

The Management of the Exchange Rate in Algeria: To Be Existed or Not To Be Existed?

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ABSTRACT

The aim of this study is to highlight the marginal role played by the Algerian dinar in the national economy and to find the most important policies that must be taken in order to activate its role in influencing and influencing various other economic variables. We have divided the study plan into three axes, where we study the first axis of the policies adopted in the pricing of the Algerian dinar from a historical perspective, while in the second axis we try to highlight the ability of the national currency to influence the most important variables linking the local economy and the outside world, The third axis presents the most important measures to be taken in order to activate the role of the dinar in the Algerian economy.

1. Introduction:

The exchange rate is an important component of economic policy. It affects and is influenced by various other economic variables. In addition, its volatility reflects the general fluctuations in the economy, and therefore the strong currency always reflects the strength of its economy and the multiplicity of its activity circles. As a result, various countries are working on a policy of exchange that allows their currency to strike a balance between demand and supply, enabling them to play an active role in their economy by influencing other variables in the economy (Paul De Grauwe, 2005; Imad A. Moosa et al, 2010; Garcia, C. et al, 2005,)

For Algeria, as a country that remained under colonialism for a long time, it tried to independence its economy from the French economy by establishing its own currency, the dinar in 1964, and tried to give it the necessary attention to take as a real basis in economic relations with the outside world, other cash in the economy. However, the economic reality proves that the Algerian dinar is a neutral factor in the national economy because its ability to influence and influence other economic variables is very weak, mainly because of the structural nature of our economy, which is directly reflected in the structure of trade relations with other countries. The recent strong currency changes at the international level, mainly represented in the US dollar and the euro.

Therefore, the national economic authorities must take many measures to restore the Algerian dinar among the other economic variables, and to give an effective role in influencing and influencing the various changes that occur. Therefore, the issue of the study is as follow:

What are the most important measures that can be taken by Algeria to activate the role of the dinar in the national economy?

In this study we start from the hypothesis that the Algerian dinar does not play a real role in influencing other economic variables, and therefore the national economic authorities must adopt the necessary policy to reform this situation.

In order to analyze the issue, we have developed a three-prolonged plan as follow:

- The historical development of the Algerian dinar management policy.
- The role of the current dinar in the Algerian economy
- The measures should to be taken to activate the role of the dinar in the Algerian economy.

2. The Historical Development of the Algerian Dinar Management Policy: (Guillaumont Jeanneney S, 1987; Ayet Yahia Samir, 2011; Abdelmajid Kaddi, 2003; Kaddour Ben Ali, 2013; Ben Aini Rahima, 2005)

Since the establishment of the Algerian dinar in April 1964, the policy of managing its price has been accompanied by various changes in the Algerian economy. Each time, it has been a major axis of reforms applied by various successive governments. As a result, it has undergone significant changes in foreign currencies, on the general situation of the national economy. However, by observing the development of the Algerian dinar, we can distinguish between two basic stages in the history of its disbursement policy. The first one extends from independence until 1986, and the second is from 1987 to the present. This is due to the fact that the energy crisis in the mid-eighties forcing it to adopt radical reforms in the economy, where the policy of exchange was a central focus of its basic parts.

2.1. Exchange Rate Policy since Independence till 1986:

Immediately after independence Algeria became bound to the franc zone, where it allowed free movement of capital within this region with restrictions on movement outside, but faced the risk of capital flight abroad, which led to the restriction of funds transfer with various countries of the world, then exit the franc zone in a pro-stage, in order to minimize the damage to the national economy at the time.

With the intention of independence with its monetary policy and the adoption of an appropriate exchange policy, Algeria established its own currency in April 1964, at a price equal to that of the French franc: 0.18 g of pure gold. However, the devaluation of the franc since 1968 inevitably led to the devaluation of the Algerian dinar, negatively impacting its competitiveness against other currencies and the ability of the state to assess the costs of the first four-year investment projects, prompting Algeria to reconsider its currency valuation policy.

Thus, in order to avoid linking the changes of the dinar to the fluctuations of one currency, Algeria has adopted since 1974 the policy of linking a basket of currencies, the number of fourteen currencies representing the currencies of the most important European countries in addition to the US dollar and the Canadian, and this linkage was based on the weighted of each currency in trade and payment Debts. This situation ensured the stability of the actual exchange rate of the Algerian dinar. However, its value did not reflect its true pricing or the real situation of the Algerian economy. The public treasury adopted the financing of public institutions as a result of the oil surpluses achieved by the economy during that period and the excessive issuance of cash.

In addition, the management of the dinar rate was managed by imposing severe restrictions on the financing of imports and on intervention methods in the exchange market. The emergence of the parallel exchange market in Algeria since the mid-seventies, which was mainly linked to the French franc, the needs and desires of foreign exchange to the public was not met by the government, and the price of the dinar began to rise parallel to the official price not only higher than the latter but also higher than the equilibrium price (Said Annani, 2006; Adouka Lakhdar, 2011).

2.1. Exchange Rate Policy from 1986 to the Present Day:

After the crisis of low energy prices in the mid-eighties, the Algerian economy entered a very difficult phase, characterized mainly by the existence of structural deficit at the internal and external levels, resulting in a decline in incomes and a sharp decline in the balance of the State of foreign reserves, which negatively affected its ability to maintain Stability of the real price of the Algerian dinar, which was more than its real value. Faced with this situation, Algeria had no alternative but to resort to the International Monetary Fund, which was forced to undertake deep reforms in the monetary sector in order to reach the real value of the dinar. In addition, the management of the dinar rate was managed by imposing severe restrictions on the financing of imports and on intervention methods in the exchange market. (Said Annani, 2006; Adouka Lakhdar, 2011).

In this context, Algeria adopted a policy of decreasing the value of the dinar starting in 1987. It moved from 4.85 dinars to the dollar in the middle of this year to 12.19 dinars to the dollar in 1990. Under pressure from international institutions, the monetary authorities made the first explicit reduction in the value of dinar in 1991 and the aim was always to reduce the gap between the official price and the parallel one. This measure achieved relative stability in the value of the dinar until the beginning of 1994. The agreement with the International Monetary Fund on the implementation of a structural adjustment program in 1994 brought with it another official reduction. April 1994 with a

value of 40.17%, this means that the price of the dinar is 36 dinars per dollar. With this reduction, the dinar price is determined by daily and weekly quotations. The central bank collects commercial banks, but this procedure was canceled in September 1995.

In order to implement the structural adjustment program, the monetary authorities issued a number of legislations aimed at lifting the restrictions on the exchange market. In 1994, it was decided to allow the conversion of the dinar for commercial transactions. An interbank market was established in 1996 for the purpose of buying and selling currencies difficult against the Algerian dinar by the commercial banks, and thus the price of the dinar is determined according to its supply and demand in this market. During the same year, it was permitted to set up exchange offices dealing in hard currency. From 1997, an annual ceiling was set up to cover tourist expenses in hard currency with commercial banks. These measures have resulted in some positive results, the most important being the convergence between the official and parallel exchange rates.

Through these procedures, the system of stabilization was abandoned and the floating system of dinar exchange rate was adopted. In 1998, it fell to 58 dinars per dollar, reaching about 73 dinars per dollar in 2008. The price is determined by the Central Bank with the possibility of fluctuating within tight and determined tunnel.

3. The Role of Dinar in the Algerian Economy:

The establishment of the dinar in 1964, in addition to the establishment of a special currency for independent Algeria, played an important role in economic life and stimulated trade relations with the outside world with greater cost. However, the practical reality proves the neutrality of the dinar in the national economy (Sahraoui Said, 2010, Hannane Larouk, 2005).

3.1. The Algerian Dinar and the Trade Balance:

Although the transition to a market economy in Algeria began in the late 1980s, the Algerian economy is still living under a semi-socialist governance policy and has not yet reached full economic liberalization. Therefore, both exports and imports of the national economy are still subject to the requirements of political conditions and social needs rather than based on economic data.

For the Algerian export basket, it is known that it consists of hydrocarbon extracts by more than 95%. The latter are determined in international markets, with factors beyond their source control, and the quantity allowed for export is internationally defined for each country. Exports outside hydrocarbons represent a marginal percentage of total exports. They are mainly concentrated in some light industrial materials and some agricultural products characterized by low prices and competitiveness at the international level. This is mainly due to the weakness of national production capacities and inability to cope with the development of technical relations for global production. It is therefore possible to say that Algerian exports are very flexible with regard to the Algerian dinar. Which can be confirmed by following the period of the beginning of the nineties where the biggest reduction in the value of the Algerian dinar without having an impact on the lifting of exports, although the value of dinars rose from 115.73 billion dinars to 311.59 billion dinars between 1990 and 1994, fell from about \$ 12.9 billion to about \$ 8.9 billion between the same two years.

In addition, most imported goods are considered essential commodities for the Algerian economy and cannot be dispensed with, such as medicines, essential foodstuffs, industrial equipment and machinery, etc. Consequently, the government cannot stop or reduce its acquisition as a result of its enormous social and economic effects. The situation is compounded by the weakness of the local production base, which can provide alternative commodities to imported foreign goods. Thus, the import elasticity of the dinar exchange rate is very low. In reference to the devaluation of the dinar in 1994, we note that imports denominated in the US dollar increased this year by 14.5%, which confirms their lack of sensitivity to fluctuations in the dinar.

On this basis, we note that the Algerian dinar lost 160% of its value. However, the decline in the dinar exchange rate did not affect the position of many economic indicators, especially the balance of payments, which fluctuated according to the situation of oil prices and demand for the currency of the country. In October 1994, the Algerian Monetary Authority announced the beginning of the application of the flexible exchange system under the system of fixation sessions which lasted until December 1995. This period also did not constitute a measure or policy adopted by the Algerian Monetary Authority any impact on the various economic indicators because of the security situation prevailing at that time (Namane Saidi, 1998).

Thus, it is possible to say that the Algerian trade balance does not meet the necessary conditions to ensure that it is affected by fluctuations in the exchange rate of the dinar. Therefore, the role of the latter in renewing the trends of both imports and exports is very weak, despite the attempts made by Algeria during the mid-1990s through the adoption of large and ongoing cuts.

3.2. The Algerian Dinar and the Capital Flows:

Cash flows represent an element of support for economic policies, both in terms of exit or entry into and out of the country. The increase in value reflects the development of economic processes and the multiplicity of production divisions. The economy has also achieved significant resources through domestic or foreign-owned projects. As in other developing countries, Algeria needs substantial financial resources to achieve its development and activate optimal exploitation of its productive resources. Therefore, during its historical stages after independence, it has made many attempts to improve its investment climate, using its various economic variables, including the exchange rate (Mostéfaoui Sofiane, 2010; Ben Chelat Mostafa, 2007; Bouzarour Amar, 2008).

However, the nature of the policy of the dinar exchange rate makes its impact on capital movements difficult, as its conversion to other currencies is governed by very tight limits, and the possession of foreign economic dealers is subject to strict laws, which makes the dinar currency whose value is not subject to market conditions, but to the necessities of public policy of the country. Therefore, the inflows of capital inflows or outflows do not reflect fluctuations in the dinar exchange market and remain in isolation from changes in exchange rates. This is due mainly to the reality of the internal investment environment of institutions, legislations and structured texts, in addition to interest rates and the financial and productive capacities of the country, which play an important role in determining their ability to export and import capital.

The nature of the Algerian economy makes its balance problems a permanent structural phenomenon rather than a temporary one. Thus, external indebtedness and its interest services can be increased or decreased as a result of certain domestic or international political or economic conditions. In addition, this borrowing or lending debt is controlled by the International Monetary Fund, which pays more attention to the political side at the expense of the economic side in such matters, and lending operations international borrowing is usually conducted in strong currencies, especially the dollar, which means that their values are subject to the circumstances surrounding the fluctuations in the prices of these currencies in international markets.

4. The Procedures to Enhance the Role of Dinar in the Algerian Economy:

The activation of the role of the Algerian dinar in influencing the economic variables is a major challenge within the objectives of the general economic policy of the government, as it is directly related to the structural nature of the national economy and requires resorting to adopting policies compatible with this objective in various economic sectors. As we have seen in the previous element, the role of the dinar in the Algerian economy is considered neutral. Therefore, the attempt to benefit from changes in its value in activating the general economic development policies imposes on the country the development of many legislation and control plans affecting the most important fields affecting the most influential areas Currency Exchange.

4.1. The Level of Monetary and Financial Sector:

As the dinar is an essential component of the financial and monetary activity in the Algerian economy, and therefore any policy aimed at changing the exchange rate in a certain direction should be launched at this level. This sector consists of many closely interconnected markets and branches, which can affect the value of the dinar according to a particular policy. In contrast, the monetary authority can control the operation of this sector easily, facilitating it to reach the direction of the value of the dinar in the trend that wants it fast. We can summarize the most important measures that can be taken by the country at the level of this sector in order to seek to activate the role of the Algerian dinar in the economy as follows: (Mahmoud Hamidat, 2000; Mohamed Laksasi, 2004).

- Regulate the Legislations of Money Dealing Against other Currencies:

As the Algerian dinar exchange rate is governed by strict laws that control the amount of money exchanged against other foreign currencies, so that its real equilibrium level is higher than the official level declared, and this is due to the failure to meet a large part of the demand for foreign exchange. The monetary authorities guarantee access to a limited amount of foreign exchange per year, such as the amount of tourist exchange per citizen (up to 150 Euros

at most), and allow the disbursement of pilgrims, and the owners of missions and entrances stipulated by law abroad as well as some of the needs of economic agents abroad. Thus, this situation reflects the imbalance between the supply of the dinar on the one hand and demands on foreign currency on the other, which results in an assessment of the dinar at a price higher than its equilibrium price; this fact leads to its inability to play its role in influencing other economic variables. In order to activate the role of the Algerian dinar in the economy, the country must gradually and rationally dispose of these restrictions, enact legislation regulating foreign exchange operations and allow all foreign exchange students to meet their desires. This will enable the establishment of a real exchange rate of dinar, demand and supply in the exchange market, which allowed to affect and be affected by the fluctuations and the changes in other economic data.

- Enhance the Official Exchange Market:

The exchange market in Algeria was established by Decree No. 95-08 of 23 December 1995 on the exchange market, and Instruction No. 78-95 of 26 December 1995 on Exchange Rules and Regulations and Instruction No. 79-95 of 27 December 1995 on the regulation of the functioning of the market Interbank exchange, with the aim of dealing with all exchange (sale and purchase) transactions on account and forwards between the local currency and other freely convertible foreign currencies. The exchange rate is also determined by the supply mechanism with demand. Although this period of establishment, this market does not actually reflect the exchange market, but is a space to implement the policy of the Central Bank in terms of exchange rate only, as the demand and supply operations at the level of this market is governed by non-economic data both in terms of amounts required or The nature of the persons involved. As a result of the nature of the official exchange market, a parallel exchange market has been created and developed, in which students and exhibitors who are unable to intervene in the official market meet in order to satisfy their desire to pay the dinar against other currencies for sale or purchase though its true value, if not higher than its real value. Therefore, the attempt to reach an effective role for the dinar in the national economy can only be achieved by giving an impetus to the official exchange market, which helps to bring about a convergence between the official price and the parallel price by removing the restrictions on the intervention of natural and legal persons and the amounts they want, by setting a price for a balanced dinar that can play a real role in the economy.

- Enhance the Role of Banks and Financial Institutions in Determining the Role of Dinar:

Banks and financial institutions intervene in the exchange market in order to meet their foreign exchange needs by selling or buying, for their own account or for their clients' accounts, thus contributing to determining the exchange rate of the dinar against other currencies. However, the situation in Algeria is very special, as most of the banking and non-banking institutions that intervene in the currency market are public institutions whose foreign exchange requirements are subject to the requirements of the general exchange policy of the country. Therefore, their foreign currency treatment is distorted and subject to strict foreign exchange laws. Private sector finance, its interventions are more restrictive than state-owned enterprises. In addition, banks and public institutions control most of the financial operations related to the productive and commercial activities available at the level of the national economy. Consequently, they have a significant control over the direction of the dinar in the directions desired by the state rather than economic trends. Is very weak and therefore cannot influence the demand and supply trends of the Algerian dinar. As a result, the foreign exchange market in Algeria needs to activate the role of public and private financial institutions in directing supply and demand operations by opening and expanding the level of dealing, allowing a balance between the supply and demand of foreign currencies against the dinar, which reflects the overall balance in the economy (Mahfoudh Lachab, 2000; Tahar Latrache, 2003).

- Activate the Role of the Stock Market in the Economy:

Within the framework of the program on the establishment of the stock exchange in Algeria, the Algerian public authorities have taken the necessary measures related to the legal framework. These measures were translated after amendments to the Commercial Code in 1993 which allowed for the inclusion of new financial instruments as well as new rules for the regulation and operation of equity-related companies. These measures were also translated into the same year through the promulgation of Legislative Decree No. 10-93 of May 1993 which represents the legal framework of the capital market, which defines the role and powers of the various stakeholders as well as the measures related to transparency, good operation of the market and protection of investors in the transferred values. However, the practical reality proves that this market does not reach its expected rate of activity, as the number of

companies listed in it and those who enter them is very few. This is due to the economic and non-economic restrictions imposed on the entry of institutions to the Algerian Stock Exchange, whether local or foreign. The absence of a culture of dealing in the stock market with various economic agents, which makes the expression of economic activity within the country, is very difficult. The exchange provides another space to deal with the dinar against foreign currencies through the sale and purchase of securities, depending on the financial and monetary needs of each trader, which helps to gain the Algerian dinar for a balanced price that allows it to influence and affect the economic indicators on the stock exchange and beyond. Thus, the revitalization of this market and the activation of its role in the economy contribute to the activation of the role of the Algerian dinar, respectively, in the national economy (Amour Benhlila, 1997; Ahmed Benbitour, 1998, Mostéfaoui Sofiane et al, 2015):

A- At the Productive Sectors:

The exchange rate affects and is affected by the various productive sectors. Any change in the level of these sectors is necessarily reflected in currency price trends, through the demand and supply trends of the products produced at the international level, which drag the currency to new equilibrium trends. The exchange rate is a direct reflection of the state of economic activity in each country. The multiplicity of production processes and their ramifications in various fields gives the currency an additional strength, which allows it to achieve long-term stability and contributes to raising the exchange rate with other currencies due to rising international demand for economic output. As for the Algerian dinar, its association with the local productive sectors is very weak due to the structural nature of the national economy, which is considered a direct subordinate to the hydrocarbons sector. Hence, its impact on production variables is also weak. Therefore, any policy adopted to activate the role of the dinar in the economy must take into account the following procedures in an attempt to improve and develop the production base, including:

- Developing Productions Processes in the Agricultural and Industrial Sectors:

Despite the multiplicity and complexity of the production branches in the Algerian economy, the rate of production activity is below the acceptable level, as the extractive industry controls the size and value of the output of the national economy, while the rest of the industries contribute to low rates. In addition, most of the materials produced at home are primary products, low in capital and technological intensity, and at best based on the installation of materials imported from abroad, and the final and necessary goods that meet the needs of the economy and daily society are purchased from abroad. The dinar demand reduced by the dealers in order to meet their manufacturing needs. As a result, the development of activities at the level of branches of production in the agricultural and industrial sectors is a priority for the activation of the role of the dinar in the economy, through the provision of facilities for producers and owners of institutions, in the financial, marketing and administrative, to achieve high production rates in different branches , which will provide an important part of the demand for the dinar and achieve a balance price helping to raise the degree of its impact in other economic variables.

- Development of Tourism Sector:

Algeria has many tourism components available in various regions of the country, which qualify it to occupy the top ranks in the ladder of the most attractive countries for tourists, but the lack of optimal exploitation of its resources makes the tourism sector a marginal sector in the national economy, where the number of tourists coming to Algeria 2634000 tourists in 2012, A low figure compared with some neighboring countries such as Morocco, which reached 9375000 tourists and Tunisia with 595,000 during the same year. The tourism sector contributes to raising the international demand for the local currency by foreign visitors, which helps to give additional strength against other foreign currencies, and improves the rate of exchange with them. Therefore, improving performance at the level of the tourism sector is important in order to achieve the promotion of the value of the dinar to its real value, enabling it to play an important role in influencing the various other economic variables.

- Improving the Investment Climate:

Foreign investments represent an important aspect of cash flows and a key factor in building international economic relations, contributing to the country's productive capacity through the establishment of new enterprises and the creation of additional supply and demand forces in the economy. The inflow of foreign investments is strongly linked to the investment climate in all its indicators. A country with a high degree of improvement in the business environment is always capable of attracting foreign investment and settling its economy. Foreign investments affect the exchange rate by representing additional demand for currency in international markets, improving their

international position, as well as by developing production processes and diversifying the output of the economy, which can provide a great deal of confidence and security in long-term currency stability. For Algeria, the observer of the situation is aware that the investment climates indicators are very low and do not help attract foreign investments. This is an unexploited opportunity with regard to the policy of activating the role of the dinar in the economy and a good provision of a new support for the national currency to give it an effective role among macroeconomic indicators.

B- At the Business Sector:

International business processes are the link between the domestic and international economies. Their development and ramifications reflect the development and growth of the local economy and the high level of relations with other countries. The exchange rate plays an important role at the level of foreign trade, as it is the link between local and international values, so that its changes are directly attributable to the value of goods sold internationally and to commercial transactions by dependency. However, the value of the currency is also affected by the level of international trade relations; on the commodities of a particular country which a demand for its currency is often in order to provide the amount of the trade transaction. In the case of Algeria, the concentration of its hydrocarbon exports and imports of various essential commodities makes the foreign trade sector a means to meet domestic end-user consumption rather than as a means of providing the necessary conditions for decoupling the developed economies. Therefore, the ability of this sector to provide support and stability of the local currency is below the acceptable level, and therefore the conditions must be provided to get out of this situation through real reform measures, including the following:

- Export Development outside the Hydrocarbons Sector:

Algerian exports are largely concentrated in hydrocarbons (over 96% of total exports), whose prices are determined in international markets according to economic indicators beyond the impact of the Algerian economy. In addition, the currency of payment in these markets is mostly the American dollar. This situation makes the Algerian dinar a neutral component of the Algerian trade balance, as demand for it to pay the value of national goods imported by other countries is marginal compared to the US dollar and other leading currencies. Therefore, access to the stabilization of the dinar as an actor in the national economy must be supported by encouraging policies for export of fuel, through the provision of legislation and laws to help in this to facilitate the export operations for institutions operating in sectors outside the fuel, which raises the rate of international demand for The Algerian dinar; this fact in turn leads to the balance of exchange rate and to allow it to express the real activity of the national economy.

- Develop an appropriate policy to reduce the rise in the value of imports:

Algeria's imports for 2013 amounted to \$ 54.85 billion, which is a very high value, in addition to the fact that it is constantly increasing, and it is concentrated in the necessary commodities for final consumption and basic commodities for industrial processing. This situation is a negative factor for the national currency, as the increase in imports leads to the devaluation of the currency against other currencies due to increased supply in international markets. Thus, the activation of the role of the dinar in the economy can only be done by taking appropriate measures in order to limit the import operations and to provide the appropriate conditions for the production of alternative goods for imports locally, which gives the national currency a great possibility to influence other economic variables.

5. Conclusion

The strong currency in the economy contributes to the translation of the general policy of the country on the ground and facilitates the attainment of its objectives. Therefore, the various countries seek to give an effective role to their currency in their local economies and increase their impact on other economic policy variables, with the outside world, which is the main objective of any economic policy. Algeria, like other developing countries, seeks to give consideration to its domestic currency in order to play an active role in the economy and to facilitate the exit from the current situation of the Algerian dinar as a neutral factor in the national economy.

Therefore, we have tried through this study to highlight the most important actions to be taken at the level of the national economy in order to activate the role of the dinar to influence the various other economic variables, and we came out with the following results:

- Three basic exchange policies were implemented across the various historical stages of the Algerian dinar. Each policy reflected the general economic policy of the country. The stabilization policy was adopted immediately after the establishment of the French zone, and was linked to a basket of currencies since the mid-1970s in order to avoid volatility. The value of the French franc, and finally adopted the floating managed system after a series of devaluations in the value of the dinar during the period of crisis experienced by Algeria from the mid-eighties until the mid-nineties;
- The role of the Algerian dinar in the economy plays a marginal role, since its ability to influence the most important balance of payments items is very weak, mainly because national exports are dominated by hydrocarbons that are priced in international markets in US dollars, and national imports are mostly essential and essential imports can be dispensed with and are mostly in euros, in addition to the fact that cash flows are mostly subject to non-monetary terms and beyond the control of the country;
- As a result of the inability of the Algerian dinar to play its real role in the economy, the economic authorities must take many measures in the monetary, financial, productive and commercial fields, which can allow to determine the balance and fair value of the dinar, and vice versa, as required by the general economic policy conditions of each stage;
- On the basis of these results, the study presents the following recommendations:
- The need to create the right conditions for real monetary trading within the economy and to rationalize exchange operations in order to balance the supply and demand in the exchange market to achieve a balanced value of the dinar against other currencies;
- To build a strong productive base in order to provide the necessary support for the national currency against domestic and international economic fluctuations and to maintain the relative stability of the value of the dinar and to take it as an effective tool in the economy;
- To work on building a strong legal customs capable of providing the necessary protection for the dinar against the continuous fluctuations in the international economic environment and enhancing its role as an effective tool in influencing other economic variables.

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