It also represents an important indicator of the stability of relations between countries, and the importance of barter trade lies in the following :

Barter trade plays a fundamental role in the development of the economy, as it is one of the most prominent economic activities that work to meet the needs of individuals and institutions from goods, raw materials and even services, and therefore it is the mechanism through which production is discharged, benefits are distributed and injustice is lifted from society .



The importance and role of barter trade in activating the exports of developing countries and as a sustainable development alternative to their economies, by providing them with basic necessities, as well as in the exchange of products and the activation of exports, which have advantages in the production of goods, as the barter trade has played a major role in light of the worsening economic conditions and the scarcity of foreign currency being dealt with, as well as wars, as it has become considered one of the vital alternatives to revive development. Other wise:

- The opening of this trade develops the capacity of the population in the border areas to carry out economic activity on a legal basis;
- Barter trade works to find effective ways to promote exports of marginal goods and semi-industrial goods to neighboring countries, which has a positive impact on increasing citizens' enthusiasm to increase production and export, thus helping to stabilize and reduce migration to major capitals and cities;
- The entry and exit of goods through border customs points relieves pressure on the State's official ports;
- Barter trade (border trade) strengthens trade, political and cultural relations between neighboring countries, as border trade is an effective means of transferring cultures and developing good neighborly relations between countries .
- Barter trade contributes to the discharge of surplus production from the domestic market, especially marginal goods, as it provides individuals with a market to dispose of them, which stimulates increased production;
- Barter trade provides poor countries unable to settle transactions in cash the opportunity to participate in international trade;
- Barter trade breaks the isolation of isolated border communities by providing basic necessities and social security;

Working to continue bartering is due to the importance it produces, as barter has been used as a mechanism to resolve many political and regional disputes, for example the oil-for-food program, or oil-for-arms .

Barter trade is characterized by an economic activity based on the exchange of goods and services between two neighboring regions or countries separated by recognized borders and each governed by independent administrative systems. This type of trade is characterized by features that we summarize as follows (Badawi, 2015, p. 85):

- The barter trade is limited to the follow-up of barter operations in Tamangst and Illizi in the Ouargla region, Tindouf and Adrar in the Bechar region;
- The barter trade has its own register, the preliminary procedures for its extraction begin in the respective state and then complete the rest of the procedures with the Ministry of Foreign Trade;
- Limited to commercial registration holders, traders and small companies residing in the border state;



- Lower prices of goods exchanged compared to those in other regions due to lower transport costs;
- Adopting the barter method of commodity exchange with equal value for exports and imports and considering the dollar as a criterion for the value of goods;

According to the Joint Ministerial Decision of 06 Jumada El Oula 1441 corresponding to July 2, 2020, issued by the Official Gazette of the Republic of Algeria, No. 44, p. 24, which defines the conditions and modalities for the exercise of border barter trade and the list of goods subject to exchange with the Republic of Mali and the Republic of Niger (Official Gazette, 2020, p. 24), which stipulates the following :

- **Conditions for practicing barter trade:** The border barter trade may be carried on by any natural or legal person residing in the States concerned and registered in the Commercial Register as a wholesaler and having storage structures and appropriate means of transporting goods by way of ownership or lease.
- **States concerned with barter trade:** The barter trade is exceptional and aims to facilitate the supply of the population residing exclusively in the wilayas of Adrar, Illizi, Tamanrasset and Tindouf. Nor can goods imported within the framework of border barter trade be marketed beyond the territorial boundaries of the above-mentioned states.
- **Algerian products allowed for export:** There were (14 products), which are: dry dates and their derivatives, excluding other types of Deglet Nour dates, raw and household salt, household items made of plastic, aluminum, cast, iron and steel, blankets, handicraft and artistic products, ready-made clothes, soap, soap powder, olive oil, olives, honey, plastic industries (utensils), cleaning materials, cosmetics and physical hygiene.
- **Products from Mali and Niger:** There were (36 products), which are: live cattle of the cattle family, sheep, goats and camels, henna, green tea spices, turbans, tari cloth, white corn, mangoes, red wood, honey, cattle food, Tarqi clothing, Tamanst Tuareg bowl, leather perfumes and ointments, tanfa fabrics, tasgenst fabrics, nude gum, coarse and household salt, Bazan fabrics, all handicraft and handicraft products, processed leather and leather, local perfumes, non-products Listed from unapproved traditional medicine, peanuts, tent installation elements, karite butter for cosmetic use, sugar cone carpets, fish, fish flour, nuts of all kinds, African fruits, corn flour, hibiscus, clothing and fabrics of local use, pineapple and coconut fruit, cups and teapots .
- **List of traders licensed to practice barter trade,** and the process of framing it determine the list of merchants licensed to practice barter trade, according to the state decision, as each year determines the list of traders licensed to carry out barter trade operations. As for the framing of barter trade, it is by a committee chaired by the governor or his representative, and composed of the Directorate of Trade, Customs, Taxes and Agriculture.



- **Conditions related to goods placed for barter:** Among the conditions that must be met in goods destined for barter are the following: respect for the rules of girls' health, and respect for the rules of veterinary medicine.

III. Activating border barter trade as a strategic direction to promote non-hydrocarbon exports and attract financial and Nigerian markets.

Based on the detailed report of the border barter trade completed for the year 2021, issued by the State Directorate of Trade and Export Promotion of Adrar to the Regional Directorate of Trade and Export Promotion in Bechar, it was found that the total number of economic operators practicing border barter trade for the year 2021 between the wilaya of Adrar and the Republics of Mali and Niger for the year 2021, amounted to seventy-four (74) economic operators, as for the number of economic operators who carried out barter operations, it was (13) customers out of (74) customers included in the approved list for the year 2021.

Table (01): Proceeds of border barter trade for the year 2021.

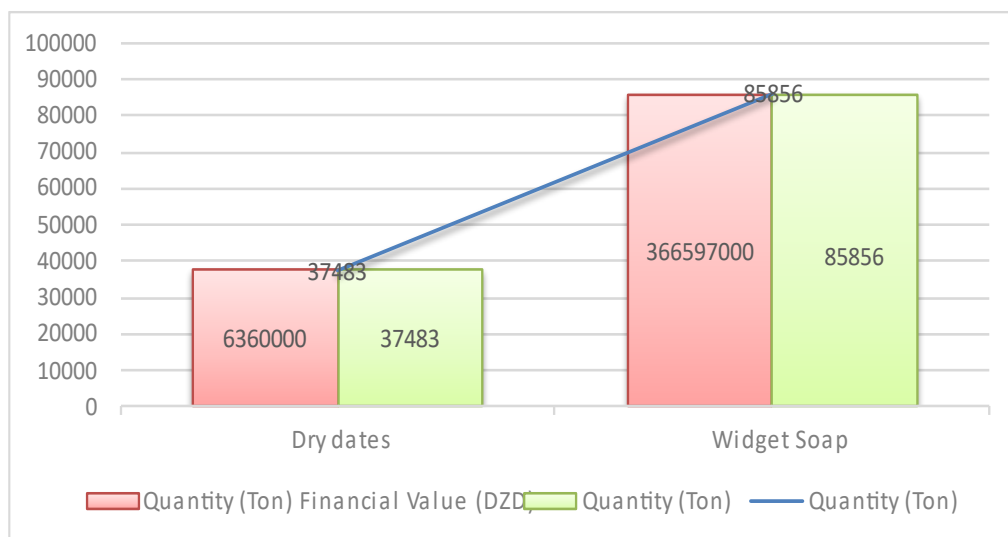
Materials allowed to leave the national territory

Financial Value (DZD)	Quantity (Ton)	Products
366.597.000	37.483	Dry dates
6.360.000	85.856	Widget Soap
372.957.000	123.339	Total

Source: N.D

Figure (01): Proceeds of border barter trade for the year 2021.

Materials allowed to leave the national territory



Source: N.D

According to the above table, we find that the results recorded for 2021 are good compared to the results recorded for 2020, as the products brought varied as well as their quantities, and for the Algerian exported resources, they witnessed an increase in quantities and diversity in materials, and this is evidence of the



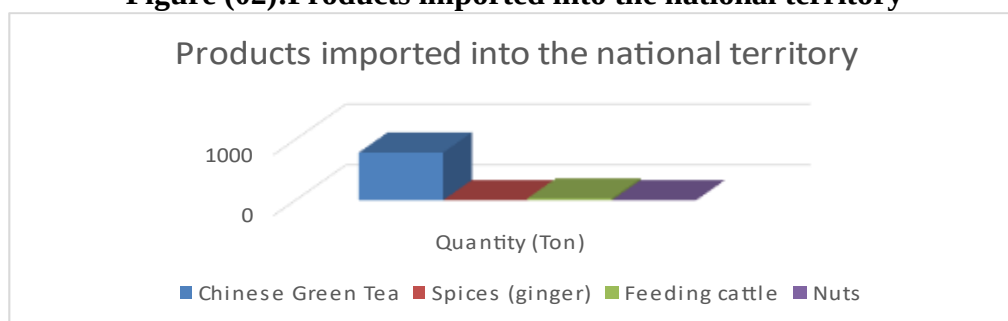
importance of diversifying the exports of Algerian products outside the hydrocarbon sector because of its important developmental importance for the Algerian economy and to increase economic growth rates in other sectors and thus achieve sustainable economic development that guarantees the needs of future generations.

Products imported into the national territory

Financial Value (DZD)	Quantity (Ton)	Products
278.375.000	783	Chinese Green Tea
1.100.000	5.5	Spices (ginger)
1.500.000	30	Feeding cattle
1.380.000	2.3	Nuts
750.592.000	820.8	Total

Source: N.D

Figure (02):Products imported into the national territory

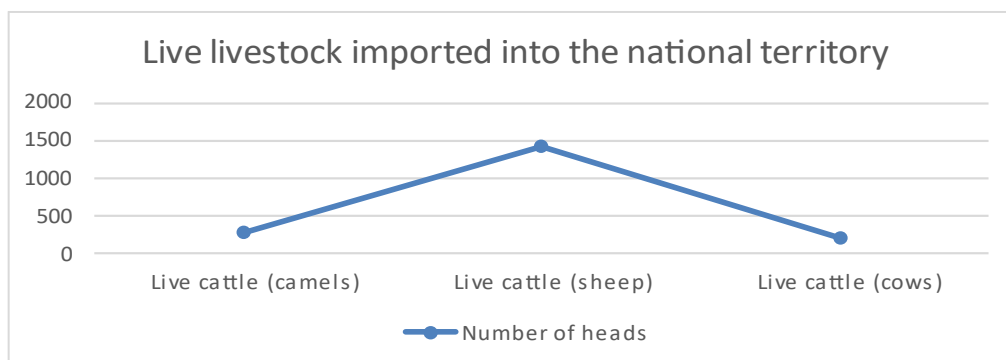


Source: N.D

Live livestock imported into the national territory

Financial Value (DZD)	Number of heads	Appointment
11.560.000	289	Live cattle (camels)
14.340.000	1434	Live cattle (sheep)
7.920.000	198	Live cattle (cows)
33.820.000	1921	Total

Source: Regional Directorate of Trade in Bechar.

**Figure (03): Live livestock imported into the national territory**

Source: From the table above

From Table (01), we note that the proceeds of materials exported from Algeria and imported materials from Mali and Niger during the year 2021 are good compared to the proceeds recorded in the last year 2020, as the imported products varied as well as their quantities, as well as the Algerian exported materials witnessed an increase in quantities and diversification of materials by adding cutting soap among the exported materials .

Among the most important obstacles that stand in the way of practicing this activity:

- Border crossings are not equipped to carry out trade operations to the fullest extent for customs, as well as other services, border police, agricultural services (veterinary medicine, phytosanitary), trade services (quality control, trade practices).
- Insecurity at some points of the road leading to the Republic of Mali in the cities of Gao and Kidal, due to the presence of bandit gangs asking for money to allow them to cross.
-The border crossing of the wilaya of Bordj Badji El Mokhtar is 05 km from the headquarters of the provincial directorate of trade and the border inspectorate, noting that administrative procedures are carried out at the state headquarters, as well as the Timiaouine crossing, which is also 150 km from the state headquarters.
- Lack of means of control, including but not limited to: scanner, weighing scale for truck loads, office equipment for all border control services.
- The requirement of the agricultural interests on the barter traders, when they import cows, to submit the slaughter certificate for the last head of the imported cows to be submitted to the customs authorities to close the file of the first import process and allow the second operation, which led to the reluctance of traders to bring them due to the fact that the barter traders when importing cows sell them to breeders and loyalists, who in turn do not sell them until after fattening, i.e. after (03) months at least from importing them, which led to a decrease in their yield in the barter trade.



- Roads cut off due to weather conditions in neighboring countries, which are characterized by frequent rainfall and floods between (June 30 to September 20), which makes it difficult to bring goods .

Accordingly, it was necessary to amend State Decree No. 208 of March 24, 2011, which includes the introduction of cows of the Darbani breed from the Sahel countries into the wilaya of Adrar within the framework of the barter trade, such as camels, sheep and goats, for which a slaughter certificate is not required.

- Propose exempting live cattle and tropical fruits from the specified date of entry, since these goods are sensitive and perishable and cannot bear long waits, or the possibility of allowing these trucks to enter through the border crossing and stay near the customs control post (as a rest area) while waiting for the scheduled time of crossing.
- As for the banned mango, it is proposed to lift the urban import with the installation of corridors to sterilize tropical fruits at the border level for health safety in order to avoid the entry of Amrash that may harm plant wealth, while bearing economic operators for the expenses of processing and sterilization.
- Propose to expand the list of exported and imported materials by adding the following materials for:
- Export: beverages of all kinds, cement, concrete iron, food pasta, preserves.
- Import: coffee (African coffee), cocoa, charcoal .



Conclusion

From the above, to diversify the Algerian national economy, promote foreign trade outside the hydrocarbon sector, and increase the competitiveness of economic institutions in international markets and with high-quality products. It is necessary to work to raise the share of non-hydrocarbon exports in African markets by promoting national products, especially in South Africa, as one of the strategies to promote intra-regional trade, especially after the entry into force of the African Free Trade Area, because it grants customs dismantling privileges to allow Algerian products to compete more in the African market. Interest in upgrading border areas with neighboring countries in order to contribute to local development and promote non-hydrocarbon exports, especially to Niger, Mali, Mauritania, Libya, and thus other African countries.

Recommendations and results :

And gradually get out of the cycle of dependence on hydrocarbons through the diversification of economic and commercial activities in order to integrate a new economic model based on the creation of added value, and the government's determination to make exports outside hydrocarbons a real engine for the growth of the national economy. In addition to strengthening the role of economic diplomacy in promoting Algerian products abroad, and in order to stimulate non-hydrocarbon exports, the state is betting on various partnership and free trade agreements.

In addition to reviewing the mechanisms of work and the composition of export development policies and programs outside the hydrocarbon circuit and correcting their incentive structures based on a clear and integrated vision aimed at correcting weaknesses along the export stages, overcoming its obstacles, and establishing a stimulating system to spread export awareness in the Algerian institution.

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