



Algerian Economic diplomacy strategies in the African market

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Abstract

This study aims to analyze the impact of economic diplomacy on enhancing Algeria's international presence, highlighting the Algerian experience and its efforts to penetrate African markets. This is particularly relevant given the rapid transformations of the global economic system and the importance of employing economic diplomacy as a strategic tool that integrates foreign policy with economic interests, thereby expanding its role in intra-African trade.

This approach aligns with the national vision for economic diversification and attracting investment, especially through developing trade partnerships, investing in cross-border infrastructure, and activating the diplomatic role in negotiations and opening new markets within the African continent. Accordingly, the study adopts a descriptive, analytical, and comparative methodology, relying on official international reports to highlight the crucial factors enabling Algerian diplomacy to achieve a real breakthrough in African markets and enhance its role in international trade..

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1. Introduction

In light of the profound transformations taking place in the global economy, economic diplomacy has emerged as a pivotal element in contemporary international relations. The traditional role of diplomacy is no longer limited to managing political crises or representing countries in international forums, but has gone beyond that to become an effective tool in promoting the economic and strategic interests of countries. With the intensification of competition for global markets, resources and investments, it has become imperative for countries, whether developed or emerging, to employ their diplomatic tools to serve their economic and developmental goals, within the framework of what is known today as “growth-oriented diplomacy” or “economic diplomacy.”

Algerian economic diplomacy has undergone fundamental transformations as Algeria seeks to strengthen its presence in the African market and expand trade and investment across the continent. However, this path faces a complex set of challenges, encompassing economic, political, and legislative considerations. These include the difficulty of accessing African markets, strong competition from other countries, weak logistical infrastructure, and the need to develop human capital and activate modern diplomatic mechanisms. This paper aims to analyze these challenges and offer a scientific perspective on how Algeria can overcome these obstacles and enhance its economic standing in Africa, drawing on official data and specialized international reports.

2. Research Problem:

What strategies does Algerian economic diplomacy employ to strengthen its presence in the African market?

2.1 Research Hypothesis :

- The effectiveness of economic diplomacy, through diversifying its tools and strengthening institutional coordination among its agencies, leads to an increase in the volume of African international trade

2.2 Significance of the Study

The significance of this study stems from its focus on a modern trend in international relations: the shift towards economic diplomacy, which combines political and economic dimensions. Its importance is further amplified by Algeria's strategic location as a gateway to Africa and the opportunities it presents for penetrating the African market.

2.3 Objectives of the Study :

- To analyze the concept of economic diplomacy and its modern dimensions.
- To clarify the relationship between economic diplomacy and the growth of international trade.

- To highlight the opportunities and challenges of penetrating the African economy.
- To demonstrate the importance of investing in Afro-Algerian projects and their economic returns.

2.4 Methodology

The study employs a descriptive-analytical approach, drawing on existing studies and research on the topic.

3. Previous Studies :

3.1 *An Analytical Approach to Algerian Economic Diplomacy and Its Effectiveness (2025):*

This study focuses on the role of economic diplomacy as a bridge enabling Algeria to access financial and technical resources within the African continent. It also facilitates technology transfer and strengthens the role of the Algerian diaspora. Furthermore, this diplomacy plays a crucial role in addressing cross-border security challenges such as terrorism and regional conflicts that impact the country's security due to its geographical and continental connections. On the trade front, the establishment of the African Continental Free Trade Area (AfCFTA) holds significant potential for accelerating intra-African trade and sustainable growth.

However, Algeria's trade with other African countries remains limited due to inadequate implementation mechanisms, necessitating enhanced cooperation and the activation of regional and international agreements. In light of current global transformations, Algeria seeks to leverage China's Belt and Road Initiative, capitalizing on its strategic location to bolster its opportunities in the African market. This could potentially support its full membership in the BRICS group (Braik Khaled, 2025).

3.2 *Challenges Of Activating Algeria's Economic Diplomacy And Stakes Of Security Problem In Africa(2024) :*

This study addressed the problem of the direction of Algerian investment in the African continent in light of the security threats in the region, with the aim of showing the opportunities that geography offers for the direction of Algerian investment towards Africa, and the most important security threats in the Sahel region, which impose multiple precautions on investments within Algeria and Africa (2024 Hafiane Abdelwahab).

3.3 *Trade Integration Potential of Algeria into the African Market: An Analysis Using the Gravity Model(2021)*

This study aims to analyze the determinants and potential of trade between Algeria and its African partners within the context of the establishment of the African Continental Free Trade Area (AfCFTA). After analyzing the structure of trade between Algeria and Africa, a gravity model was estimated on a sample of 25 countries, covering the period from 2009 to 2019. The results showed

that the economic weight of trading partners, transportation costs, and population size have a significant impact on bilateral exports. The estimates also indicate untapped trade potential between Algeria and some African partners. (Samia ABID, 2021)

4. The Conceptual Framework of Economic Diplomacy and International Trade and the Relationship Between Them :

4.1 The Concept of Economic Diplomacy :

Economic diplomacy is defined as the use of foreign policy tools to achieve economic objectives and the use of economic means to achieve political objectives (Bayne & Woolcock, 2017). This definition highlights the dual nature of the concept, where economic interests intersect with the strategic dimensions of states.

From a broader perspective, Okano-Heijmans (2011) offered a comprehensive definition of economic diplomacy as a set of practices at the intersection of international relations, economics, and diplomacy, encompassing negotiations and interactions aimed at promoting a state's economic interests abroad.

Sanders (Sauvé, 2008) considered it the art of reconciling national interests through economic instruments—whether commercial, financial, or investment-related—to achieve both political stability and economic growth. It has also been defined as "a set of negotiations and decisions concerning international economic issues with the aim of achieving the national interests of the state" (Oxford Academic, 2013).

4.2 Objectives of Economic Diplomacy

- Promoting national economic growth: through increasing exports and attracting foreign direct investment, which contributes to job creation and infrastructure development (Diplo Foundation, 2025).
- Using economic policy as a tool to achieve foreign policy objectives: such as imposing economic sanctions or providing economic aid to friendly countries (AFSA, 2018).
- Developing a strong network of trade diplomacy relations: ensuring that the country benefits from its economic interests in global markets (EST, 2023).
- Protecting national competition by regulating markets and ensuring a fair environment that enhances economic security in light of the challenges of globalization (journals .indexcopernicus.com, 2024).

5. Algeria's Strategic Approach to Economic Diplomacy: Strengthening its Presence in Africa :

Since gaining independence, Algeria has sought to diversify its economic diplomacy to create new sources of income, striving to achieve sustainable domestic development and enhance its

international presence. This has not been limited to stimulating the domestic economy but has extended to building partnerships with various trade and economic blocs, whether through bilateral or multilateral, regional or international agreements. This approach has emerged in response to the rapid changes and challenges facing the world in various fields, particularly political and economic ones.

Algeria's foreign policy has recently focused clearly on strengthening economic cooperation with African countries and stimulating shared growth among them. In this context, President Tebboune emphasized the importance of supporting the private sector and developing an economic roadmap aimed at increasing trade and opening up prospects for genuine investment expansion within the African continent.

5.1 Strategy of Agreements and Joint Cooperation:

- Initiatives included the establishment of free zones to facilitate trade across border crossings. To this end, Law No. 22-15 was issued on July 20, 2022, regulating the rules relating to free zones.
- Engagement in African integration projects, with a focus on the African Continental Free Trade Area (AfCFTA), a strategic initiative aimed at accelerating trade growth among African countries. This agreement officially entered into force on January 1, 2021, despite delays due to the COVID-19 pandemic, which disrupted the initial implementation date of July 1, 2020.
- The AfCFTA agreement was signed on March 21, 2018, in Kigali, Rwanda, followed by formal ratification procedures on February 28, 2020. Through these steps, Algeria aims to promote intra-African trade by creating free zones that allow for the free movement of goods and services. Most political and economic analyses have agreed that the African Continental Free Trade Area represents a strategic option for Algeria and contributes effectively to the development of its economic relations within the continent.

5.2 Afro-Algerian Investment Strategy:

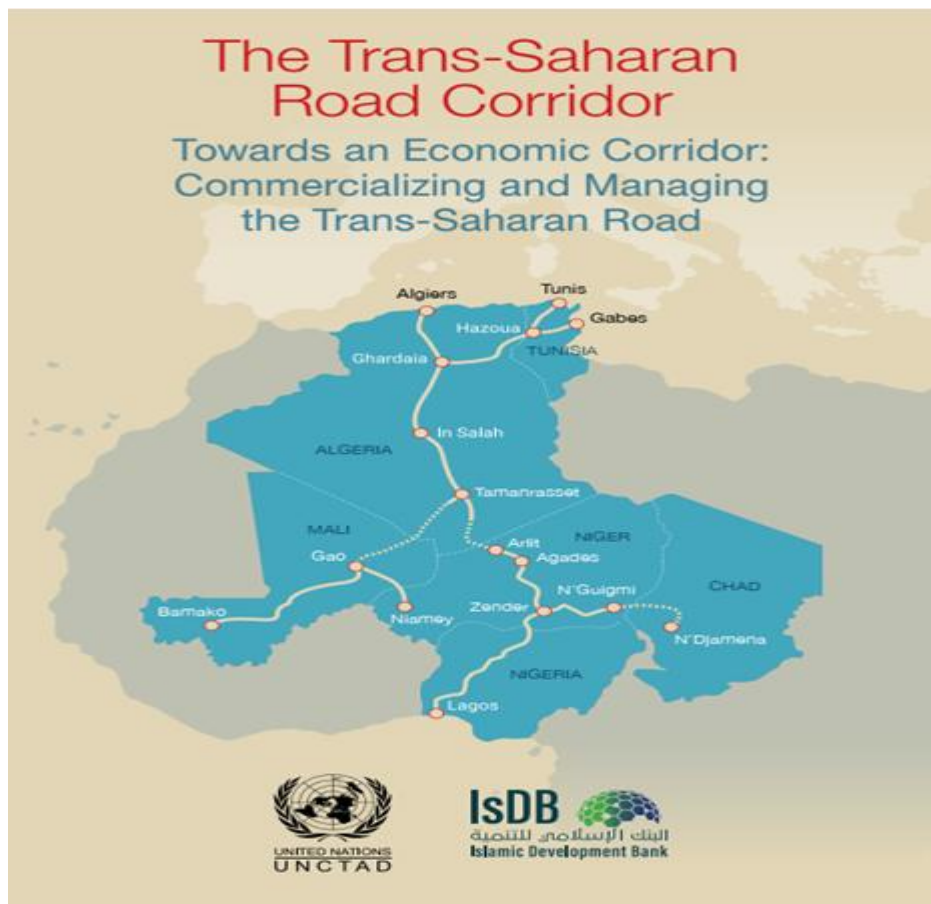
.A. The Trans-Saharan Highway:

The Trans-Saharan Highway is one of the oldest and most important infrastructure projects in Africa. It was first proposed in 1962 and construction began in the 1970s. The highway connects six key countries: Algeria, Tunisia, Mali, Niger, Chad, and Nigeria.

The main axis of the highway stretches from northern Algeria (Port of Algiers) to southern Nigeria (Port of Lagos), covering approximately 4,500 km. Additional branches connect Tunisia, Mali, and Chad, bringing the total length of the corridor to over 9,900 km of roads. Of these, 8,255 km are paved, approximately 995 km are unpaved tracks, and 645 km are under construction. The Trans-Saharan Highway Liaison Committee (CLRT) manages this project. CLRT is a cooperation framework among the participating countries to support implementation, maintenance, and the

facilitation of policies and agreements related to transport and customs trade (UNCTAD/TCS/DTL/INF/2022/2).

Fig.1: The following shows the Trans-Saharan Highway map



Source: <https://beta.isdb.org/sites/default/files/media/documents/2022-10/TSR-Corridor-final-report-EN-disclaimer-resume-04.pdf>

table1. below shows each country's share of the desert road and the progress of the works on it for the year 2019

Summary situation of roads composing the TSR corridor (as of 2019)				
Country	Total length km	Paved km	In Progress (construction) km	Earth Track km
ALGERIA	3,310	3,070	40	155
MALI	2,180	1,440	-	740
NIGER	1,985	1,710	220	60
TUNISIA	699	699	-	-
NIGERIA	1,131	1,131	-	-
CHAD	570	150	380	40
TOTAL	9,895	8,255	645	995

Source: <https://beta.isdb.org/sites/default/files/media/documents/2022-10/TSR-Corridor-final-report-EN-disclaimer-resume-04.pdf> p 30

A.1. Project Importance and Challenges:

- The Trans-Saharan Highway aims to enhance regional connectivity and economic integration between North, Central, and West Africa, accelerate the movement of goods and passengers, reduce transport costs, stimulate economic development, and support intra-African trade and access to seaports for landlocked countries.
- Some sections have seen near-complete completion (such as in Algeria, Tunisia, and Nigeria), while some dirt tracks and corridors are still under construction, particularly in Mali and Chad.
- The highway faces several challenges, most notably financing and maintenance, differences in customs and legal regulations, and the importance of developing logistical links, ports, and border infrastructure to improve economic performance. The Trans-Saharan Highway is a strategic corridor linking major economic blocs (the Economic Community of West African States (ECOWAS), the Community of Sahel-Saharan States (CEN-SAD), and the Arab Maghreb Union).

The Trans-Saharan Highway project encompasses a range of development initiatives, most notably the construction of the Hamdania Port in Tipaza Province. Ranked among the top thirty global commercial ports, it boasts a daily handling capacity of 240,000 tons, significantly exceeding the capacity of previous Algerian ports, which did not exceed 30,000 tons. The port features 30 berths, providing the capacity to handle approximately 6.5 million containers annually and a total cargo handling capacity of 25.7 million tons, at a total cost of approximately \$3.3 billion. Both the Trans-Saharan Highway and the Hamdania Port represent pivotal economic and investment projects for Algeria and landlocked African countries, offering opportunities to enhance trade connectivity with the rest of the world according to specific regulatory standards. These projects also bolster Algeria's position as a bridge between Africa and the world, and serve as a powerful tool for regional influence. A policy to control maritime trade routes, while providing a new source of state revenue outside the hydrocarbon sector, through customs duties.

B. The Trans-Saharan Gas Pipeline (TSGP)

The Trans-Saharan Gas Pipeline (TSGP) project is a major strategic project aiming to construct a pipeline approximately 4,128 kilometers long to transport natural gas from Nigeria, through Niger, to Algeria. Figure.2 illustrates the route of the trans-Saharan gas pipeline.

Figure2 :Trans-Saharan Gas Pipeline Route

Source : <https://dergipark.org.tr/tr/download/article-file/5069336>

This project is linked to the Algerian pipeline network heading towards European markets. This pipeline passes through three main countries: 2,310 km in Algeria, 841 km in Niger, and 1,037 km in Nigeria. It is designed with a diameter ranging from 48 to 56 inches to transport up to 30 billion cubic meters of gas annually to Europe via Algeria (Mohamed Amine Benoudda, 2024).

B.1. The Economic and Political Importance of the Project:

Africa is a strategic player in the European energy equation. African gas constituted approximately 20% of European gas imports in 2021, half of which was transported via pipelines, particularly from Algeria, Nigeria, and Egypt. The importance of the Trans-Saharan Gas Pipeline lies in its potential as a strategic future alternative for the European Union, reducing its dependence on Russian gas, which, according to several studies, could reach 70% by 2050.

Beyond the economic dimension (financial returns, job creation, technology transfer, and infrastructure development), the project also has political dimensions, namely strengthening the African-European partnership and enhancing the importance of Algeria and Nigeria in regional balances. The African countries involved in the project also seek to activate their roles within international energy networks, despite fierce competition from Qatar and the United States.

B.2. Project Challenges:

The Trans-Saharan Gas Pipeline (TGB) project between Nigeria and Algeria faces a number of structural and institutional challenges, primarily related to the internal situations in both Algeria and Nigeria, along with infrastructure deficiencies and weak investment in the energy sector. This complexity is compounded by the increasing domestic demand for natural gas in both countries. Reports indicate that domestic consumption in Algeria reaches approximately half of its annual gas production, which puts pressure on export commitments and threatens the balance of future plans for developing the energy sector. In Nigeria, despite possessing substantial reserves, infrastructure problems and exploitation difficulties negatively impact its ability to meet both domestic and external demand.

Security threats stand out as one of the most serious obstacles to completing the project, given the pipeline's long geographical span and its passage through vast areas plagued by security vulnerabilities and the presence of armed groups, particularly in the Sahara and the Sahel. Added to this are the direct repercussions of the crises in Mali and Libya, and the fallout from regional conflicts that have strained Algeria's state capabilities and contributed to a shift in national strategies, prioritizing internal stability before regional stability. These developments remain a source of concern for decision-makers in Algeria, Nigeria, and Niger, prompting them to intensify security coordination and adopt proactive plans to ensure the project's security and sustainability.

5.3. Financial Aid and Debt Relief Strategy:

Algeria's policy of supporting African projects is characterized by significant financial contributions. It has allocated \$1 billion to finance development in Africa, in addition to previously writing off debts owed to several African countries exceeding \$3 billion for humanitarian reasons, particularly during periods of high hydrocarbon revenues. These initiatives are part of Algeria's strategy to consolidate its regional position and enhance its influence by institutionalizing financial support through the Algerian Agency for International Cooperation, which directs funding to development and strategic projects.

In the context of the Trans-Saharan Gas Pipeline project, agreements were signed between Algeria, Nigeria, and Niger covering financial compensation and feasibility studies. This represents a high-level financial and technical alliance and allows the three parties to access potential additional financing channels from African financial institutions, specifically the African Development Bank, which has repeatedly expressed its willingness to support the project given its economic and strategic viability. Algeria's contribution to the African Development Fund is also noteworthy, as it supports the poorest and most indebted countries. This is part of a comprehensive policy to restructure African debt, finance green growth, and combat the effects of climate change. These measures explain Algeria's position as one of the largest African contributors to these multilateral funds.

This financial orientation is reflected in projects such as the Trans-Saharan Gas Pipeline, which are successful examples of Algeria's strategy to utilize its financial capabilities to serve regional

energy security and to strengthen its developmental role and economic relations with its African neighbors.

6. Challenges Facing Algerian Economic Diplomacy in the African Market:

6.1. Economic Challenges:

Algerian economic diplomacy in Africa faces several crises, most notably economic disparities. Algeria is mindful of the widespread poverty in 17 African countries, according to 2023 statistics. Furthermore, most of these countries rely on a single economic sector, such as oil or tourism, with a lack of diversification and a weak private sector. These countries also suffer from weak basic infrastructure, such as ports, road networks, and banks. In addition, the continued exploitation of African resources by major powers constrains economic policies and leads to international debt burdens. 4/2. Political Challenges: Africa is experiencing political instability due to tribal conflicts and unrest, hindering development and investment projects. Algeria also faces fierce competition from traditional and emerging international powers for a foothold in the African market, further complicating its economic diplomacy efforts.

6.2. Security Challenges:

Algeria faces security threats from terrorism, social conflicts, and illegal immigration, which affect the stability of the continent. This makes securing its borders and supporting neighboring countries such as Tunisia, Libya, Mali, and Niger crucial for ensuring its national security. Algeria also faces the challenge of dealing with fragile states lacking governance and development, requiring it to play a dual role in achieving both security and economic development.

7. CONCLUSION

Economic diplomacy is a vital strategic tool for enhancing a country's economic and political presence internationally. Algeria serves as a prominent example in its efforts to utilize this diplomacy to bolster its regional standing and expand into African markets. Despite the economic, political, and security challenges it faces, the prospects for growth and African economic integration appear promising, thanks to clear strategies that include infrastructure development, strengthening trade partnerships, and activating its diplomatic role. Algeria's capacity for institutional coordination and diversification of economic diplomacy tools remains key to achieving its objectives of expanding trade and investment, thereby contributing to the country's sustainable economic development and enhancing its regional influence.

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