

The importance of developing foreign trade to achieve economic growth in Algeria during the period (1991-2017) using the ARDL model

BOUKLIA Nawel
nahabou82@gmail.com
University of Algiers 3(Algeria)

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Abstract:

This study aims to identify the foreign trade and its impact on economic growth in Algeria for the period (1991-2017). The results indicate that there is a positive relationship between exports and economic growth.

Thus, the result of study recommends the need to encourage and develop the non-oil sectors, as it is exposed to risk due to the volatility of their prices. Therefore, it calls for the elimination of the unilateral sector .

Key words: Foreign trade, Trade balance, Gross Domestic Product, Model ARDL.

JEL Classification Codes: C32, C50 ,C1.

Résumé:

Cette étude vise à identifier le commerce extérieur et son impact sur la croissance économique en Algérie pour la période (1991-2017). Les résultats indiquent qu'il existe une relation positive entre les exportations et la croissance économique.

Ainsi, le résultat de l'étude recommande la nécessité d'encourager et de développer les secteurs non pétroliers, car ils sont exposés au risque en raison de la volatilité de leurs prix. Par conséquent, il appelle à l'élimination du secteur unilatéral.

Mots clés: commerce extérieur, balance commerciale, produit intérieur brut, modèle ARDL.

Introduction :

Foreign trade is the great importance in creating economic growth at both local and international levels, as it opens international markets to national exports to integrate them into the world economy. Thus, developing countries, including Algeria, seek to overcome all kind of obstacles that hinder this growth, especially after its transition to a market economy, which seeks to encourage economic openness to the world.

Hence, the Algerian economy is primarily regarded as rentier economy as it heavily depends on oil resources that account for 98% of total exports, which negatively affects its revenues at the times of global crisis such as the decline of oil prices. Despite the remarkable changes made by the Algerian government as well as the following reforms and programs to improve overall economic conditions, exports outside the hydrocarbon sector are limited to 2%. Thus, this problematic is to be asked: **What was the impact of the Algerian foreign trade on economic growth during the period between (1991-2017)?**

Accordingly, our research study attempts to answer the following questions:

- What do we mean by foreign trade and why is it that important ?
- What is the commodity composition and geographical distribution of the Algerian exports and imports during the study period?

Hypothesis: There is a positive relationship between exports and economic growth.

Research objectives: This study aims to:

- Learn about the development of the Algerian trade balance during the period between (1991-2017).
- Measuring the impact of foreign trade on Algerian economic growth during the period between (1991-2017).

Research methodology: This study adopted descriptive and analytical approaches to diagnose the phenomenon under study using standard methods of estimation.

1. Foreign Trade

1.1 The definition of foreign trade : Foreign trade can be defined as the exportation and importation of products and services between countries at an international level, including all kind of goods and services that are imported and exported to and from these nations (Flaih, 2010, p.2). The concept of foreign trade is also defined as "the process of trade exchange of goods, services and other various elements of production between several countries with the aim of achieving mutual gains"(Hamidi, 1996, p. 13).

1.2 The importance of foreign trade : The importance of foreign trade lies in the fact that it plays an prominent role in most international economies, by importing the needed products and services that are not available in the local market, and at the same time exporting the nation's surpluses of goods and services to other countries. In turn, these importing and exporting activities affect the physical commodity markets (production, income and employment), as well as the monetary and financial markets (money and foreign exchange markets) (Talib, 2004, p. 14).

2. The development of the foreign trade structure : In this section, we will address both exports and imports in terms of commodity composition and geographical distribution during the period (1991-2017), as follows:

2.1.Exports:

2.1.1. The Commodity Structure of Exports: In the foodstuff, tobacco and beverages sector: total exports were accounted for 0.5% in 1991, with an increased contribution of 1.1% in 1995 and 2017. As for the energy and oil sector: they accounted for 96.9% of total exports in 1991, and their contribution decreased to 93.4% in 1996, then began to rise until it reached 96.3% and 98% in 1997 and 2005, then decreased to 94.5% in 1996. In 2017, raw materials constituted to 0.4% of total exports in 1991, and their percentage

ranged between 0.2% and 0.4% during the study period. Semi-finished materials were accounted for 1.4% of total exports in 1991, and their contribution increased to 3.7% in 1996, then to 4.6% in 2015. As for agricultural equipment commodities: their percentage was in most cases accounted to zero. industrial supply goods were accounted for 0.5% of total exports in 1991, this percentage decreased to 0.09% in 2009. As for consumer goods: they constituted of 0.3% of total exports in 1991, and stabilized at a rate close to zero during the study period, that is, its value ranged between 0% - 1.3%.

The above mentioned ratios show that the Algerian economy is still heavily dependent on the export of energy and oil at rates ranging between 93.4% - 98% of total exports. This high percentage is mainly due to the existence of a strong correlation between the Algerian economy and the hydrocarbon sector, whose impact was evident through fuel revenues, which lead to heavy economic consequences. The contribution of exports of foodstuffs, raw materials, semi-finished materials, agricultural, industrial and consumer processing goods to total exports also fluctuated during the study period. This is due to the lack of operators' experience in the field of export.

2.1.2.Geographical distribution of exports :Algerian exports are distributed to nine major geographical areas, as follows:

A- The relative importance of Algerian exports to the European Union countries was 68.7% in 1991, and decreased to 44.6% in 2007, then increased by 66.3% in 2015.

B- As for the volume of exports to other European countries, the relative importance of exports was 1.7% in 1991. Then, it declined to zero in 2005 until 2017.

C-As for the countries of the Cooperation and Economic Development Zone, the relative importance of exports was 20.1% in 1991, which increased to a maximum of 37.5% in 2006, then decreased to 15.3% in 2015.

D- Regarding North American countries, the relative importance of exports was 6.9% in 1991, which increased to a maximum of 7.6% in 2000, and then witnessed a decline reaching 3.6% in 2008, then an increase to 7.2% in 2017.

E - As for the relative importance of Algeria's exports to Asian countries, excluding Arab countries, it ranged between 0.3% and 3.1% during the period 1991-2006, while the remaining period ranged between 4.7% and 10.2%.

F - The relative importance of Algerian exports for Maghreb countries increased from 1.5% in 1991 to 2.8% in 1994, and decreased to 0.9% in 2005 and 2006, after which it increased to reach a maximum of 5.2% in 2014.

G - As for the rest of the Arab countries, their relative importance was stable at a level close to zero during the period 1991-2001, and it increased to a maximum of 3% in 2013, meaning that these countries are not considered as major consumers of Algerian exports. Which indicates the lack of mutual relations between Algeria and the Arab World countries.

H- As for exports to African countries, their relative importance was close to zero during the study period.

I- As for exports to ocean countries, the relative importance was mostly non-existent during the study period.

From this analysis, we conclude that the European Union countries ranked first in total exports, with an average rate of 59.9% in the study period. The countries of the Cooperation and Economic Development region occupied the second place at an average rate of 26.4% in this period. Latin American countries were in the third place with an average rate of 5.06% in this period. Non-Arab Asian countries ranked in the fourth place, with an average rate of 3.9% in this period, while Maghreb countries ranked fifth, with an average rate of 2.8% in this period. The rest of the Arab countries

ranked sixth at an average rate of 0.9%, in this period. From the above analysis, it is evident that more than half of Algerian exports go to the European Union due to its proximity to Europe, which strengthens the partnership with the European Union. We also note that the share of Algerian exports in relation to the European Union and the region of cooperation and economic development occupied 86.3% of its total exports.

2.2. Imports :Total imports tended to increase during the period 1991 to 2017, from 7681 million dollars in 1991 to 4,6059 million dollars in 2017. These numbers reflect the inability of the nation's economy to meet the needs of the local market.

2.2.1. Imports Commodity Structure :

A- Foodstuffs: they accounted for 25.2% of total imports in 1991. This percentage decreased below to 14.7% in 2009, then increased to 20.8% in 2011, after which it decreased to 17.5% in 2013.

B- Energy and oil: they accounted for 3.2% of total imports in 1991. They increased to 2% in 1997, and decreased to 0.8% in 2003, then increased to 8% in 2013.

C- Raw materials: they accounted for 5% of total imports in 1991. This percentage increased to 7.3% in 1995, while their contribution decreased to 4.7% in 2002, then to 3.1% and 3.2% in 2009 and 2014.

D- Semi-finished materials: they accounted for 24.2% of total imports in 1991. Their contribution decreased to 16.8% in 1999, and then increased to 25.9% in 2009, to decrease another time of 20.4% in 2013.

E- Agricultural equipment commodities: they accounted for 2% of total imports in 1991.

Their contribution decreased to 0.2% in 1999, and their percentage was stable between 0.4 and 0.9% during the period 2004-2013, rising in 2014 by 1.1%.

F- Industrial equipment: they accounted for 31% of total imports in 1991 and increased to 36.8% in 2002, to 41% in 2005, and then decreased to 28.8% in 2012.

G- Consumer goods: they accounted for 9.4% of total imports in 1991, and increased to 16.3% in 1995. Their contribution decreased to 11.4% in 1996, then increased to 15.2% in 1999, and decreased to 13.8% and 11% in 2002 and 2008. the percentage increased again to 17.6% in 2014.

The above percentages show that the Algerian economy is still heavily dependent on imports to meet its needs and requirements of various foodstuffs, semi-manufactured goods, industrial and consumer equipment commodities and the rest of the elements from the international market in an almost absolute manner.

2.2.2.Geographical distribution of imports: Algerian imports come from nine major regions as follows:

A- The relative importance of Algerian imports from the European Union was 60.7% in 1991, it increased to a maximum of 62.5% in 1996, and decreased to its lowest level of 44.1% in 2017.

B - As for imports from other European countries, the relative importance was 2.3% in 1991, and decreased to its lowest level of 1.2% in 1994, and increased to 8.4% in 2004, then decreased to 1.2% in 2011 and then increased to 4.2% in 2017.

C-As for imports from countries in the Cooperation and Economic Development region, they increased from 28.5% in 1991 to 29.6% in 1993, then decreased to 20.7% in 2002, and reached the target of 12.6% in 2012.

D - As for imports from Latin American countries, the relative importance of imports was 2.8% in 1991, and its lowest level decreased by 1.5% in 2000, then increased to 8.3% in 2011, then decreased to 5.5% in 2015.

E - The relative importance of imports from Asian countries, excluding Arab countries, reached 6% in 1993 and 1994, and decreased to 4.6% in 1996, then increased to 20.5% in

2010, finally reached 26.9% in 2017.

F- The relative importance of Algerian imports from Maghreb countries increased to 2.1% in 1991, decreased to 0.3% in 1998, then increased to 1.1% in 2005 and 2006, and then to 1.9% in 2013.

G- Regarding the rest of the Arab countries, the relative importance of imports increased from 0.2% in 1991 to 2.8% in 1998, and decreased to 1.8% in 2001, then increased to 4.4% in 2013.

H - As for the relative importance of Algerian imports from African countries, their relative importance was generally stable, and it fluctuated between 0% and 1.8% during the study period.

I - As for imports from ocean countries, their relative importance was generally stable and non-existent in most cases, and fluctuated between 0% and 1% during the study period.

From the above analysis, we conclude that the European Union countries occupied the first place of imports, at an average rate of 55.2% in the study period, while the countries of the Cooperation and Economic Development region occupied the second place with an average rate of 19.7%. The third place was occupied by Asian countries, at an average rate of 12.6%. Latin America ranked fourth, with an average rate of 4.8% in this period. The Algerian market's dependence of more than half of its imports on the European Union countries is due to its proximity to the Algerian market, which strengthens cooperation and partnership with the European Union. As for the Maghreb countries, imports are still low.

3.Trade Balance: The trade balance recorded a surplus of 4.4 billion dollars in 1991, and the coverage rate of exports to imports was 157.5%, due to the increase in oil prices. In 1994 and 1995, the trade balance recorded a deficit of \$ 448 million in 1994 and \$ 521 million in 1995, where the coverage ratio of exports to imports for these two years was 94.9% and 95.1%, respectively.

This was the result of excessive import operations after the liberalization of foreign trade in 1994 as a result of Implementing the Stand by Agreement with the International Monetary Fund. The trade balance soon registered a surplus of 5.2 billion dollars, to return this surplus to a decrease of 810 million dollars in 1998.

However, in 2000, the trade balance recorded a surplus of \$ 12.8 billion. This surplus went back down during the next two years due to the increase in the volume of imports and the decrease in the volume of exports for the same period to 39.8 billion dollars and 37.3 billion dollars, as the rise in oil prices helped improve the trade balance.

In 2009, the surplus of the trade balance decreased by \$ 5.9 billion, due to the decline in economic growth rates in most developed countries and the emergence of recession and the decline in fuel prices to lower levels, where the price of a barrel reached the beginning of 2008. As for the trade balance outside the hydrocarbons sector, it recorded a deficit during the study period, due to the fragility of the export sector because of its total dependence on the hydrocarbons export. This deficit was estimated at \$ 7.3 billion in 1991, which increased to \$ 49.7 billion in 2014. This deficit decreased in 2017 by \$ 44.1 billion, and the coverage of non-oil exports to imports reached a maximum of 9.7% in 1996 and a lowest rate of 2.7% in 2009, while in 2017 it reached 4.2%. The economic openness reached 62.8% in 2000, and reached 71.9% in 2005, which indicates the openness and exposure of the Algerian economy to international market.

4. Model description and approved data: The study is based on the quantitative standard approach in investigating the impact relationship between some measures such as GDP, exports, imports, and economic openness in Algeria through a standard model, where the joint integration test was applied using the Autoregressive Distributed Lag (ARDL) model .

This study adopted a linear regression in the functional form using the selected variables, which are as follows:

$$Y = F (X1.X2.X3)$$

The equation is expressed in linear form:

$$Y = B0 + B1 X1 + B2X2 + B3X3 + Ui \dots\dots\dots (1)$$

And by compensation

$$GDP = B0 + B1 EXP + B2 IMP + B3OPEN + Ui \dots\dots\dots (2)$$

whereas :

GDP: represents the gross local product at constant prices, and it is considered as one of the most important economic indicators in clarifying the level of economic activity. It is also one of the most common measurements used to measure economic growth.

EXP: represents total exports: it is regarded as one of the most important economic indicators used to analyze foreign trade, and a main engine for increasing the returns of this sector, it also helps to increase imports to satisfy the local demand of various products in order to diversify the production structure (Behnam, 2013, p. 183).

IMP: represents total imports: it is one of the most important economic indicators used to analyze foreign trade, as both exports and imports are seen to be valuable components of foreign trade (Behnam, 2013, p. 183).

OPEN: represents economic openness. This indicator reflects the relative importance of foreign trade (total exports and merchandise imports) related to the gross local product. It also represents the degree of exposure and connection with the outer world (Al-Sawai, 2010, p. 283-284).

B0, B1, B2, B3: Represents the parameters.

Ui: represents The random error term.

4.1. Unit root test: According to Augmented Dickey Fuller Test (ADF), the results indicate that the dependent variable is not static at the level I (0), but it is static at the first variance, we notice that it is less than 5% in the case of the constant term only while the dependent variable is stable at 10% in the case of the constant term with the general tendency, which leads to the rejection of the null hypothesis, i.e. the absence of the unit root time series. Thus, we deduce that the dependent variable is static at the first variance I (1), while the independent variables are not static at the level I (0), and static at the first variance I (1), through the (P-value). Hence, most of the time series are characterized by stagnation at the level of significance of 5%, with the exception of economic openness, which is static at the level of significance of 10%, which means that there is a common integrate between the variables and eventually, a long term relationship can be acknowledged.

Table 01:Unit Root Test Results of the Variables Using ADF

Variable	At Level			At First Difference		
	With Constant	With Constant & Trend	Without Constant & Trend	With Constant	With Constant & Trend	Without Constant & Trend
GDP	-3.047230	-3.475735	-3.897651	-4.602667	-4.556899	-3.636578
EXP	-2.320699	-2.534507	-2.876019	-1.682902	-1.434659	0.472942
IMP	-2.286966	-2.247963	-1.765438	-0.826012	-1.335961	-1.803542
OPEN	-2.469347	-1.884407	0.765432	1.757707	0.880802	0.125643

Source : Author's computation from E-views 9.

4.2. Lag Length Selection: The appropriate lag length for the model is tested using an auto-regressive approach for all variables and the lag length one by one until the model that meets the best standards is obtained and to choose between these criteria (FPE, HQ, SC, AIC). The below table shows that the appropriate delay period is made of two periods (Lag = 2) according to the aforementioned criteria and for all variables.

Table 02 :Lag Length Criterias (UECM)

Lag	FPE	AIC	SC	H-C
0	145.5601	16.09873	16.76982	16.48762
1	40.98764	15.87653	15.87363	16.87645
2	36.87564*	14.87649*	15.78474*	14.09984*

Source : Author's computation from E-views 9.

4.3. Autoregressive Distributed Lag (ARDL) test : After completing the UECM delay period test, the error correction methodology is applied to estimate the ARDL model by estimating the statistical indicators of the variables under study. The results of the below table show the explanatory power index (0.890) indicating the ability of the independent variables to explain (89%) of the changes occurring in the dependent variable (GDP) and that (11%) is due to other variables not included in the model; which indicates that the model is substantial and significant as it shows successful results in the statistical test; i.e. the calculated value (F) was equal to (4.9871), with a significant degree less than 0.01.

Table 03: Statistical Indicators for Case Study Using The ARDL model

Test Statistic	Result	Statistic Test	Results
R ²	0.890	F	4.9871
R ²	0.789	Prob(F-statistic)	0.0000
AIC	2.8621	H-Q	2.2091
SC	3.1440	D W	2.8388

Source : Author's computation from E-views 9.

Table 04 :Estimated Long run Coefficient Using The ARDL model

Cointegration Form				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
D (EXP)	0.987493	0.984734	1.878494	0.0001
D (IMP)	0.098344	0.876483	4.873619	0.0936
D (OPEN)	0.431526	0.172834	8.093983	0.0890
Coint Eq(-1)	-0.86430	0.028373	-5.9484822	0.0000
Coint Eq = GDP- (0329847*EXP+ 0.987733*IMP+4.876190*OPEN – 6.31766)				
Long Run Coefficients				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
EXP	0.329847	0.257892	4.876202	0.0922
IMP	0.987733	0.562829	2.873650	0.00109
OPEN	0.876190	0.874199	-4.874922	0.01253
C	-6.317666	6.999147	-0.876543	0.65483

Source : Author's computation from E-views 9.

Table No. (4) shows that the error correction factor [Coint Eq (-1)] is significant and statistic with its expected negative sign, which indicates the existence of an integrative relationship between the variables. The parameter (CointEq (-1)) is equal to (0.86430), which means that the deviations from long-term economic growth were corrected at a rate of (0.864-) between two periods of time, which means achieving the system adjustment towards the long-term equilibrium quickly, i.e. it corrected the error from the short term to the long term relationship at a speed of 86.4%, That is, the modification is relatively very fast which means that there is an integrative relationship between the model variables.

As for the long-term relationship, we note that there is a positive relationship between exports and GDP and has a significant effect at the level (10%), meaning that an increase in the exports index by 10% in the long term leads to an increase in economic growth by 3.2%. As for economic openness, there is a positive relationship between economic openness and economic growth and has a significant impact at the level (5%), meaning that increasing the economic openness index by (5%) in the long term leads to an increase in economic growth by 8.7%.

4.4. The bounds test: In order to test the extent of a long-term equilibrium relationship between the GDP and the independent variables, the statistic F computed through the bounds test was calculated, by assuming two different hypotheses. The first one (the null hypothesis) implies that there is no co-integration between the model variables i.e. There is an absence of a long-term equilibrium relationship, while the second (alternative hypothesis) states that there is a co-integration between the variables of the model, that is, the existence of a long-term equilibrium relationship (Al-Sawai, 2014, p. 8) (Kuma, 2018, p. 31). The calculated F-statistic value of (9.068891) is greater than the upper bound values of (3.92) at a significance level of 10% (at the level of 10% significance), which lead us to reject the null hypothesis implying that there is no co-

integration between the variables and the existence of a long-term relationship between the variables.

Table 05: Results from the Bounds Test

Test Statistic	Value	
F-statistic	9.068891	
Signification	Lower Bound	Upper Bound
%10	3.94	3.92
%5	3.62	3.79
%1	1.99	2.91

Source : Author's computation from E-views 9.

4-5-auto-correlation test and heterogeneity of variance in the ARDL model: It is noted through the table below that the Breusch-Godfrey Serial Correlation LM Test, and according to the (F-statistic) test, that we reject the null hypothesis and accept the alternative hypothesis, i.e. the absence of the autocorrelation problem. Also, through the Heteroskedasticity Test: ARCH and according to the (F-statistic) test, we conclude that the estimated model is free from the problem of autocorrelation and the instability of the homogeneity of the variance.

Table 06:Serial Correlation Test and Heteroskedasticity Test

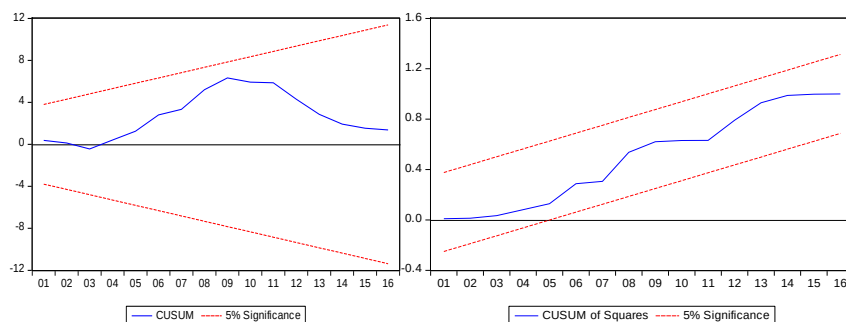
Breusch-Godfrey Serial Correlation LM Test			
F-statistic	0.976269	Prob.F (2.18)	0.7765
Obs*R-squared	0.087075	Prob.Chi-Square (2)	0.7498
Heteroskedasticity Test : ARCH			
F-statistic	0.321273	Prob.F (4.31)	0.9061
Obs*R-squared	1.355812	Prob.Chi-Square (4)	0.9566
Scaled explained SS	2.836227	Prob.Chi-Square (4)	0.5870

Source : Author's computation from E-views 9.

4.6. Autoregressive Distributed Lag (ARDL) stability test: After making sure that the data used in the study are free from any structural changes over time, we test the structural stability of the parameters estimated in the UECM formula of the ARDL autoregressive model, where two tests must be used, which are the Cumulative Sum of Recursive Residual (CUSUM) test, as well as the Cumulative Sum of Square Recursive Residual, CUSUMSQ (Pesaran, 1997, P121). These two tests are very important as they show the presence of all structural changes in the data, and the level of stability and

consistency of the long-term parameters with the short-term parameters. This is done through the graph of (CUSUM) and (CUSUMSQ) tests. If it falls within the critical limits at a significant level of 5%, then it indicates stability, but if the graph of the statistics of the two tests moves outside the boundaries at this level, it indicates that these transactions are unstable.

Figure.1: Sensitivity and Stability Test (CUSUM Test and CUSUM of Squares)



Source : Author's computation from E-views 9.

4.7. The Granger Causality Test between the study variables: The Granger test is used in order to determine the causality direction between the study variables and the direction of the causal relationship whether in one or two directions or that all the variables are independent of each other. After the test was performed, the results were as shown in the table below.

Table7 : Results of Granger Causality Test

Relation		F.Statistic	F.Probability
GDP	→ EXP	1.87945	0.18452
EXP	→ GDP	0.00125	0.00045
GDP	→ IMP	5.99689	0.89211
IMP	→ GDP	0.12455	0.77581
GDP	→ OPEN	0.00065	0.00281
OPEN	→ GDP	4.55895	0.98562
EXP	→ IMP	1.69382	0.00794
IMP	→ EXP	0.00033	0.81585
EXP	→ OPEN	3.45187	0.45890
OPEN	→ EXP	0.25487	0.80484
IMP	→ OPEN	1.55792	0.12288
OPEN	→ IMP	0.08924	0.45191

Source : Author's computation from E-views 9.

The above table shows the existence of a significant causal relationship directed from exports to GDP, which means that the value of exports has a significant effect on

the gross domestic product. It is also evident that there is a significant causal relationship directed from the gross domestic product to economic openness. However, it has been proven that there is no causal relationship between the remaining tests for the variables under study.

5. Conclusion

Finally, the following results are to be drawn:

- Despite the economic reforms undertaken by the state, hydrocarbons - oil and natural gas - continue to dominate export, leading to an imbalance in the commodity structure of Algerian exports, which makes the Algerian economy vulnerable to fluctuations and not able to be part of the global market.
- The analysis of the Algerian foreign trade structure found out that there is a major imbalance in exports, as oil exports account for more than 96% of total exports, which indicates the existence of almost unlimited commodity (a semi-absolute commodity concentration) that may increase the risk of its instability. As for imports, it is now clear that commodities still heavily depend on most commodities to meet their needs and requirements, which reflects the weakness of the nation's production policy. Yet, the country's trade balance showed a high degree of economic openness.
- The results showed short and long-term parameters and the existence of a positive relationship between exports and economic growth, which is more convenient with the perspective of many economic theories confirming that economic growth strategies heavily depend on encouraging more exports. This has been confirmed by many international studies and experiences.

6. Recommendations:

Improving foreign trade by developing its infrastructure by:

-Paying more attention to exports and diversifying them, especially in the non-oil sectors, by adopting a massive production policy to achieve production diversity and to form the gross domestic product, which in turn leads to achieving the intended balance in the national economy.

-Developing productive sectors to satisfy local needs by implementing modern technical methods to increase production efficiency, encouraging exports, rationalizing imports and eventually, achieving economic growth.

-Supporting national industries to increase exports and solve the problem of budget deficit.

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