



The Role of Small and medium-sized enterprises in Promoting Non-Oil Exports in Algeria during the period 2014-2022

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Abstract:

Small and medium-sized enterprises (SMEs) are considered one of the most important means of industrial development, both locally and globally. Thus, the aim of this study was to assess the contribution of SMEs in Algeria to diversifying Algerian exports. The study utilized a descriptive-analytical approach, including a case study of Algeria spanning the period from 2014 to 2022. Based on the findings, it was evident that the SME sector in Algeria witnessed significant growth in terms of density; however, this density remains insufficient when compared to other countries worldwide. Additionally, the volume of its exports remains very limited in comparison to the total exports.

Keywords:

Small and medium-sized enterprises (SMEs); industrial development; diversification of exports; Algeria.

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1. INTRODUCTION:

The topic of small and medium-sized enterprises (SMEs) holds a special significance due to their crucial role in supporting overall economic development and industrial growth. It has been proven that many Southeast Asian countries, which achieved high industrial growth rates, initially relied on SMEs. In contrast, some developing and Arab countries, such as Algeria, initially focused on heavy industries in their early development stages, an approach that has been proven unsuccessful. The Algerian government has been paying attention to the SME sector since the 1990s, given the country's economic situation and its heavy reliance on a single export resource. This focus on SMEs offers various advantages and opportunities, ranging from diversifying export economies to reducing import costs and trade deficits. This direction was reinforced in 2001 with the issuance of the guiding law for the promotion of SMEs, along with the establishment of numerous local and national agencies associated with them.

1.1. Statement of the Problem: What is the role of small and medium-sized enterprises in enhancing non-oil exports in Algeria?

1.2. Research Questions: From this main research problem, we can pose the following sub-questions:

- How does Algerian law define small and medium-sized enterprises?
- What is the current status of SMEs in Algeria?
- What role do SMEs play in promoting exports?

1.3. Hypothesis/ hypotheses:

- SMEs in Algeria are in a continuous state of development.
- SMEs have a significant role in achieving economic development.
- SMEs contribute to the promotion of exports.

1.4. Significance of the Study: This research is of critical importance due to its alignment with the COVID-19 crisis and its aftermath, including the impact of lockdown measures and the decline in international trade. This has significantly affected overall economic balances. Moreover, it aligns with the Algerian government's efforts to explore strategic options for diversifying the economic structure and creating a non-hydrocarbon export composition

1.5. Objectives of the Study: This study is of utmost importance as it coincides with the COVID-19 crisis, which resulted in lockdown measures and a significant decline in international trade. This had a major impact on overall economic balances. Additionally, the Algerian government is actively seeking strategic options to diversify the economic structure and build a non-hydrocarbon export composition

1.6. methodology of the Study: In order to address the posed problem and test the hypotheses' validity, we will adopt the descriptive methodology for the first and second axes, considering them as the theoretical part to establish the related concepts. As for

the third and fourth axes, we will rely on the analytical methodology, focusing on a case study in Algeria

1.7. previous researches

- **A study by Fatiha Kechroud** from the University of Blida, titled "The Impact of Small and Medium-sized Enterprises on Non-Hydrocarbon Exports: A Quantitative Study for the Period from 2000 to 2014," published in the Journal of Law and Humanities at the University of Djelfa. This study found that the contribution of small and medium-sized enterprises to exports was modest, with the highest percentage reaching only 2.98%. It also highlighted that their export activities were primarily limited to semi-manufactured goods.
- **A study by Jafar Hani and Sabiha Taib** from the University of Relizane, titled "The Impact of Small and Medium-sized Enterprise Development on Non-Hydrocarbon Exports: A Quantitative and Analytical Study for the Period from 2005 to 2018," published in the Journal of Economic Studies and Research in Renewable Energies. This study concluded that there was no relationship between the development of small and medium-sized enterprises and the non-oil export performance in Algeria. This suggests that the number of small and medium-sized enterprises does not contribute significantly to the development of non-oil exports.
- **A study by Faiza Lakraa and Taiba Abdelaziz** from the University of Chlef, titled "The Role of Small and Medium-sized Enterprises in Diversifying Non-Hydrocarbon Exports in Algeria: An Analytical Study for the Period from 2010 to 2017," published in the Economics of North Africa Journal. This study found that while the number of small and medium-sized enterprises in Algeria was steadily increasing, the volume of non-hydrocarbon exports remained very limited, often not exceeding 5%.
- **A study by Jamal Eddine Medani and El-Sadek Shanouf** from the University of Oran, titled "The Role of Small and Medium-sized Enterprises in Promoting Non-Hydrocarbon Exports: An Analytical Study for the Period from 2008 to 2016," published in the New Economics Journal. This study concluded that the contribution of small and medium-sized enterprises to non-hydrocarbon exports was minimal and did not reach the level required for them to be competitive alternatives to hydrocarbons.

1.8. Organization of the Study: To address this topic, we have divided it into three axes: the first axis focuses on the conceptual framework of small and medium-sized enterprises (SMEs), the second axis examines the reality of SMEs in Algeria, and the third axis explores the role of SMEs in the national economy. The fourth axis delves into the role of SMEs in promoting non-hydrocarbon exports. Finally, we conclude the study with a set of results and recommendations.

2. Conceptual Framework for Small and Medium-sized Enterprises (SMEs):

Small and Medium-sized Enterprises (SMEs) have widely proliferated on a global scale and have significantly contributed to the global economic activity, whether in advanced or developing nations. Despite the abundance of research on this topic, a precise and universally agreed-upon definition of SMEs has not been reached by researchers and experts in the field, for various reasons. The term "Small and Medium-sized Enterprises" encompasses a multitude of activities falling under the category of small businesses, characterized by diverse technical attributes and regulatory frameworks. Additionally, each country possesses its unique set of capabilities and resources

2.1: Difinition of Small and Medium-sized Enterprises in Algeria

In Algeria, Small and Medium-sized Enterprises (SMEs) are defined according to Law 17-02, dated 11 Rabi' al-Thani 1438, corresponding to January 10, 2017. This law, which outlines the guidelines for SMEs, defines them as follows: "SMEs, regardless of their legal nature, are enterprises engaged in the production of goods and/or services, employing between 1 to 250 workers, with a turnover not exceeding 4 billion Algerian dinars, and an annual revenue not exceeding 1 billion Algerian dinars. Additionally, they must have independence, with their capital not owned by another enterprise or group of enterprises by more than 25%." This definition provides a clear and legal framework for categorizing and supporting small and medium-sized enterprises in Algeria, taking into account criteria such as employment, turnover, and independence from larger enterprises or groups.

Table N°01: Classification table of Small and Medium-sized Enterprises in Algeria

Type of institution	Number of workers	Business number	Annual financial statment
Small scale	From 1 to 9	Than 40 million DA	Does not exceed 20 million DA
Small	From 10 to 49	Does not exceed 400 million DA	Does not exceed 200 million DA
Medium	From 50 to 249	From 400 million to 4 billion DA	From 200 million to 1 billion DA

Source: Law 17-02 dated 11 Rabi' al-Thani 1438 corresponding to January 10, 2017

2.2: Characteristics of Small and Medium-sized Enterprises (SMEs):

Small and Medium-sized Enterprises (SMEs) exhibit several characteristics, including their relatively small capital size, often relying on personal and family savings for their establishment. They are also known for the ease of legal and administrative procedures compared to larger enterprises, and their lower operating costs, as they employ a moderately skilled workforce with relatively lower wages. SMEs typically use

simple and cost-effective technologies. Additionally, they contribute to job creation, as their workforce primarily consists of young individuals, although they may have fewer skills compared to employees in larger enterprises (منصور و بن عمر، 2017)

2.3. Importance of Small and Medium-sized Enterprises (SMEs): SMEs play a crucial role in stimulating economic activity, enhancing national production levels, creating employment opportunities, and reducing unemployment rates. Consequently, they have a significant impact on promoting development and economic growth on multiple levels, including:

2.3.1. Importance at the societal level: Fostering entrepreneurship among young individuals by encouraging them to turn to the private sector and not rely solely on the public sector. - Promoting self-employment in small businesses, saving time spent waiting for government employment.

2.3.2. Importance at the national level: Meeting local market demands and achieving a balance between the public and private sectors in terms of employment, products, and services contributing to the development of various regions within the country, particularly marginalized areas, and reducing migration to urban centers in search of employment opportunities. (رفراقي، 2015)

2.3.3. The Importance of Small and Medium-sized Enterprises (SMEs) in Employment: According to the study conducted by the economist D.L. Birch in the United States to analyze the contribution of SMEs to job creation, it was found that 66% of the newly created jobs during the period 1969-1976 were attributed to enterprises employing fewer than 20 workers. Moreover, enterprises employing fewer than 100 workers contributed to 82% of these jobs. (Wtterwulghé, 1998) There has been a consensus among economists that large enterprises are unable to provide sufficient employment opportunities to absorb the widespread unemployment and accommodate the increasing labor force added each year (احمد و ابو السيد، 2005).

2.3.4. The Importance of SMEs in Exports: Small and Medium-sized Enterprises (SMEs) have been successful in fulfilling a significant portion of domestic demand thereby creating more opportunities for the export of products from larger enterprises or through the direct export of their own products. These SMEs contribute to 30% of the total industrial exports in countries within the Organization for Economic Co-operation and Development (OECD) (OCDE, 2000).

2.3.5. The Importance of SMEs in Innovation and Creativity: Small and Medium-sized Enterprises (SMEs) are considered a source of innovation and creativity. Statistics in the United States show that they contribute 20% to technological innovations. These innovations are commercially introduced to markets within a shorter timeframe, approximately 2.2 years, compared to 3 years for larger enterprises (عنية، 2002). The simple organizational structure of SMEs allows them to respond to market changes and external

factors. Additionally, large enterprises tend to focus on producing goods with a constant and predictable demand, leaving riskier and longer-selling products to SMEs. This fosters the ability of SMEs to innovate and develop new products (بومباك، 1989)

3. The Reality of Small and Medium-sized Enterprises (SMEs) in Algeria:

The sector of Small and Medium-sized Enterprises (SMEs) in Algeria is still below the required level and is in need of fundamental reforms, especially on the administrative and operational fronts. Improving their situation and ensuring promising prospects for them depends on providing a conducive environment. Therefore, we will seek to clarify their current status in Algeria

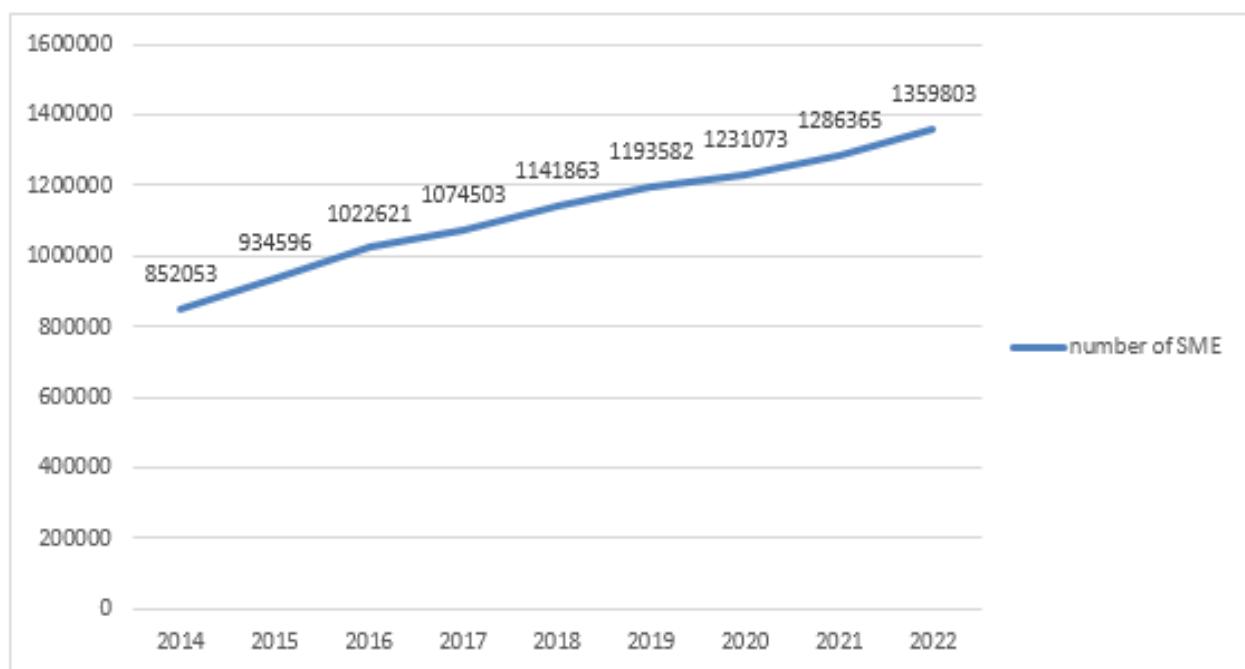
3.1: Evolution of the Number of Small and Medium-sized Enterprises (SMEs) in Algeria from 2014 to 2022

Small and Medium-sized Enterprises (SMEs) in Algeria have witnessed significant growth in their numbers and expansion into various sectors, especially in the period from 2014 to the present. The Promotional Law for Small and Medium-sized Enterprises, Law 17-02, dated 11 Rabi' Al-Thani 1438 corresponding to January 10, 2017, has had a considerable impact on accurately determining the statistics of SMEs in Algeria ,to illustrate this fluctuating growth we present the following table:

Table N°02: Evolution of the Number of Small and Medium-sized Enterprises (SMEs) in Algeria from 2014 to 2022

Years	Small and Medium-sized Public Enterprises		Small and Medium-sized Private Enterprises		Total	Evolution			
						SME Public		SME Private	
	number	%	number	%		number	%	number	%
2014	542	0,06	851. 511	99,94	852. 053				
2015	532	0,06	934. 034	99,94	934. 596	10-	1,84-	82. 526	9,69
2016	390	0,04	1. 022. 231	99,96	1. 022. 621	142-	26,69-	244. 973	31,51
2017	267	0,02	1. 074. 236	99,98	1. 074. 503	123-	31,53-	52. 004	5,08
2018	261	0,02	1. 141. 602	99,98	1. 141. 863	6-	2,24-	67. 336	6,2
2019	243	0,02	1. 193. 339	99,98	1. 193. 582	18-	6,8-	51. 737	4,53
2020	229	0,02	1. 230. 844	99,98	1. 231. 073	14-	5,98-	37. 491	3,14
2021	225	0,02	1. 286. 140	99,98	1. 286. 365	4-	1,17-	55. 296	4,49
2022	223	0,02	1. 359. 580	99,98	1. 359. 803	2-	0,88-	73. 440	5,7

source: Prepared by the student based on the statistical reports of small and medium-sized enterprises provided by the Ministry of Industry, reports number 26-42 for the years 2014-2023, pages 6, 5, 6, 8, 7, 7, 6, 8, 6.

Figure N°01: Evolution of the Number of Small and Medium-sized Enterprises

By examining the curve and examining the numbers in the table, we notice that the number of small and medium-sized enterprises (SMEs) in Algeria is continuously increasing. The prominent reason for this remarkable growth is the policies that have been implemented to support the creation of enterprises and investment. In this regard, the Central Bank has pursued an expansionary credit policy by providing loans for the establishment of small and medium-sized enterprises at low interest rates. This was achieved by establishing a group of specialized financial institutions in this field, such as the National Agency for Youth Support and Employment (NAYES), the National Agency for Investment Development (NAID), the Fund for Guaranteeing Loans for Small and Medium-sized Enterprises (LGF-SME), and the Fund for Promoting Industrial Competitiveness for the Qualification of Small Enterprises.

Additionally, the government has provided support to these enterprises through the decision made by the President of the Republic to establish a dedicated ministerial portfolio within the Prime Ministry responsible for start-ups, small, and medium-sized enterprises. This ministry offers guidance programs for this vital sector and provides the necessary mechanisms to activate its role in the national economy, removing bureaucratic obstacles that hinder its growth. This has encouraged individuals to venture into such enterprises. Furthermore, it is noteworthy that over 99% of small and medium-sized enterprises are part of the private sector. As for public small and medium-sized enterprises, their numbers have been continuously decreasing, and their proportion of the total enterprises has not exceeded 1%. This trend can be attributed to global economic transformations in general and Algeria's specific economic changes, including structural

adjustments, privatization, and the necessity of developing and enhancing small enterprises to address aspects of divestment from certain activities, absorb displaced workers, and alleviate unemployment.

3.2. Classification of Small and Medium Enterprises Activities in Algeria:

Small and medium-sized enterprises in Algeria in the year 2022 are distributed across a variety of activities, as outlined below

Table N°03: Classification of Small and Medium Enterprises Activities

Nature of activity	Farming	Mines and hydrocarbon energy	The manufacturing industries	Architecture and public works	Freelance professions	Handicrafts	Total
Number	8. 322	3. 369	115. 921	204. 438	703. 445	324. 085	1. 359. 580
%	0,61%	0,25%	8,53%	15,04%	51,74%	23,84%	100%

Source: Prepared by the student based on the annual reports of small and medium-sized enterprises provided by the Ministry of Industry, Report No. 42, Year 2023, page 7

From the table, it is observed that freelance activities rank highest with 703.445 establishments, accounting for 51.74%. Freelance activities include the healthcare sector, represented by specialized doctors and private clinics, as well as the legal sector, represented by lawyers, judicial officers, notaries, and all experts in the field of law. Following this, handicraft activities have 324.085 establishments, constituting 23.84%. Next is the construction and public works sector with 204.438 establishments, accounting for 15.04%. Then, the manufacturing industry has 115.921 establishments, making up 8.53%. Agricultural activities come after with 8.322 establishments, representing 0.61%. Finally, mining and hydrocarbon energy activities have 3.369 establishments, accounting for 0.25%.

3.3. The concentration of small and medium-sized private enterprises in Algeria in the year 2022

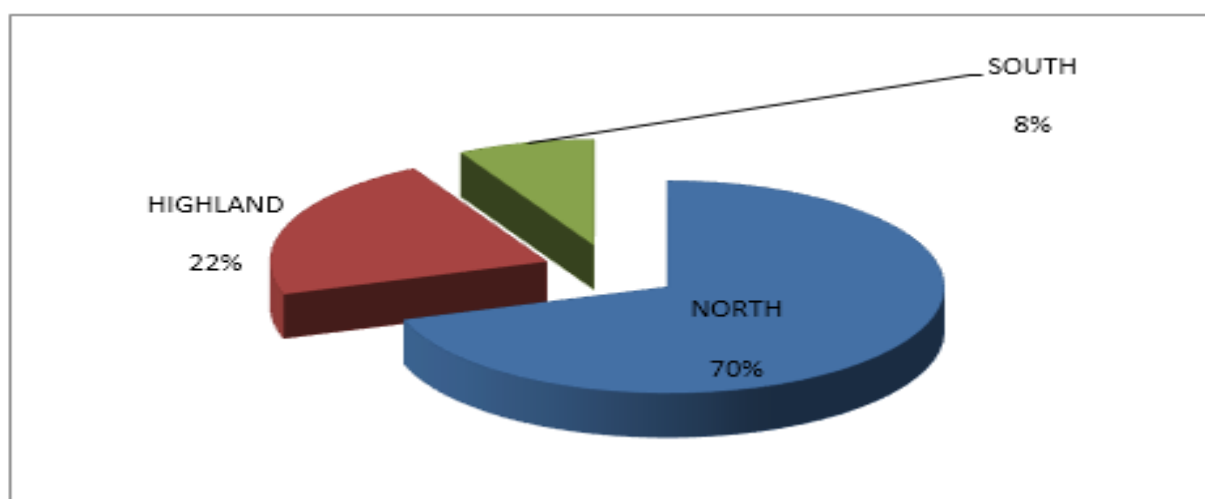
Small and medium-sized enterprises are distributed nationwide, but they are particularly prevalent in the north, leading to uneven distribution. The following table illustrates this disparity

Table N°04: Concentration of Small and Medium-Sized Private Enterprises in Algeria in the year 2022

Region	Number of institution	%
North	945. 153	69,5%
Highlands	300. 745	22,11%
South	113. 905	8,37%
Total	1. 359. 803	100%

Source: Compiled by the student based on the annual reports of small and medium-sized enterprises provided by the Ministry of Industry, Report No. 42, Year 2023, page 1

Figure (02): Concentration of Small and Medium-Sized Enterprises in Algeria



According to the spatial distribution of the National Land Use Planning System (SNAT), it is noticeable that small and medium-sized private enterprises are concentrated in the northern region of the country, with a lesser extent in the high plateaus. The northern region comprises 945.153 small and medium-sized enterprises, accounting for 69.5% of such enterprises in the country. Following that, the high plateau region has 300.745 enterprises, making up 22.11%, and finally, the southern regions of Algeria have 113.905 small and medium-sized enterprises, constituting 8.37%. Analyzing these statistics, we can conclude that the size of small and medium-sized enterprises enables them to localize according to the specific characteristics and needs of each region. Therefore, they serve as a tool to create regional balance between urban and rural areas and mitigate migration to major cities

4. The role of small and medium-sized enterprises in economic development

The role of small and medium-sized enterprises is not limited to job creation, increasing investment, and boosting gross domestic product. In addition to what was mentioned earlier, they also play a fundamental role in the economic development of

both advanced and developing countries alike, despite the advantages offered by large enterprises

4.1. The role of small and medium-sized enterprises in investment.

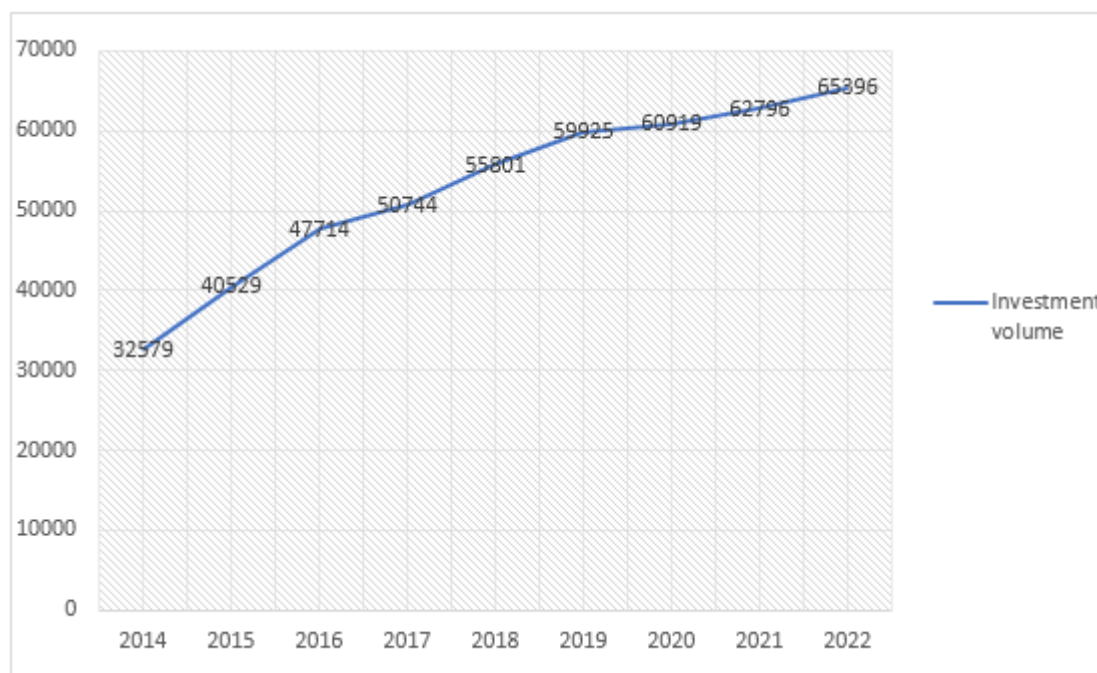
Certainly, small and medium-sized enterprises face significant challenges in investment development. Therefore, Algeria has established numerous agencies and funds, along with support and development programs in the field of investment. The following explanation outlines the contribution of small and medium-sized enterprises to the evolution of investments in Algeria

Table N°05: Evolution of the number of investments in Algeria

Years	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of investments	32. 579	40. 529	47. 714	50. 744	55. 801	59. 925	60. 919	62. 796	65.396

Source: Prepared by the researcher based on the National Investment Agency (NAID).

Figure (03): A graph illustrating the evolution of investments volume in SME



Through the curve and the table, we observe a significant growth in investments during the study period. According to the National Agency for Investment Support and Promotion (NAID), the number of investment projects was 32.579 in 2014, which almost doubled in 2022, reaching 65.369 indicating a 100.73% increase. This once again confirms the dominance of small and medium-sized enterprises in various types of investments, owing to the state's policy in restructuring the economy in this sector

4.2. The role of small and medium-sized enterprises in value-added

Value-added is the true wealth created by an enterprise, regardless of its type, through its exploitation processes. This value is reflected in its activities and indicates the efficiency with which production elements are integrated. It measures the economic weight of the enterprise and serves as the best criterion for assessing its size, growth, and the integration of its production structures. The following table illustrates the extent of the contribution of the private and public sectors in creating value-added

Table N°06: Evolution of value-added for small and medium-sized enterprises in Algeria (amounts in billion DZD)

Years	Sector public		Sector Private		Total	
	Volume		Volume		Volume	
2014	1. 187,93	13,9	7. 338,65	86,1	8. 526,58	100
2015	1. 313,36	14,22	7. 924,51	85,78	9. 237,87	100
2016	1. 414,56	14,23	8. 529,27	85,77	9. 943,92	100
2017	1. 291,14	12,775	8. 815,62	87,225	10. 106,76	100
2018	1. 362,21	12,51	9. 524,41	87,49	10. 886,62	100
2019	1. 449,22	12,66	10. 001,3	87,34	11. 450,6	100
2020	1. 299,91	12,23	9. 326,55	87,77	10. 626,46	100
2021	1. 426,61	12,13	10. 334,13	87,87	11. 760,74	100
2022	-	-	-	-	12. 446,3	100

Source: Compiled by the student based on the annual reports of small and medium-sized enterprises provided by the Ministry of Industry, Report No. 42, Year 2023, page 3

Figure (04): Evolution of value-added provided by small and medium-sized enterprises

Through the above bar chart and table, it is evident how the private sector significantly contributes to the creation and continuous increase of value-added from the year 2014 to 2021. This increase is mainly attributed to the private sector, accounting for over 87%. The contribution value rose from 8.526,85 billion Algerian dinars in 2014 to 12.466,3 billion Algerian dinars in 2022, indicating a growth rate exceeding 57%. This underscores the state's focus on and development of this sector, given its substantial importance in creating value-added for the national economy.

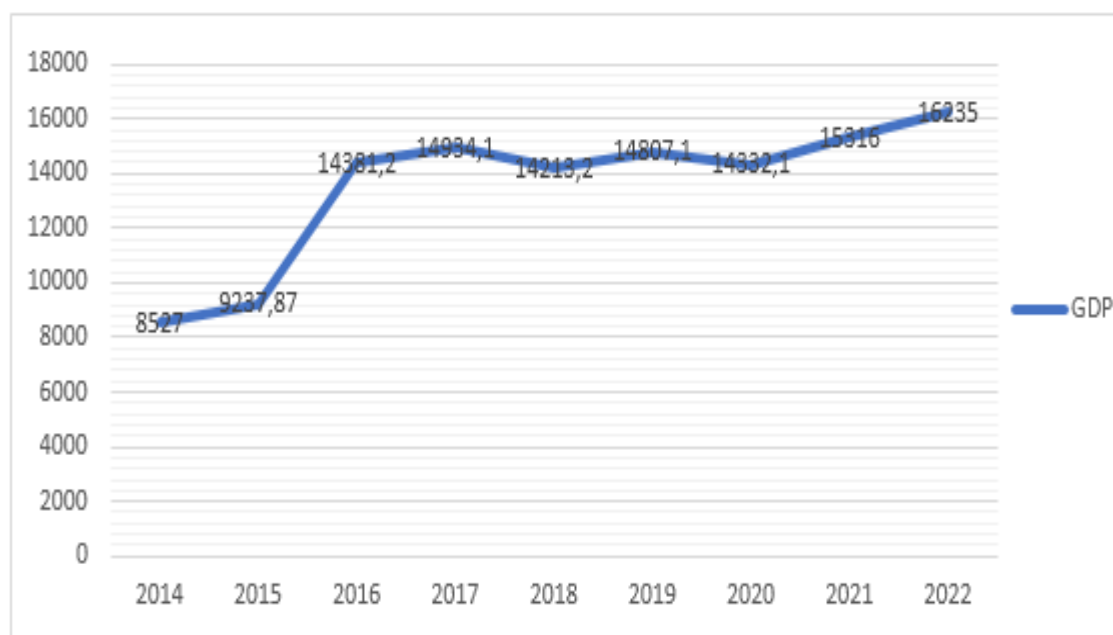
4.3. The role of small and medium-sized enterprises in the gross domestic product (GDP) is significant.

The sector of small and medium-sized enterprises is among the prominent contributors to the gross domestic product. It's worth noting that the GDP encompasses all the final economic products produced within the geographical boundaries during a specific period, whether using production elements owned by citizens or foreigners

Table N°07: Contribution of small and medium-sized enterprises to non-oil gross domestic product (billion DZD).

Years	2014	2015	2016	2017	2018	2019	2020	2021	2022
GDP	8. 527	9. 237,87	14. 381,2	14. 934,1	14. 213,2	14. 807,1	14. 332,1	15. 316	16.235

Source: Compiled by the student based on the annual reports from the Bank of Algeria [www.bank-of-Algeria.dz].

Figure (05): A line graph illustrating the evolution of GDP for SME

Through the curve and the table, it is evident that the contribution of small and medium-sized enterprises to non-oil gross domestic product has been continuously increasing. It rose from 8.527 billion DZD in 2014 to 16.235 billion DZD in 2022, marking an increase of over 90%. This underscores the efforts of the small and medium-sized enterprises sector in meeting the growing local demand despite competition from foreign products. It serves as a clear indication of the significant role the private sector has played in achieving economic growth.

5. The role of small and medium-sized enterprises in enhancing exports

The Algerian government has adopted a policy supporting small and medium-sized enterprises that export their products outside of the energy sector. This strategy aims to diversify their revenues in foreign currency, especially after the shock that hit global oil markets in the mid-1980s, significantly impacting the country's economy as a result of this crisis. Small and medium-sized enterprises play a crucial role in enhancing exports.

5.1. The policy adopted by Algeria to enhance exports outside the energy sector

Involves several methods, mechanisms, and strategies implemented by the country's authorities. Among these approaches is creating an export-friendly environment for enterprises aiming to enter global markets and withstand external competition. This is crucial for achieving the outlined objectives. Here, we present the essential mechanisms of the strategy implemented by the government.

5.1.1. The guiding policies

These policies are represented in reform programs aimed at enhancing exports outside the energy sector to provide a suitable business environment for the latest technologies and production methods. They include

- Establishment of a national export activity management its mission is focused solely on supervising and developing the export sector. This management possesses all the necessary tools and effective mechanisms to monitor all export activities.
- Policy to improve the quality of exports Considering it as one of the most important factors contributing to enhancing the ability to enter global markets.
- Establishment of the National Agency for Export Insurance and Guarantee to ensure the commercial risks faced by exports.
- Creation of a special fund for export promotion its mission is to provide assistance to enterprises willing to export their products. (محمد رملي، 2015، صفحة 56)

5.1.2 Strategic policies

These refer to trade and industrial policies aimed at enhancing competitiveness and promoting exports within the limits allowed by international trade agreements. They include:

- Targeting promising markets and leveraging comparative advantages Some products like dates, phosphates, etc., possess distinct advantages, and the focus is on exploring these opportunities
- Establishing free zones These zones offer numerous benefits and incentives, including exemptions, to facilitate the disposal and export of products (جمال خنشور، 2014، صفحة 25)

5.1.3. Export enterprises support

It can be done through direct support such as tax exemptions, export financing, exchange rate adjustments for exporters, or through indirect support, represented by subsidizing some operational costs such as electricity, gas, water, etc (خوني رابح، 2022، صفحة 9)

5.1.4. Establishing the institutional framework

Algeria has established several institutions with a primary focus on promoting exports. These institutions include:

- National Agency for the Promotion of Foreign Trade
 - Algerian Company for Fairs and Exports
 - Export Promotion Fund
 - National Association of Algerian Exporters
 - Algerian Export Credit and Insurance Company
- In addition to these institutions, the Algerian government has implemented supportive policies for non-hydrocarbon exports, such as:

- Creating joint chambers of commerce between local and foreign entrepreneurs in coordination with diplomatic channels
- Establishing a monitoring unit for the export process under the supervision of the Minister of Commerce and the Prime Ministry
- Supporting the private sector and making it a partner in the export process, considering it the driving force for this phase and building a diverse economy
- Relying on the agricultural sector and adopting a new policy that aligns with global developments in this field, utilizing the latest methods and techniques. A new strategy called "Renewal of Agricultural and Rural Policy" has been adopted with the goal of achieving food sovereignty and increasing self-sufficiency (الهروسي، 2019، صفحة 508)

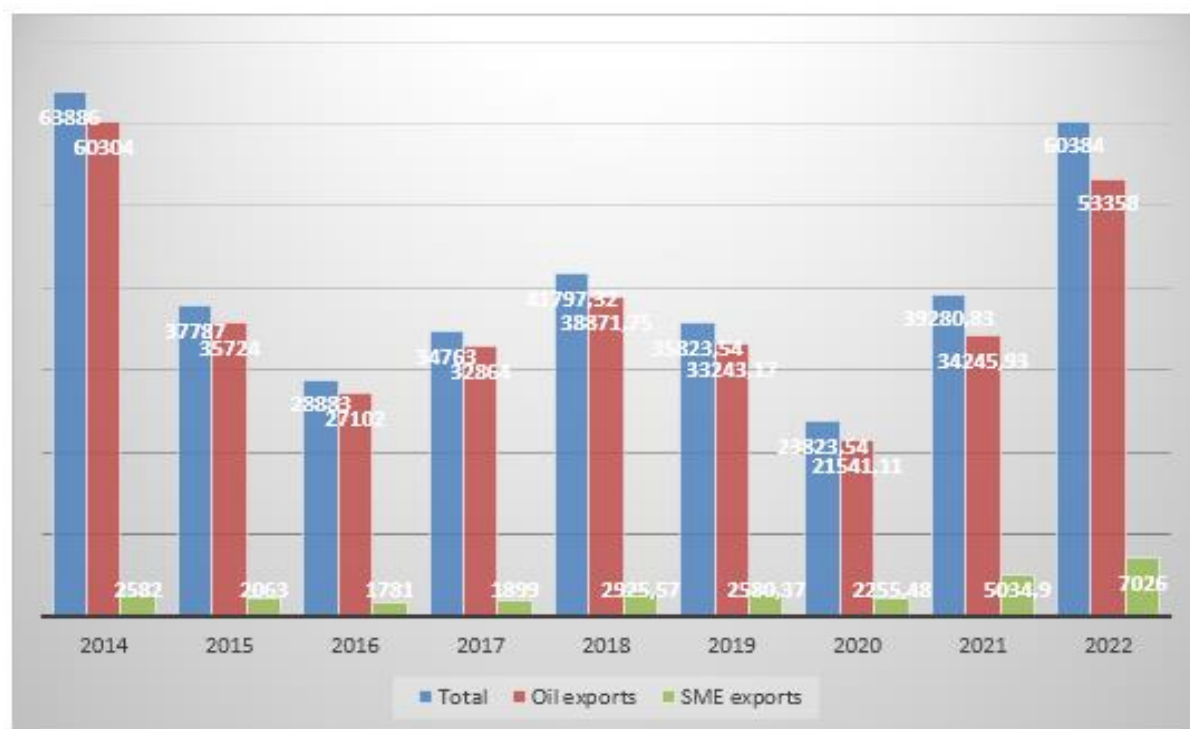
5.2. The Contribution of Small and Medium Enterprises in Enhancing Exports

In this section, we will illustrate the development of Algerian exports, along with the evolution of exports from small and medium enterprises. We will also present the commodity composition of their exports and the following table will show the extent of the contribution of the small and medium enterprises sector in Algeria to enhancing and encouraging the overall non-oil exports

Table N°08: Evolution of exports of small and medium enterprises in Algeria (in million dollars)

Years	Oil exports		SME exports		Total	
	Value		Value		Value	
2014	60 .304	95.9	2 .582	4.1	63 .886	100
2015	35 .724	94.5	2 .063	5.5	37 .787	100
2016	27 .102	93,83	1 .781	6,16	28 .883	100
2017	32 .864	94,53	1 .899	5,46	34 .763	100
2018	38 .871,75	93	2 .925,57	7	41 .797,32	100
2019	33 .243,17	92,79	2 .580,37	7,2	35 .823,54	100
2020	21 .541,11	90,52	2 .255,48	9,47	23 .796,59	100
2021	34 .245,93	87,18	5 .034,9	12,81	39 .280,83	100
2022	53 .358	88,37	7 .026	11.63	60 .384	100

Source: Compiled by the student based on the National Center for Information and Statistics (CNIS) and the General Directorate of Customs data, available at www.douane.gov.dz

Figure (06): Contribution of Small and Medium Enterprises to Algeria's Total Exports

The data from the table and the bar charts illustrate the dominance of the hydrocarbon sector in Algerian exports throughout the study period. Its contribution to total exports reached nearly 96% in 2014, decreasing to 94% between 2015-2018, and reaching its lowest point in 2021 at 87.18%. These figures clearly indicate the significant reliance of the Algerian economy on this sector for exports. It also reflects the weakness of non-hydrocarbon productive enterprises in exportation and their struggle in international markets. This is attributed to insufficient production and its lack of alignment with global production standards.

Non-hydrocarbon exports from small and medium-sized enterprises (SMEs) remain marginal. In 2014, they accounted for only 4.1% of the total exports, equivalent to 2.582 million dollars, reflecting an increase of 28.20% compared to 2013. By 2016, they constituted 5.93% of the total exports, amounting to 1.780 million dollars, indicating a decrease of 13.71% compared to 2015. Additionally, in 2017, non-hydrocarbon exports accounted for 5.46% of the total exports, showing a 6.62% increase compared to 2016. In 2018, they amounted to 2.925 million dollars, comprising 7% of the total exports. However, in 2019, they decreased to 2.580.37 million dollars, representing 7.2% of the total exports. This trend continued in 2020, with a further decrease to 2.255.48 million dollars. In 2021, there was a significant increase, reaching 5.034.9 million dollars, constituting 12.81% of the total exports. By 2022, they reached their highest value during the study period, totaling 7.026 million dollars, representing an 11.36% increase

Analyzing the data from the previous table, we observe that the increase and decrease in export values are directly linked to fuel prices. This implies that it is the main contributor to the growth experienced by exports, indicating the vulnerability of Algeria's export structure. The decline in non-hydrocarbon exports from 2014 to 2017 can be attributed to several factors, including the ban on exporting non-ferrous waste and certain subsidized food items. As for the recovery after 2017, it can be attributed to the efforts made by the government to change the export structure. This includes the establishment of 200,000 small and medium-sized enterprises and numerous industrial zones, as well as encouraging sectors outside the hydrocarbon industry. These efforts align with the economic revitalization program outlined by the President, aiming to achieve 7 billion dollars in non-hydrocarbon exports by 2022

We also notice from the table data a significant decline in hydrocarbon exports in 2015 by 45.78% compared to 2014. This decline continued in 2016 by 17.12% compared to 2015. Then, there was a slight increase in 2017 to 34,763 million dollars compared to 28,883 million dollars in 2016, with a 20.35% increase. This increase persisted in 2018 to 41,797.32 million dollars, an increase of 20.23%. However, in 2019, it decreased to 35,823.54 million dollars. In 2020, there was a sharp decline to 23,796.59 million dollars due to the impact of the COVID-19 pandemic on the global economy and specifically on oil prices. We observe a recovery in 2021, reaching 245,930.34 million dollars. By 2022, global oil prices experienced a significant increase due to the prevailing political situations worldwide. This increase is clearly reflected in Algeria, where it reached 53,358 million dollars during this year

Table N°09: Share of Small and Medium Enterprises in Exports (in million dollars)

Years	2014	2015	2016	2017	2018	2019	2020	2021	%
Food products	323	235	327	348	373,77	407,87	445,79	560,29	1,42
Raw materials	109	106	84	37	92,39	95,95	74,77	182,4	0,46
Semifinished goods	2. 121	1. 693	1. 597	1. 348	2. 335	1. 956	1. 604	4. 038	10,27
Industrial and agricultural equipment	16	19	53	74	91,4	83,22	91,12	191,38	0,48
Consumer goods	11	11	18	20	33,42	36,42	42	62,78	0,15
Total	2. 580	2. 064	1. 781	1. 827	2. 925,5	2. 580,3	2. 255,4	5. 034,9	12,81

Source: Compiled by the student based on statistics from the National Agency for the Promotion of Foreign Trade and the General Directorate of Customs, available on the websites www.douane.gov.dz and www.algex.dz.

According to the table, we observe that the most important products exported by small and medium-sized enterprises are:

First Place: Semi-manufactured goods, mainly represented by manufactured oils, which have been the top products in this category. Their value jumped from 2.121million dollars in 2014 to 4.038million dollars in 2021, representing 10, 27% of the total exports. This is due to their close connection to oil exports.

Second Place: Food products, primarily high-quality dates and vegetables, increased from 323 million dollars in 2014 to 560, 29 million dollars in 2021, accounting for 1,42% of the total exports. This growth is attributed to the efforts of the state in developing the agricultural sector

Third Place: Industrial and agricultural equipment, including construction materials, health, and public works, increased from 16 million dollars in 2014 to 191,38 million dollars in 2021, accounting for 0,48%. This is due to the lack of investments in various sectors, leading to the closure of many institutions like the National Cork Institution and the Textile Institution, among others.

Fourth Place: Raw materials such as iron, copper, zinc, and phosphate showed significant development over the study period, increasing from 109 million dollars in 2014 to 182,4 million dollars in 2021, representing 0,46%. This growth is attributed to Algeria's rich resources, which have not been optimally utilized so far.

Fifth Place: Consumer goods, including pipes and sanitary supplies, experienced a noticeable decline due to the weakness observed in public institutions. Their share might be negligible at 0,15, with a value of 62,78 million dollars. This analysis reflects the diverse range of products exported by small and medium-sized enterprises in Algeria

Indeed, it is noticeable that exports from small and medium-sized enterprises outside the fuel sector are not sufficiently diversified. The composition of these exports has remained relatively consistent over several years and includes a set range of goods. Additionally, their contribution to enhancing non-fuel exports has been modest, barely surpassing 12,81% of the total exports for the year 2021. This percentage represents the highest contribution recorded during the study period, but it remains exceptionally low, especially when compared to other developing nations. This clearly indicates the successive Algerian governments' failure to achieve the desired strategic goal of diversifying the export structure and loosening its close ties with the fuel sector.

6. Conclusion

In conclusion, this research highlights the significant position and importance held by small and medium-sized enterprises in the industrial fabric of the national economy. These enterprises consistently occupy prominent ranks among the active institutions in the Algerian economy, excelling in various aspects such as upgrading investments and contributing to added value in the national economy. Most importantly, their contribution lies in diversifying exports outside the fuel sector, thereby breaking away from the entrenched dependency on this sector. Recognizing their crucial role, the Algerian state has supported these enterprises through specific developmental programs tailored to them. The purpose of these programs is to accompany these enterprises, equip them with competitive advantages compared to their counterparts, and facilitate their entry into international markets to export their products. Consequently, these enterprises have received ample attention from the Algerian government, which has issued numerous laws and regulations to regulate and support their activities in the national economy. However, despite the significant attention devoted by the Algerian state to the development and promotion of the small and medium-sized enterprises sector, the results achieved in this field have not met the aspirations of the Algerian government. The government aspires to create a robust, diversified, and competitive national economy capable of generating permanent employment opportunities and exporting surplus goods to foreign markets, thereby ensuring foreign currency reserves

6.1. Results of the Study:

Based on the presented study findings, several key points can be highlighted:

- The small and medium-sized enterprises (SMEs) play a significant role in the Algerian industrial landscape, occupying prominent positions among active entities in the Algerian economy. They contribute in various aspects, including investment advancement and the creation of added value in the national economy. Most importantly, they contribute to diversifying exports outside the hydrocarbon sector, thus reducing dependence on this sector.
- The study reveals that SMEs' exports outside the hydrocarbon sector have not been sufficiently diverse over the years. These exports consist of the same product categories, indicating a lack of variety. Furthermore, their contribution to enhancing exports outside the hydrocarbon sector has been modest. In 2021, their contribution reached only 12.81% of the total exports, marking the highest percentage recorded during the study period. This percentage is notably low, especially when compared to other developing countries, reflecting the failure of successive Algerian governments to achieve the desired strategic

goal of diversifying export structures and reducing the tight connection to the hydrocarbon sector.

- The study also sheds light on the challenges faced by SMEs in the Algerian industrial sector. Limited investments across various fields and the closure of several institutions, such as the National Felt Company and the Textile Institution, have hindered the sector's growth. Additionally, the lack of optimal utilization of Algeria's rich resources, such as iron, copper, zinc, and phosphate, has impacted the sector's potential.

- Despite the significant support provided by the Algerian government through various laws and regulations aimed at fostering small and medium-sized enterprises, the results have not met the expectations. The state

- The Algerian legislator sought to align with the economic developments in Algeria by realistically defining small and medium-sized enterprises through the issuance of Law No. 02-17, the guiding law for the promotion of small and medium-sized enterprises in 2017, aiming to specify support measures for them concerning their establishment.

- The sector of small and medium-sized enterprises has witnessed significant and continuous growth, both in terms of the number of enterprises and their density.

- However, the number and density of these enterprises are insufficient compared to the global average density. Their density does not exceed half of the global average. The oil shocks greatly affected the performance of the Algerian economy on all levels, highlighting the fragility of internal and external macroeconomic balances.

- The volume of non-hydrocarbon exports remains very small, accounting for only about 12.81% of total exports. This poses a challenge for authorities to explore sectors where Algeria can compete in international markets, especially in agriculture, tourism, and some manufacturing sectors.

- Despite the issuance of guiding laws to promote small and medium-sized enterprises and the establishment of numerous supportive entities, activating their relationship with exports to reduce dependence on the hydrocarbon sector due to the decline in oil prices in the global market, these enterprises have not been able to upgrade non-hydrocarbon exports.

- This is due to the absence of a competitive environment and economic efficiency compared to their counterparts in developed countries

6.2. Recommendations

In the face of oil price fluctuations in Algeria, here are some recommendations to enhance non-hydrocarbon exports for the small and medium-sized enterprises sector: **Establishment of Economic Management:** It's crucial to create an economic administration to streamline administrative procedures, prioritizing economic aspects over legal ones, especially concerning export licenses.

Product Knowledge and Compliance: Manufacturers should have comprehensive knowledge about exportable products and ensure they meet required global standards.

Revamping Algerian SMEs: There is a need to reconsider strategies for the development of Algerian small and medium-sized enterprises across various sectors (industrial, agricultural, services, etc.). This includes facilitating their operations at the national and international levels by adopting a clear economic strategy for the national economy to promote non-hydrocarbon exports.

Research and Detailed Analysis: It's essential to carefully select target countries, understand their export laws, and conduct a detailed market study of the country intended for export.

Partnership Development: Explore partnerships with importing companies in target countries to facilitate exports and establish reliable channels for trade. Implementing these recommendations can significantly contribute to the enhancement of non-hydrocarbon exports for small and medium-sized enterprises in Algeria

6.3. Research Perspectives

In light of current global and local developments, the environment for small and medium-sized enterprises (SMEs) is filled with both opportunities and risks. It is crucial to know how to handle them appropriately. Here, we will discuss the key aspects characterizing the SME sector in diversifying exports in Algeria: - **Quality Standardization:** SMEs are facing the challenge of aligning their products with global quality standards and gaining recognition, especially given Algeria's desire to join the global BRICS organization. Here are some institutions that have obtained international standardization certification

- **VITA JUS** company, specialized in beverages in Blida, obtained the ISO 9001 Version 2000 certificate in April 2001 related to the quality system.

- **SAFLER** enterprise, specializing in the manufacturing of construction materials, has acquired the ISO 9001 Version 2000 export certification.

- **SOLTANE PEINTURE** enterprise, specialized in painting, obtained the ISO 9002 certificate for quality control in October 2000 (شعيب، 2013)

- **Betting on the African Market:** Betting on the African market is crucial, considering it is one of the most important global markets as an importer of finished products. Consequently, it represents a promising precursor for Algerian industries, evident through Algeria's clear desire to strengthen its African relations through diplomatic initiatives.

- **Investing in Agricultural Activities:** Algeria has focused on the development of its agricultural sector, aiming to contribute significantly to the economy as an alternative to fossil fuels. This approach involves adopting various policies and strategies to enhance its contribution to exports and diversify the economy. (هدى معيوف، 2017) Franchising represents a real opportunity for the development of the small and medium-sized enterprises sector, especially due to the field-stimulating measures it has generated, such as the stock exchange of franchising with the assistance of international bodies. However, all these procedures and measures remain insufficient, and there should be an expansion and diversification of them until franchising becomes a significant element in productivity and the enhancement of national production for the small and medium-sized enterprises sector adopting various policies and strategies to enhance its contribution to exports and diversify the economy.

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