



AN ANALYTICAL STUDY OF THE DEMAND FOR THE ALGERIAN PRODUCT IN THE ARAB MARKETS DURING THE PERIOD 2000-2021

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Abstract:

In this study, we concluded that Algeria has many qualifications that make it offer products characterized by abundance and high quality. Algeria is a rich and distinguished country in many products, but in order for Algeria to be able to reserve a significant market share in the Arab markets, it must improve the exploitation of its available potential, by working to improve the competitiveness of the Algerian product, strengthen the industrial fabric, and consolidate the culture of export-oriented production among Algerian economic dealers, a trend that will enable Algeria to effectively position itself and be strongly present in the Arab markets. "Algeria should also exploit the convergence and homogeneity of the requirements of the Arab markets with Algerian products and redirect its exports towards these markets, especially since Algeria has various products related to all industrial, agricultural, energy and cultural fields.

Keywords: demand determinants, Algerian product competitiveness, Arab markets

Introduction:

Algeria occupies an important position in the Arab market thanks to the diversity and quality of its products, which include sectors such as petroleum, natural gas, phosphates, grains, fruits and vegetables. The excellent reputation of Algerian products attracts the interest of many Arab countries. Algeria is also a

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major market for industrial products and consumables, boosting trade with other Arab countries. Thanks to its strategic location, Algeria is a gateway to North-South trade, increasing the importance of its products in Arab and global markets.

Arab countries face significant challenges in the field of food security due to various factors such as climate, water scarcity, rapid population growth and unstable internal conditions in some countries, in addition to economic challenges. Despite efforts to address these issues, it is essential that Arab countries continue to invest in agricultural development, research and modern technologies, and promote regional cooperation and sustainable practices to ensure food security.

The Arab market is a unique environment influenced by economic, cultural and political factors, so understanding the determinants of demand in these markets contributes to defining marketing strategies and promoting trade exchange between Algeria and other Arab countries.

This prompts us to ask the following question:

What are the determinants that control the increase in demand for Algerian products towards Arab markets?

Sub-questions:

- What are the factors affecting the demand for Algerian products in the Arab markets?
- What is the status of Algerian products in the Arab markets?

Hypotheticals:

- There are several factors that may affect the demand for Algerian products in the Arab markets

- The Algerian product may have a distinctive position in the Arab markets because of its high advantages

The Importance of study:

Many obstacles have emerged in the way of achieving the Algerian product's status in the Arab markets. Here comes the importance of the study that seeks to find the equation of how Algeria can diversify its exports towards the Arab markets in a way that contributes to finding ways to develop and develop production and marketing methods, all by studying the determinants of Arab demand for the Algerian product.

Study Objectives:

The study aims to determine the current status of Algerian products and measure their competitiveness at the level of Arab markets, considering that the current trend of the Algerian state is to seek to create Arab integration and self-sufficiency and make the Algerian product invade the African and Arab markets and then the international markets.

Methodology:

The study was divided into two research. The first is the factors that affect the determinants of demand for the Algerian product in the Arab markets. The second is analytical of Algeria's exports to the Arab countries. We have divided the structure of the study as follows:

***The first research: Factors that affect the determinants of demand for the Algerian product in the in the Arab markets**

***Arab markets and its advantages:**



The first requirement: Factors that affect the determinants of demand for the Algerian product in the Arab markets: (Boussef Bousseadra Bouazza, 2022)

The determinants of demand for the Algerian product in the Arab markets are affected by several factors, including:

1/Quality and Specifications:

Customers in Arab markets prefer products that are of high quality and suitably meet their needs. Therefore, product quality and conformity with local specifications play an important role in attracting demand.

2/Price and Competitiveness:

Algeria's products must be competitive in terms of price compared to similar products available in the Arab market. Because price is a decisive factor in purchasing decisions,

3/Marketing and Distribution:

Algerian companies should have strong marketing plans that effectively target Arab markets. Effective marketing and good distribution play an important role in raising awareness of Algerian products and attracting customers.

4/Cultural and social factors:

Algerian companies must understand the factors that affect customer decisions and preferences, from cultural, social and even behavioral factors. Based on these factors, they adapt their products and strategies accordingly.

5/Government and Commercial Policies:

The demand for Algerian products can affect government and trade policies in Arab countries, whether positively by

encouraging trade or negatively by imposing trade restrictions or high import duties.

The second requirement: The advantages of the Algerian product that make it competitive in the Arab markets (Mustafa, 2021):

1/High Quality

The Algerian product in many sectors such as agriculture and industry enjoys high quality, which makes it attractive to customers in Arab markets who are looking for high-quality products.

2/Distinguished geographical position:

Algeria is located in a distinct geographical area and close to the Arab markets, which facilitates the transfer and distribution processes and reduces shipping costs and thus makes Algerian products more competitive in terms of price.

3/Agricultural and industrial diversity:

Algeria has a great diversity in its agricultural and industrial sectors, which allows it to offer a variety of products that meet the needs of customers in different Arab markets.

4/History and Cultural Traditions:

The Algerian product has a rich history and strong cultural traditions, giving it added value in the eyes of Arab customers who value heritage and authenticity.

5/Technological development:

The Algerian industry has witnessed remarkable technological development, which has improved the quality of products and increased production efficiency, making it



competitive in Arab markets that demand innovation and development.

The third requirement: Economic and political factors that affect the demand for the Algerian product in the Arab markets: (Elias, 2017, pp. 25-26)

There are many political and economic factors that affect the status of the Algerian product in the Arab markets. We will try to analyze the most important of them as follows:

1-Changes in oil prices: Since the Algerian economy is heavily dependent on oil and gas exports, fluctuations in oil prices may significantly affect the Algerian economy and thus the ability to consume and import Algerian products in Arab markets.

2. Trade and reciprocal policies: The impact of trade and reciprocal policies between Arab countries and Algeria, including trade freedom agreements or trade restrictions, can directly affect the flow of Algerian products to these markets. In light of the participation of Arab countries in affiliation with the League of Arab States, which constitutes a kind of confederation between the 22 member states, and based on the sharing of language, borders, and historical cultural and social components, in addition to the development of South-South trade, and in order to enhance the ability of these countries to compete in global markets in recent years, economic integration is necessary. Because regional economic integration makes Arab countries able to accumulate their natural wealth, capabilities and assets to stimulate productivity and development and move towards job creation and increased investment by expanding markets and building confidence in economic and political reforms. In the long term, the goal of establishing a free trade area is to reach a unified Arab economic union in economic, monetary, financial and non-social policies within the framework of achieving economic development for all member states, which enhances

the role of the region in the global economy, and thus strengthens its link to global value chains. This is what must be focused on to ensure the position of the Algerian product in the Arab market.

3- Foreign investment: Algeria is an attractive investment destination that offers a unique mix of advantages for entrepreneurs. This combination can affect the competitiveness of Algerian products in international and Arab markets in particular, where. Key elements include its proximity to markets, regional connectivity, potential as a logistics hub, geopolitical stability, natural resources, diverse climatic conditions, regional opportunities, access to new markets, and the potential to create private economic markets.

4- Economic and demographic transformations: Changes in income levels, wealth distribution, and population increase can affect the consumption pattern in Arab markets and thus the demand for Algerian products.

5- Political stability: Political unrest in Arab countries may affect economic stability and the ability to consume Algerian products.

Therefore, the analysis of these factors will help in a deeper understanding of how economic and political factors affect the demand for the Algerian product in the Arab markets and guide future marketing and distribution strategies.

The second research topic: Analysis of Algerian exports to the Arab markets

Algeria seeks to mobilize energies and resources in order to implement a clear Arab policy, especially with regard to building strong economic interrelationships that live up to the enormous qualifications and capabilities of the Arab countries. The decision of the Algerian state to prevent the import of all that is produced locally was a step that had the effect of encouraging local producers to export their products abroad after the saturation of



the local market. In view of the importance of the transport sector, Algeria recruited land and sea base structures in order to get out of the oil dependence and build an Arab economic model and the practical exploitation of the Arab Free Trade Area. In this context, we tried to analyze Algerian exports to Arab countries during the period 2000-2021, which is represented in the following table:

The first requirement: Algerian exports to Arab countries: (report, 2022)

Algeria's exports to the Arab countries have recorded positive growth since its accession to the free trade zone

The average volume of these exports during the period 2009-2021 amounted to more than \$3.3 billion/year, representing 6 percent of the total Algerian trade exports to the world during the same period.

As for Algeria's imports from the countries of the region, they amounted to an average of \$2.4 billion annually during the period in question.

The same official stated that Algeria is keen to respect its commitments to the requirements of the Greater Arab Free Trade Area of the exchange of products between Arab countries without customs duties, and in order to promote joint Arab cooperation, it officially canceled in early 2022 the negative list of goods that are not exempt from customs duties, which has been in force since 2010.

Algeria's benefit from the Greater Arab Free Trade Area remains contingent on its ability to exploit its available potential, by working to improve the competitiveness of the Algerian product, strengthen the industrial fabric, and consolidate the culture of export-oriented production among Algerian economic

dealers, "a trend that will enable Algeria to" effectively position itself and be strongly present in Arab markets. "

Algeria should also exploit the convergence and homogeneity of the requirements of the Arab markets with Algerian products and redirect its exports towards these markets.

For its part, Algeria exported \$2.24 billion to the Arab countries and imported \$2.54 billion of it in 2021, as the exchanged goods included, within the framework of the Greater Arab Free Trade Area, various products related to all industrial, agricultural, energy and cultural fields. Algeria's exports to these countries were mainly fuel, rubber, iron and steel derivatives, electrical appliances and equipment, as well as foodstuffs such as sugar, vegetables and fruits (<https://douane.gov.dz>, 2022).

Table -01 - Algerian exports to Arab countries (unit million dollars)

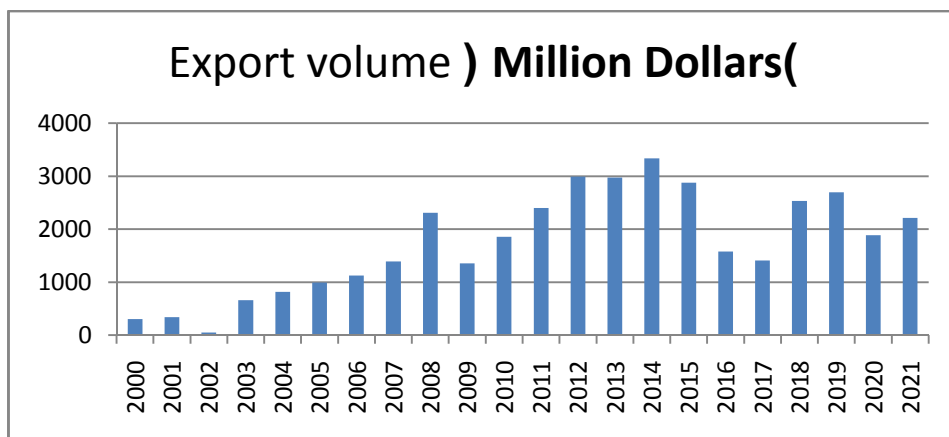
Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Export volume (Mn ton)	305-1	340/1	47,4	658	816	993	1122	1390,	4	1354	1854
Years	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Export volume (Mn ton)	2396	2988	1	7	4	1574	1406	7	9	1883	2213

Source: Prepared by the Arab Monetary Fund based on the reports of the Arab Monetary Fund "Consolidated Economic Reports - Statistics - from the year (2003-2022) Date of access 25/02/2022

<https://www.amf.org.ae>



Graphs



Through the table, we note that the volume of Algerian exports to Arab countries has been increasing continuously since 2000 until 2021. This is a positive thing, but it still does not meet the size of the aspirations and prospects of the Algerian state because Algeria has a great economic diversity in terms of oil and non-oil products. We also note that 2021 is the largest year because the Arab trade performance has improved as a result of the relative easing of the restrictions of the Corona pandemic, in addition to the rise in oil and commodity prices in global markets. Nevertheless, Algeria remains among the Arab countries that contribute a lesser share of exports than the total Arab exports, and thus it is classified among the countries that are less integrated with intra-Arab trade (statistics, 2022)

We also find that 2014 is the year in which Algeria achieved the most revenues from exports towards the Arab countries, and this is due to the recovery of the economy in that period and the recovery of oil prices. In 2015, we find that most of the Mauritanian imports by 83% of the Arab countries were from Algeria, and in total, we find that most of the Algerian exports to the Arab countries are based in Tunisia, Egypt and Morocco by 71.2%, where we find that in 2021, about 82.2% of Tunisia's

imports from the Arab countries were based in three countries from which Algeria takes the lion's share.

In analyzing intra-Arab trade, we note that Algeria's contributions to intra-Arab exports during all the years of the study are weak compared to the rest of the Arab countries, and its Arab exports remain confined to neighboring countries, despite the fact that it is classified as one of the most expanding Arab countries in the sources of its imports. In terms of the relative importance of Algerian exports to Arab countries, we find that the share of exports of crude oil is a very small percentage of total exports to Arab countries.

Table -2- Represents the main trends of intra-regional trade of Algerian crude oil with the Arab countries for the year(2021) (<https://douane.gov.dz>, 2022)

State of origin (if not yours)	Jordan	Morocco	Mauretania
Value (\$m)	34.7	0.01	0.2

Source: Prepared by the researcher based on the unified Arab

economic report for the year 2022, accessed on 24/02/2022

<https://www.amf.org.ae>

Through the table, it is clear that out of 20 Arab countries, only 03 Arab countries to which Algeria exports crude oil, two of them by a very small percentage. This is due to the fact that intra-Arab exports during 2021 were concentrated in three main exporting countries to the rest of the Arab countries, namely Saudi Arabia , Kuwait and the UAE. Algeria should look for ways and solutions to ensure a significant market share in the Arab oil market, especially the more Arab markets, namely Egypt, Jordan and Morocco. Nevertheless, the share of exports to Arab countries of Algerian crude oil in 2021 represents a small



percentage, estimated at 4.1% of the total Algerian petroleum exports to the world .

The second requirement: The volume of trade exchange between Algeria and the Arab countries (report, 2022)The volume of trade exchange between Algeria and Arab countries has increased by 11% compared to the data for 2021, reaching US \$05 billion in 2022. Tunisia is the largest trading partner with Algeria during the same period, and the value of trade between the two countries amounted to 1.124 billion US dollars, an increase of 12% compared to 2021, according to data from Bloomberg Economic Agency. Saudi Arabia came in second place in the Arab world, with 989 million dollars, achieving a significant increase, by 39% compared to the previous year. Followed by Egypt, with which intra-regional trade recorded a significant growth rate, estimated at 42 percent, to reach in 2022 a value of 952 million US dollars.

As for the United Arab Emirates, it ranked fourth, and the volume of trade with Algeria reached \$380 million, with an estimated slight rise of 0.5 percent. In contrast, trade between Algeria and Morocco fell by more than 57 percent, bringing the volume of trade exchange to 329 million US dollars. The reason for the decline in the volume of bilateral trade between Algeria and Morocco is due to the severance of relations between the two countries, by a decision of Algeria , in response to the hostilities issued by Rabat against Algeria, and the result of this decision was to stop the supply of natural gas through the “Maghreb Europe” pipeline, transiting to Spain through Morocco.

As for Jordan, it was the sixth largest Arab trading partner with Algeria, and trade with it amounted to \$283 million. An increase of 30% compared to 2021 figures. Bahrain follows with US \$279 million, the largest increase in the Arab world, by more than 53%, compared to previous figures.(صندوق النقد، 2018)

The average volume of exports during the period 2009-2021 amounted to more than \$3.3 billion, representing 6 percent. of total Algerian trade exports to the world during the same period. According to the same official) <https://douane.gov.dz>(2022 ،

The third requirement: Regulatory imbalances that prevent the Algerian product from

reaching the Arab markets:

1/Algerian exporters do not have sufficient information about the Arab markets and lack of information about the feasibility study.

2/The strategic short-sightedness of the Algerian institutions does not take into account in their strategic divisions from the beginning, but begins to search for Arab and international markets in economic demonstrations only

3/The non-conformity of some Algerian products with international standards, especially in the field of quality , quality , and environmental restrictions) Al-Ani(2022/08/17 ،

Conclusion:

In this study, we sought to review and analyze the level of Algerian exports to Arab countries and tried to measure the determinants of Arab demand for the Algerian product by trying to identify the opportunities available to promote the achievement of that goal, namely: First, seizing opportunities by exploiting the factor of convergence of customs and traditions, especially neighboring countries. We have reached the following conclusions:

* The need to find trade routes that are currently untapped by addressing the relevant market frictions that hinder the promotion of trade exchange with Arab countries



- * Seeking to promote Algerian exports to Arab countries through strategic diversification and targeting products that regional suppliers are unable to meet demand.
- * Algerian exports face a number of restrictions that affect their competitiveness such as weak technology , high transport costs
- * Algerian exports are based on exports of natural resources, which hinders their access to Arab countries because they have the same natural characteristics, for example (oil , gaz, olive oil)
- * The low quality of air ,sea and land transport networks, which increases the cost of Algerian products and loses them the advantage of competition at the Arab level, especially with the Gulf countries, where we find the UAE occupying advanced positions in the world in the indicators of competitive advantage.

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