

The Role of Industrial Development in the Achievement of the Development Goals -The Algerian case

دور التنمية الصناعية في تحقيق الأهداف الإنمائية - الحالة الجزائرية

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Abstract:

The industrial sector is seen as having potential to drive economic diversification and reduce the import bill. In addition to heavy industrial subsectors such as steel and cement, pharmaceuticals, agri-business and automotive manufacturing hold promise in becoming key exporters. For the sector as a whole, and particularly for small businesses, investment in logistics and transport capacities will be crucial to building a local ecosystem that is robust enough to position industry as a key driver of growth. In addition to its hydrocarbons wealth, Algeria is rich in a variety of minerals, such as phosphate, gold, iron, zinc, lead and others. These ores are still largely untapped, but the diversification drive deployed by the government to reduce the country's reliance on oil and gas and direct it towards more sustainable growth could lead to greater development of this heretofore-marginal industry. The aim of this study is to understand what is industrialization and what role does it play in economic development? and it can be seen as a contribution to the investigation of the impact of industrialization on economic growth by analyzing the Algerian case.

Keywords: industry, industrialization, economic diversification, Industrial Development, economic development.

JEL Classification Codes : O12; A2; F43

مستخلص:

يُنظر إلى القطاع الصناعي على أنه قادر على دفع التنوع الاقتصادي وخفض فاتورة الاستيراد. بالإضافة إلى القطاعات الفرعية الصناعية الثقيلة مثل الصلب والأسمنت والأدوية والصناعات الزراعية وصناعة السيارات يبشرون بأن يصبحوا مصدرين رئيسيين. بالنسبة للقطاع ككل ، وخاصة بالنسبة للشركات الصغيرة ، سيكون الاستثمار في القدرات اللوجستية والنقل عنصراً حاسماً في بناء نظام بيئي محلي قوي بما يكفي لوضع الصناعة كمحرك رئيسي للنمو. بالإضافة إلى ثروتها من الهيدروكربونات ، فإن الجزائر غنية بمجموعة متنوعة من المعادن ، مثل الفوسفات والذهب والحديد والزنك والرصاص وغيرها. لا تزال هذه الخامات غير مستغلة إلى حد كبير ، ولكن حملة التنوع التي تنشرها الحكومة لتقليل اعتماد البلاد على النفط والغاز وتوجيهه نحو نمو أكثر استدامة يمكن أن تؤدي إلى تطوير أكبر لهذه الصناعة الهامشية حتى الآن. الهدف من هذه الدراسة هو فهم ما هو التصنيع وما هو الدور الذي يلعبه في التنمية الاقتصادية؟ ويمكن اعتباره مساهمة في التحقيق في تأثير التصنيع على النمو الاقتصادي من خلال تحليل الحالة الجزائرية.

الكلمات المفتاحية: الصناعة ، التصنيع ، التنوع الاقتصادي ، التنمية الصناعية ، التنمية الاقتصادية

رمز التصنيف: O12 ; A2 ; F43

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1.Introduction:

The industrial sector is one of the most important economic sectors that contributed significantly to the economic and social development of the major industrialized and developing countries that are on the way to progress. Various other sectors, as the technological development and advanced level of social and economic well-being witnessed by many peoples industrialized countries are the result of the development of their industrial sector. As a result of the fact that the industrial sector is among the important sectors and contribute to the advancement of the economic development of any country, all countries of the world are competing and developing to increase their contribution to the GDP. Extent of the contribution of the industrial sector to its national and national output, where the greater the contribution of the industrial sector to the national product, the greater the ability of the state to achieve sustainable development and its viability in the long term. Add to that the developed industry creat less fragile and more robust economy in the face of local, regional and international economic challenges and volatility. The global economy today faces the difficulty of getting rid of the inherent dependence of the rentier sectors of Developing countries. The economic inherent in the economy is today the difficulty of picking up from the of the rentier sector burden of the economics of the other economic sectors.

- Statement of problem

Algeria had been classified as industrially underdeveloped. Yet a lot of efforts have been put into the industrialization process. Plan after plan, investment policies have been renewed, fine-tuned and at times completely revamped. Resources are abundant and investment opportunities are almost unlimited. Various industrial development policies, perspective plans and medium-term economic plans acknowledged the importance of the industrial sector in the economy. Based on this critical situation, the following problematic can be raised: What are the Growth opportunities and the effects or the role of industrial development in the achievement of the economic development strategy? the study will be based on the analysis of Algerian case.

- Previous Studies:

Robert Devlin and Graciela Mogueillansky, (2012) In This paper the researchers try to explains why IP have emerged and why they are a necessary step for the more profound structural change needed to drive sustained high rates of growth. Based on illustrated cases which they think reflect the state of affairs in the region, the paper highlights the nature of the shift to a more proactive state promotion of industrial and services

upgrading, as well as the important new characteristics of the current outbreak of IP which are different from the ones of the past and offer hope for greater success. It also identifies a legacy of some bad habits which linger and need to be addressed with urgency if the new trend is to be successfully consolidated. (Moguillansky, 2012)

Cisse Ndiaya and Kangjuan Lv, (2018), The aim of this study is to contribute to the investigation of the impact of industrialization on economic growth by analyzing the Senegalese manufacturing firms. The paper utilized the secondary data drawn from the World Bank (WDI 2015) and the National Agency of Statistic and Demography in Senegal (ANSD) and covered the period between 1960 and 2017. It will employ the Ordinary Least Square (OLS) techniques in estimating the relationship between industrial output, inflation rate, FDI, Foreign Exchange Rate and economic growth. the result revealed that industrialization will go a long way in stimulating economic growth (Lv, 2018)ⁱ.

Wim Naude and Adam Szirmai, (2012) have examined the arguments about the engine of growth hypothesis for some Asian and Latin American developing countries. Focusing on capital intensity and growth of output, he finds support for the engine of growth hypothesis, but for some periods capital intensity in services and industry turns out to be higher than in manufacturing. He concludes that in advanced economies productivity growth in agriculture is more rapid than in manufacturing (Naude, 2012)ⁱⁱ.

A study by **Isiksal and Chimezie**, (2016) indicated that no country particularly the developing ones has attained a level of economic growth without sub-sector linkage. They evaluated the Impact of Industrialization in Nigeria from 1997-2012 using the Johansen co-integration testing approach which demonstrated a significant long-run relationship between the three variables used. The results reveal that agriculture, industry and services have a significant positive relationship with GDP (Isiksal, 2016)ⁱⁱⁱ.

Valery Mironov and Liudmila KonovalovaIn, (2019), in this article, it was conducted an analysis of the structuralist methodology, certain trends in the world economic structure during the past few decades, as well as their influence on specific forms of structural policy geared towards initiating economic growth. In particular, it was described approaches to forecasting and devising economic policy related to identification of sectors based on portfolio (multisectoral) concepts that escalate economic growth. In the process of development of a tentative version of the Kaldor–Thirlwall model for the Russian economy, it was demonstrated that certain important economic policy aims can be elaborated via modern structuralist approaches (Konovalova, 2019)^{iv}.

Several empirical studies have supported the assertion of the existence of a relation between industrialization and economic growth even though the literature evidence is mixed. The older literature aims to accentuate the importance of industrial development, the more recent tends to emphasize the contribution of the service sector, which has increased. Also, the recent literature finds that industry tends to be more important as an engine of growth in developing countries than in advanced economies (Lv, 2018).

- Objectives of the study

The principal objective of this study is the examination of the impact of industrialization on economy growth in Algeria and to highlight the reality of the industry, industrialization and the achievement of the development goals and strategies. In Algeria, as well as the policy and strategy must be pursued by the state to support the role of industrial development in the development goals.

- Methodology: First, we will examine the previous studies and we try to sum up the history of industrial development in Algeria and the changes or Reorganization of industries and its Development Algeria. Based on the literature review and the previous studies, we assume that the starting point is uniformly set but differs not only between developed and developing economies but also among individual countries. Next, there is an analyze to improve whether there is The Role of Industrial Development in the Achievement of the Development Goals in Algeria.

2. A history of industrial development in Algeria

The growth of economies depends on the growth and survival of industries and firms. If you analyze national or multinational economies, industry competition, or company management, it is important to know how industries develop and change (Simons, 2014)^v. The economy in Algeria today is still under the influence of the country's history, the current environment being the result of choices made in the past.

In the years following Algeria's independence, President Ben Bella's government created a Soviet-inspired socialist regime, largely preventing the development of private companies. It was thought that economic growth and development had to be achieved through a strong public sector. The Marxist doctrine implied an overall and prominent role for the State, which had to be as strong as possible and involved in every area of the economy. The government's belief was that growth had to be based on strict heavy industry planning; agriculture and trade were the only sectors left open to private initiative.

Algeria's first decisions were to nationalize the exploitation of its natural resources: President Ben Bella declared that all agricultural,

industrial, and commercial properties previously owned and operated by Europeans were now assets of the state. The government also nationalized the oil and gas fields. The Algeria of the 1960s and 70s became a typical centrally-planned economy, featuring massive investments and the birth of national heavy industry, with economic planning and the development of the country based on successive five years plans. This vision led to the creation of a very small number of very large industrial structures of questionable efficiency. By the beginning of the 1980s, the lack of results of the planned economy made the need for change obvious. The system had reached its limits, as oversized companies and heavily bureaucratic organizations struggled to meet the country's needs. In response, the government dismantled the largest structures into smaller units, though this reorganization was implemented within the same framework and with the same mindset of national planning as had existed since the early days of the independency.

3. Reorganization of industries

The reorganization of national industry actually had little effect on the root cause of the economic situation, namely a lack of competition, dynamism and enterprise. The administration and its bureaucracy remained focused on keeping the private sector under scrutiny and control, while the newborn companies created by the splitting of larger national entities were not a success. In the process, skills and assets were lost and the overall production capacity of industry was dramatically diminished. The building sector, for instance, lost more than 90 per cent of its productivity. To add to the pain, in 1986 oil prices and subsequently gas prices collapsed. Algeria's reliance upon the exploitation of natural resources and international oil prices left it confronted with catastrophic national debt. Every sector, especially industry, was affected. On a positive note, the oil price collapse pointed to the need for diversification in the economy and the need to upgrade the nation's manufacturing base and workers' skills, as well as the country's infrastructure. Subsequently, developing small businesses and reducing Algeria's dependency on imported goods has been at the heart of government policies.

4. Towards a market economy

By the end of the 80s, the government belatedly decided to support the development of private initiative and a more open-market approach to the economy. Unfortunately, this welcome change of attitude came too late to salvage the ravaged economy and coincided with the onset of the 'Black Decade' and civil war. These crises, and IMF intervention in 1994, forced the country to take better-advised measures to address its predicament. From then on, Algeria opened its market to private and foreign investment, with

the public sector only in control of strategic or non-competitive activities.

In the early days of reform, public companies found competing in a more open market virtually impossible. Unemployment figures rocketed as 400,000 people were laid off and salaries were often not paid for 12 to 20 months. However, although this process was extremely painful initially, it was a turning point for the economy and its future growth: by the end of the 90s, all of the country's macroeconomic indicators were positive. In 1998, heartened by signs of recovery and improvement, the State took another step towards a market economy by encouraging the Management Buy Out (MBO) process, allowing small business firms to be sold to their employees. The first wave of privatization focused almost exclusively on profit-making enterprises in the tourism, transport, food and construction material sectors – and the program proved to be extremely successful. The next step was then to privatize larger businesses and the large national companies such as Annaba Steel were sold. Then followed the creation of a stock market. So, by the year 2000, every step for the development of a market economy had been taken. The government also set up a new national infrastructure development program, which in itself further stimulated the economy. This scheme was subsequently followed by two additional, equally ambitious program.

Internationally, Algerian trade negotiations gained new impetus. As part of the MEDA countries (Algeria, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syria, Tunisia and Turkey), Algeria agreed on trade liberalization agreements and on a free trade agreement with the EU from 2007 to 2017 – the idea being to encourage foreign investment in the country.

5.SGPs: The Portfolio Management Business model

In April 2002, public holdings were reorganised according to the new SGP (Société de Gestion de Participations) business model, which provides for increased flexibility and competitiveness. Twenty-eight SGPs were created from five holdings and – for the first time – each was obliged to deliver results. SGPs operate as holding companies, while supervising operations in their sector and those of the firms under their control. Granted a considerable degree of autonomy by the Algerian government, they were key to establishing partnerships and allowing foreign investors to take part in Algerian business. New rules enable partnerships to be created more quickly and ensure at least a degree of local market access.

A crucial part of those changes, in many industries and for overall economic growth, is continual development of new or improved production methods and products (Simons, 2014)^{vi}. As a result a Major industrial

state enterprises were reformed and opened to the private sector and foreign capital. The State accepted the public companies' consolidation plans and reviews of their financial situations, often waiving vast debts – but on condition that they find an international technology partner. Not only was this of benefit to foreign investors, but also to local industry capacity development. The Ministry of Finance has stated: “Three major successive public equipment programmes have been carried out since 2001 and the latest end in 2014. The building industry, healthcare sector, infrastructure and railroad industry have all benefited from these plans, and had the capacity to access foreign markets.”

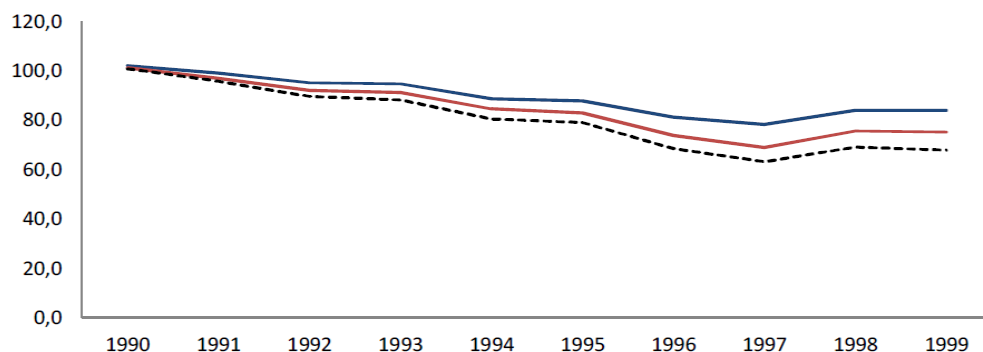
6. Development of industrial production in Algeria:

From independence until today, the Algerian industrial sector has witnessed several developments and reforms over various periods.

6.1. Development of industrial production during the period 1990-1999

The next figure indicate that the structural reforms affecting the productive sector in general and the industrial sector in particular in the late 1980s, under which industrial groups were dismantled into small and medium-sized units, led to the lack of integration and harmony between industries in the same field of activity in terms of lack of interdependence and integration between the industrial sector and various economic sectors, on the other hand, and after evaluating the results of those reforms, it turned out that a strategy should be drawn up the new industrial sector and the restructuring of the industrial sector again in the early nineties through a grouping aimed at restoring the industrial logic (Holding) and the integration of various institutions within the holding companies lost by joint-stock companies and the development of industries and directed towards export, but the results obtained from all these operations and reforms is the survival of the industrial sector and the others productive sectors range from economic reform to restructuring, without tangible positive results on the ground and without achieving economic independence (Salim, 2017-2018)^{vii}.

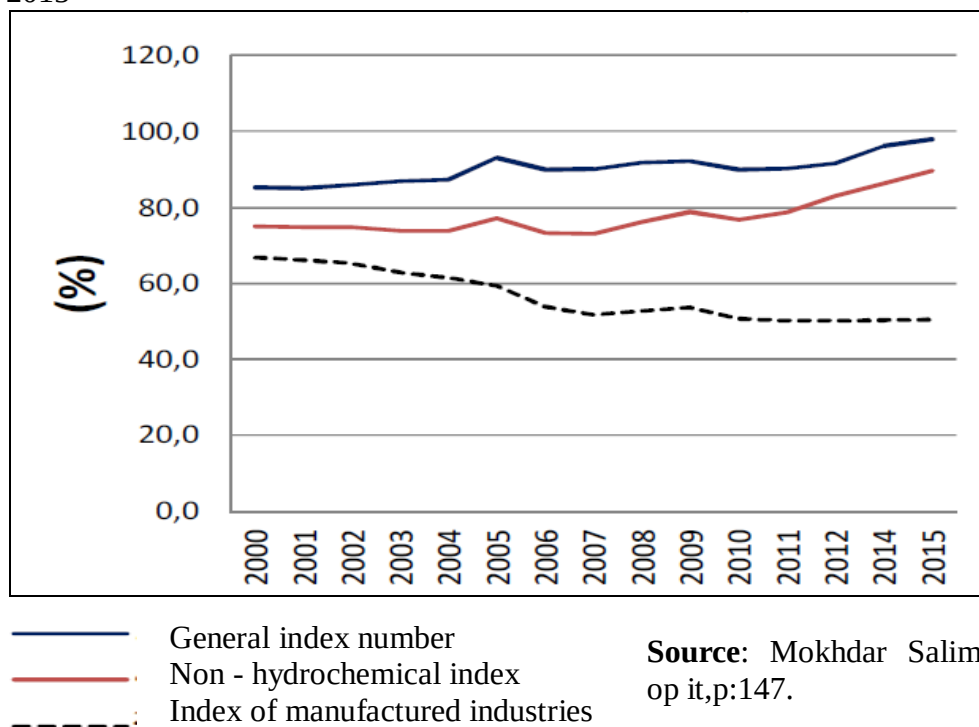
Figure 01. Development of industrial production during the period 1990-1999



Source: Mokhdar Salim, An analytical study of the competitiveness of the industrial sector in Algeria compared to some Arab countries, doctotat thesis in Economics: Operations Research and Corporate Governance, tlemcen university, Algeria, 2017-2018,p:137.

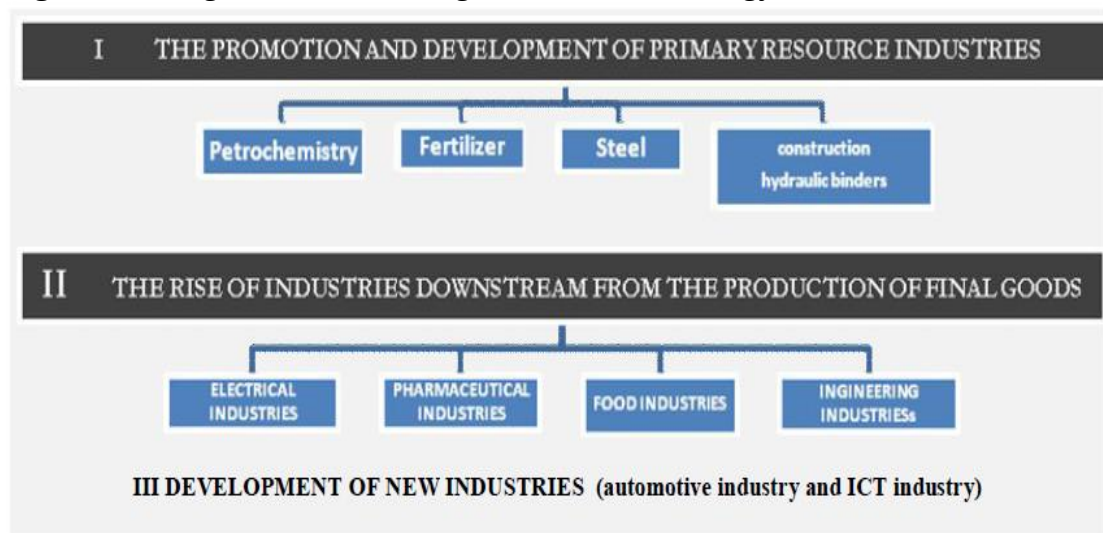
6.2. Development of industrial production during the period 2000-2015

In spite of the above, despite the great stability experienced by Algeria on the level of macro-balances during this period, the industrial sector outside hydrocarbons still suffers from stagnation and low performance due to non-exploitation of productive capacities and the poor of the productivity, the main reason for this is the policies pursued by the authorities since independence until the present day, the process of economic development in Algeria is always carried out according to the strategy of unbalanced growth by giving priority of one sector of activity at the expense of another sector, which increased the imbalance of the industrial sector and its absolute dependence in the production process for foreign markets in terms of technology, equipment and industrial equipment, raw materials, and intermediate goods and limited to the installation and packaging industries without going into the process of real production (Salim, 2017-2018)^{viii}.

Figure 02. Development of industrial production during the period 2000-2015

Source: Mokhdar Salim, op it,p:147.

Industrialization has always been an important topic of development thinking since the latter emerged after World War II. At times, it has been celebrated, challenged, and even discredited, but it has never been absent from the successive intellectual and policy debates on economic change. Today, after decades of intellectual disputes, there is wide consensus among economists that industrialization is the single most important driver of structural change. The two concepts are indeed closely linked: structural transformation is the phenomenon whereby a society's resources are moved from the sectors where they yield little economic benefits to those where the payoffs are the highest and this occurs through industrialization (Célestin, 2017)^{ix}. Indeed, prosperity is achieved in any country only when Those reforms and transformations are a part of an industrial strategy developed in 2007 that we can present schematically as follows.

Figure 03.The guidelines of the Algerian industrial strategy

Source: MPPI(Ministry of Participations and Investment Promotion):Preliminary draft white paper: "Strategy and industrial development policy" 2007 (Promotion), 2007)^x.

Most of the new industrial activities were of a scale far exceeding comparable prior undertakings. They often involved the accumulation of substantial raw material and labor inputs. With larger scale, larger markets were needed. Locations that economized on the attendant logistics assembly of inputs and shipping final product to market became preferred sites for urban development. In short, because “locations differ in factors such as soil, climate, mineral deposits, and access to waterways ... trade arises and production specializes by location.” (Meyer, April 2000)^{xi}

Algeria has always enjoyed a number of assets, with its abundant supply of oil and gas, and unique geographic position as a gateway to the Middle East and Africa. It now also has a progressive, forward-thinking administration, and the coherence between a growing economy, a new generation of educated and energetic CEOs, and business-oriented policies makes the country a genuine land of opportunity (<http://www.theworldfolio.com>, 2019.)^{xii}.

7. The importance of industrialization in the economic development process

Industrialization is an ever more powerful engine for economic change in the context of globalization, as it provides an almost infinite potential for growth especially for many low-income countries. It has always played a key role in growth acceleration processes that are sustained over time and eventually transform economies from “poor” to “rich.”.

- The concept of the economic development process is based on the industrial development by the creation of integrated organizational structures, including all main contributors acting as a team, their objective being the successful completion of the project (Espace_réservé1)^{xiii}.
- For most countries (African), to develop their agriculture is far the most important condition for industrialization because without a well-developed agricultural sector, industrialization cannot be sustainable. This does not suggest any development sequence, but rather to suggest that for agriculture-based economies, a broad-based development strategy that can link agriculture, industries as well as the services sector for labor employment and capital flow is critical (Xiaoyun, 2014)^{xiv}.
- Industrialization also promotes inclusive development by expanding the fiscal space for social investments. In such a context, fiscal revenues are likely to increase due to: exports of higher value added, rising profits of companies, and better incomes earned by more productive and innovative labor force. Within the industrial sector, manufacturing has evolved and changed the dynamics of the world economy. Profound changes in geopolitical relations among world nations, the widespread growth of digital information, the decline of transportation costs, and the development of physical and financial infrastructure, computerized manufacturing technologies, and the proliferation of bilateral and multilateral trade agreements have contributed to the globalization of manufacturing. These developments have permitted the decentralization of supply chains into independent but coherent global networks that allow transnational firms to locate various parts of their businesses in various places around the world. The creative design of products, the sourcing of materials and components, and the manufacturing of products can now be done more cheaply and more efficiently from virtually any region of the planet while final goods and services are customized and packaged to satisfy the needs of customers in faraway markets (Célestin, 2017)^{xv}.

In Algeria, regional development was first achieved, within the planned economy in the 1970s, through local development programs or plans for local equipment focused on job creation and industry. To promote and develop rural and desert areas but without any autonomy in the decision-making granted to local authorities. This industry, which is the subject of our study, then benefited from the economy. Local Industry Programs (PIL). This was to be the basis for the establishment of a second decentralized industrial sector. The objective of the PIL was to offset the negative effects of the country's industrialization process for the use of local resources, and to ensure that local needs and decentralization of land use policy were met. Thus, industrial zones were established: approximately 500

commercial zones and 70 industrial zones. Spread over a total area of 22,000 hectares. These were, however, corporate storage spaces. After the liberalization of the economy since the 1990s, the lack of competitiveness of industrial enterprises have become a big problem, and then developed an industrial strategy since 2007. One of the main objectives of the latter is to create integrated industrial development zones (ZIDI) or clusters.

According to the national planning strategy, ZIDI was established in areas where there is a corporate focus, infrastructure availability, proximity to the university, research institutes and service quality. In this study we tried to identify the contribution of these transformations and reforms in the industrial sector and raised by the economic growth in Algeria (Djamila, 2016,^{xvi}).

Industrialization dynamics is therefore an unavoidable feature of structural transformation. It has long been recognized as one of the main engines of sustained economic growth, especially in the early stages of development. Its essential characteristics include:

- a. an increase in the proportion of the national income derived from manufacturing activities and from secondary industry in general, except perhaps for cyclical interruptions;
- b. a rising trend in the proportion of working population engaged in manufacturing;
- c. an associated increase in the income per head of the population (Bagchi, 1990)^{xvii}. Few countries have been economically successful without industrializing. Only in circumstances such as extraordinary abundance of natural resources or land have there been countries that could do so (UNIDO, 2009)^{xviii}.

8.Outlook and perspectives:

The large number of projects under way provides strong evidence that sector development is set to take off, supported by state efforts to replace imports with local production and new incentives for investment. Plans to increase output of locally produced raw materials will also develop better-integrated local production chains, helping to generate employment and reduce Algeria's reliance on oil and gas earnings. While the country had a large domestic industry that employed around 250,000 people as recently as the 1990s, the liberalisation of the domestic market at the end of the decade saw production shrink dramatically, with the sector now employing less than 10,000 people (<https://oxfordbusinessgroup.com/overview/core-activities-development-supported-incentives-and-government-efforts-increase-local-production>, 2019.)^{xix}.

- The problems faced by developing countries go beyond a lack of market access to an inadequate capacity to produce exportable products that meet standards of the targeted markets (Adrian Wood, 2004)^{xx}. So Algeria had to focus to identify policy tools and technical assistance possibilities to achieve two inter-related goals: First, to strengthen the supply side capacity of developing countries, in particular of low-income countries, and second, to enhance the capacity to meet international standards and conformity assessment requirements.

- some researchers noted that high barriers to developing country exports and a thicket of more and more dense and complex standards are one of the main reasons why developing countries are left behind in terms of poverty reduction, output growth and performance in export markets (Adrian Wood, 2004)^{xxi}.

9. The industrialization required for an economic growth and development:

Algeria is required to rapid technical change and policy liberalization, and as we know the main new feature of industrialization is the need to be competitive, facing intense and immediate competition in domestic as well as export markets. This implies:

- Access to and import of the latest technologies – old vintages become uncompetitive even at low wages.

- Ability to quickly master new technologies and use them at or near world “best practice” levels.

- Keep them constantly updated as new technologies appear and market demands change.

- Deploy modern organizational, managerial and human resource strategies (not just “hard” technologies).

- Provide a business environment that matches competitors with similar factor endowments elsewhere (Lall, 1-3 December 2003)^{xxii}.

- priorities for adding and strengthening the role of the private sector in industrialization development can be identified:

1. The restructuring of weak, inefficient financial systems;

2. The development of domestic capital markets; and

3. The encouragement of foreign direct investment.

- The key role for industrial development, given the extent of structural change called for by the poverty, is to generate sustainable employment and higher incomes to lift people out of poverty. This also entails industry’s direct and indirect contribution to the achievement of other MDGs, and non-economic measures of well-being in general (UNIDO, 2009)^{xxiii}.

10. Preparing for the opportunities and challenges of the next industrial revolution:

The global economy is entering the Fourth Industrial Revolution (4IR), or Industry 4.0, based on the application of new digital and automated technologies in production processes and service delivery. These changes are presenting emerging markets with opportunities such as improved productivity, as well as risks, namely reshoring and the displacement of human labour by automation. Wealthier emerging markets, such as the Gulf states, that have the resources to invest in new technologies, and those with better established manufacturing sectors, such as countries in Southeast Asia, appear best placed to reap the benefits of the 4IR. Many of these economies are putting in place strategies to manage and encourage the transition towards Industry 4.0. Meanwhile, other regions have shown signs of so-called premature deindustrialization. In particular, Latin America and Africa seem more vulnerable to threats arising from technological changes and at greater risk of being left behind. To avoid such a fate, they need to adopt new innovative strategies that will allow them to leapfrog existing stages of industrial and infrastructure development (<http://www.theworldfolio.com>, 2019.)^{xxiv}. To avoid such a fate, Algeria need to adopt new innovative strategies that will allow them to leapfrog existing stages of industrial and infrastructure development.

11.Conclusion:

Industry is one of the fields of human activity where through processing of raw materials more valuable goods are manufactured with the purpose of satisfying society's material needs and creating wealth. Despite the availability of cheap energy and a range of local natural resources, non-hydrocarbons industry in Algeria has been slow to develop. However, amid efforts by the government to priorities the sector as part of its diversification plans, there are signs that it is beginning to take off, supported by incentives for investment and the planned development of 50 new industrial zones. The country has already become a significant manufacturer of products including electronic goods and cement, and numerous projects in domains such as petrochemicals, steel and textiles are also under way.

The state strives to revive the industry sector, due to the role of the local producer in establishing local development. This is evidenced by the importance of achieving economic development through the creation of jobs, contributing effectively to the development of economic activities and creating a spirit of initiative leading to the reduction of economic dependency. However, the industry in Algeria still suffers from a number of constraints, including the sharp competition of many products from foreign industries and environmental volatility and instability.

we must admit that, Such an industrial development strategy faces big opportunities and potentially big hazards in Algeria. more over Through

this research paper, it can be said that the industry sector in Algeria possesses qualifications that make it a promising economic sector, and if the necessary support is found, it enables it to have a major role in the economic development and in the country's sustainable and constitutes a significant competitive advantage. we can add, that this sector has many advantages that make it interesting and which is the motivation behind the development of activities in this sector motivated to protect and support it. In the light of the environment surrounding industrial enterprises in particular, which is characterized by change, complexity and intensity Competition, requires them to constantly face the challenges posed by this environment as quickly and Time and with high efficiency, through the use of modern technological methods in Production and marketing processes and the adoption of modern competitive strategies, especially the management of creativity Innovation is an important pillar in building and enhancing competitiveness and product development New high quality and lowest possible cost, focus on knowledge management and investment in resources Human beings effectively, continuously and in an ideal manner, allowing them to grow and penetrate markets International.

At least, Industrialization or the action of developing industry on a large scale, generally at national level has a great importance for the economic growth of the country with its positive results in creating general wealth and employment together with the offspin social improvement effects.

Where new industries are created in undeveloped areas, new settlements are built to accommodate industrial personnel and entrepreneurs are attracted by opportunities to serve the new industries and their relatively high income people.

The positive effect of industrial development may expand even further as it may

encourage development of general infrastructure of the area such as transportation, water and power supply, which in turn may attract development of other sectors of economy. We can see that in addition of being a provider of growth and employment on its own interest, industrialization generally has catalytic effects on many other socio-economic aspects of a Region or of the whole Country. The industrial sector is seen as having potential to drive economic diversification and reduce the import bill. In addition to heavy industrial subsectors such as steel and cement, pharmaceuticals, agri-business and automotive manufacturing hold promise in becoming key exporters. For the sector as a whole, and particularly for small businesses, investment in logistics and transport capacities will be crucial to building a local ecosystem that is

robust enough to position industry as a key driver of growth. In addition to its hydrocarbons wealth, Algeria is rich in a variety of minerals, such as phosphate, gold, iron, zinc, lead and others. These ores are still largely untapped, but the diversification drive deployed by the government to reduce the country's reliance on oil and gas and direct it towards more sustainable growth could lead to greater development of this heretofore marginal industry.

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