



Enhancing Non-Hydrocarbon Exports in Algeria: The Strategic Role of the National Agency for the Promotion of Foreign Trade (ALGEX)

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ABSTRACT

The paper examines the current state of non-hydrocarbon exports in Algeria, focusing on the strategic role of the National Agency for the Promotion of Foreign Trade (ALGEX). In recent years, Algeria has implemented numerous legislative and institutional measures to diversify its economy, aiming to reduce its heavy reliance on hydrocarbons as a primary source of revenue. Despite these efforts, however, non-hydrocarbon exports remain minimal, rendering the economy highly susceptible to fluctuations in global oil prices. An analysis of export statistics and trends from 1993 to 2023 reveals a persistent structural imbalance in Algeria's export composition. The findings underscore the challenges institutions such as ALGEX face in significantly expanding exports beyond the oil sector. Key recommendations include establishing a more efficient framework to streamline export procedures and concentrating on sectors with high potential for international competitiveness. The study concludes that Algeria must prioritize institutional coordination by developing a comprehensive national export strategy to achieve sustainable economic diversification.

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1. Introduction

Algeria's significant reliance on non-renewable resources renders it especially susceptible to fluctuations in the global oil market. This affects oil prices, export income, and overall economic stability, thus impeding the nation's development. It consequently established a pivotal moment for transforming Algeria's economic framework by enacting strategies to reduce reliance on hydrocarbon resources through economic diversification. In this context, Algeria has implemented many laws and institutional reforms. Declining hydrocarbon prices, partially attributed to reduced demand during the global pandemic, highlighted the necessity to enhance non-hydrocarbon exports. Algeria has implemented many policies to strengthen the function of foreign trade management entities and secure access to essential financing. The establishment of the National Agency for the Promotion of Foreign Trade, ALGEX, has significantly contributed to the diversification of export initiatives and the government's initiative to enhance non-hydrocarbon exports. This study explores a central research question: How has ALGEX contributed to developing non-hydrocarbon exports in Algeria from 1993 to 2023? What structural and strategic changes are required to further enhance Algeria's export diversification?

The investigation aims to address these issues, highlighting the increasing significance of export diversification amidst growing competition between industrialized and developing nations. The study aims to achieve the following objectives:

- To analyze the development of non-hydrocarbon exports in Algeria from 1993 to 2023, focusing on trends and structural changes.
- To identify the primary challenges impeding the growth of non-hydrocarbon exports and propose actionable solutions to address these barriers.
- Evaluating the potential for export diversification across various sectors in Algeria, including agriculture, industry, and services, while assessing their capabilities for achieving international competitiveness.

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- To recommend strategic reforms to enhance Algeria's export framework, including necessary regulatory, institutional, and infrastructural improvements to support sustainable economic diversification.

The article is structured as follows: section 2 provides an incentive literature review, section 3 presents the methods, Sections 4 and 5 data in the form of findings, section 6 presents the results and discussion, and Section 7 concludes the article.

2. Literature review

Algeria's economy predominantly relies on hydrocarbons, accounting for over 95% of export receipts and a significant portion of government income. As a result, it is susceptible to recession owing to the persistent fluctuation in global oil prices, which presents a significant value shock. The government has addressed this difficulty by launching programs to diversify its export base into non-hydrocarbon industrial sectors. This initiative, overseen by the National Agency for the Promotion of Foreign Trade (ALGEX), is essential for executing the country's export diversification strategy. Furthermore, the economy consistently demonstrates its susceptibility to fluctuations in global energy costs. Moreover, the persistent decline in oil prices has abruptly disrupted budgetary management, necessitating an immediate and robust diversification strategy. Bensaha and Bouteldja (2018) assert that non-hydrocarbon exports constitute merely 5% of the nation's total exports and that, despite extensive governmental initiatives, the industry remains underdeveloped. In addition, several significant studies, like Grin and Agoune (2017) and Lakhdar and Bouabdellah (2018), have demonstrated the detrimental effects of such dependence and the necessity to mitigate the economy's vulnerability to external shocks. Consequently, Algeria has implemented various strategic measures to enhance its non-hydrocarbon exports in response to the issue. The implemented strategies provide significant commerce, banking, customs, and taxation advantages. These measures can accomplish this by supporting organizations such as ALGEX, the Ministry of Business, and SAFEX. Thus, these organizations are essential as they assist exporters and facilitate participation in many international trade exhibitions and events.

Founded in 2004, ALGEX is integral to the government's export diversification plan, designed to enhance international trade and deliver essential services to exporters. ALGEX had significantly advanced exports beyond the hydrocarbon sector. The group performs targeted research that provides Algerian enterprises with market intelligence to capitalize on worldwide business prospects. This strategic support enables firms to navigate and surmount intricate trade restrictions and reach international markets, among other advantages. Habib and Gadi, 2022. Moreover, ALGEX enhances the visibility of Algerian products in the worldwide marketplace by providing local firms with possibilities to engage in significant international trade exhibitions. This exposure is essential for any firm to enter a new market and compete effectively with established global brands (Grin & Agoune, 2017). Furthermore, ALGEX offers tailored assistance to exporters through training in market research, adherence to international standards, and improving their marketing strategies. This has enabled Algerian enterprises to function in an increasingly competitive global market (Bouchentouf & Kheloufi, 2021). Nevertheless, despite these initiatives, the overall trend of non-hydrocarbon exports continues to be adverse. According to Habib and Gadi (2022), non-hydrocarbon exports constitute around 9.48% of Algeria's total export volume, which has seen negligible growth due to prevailing structural and operational constraints. Scholarly consensus underscores Algeria's pursuit of export diversification must prioritize institutional support and strategic reforms, notwithstanding the difficulties in establishing an inclusive economic environment.

The gradual rate of export diversification in Algeria possesses several sensible factors. The limited scope of economic diplomacy is initially situated within this framework. Due to inadequate strategic approaches and cooperation, recent diplomatic attempts have yielded minimal results. Bureaucracy constitutes a significant impediment. Export-oriented enterprises encounter challenges from regulatory inefficiencies, protracted procedures, and inadequate infrastructure (Grin & Agoune, 2017). The uncertainty in the relevant export policies exacerbates these issues. Policy execution variation typically diverges and contradicts the nation's gradual progress (Traore & Saqfalhait, 2022). An analysis of the Algerian situation with other oil-dependent economies highlights the advantages of adequate export diversification. Indonesia and Mexico successfully developed robust non-hydrocarbon industries, demonstrating the critical significance of policy considerations (Cherif & Hasanov, 2014). This comparative analysis reveals that Algeria can benefit from focused investments in its non-oil industries, specifically agriculture, industry, and renewable energy. Incorporating the water-energy-food nexus into the economic plan is more attractive due to its potential to enhance efficiency and provide new export prospects linked to sustainable enterprises (Bouchentouf & Kheloufi, 2021). Additional inquiry highlights the critical need for improved collaboration between ALGEX and international trade organizations (Mahfoudi, 2024). Establishing alliances with entities such as the African Continental Free Trade Area (AfCFTA) will enhance Algerian exporters' access to regional markets, a crucial advancement in reducing reliance on traditional trade routes to Europe. Furthermore, policies that promote innovation and technical advancement would bolster domestic sectors and position Algeria as a competitive player in emerging global markets (Mostefai, Nezai, & Abdellah, 2022). In this sense, ALGEX is pivotal to

advancing Algeria's non-hydrocarbon exports. The agency's functions, encompassing market intelligence provision, trade fair organization, and exporter training, constitute elements of the national diversification policy. Nonetheless, numerous impediments persist. However, significant challenges persist. Key obstacles include deficiencies in economic diplomacy, bureaucratic inefficiencies, and a lack of proactive export strategies. Addressing these issues will require substantial investment and coordinated efforts from the government and institutions like ALGEX. Algeria can make meaningful progress toward building a more diversified and resilient economy by adopting international best practices and making targeted investments. Figure 1 illustrates the energy production in Algeria.

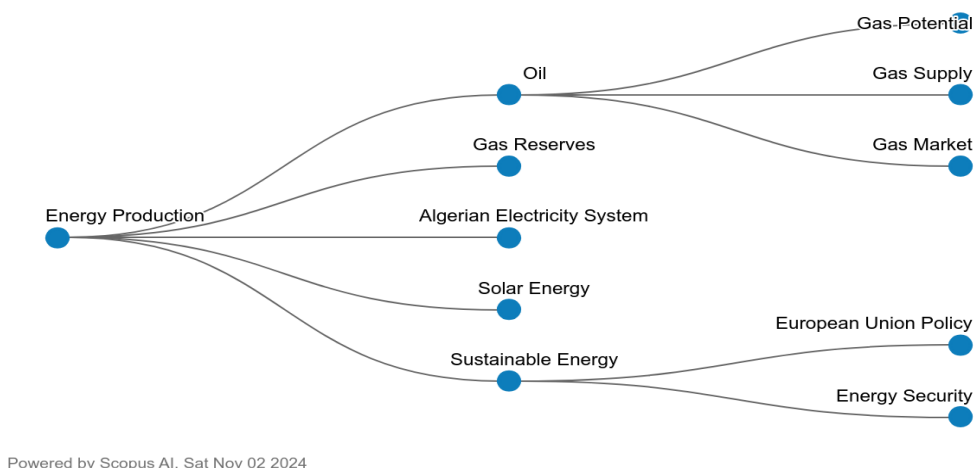


Figure 1. Energy Production in Algeria Based on the Literature Review

Source: Powered by (Scopus AI, 2024)

Algeria's reliance on petroleum resources, coupled with the pressing need for export diversification, underscores the necessity of comprehensive research. While previous studies have alluded to the structural and political challenges, there has been no systematic assessment of ALGEX's performance from 1993 to 2023. This gap in the literature highlights the importance of a thorough evaluation of ALGEX's role and its impact on the diversification process. This study contributes to filling that gap by assessing the agency's current functions, identifying the persistent obstacles, and offering practical recommendations to boost Algeria's non-hydrocarbon exports within the broader framework of international trade. Addressing these issues through targeted research and strategic adjustments will strengthen Algeria's position in global markets and achieve long-term economic resilience.

3. Methodology

The article adopts a mixed quantitative and qualitative approach, utilizing secondary data. This is suitable as the data are gathered, and the researcher tends to utilize the data to answer questions and fulfill objectives (Watkins, 2022).

Data from governmental, private, and international NGO sources highlights various entities contributing to Algeria's trade and economic landscape. Governmental sources include ALGEX (National Agency for the Promotion of Foreign Trade), the Ministry of Commerce, and the General Directorate of Customs, which provide support through research, regulatory direction, and facilitation of non-hydrocarbon exports. Other sources include the Official Gazette, the Ministry of Trade, the Embassy of Algeria, the CIA, the World Bank, ANDI (National Agency for Investment Development), and the International Trade Administration, offering insights on policies, export agreements, investment promotion, and economic data. The Bank of Algeria, ONS (National Statistics Office), and Algeriacngny contribute to economic and financial reporting.

In addition, Private sector sources such as HADDOUD Salim Company, N'Gaous, and HAYAT DHC ALGERIE demonstrate the impact of ALGEX's support on export growth, while firms like Statista, OEC (Observatory of Economic Complexity), S&P Global, Coface, and Economist Intelligence Unit provide data and analysis on economic indicators, market trends, and risk management. Trading Economics specializes in global trade and macroeconomic indicators. Furthermore, NGO and international organization sources include the U.S. Department of State, which offers insights into Algeria's economic performance, and academic research such as John & Stevens (2008) and Dahmouni (2023), discussing trade structure and exporter strategies. Other significant contributors include Touat (2021), Britannica, the African Continental Free Trade Area (ACFTA), and the World Bank, providing valuable perspectives on Algeria's trade effectiveness, best practices, and regional integration.

The data was synthesized, developed into tables and figures, and analyzed, and the results were written accordingly. The synthesis aggregated information from governmental, private sector, and

international NGO sources. Tables and figures were used to organize and present the data clearly, highlighting key trends and patterns. The analysis focused on understanding the role of various entities in Algeria's trade and economic landscape, including government agencies, private companies, and international organizations. Based on this analysis, the results were written to summarize the findings and offer insights into Algeria's economic performance, trade strategies, and growth opportunities.

4. Analysis and Evaluation of the Development of Non-Hydrocarbon Exports in Algeria (1993-2023)

4.1. The general structure of Algerian exports during the period 1993-2023:

To examine the overall trend in Algeria's non-hydrocarbon production and assess the effectiveness of measures and incentives aimed at fostering investment, an analysis of the structural distribution of Algerian exports during the period 1993–2023 will be conducted. This analysis is presented in table No (1) below.

Table 1. Structure of Algerian exports during the period (1993-2023)

Year	Total exports	Hydrocarbon		Non-hydrocarbon	
		Value	Ratio	Value	Ratio
1993	10 091	9 612	95,25%	479	%4,75
1994	8 340	8 053	96,56%	287	%3,44
1995	10 240	9 731	95,03%	509	%4,97
1996	13 375	12 494	93,41%	881	%6,59
1997	13 824	13 181	95,35%	643	%4,65
1998	10 143	9 774	96,35%	370	%3,65
1999	12 318	11 902	96,62%	416	%3,38
2000	21 651	21 061	97,27%	590	%2,73
2001	19 091	18 531	97,07%	560	%2,93
2002	18 700	18 109	96,84%	591	%3,16
2003	24 612	23 739	97,27%	673	%2,73
2004	32 331	30 513	97,58%	781	%2,42
2005	46 495	45 588	98,05%	907	%1,95
2006	54 792	53 608	97,84%	1 184	%2,16
2007	60 917	59 605	97,85%	1 312	%2,15
2008	79 146	77 192	97,53%	1 954	%2,47
2009	45 477	44 411	97,66%	1 066	%2,34
2010	57 762	56 143	97,20%	1 619	%2,80
2011	73 620	71 662	97,34%	1 958	%2,66
2012	72 620	70 571	97,18%	2 049	%2,82
2013	65 823	63 326	96,72%	2 161	%3,28
2014	61 172	58 362	95,41%	2 810	%4,59
2015	35 138	33 081	94,15%	2 057	%5,85
2016	29 698	27 917	94,00%	1 781	%6,00
2017	35 132	33 203	94,51%	1 930	%5,49
2018	41 113	38 897	94,61%	2 216	%5,39
2019	35 823	33 243	92,80%	2 580	%7,20
2020	21925	20016	91,29%	1909	8,70%
2021	38553	34058	88,34%	4495	11,65%
2022	65529	59551	90,87%	5978	9,12%
2023	26553	24553	92,46%	2348	8,84%

Source: Prepared by the researchers based on: (DGD,2024).

From 1993 to 2023, Algeria's export structure has been consistently dominated by hydrocarbons, which have accounted for over 90% of total exports, primarily derived from petroleum products. While non-hydrocarbon exports have improved in recent years, they represent only a marginal share of total exports. The most notable growth in non-hydrocarbon exports began in 2015, reaching a peak of 11.65% in 2021. This indicates some progress toward diversification; however, the economy remains significantly vulnerable to fluctuations in hydrocarbon prices.

Recent trends in non-hydrocarbon exports suggest a degree of stability, but the dominance of hydrocarbon resources persists. The findings highlight that despite Algeria's initial efforts to promote non-hydrocarbon industries, additional measures are required to reduce its dependence on hydrocarbons and achieve sustainable economic growth.



Figure 2. Algerian exports during the period 1993-2023

Source: (Statista, 2024).

Algerian exports from 1993 to 2023 have exhibited considerable volatility, shaped by many economic reasons primarily stemming from the nation's dependence on hydrocarbons. Significant Trends in Algerian Exports:

- The dominance of hydrocarbons, namely oil and natural gas, in Algeria's export portfolio is around 90% of total exports. The dominance of energy goods has rendered the economy highly susceptible to variations in global oil prices.
- In 2023, Algeria's total exports were valued at around \$54.75 billion, representing a minor decline from preceding years; still, this figure underscores the nation's robust standing in the energy sector.
- The structure of exports has remained stable, with hydrocarbons leading the way, while non-hydrocarbon exports have seen modest growth, reaching about \$5.07 billion in 2023.
- Economic Growth and Challenges: The Algerian economy experienced a growth rate of about 4.2% in 2023, recovering from the COVID-19 pandemic and global economic disruptions. However, inflation (7.8% in 2023) and high unemployment rates (around 10%) continue to affect economic stability.

Trade Partners: Algeria's main trading partners include the European Union (56.9%), China (11%), and Turkey (6%). The United States has emerged as a significant partner, ranking fifth among Algeria's export destinations with about 5.43% of total exports. (Algeriacngny, 2024)

4.2 The Commodity Structure of Algerian Exports:

Developing non-hydrocarbon exports requires objective analysis and formulating a comprehensive strategy. This strategy should target sectors with the potential to improve their competitiveness in international markets. The following table analyzes these exports and explores potential avenues for their growth.

Table 2. The Commodity Composition of Algerian Exports for the Period 1993-2023

Year	Consumer Goods	Industrial Equipment	Agricultural Equipment	Semi-Manufactured Goods	Raw Materials	Food Products	Non-Hydrocarbon Exports	Hydrocarbon Exports
1993	50	17	0	287	26	99	479	9 612
1994	22	09	2	198	23	33	287	8 053
1995	61	18	5	274	41	110	509	9 731
1996	156	46	3	496	44	136	881	12 494
1997	29	29	1	486	51	47	643	13 181
1998	18	14	4	255	46	33	370	9 774
1999	18	36	24	272	44	22	416	11 902
2000	13	47	11	465	44	32	612	21,419
2001	12	45	22	504	37	28	648	18,484
2002	27	50	20	551	51	35	734	18,091
2003	35	30	1	509	50	48	673	23,939
2004	14	47	0	571	90	59	781	31,302

Year	Consumer Goods	Industrial Equipment	Agricultural Equipment	Semi-Manufactured Goods	Raw Materials	Food Products	Non-Hydrocarbon Exports	Hydrocarbon Exports
2005	19	36	0	656	134	67	907	45,588
2006	43	44	1	828	195	73	1,183	53,608
2007	34	44	0	988	153	92	1,311	59,605
2008	34	69	0	1,390	340	121	1,954	77,192
2009	49	25	0	692	170	113	1,066	44,411
2010	33	27	0	1,089	165	305	1,619	56,143
2011	16	36	0	1,495	162	357	2,140	71,662
2012	18	30	0	1,519	167	314	2,048	70,571
2013	18	25	0	1,608	108	402	2,161	63,662
2014	10	15	2	2,350	110	323	2,810	58,362
2015	11	17	0	1,685	105	239	2,057	33,081
2016	18	53	0	1,299	84	327	1,781	27,917
2017	4	15	0	1,410	73	349	1,930	33,203
2018	35	90	0	1,626	93	373	2,218	38,897
2019	36	83	0	1,445	95	408	2,068	33,244
2020	37	77	0	1,287	71	437	1,909	20,016
2021	63	188	1	3,486	182	576	4,495	34,058
2022	16	122	0	1,087	58	137	1,420	9,954
2023	33	24	1	2,001	137	154	2,348	24,553

Source: Prepared by the researchers based on (ONS, 2024)

Despite Algeria’s efforts to develop non-hydrocarbon exports, the hydrocarbon sector continues to dominate the country’s export profile. Between 2000 and 2020, hydrocarbons consistently accounted for 91% and 97% of the total export value, as the Bank of Algeria reported. In 2020, hydrocarbon exports amounted to \$20.016 billion, representing 91% of total exports. Non-hydrocarbon exports, predominantly semi-manufactured goods valued at \$1.287 billion, comprised only 9% of total exports. These included food products worth \$437 million, consumer goods valued at \$37 million, industrial equipment worth \$77 million, and raw materials totaling \$71 million, bringing non-hydrocarbon exports to \$1.909 billion.

By 2022, total exports had risen to \$65.53 billion, marking an increase of \$26.89 billion compared to 2021, when exports stood at \$38.64 billion. However, the limited diversity of Algeria’s export portfolio can be attributed to several factors. These include a lack of strategic vision among companies aiming to enter the export market, inadequate expertise in market research, limited knowledge of foreign markets, and non-compliance with international safety and health standards for locally produced goods. Algeria’s poorly developed transport infrastructure and insufficient coordination among economic stakeholders further impede export diversification. Exporters’ frequent failure to meet global safety and health standards also constrains their ability to compete in international markets.

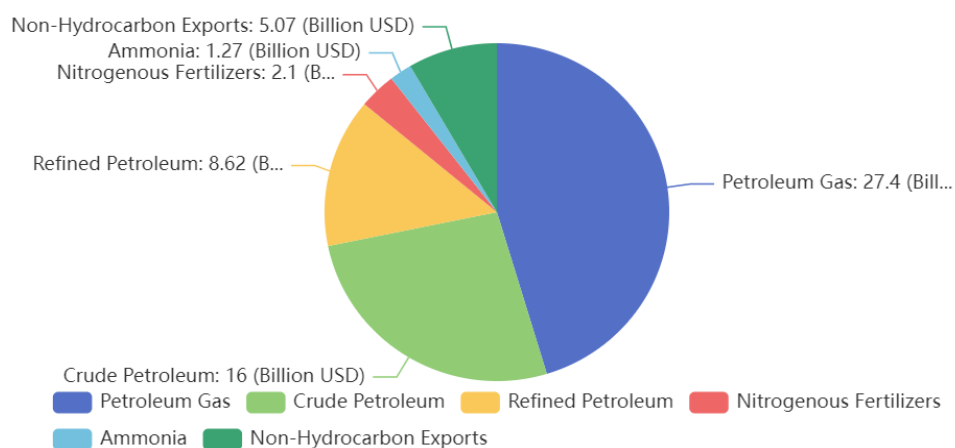


Figure 2. Algerian exports by product category

Source: (Statista, 2024)

Algeria's export economy relies heavily on hydrocarbons, which dominate its trade landscape. In 2023, hydrocarbons accounted for approximately 90.74% of total exports, with non-hydrocarbon exports reaching around 5.07 billion USD. The primary export products include:

- Petroleum Gas: Valued at approximately 27.4 billion USD.
- Crude Petroleum: Approximately 16 billion USD.

- Refined Petroleum: About 8.62 billion USD.
- Nitrogenous Fertilizers: Around 2.1 billion USD.
- Ammonia: Approximately 1.27 billion USD. (WorldBank, 2024)

Algeria's main export partners are Italy, Spain, France, the United States, and South Korea. Italy is the largest partner, importing goods worth approximately 16.9 billion USD. (OEC, 2024)
Regarding overall trade performance, Algeria's total exports in the fourth quarter of 2023 were reported at approximately 14.27 billion USD, reflecting a slight decrease from the previous quarter. (Tradingeconomics, 2024)

The country's economic growth rate in 2023 was approximately 4.2%, with a GDP of about 224 billion USD. This growth was supported by stability in foreign trade, which recorded a total trade volume of 99.07 billion USD, including imports and exports. (Algeriacgny, 2024)

The reliance on hydrocarbons poses significant challenges for diversification; however, Algeria is actively working to increase its non-hydrocarbon exports to enhance economic resilience. Overall, while hydrocarbons remain the backbone of Algeria's export economy, ongoing efforts aim to develop other sectors and reduce dependency on oil and gas. (Britannica, 2024)

4.3 Geographical structure of Algerian exports (1993-2023):

Geographical diversification refers to expanding a country's foreign markets, emphasizing the stability and resilience of its income and the degree of integration between its national economy, global economies, and international organizations. It reflects the strength of trade exchanges and the movement of capital across borders while providing insights into political relations through establishing agreements and treaties between nations, thereby increasing trade volume.

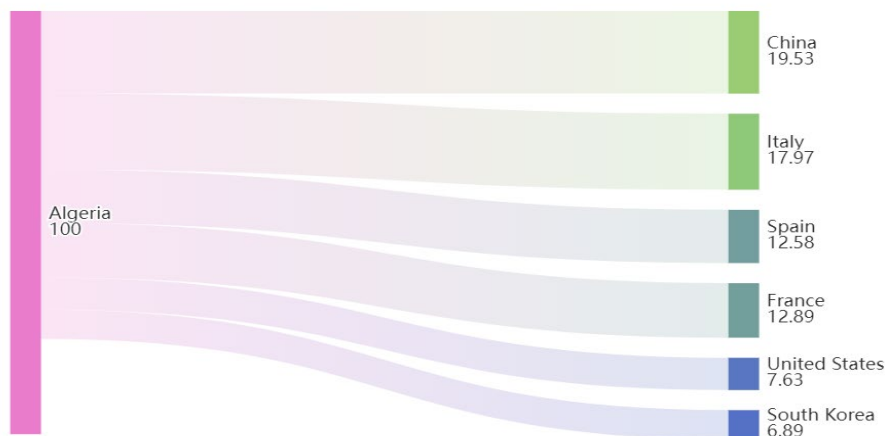


Figure 3. Geographical structure of Algerian exports (1993-2023)

Source: (Statista, 2024)

An examination of the geographical composition of Algerian exports from 1993 to 2023 reveals that reliance on hydrocarbons, specifically petroleum and natural gas, has shaped this pattern. Algeria's export profile has been predominantly characterized by these goods throughout these years, constituting a significant share of its overall export income. The key export commodities are:

- **Hydrocarbons:** The primary exports include:
 - **Petroleum Gas:** Approximately \$27.4 billion in recent years.
 - **Crude Petroleum:** Around \$16 billion.
 - **Refined Petroleum:** About \$8.62 billion.
 - **Nitrogenous Fertilizers:** Roughly \$2.1 billion.
 - **Ammonia:** Approximately \$1.27 billion. (OEC, 2024)

Major Export Partners: Algeria's principal commercial partners historically include the European Union and others.

Italy: The largest recipient of Algerian exports, receiving around \$16.9 billion.

Spain: \$7.11 billion in exportation.

France: This nation allocates around \$6.99 billion for exports.

United States: Exports totaling about \$3.15 billion.

South Korea: Exports worth approximately \$2.96 billion. (Britannica, 2024)

Trends Over Time: From 1993 to 2023, the geographical distribution of Algerian exports has shown an increasing dependency on European markets, particularly Italy and Spain, while maintaining significant trade with the United States and emerging Asian economies such as South Korea and China. Fluctuations in

global oil prices have also influenced export volumes and revenues, resulting in periods of both growth and contraction in export figures. (CIA, 2024)

Economic Diversification Efforts: In recent years, Algeria has acknowledged the necessity of diversifying its economy beyond hydrocarbons to enhance resilience against price shocks in global energy markets. This includes initiatives to increase non-hydrocarbon exports, which, as of early 2019, still accounted for only around 6% of total exports. These exports primarily consist of semi-finished products such as fertilizers and foodstuffs. (World Bank., 2024)

Overall, while Algeria's export structure relies heavily on hydrocarbons, ongoing economic reforms promote diversification and reduce vulnerability to external market fluctuations. (Embassy of Algeria, 2024)

4.4. Analysis of Algerian export indicators (1993-2023)

Algeria's export indicators from 1993 to 2023 reflect significant fluctuations driven by various economic, political, and global factors. The primary driver of Algeria's exports has been the hydrocarbon sector, including oil and natural gas, which accounts for a substantial portion of the country's export revenues. The critical trends in Algerian exports (1993-2023) are:

- **Hydrocarbon Dominance:** The hydrocarbon sector has consistently dominated Algeria's exports, contributing approximately 90% of total export revenues. This heavy reliance on hydrocarbons has rendered the economy highly vulnerable to fluctuations in global oil prices.
- **Export Volumes and Values:** In the early 2000s, particularly post-2000, Algeria experienced a boom in hydrocarbon prices, resulting in increased export values. For instance 2008, hydrocarbon exports peaked significantly due to soaring oil prices. However, the sharp decline in oil prices around 2014 led to a substantial drop in export revenues. (ANDI, 2024)
- **Recent Developments:** In recent years, particularly since 2021, Algeria has experienced a recovery in hydrocarbon production and export revenues, driven by rising global energy prices following geopolitical tensions and the increased demand for alternative energy sources in Europe. This trend will continue into 2024 as European countries strive to diversify their energy supplies away from Russian gas. (Coface, 2024)
- **Non-Hydrocarbon Exports:** Initiatives have been undertaken. However, hydrocarbons remain the cornerstone of the nation's export portfolio. The volume of non-hydrocarbon exports has marginally risen but continues to be significantly lower than hydrocarbon exports. The government's initiatives aim to promote sectors alternative to hydrocarbons to reduce the economy's dependence on these resources. (EIU, 2024)

5. Algeria's Strategy for Promoting Non-Hydrocarbon Exports – The Case of ALGEX

The Algerian Government has created multiple entities to promote economic diversification and reduce reliance on hydrocarbons. These entities are tasked with developing a national export strategy and supervising its execution while monitoring deviations from established objectives.

5.1. Legal and Institutional Framework for Advancing Non-Hydrocarbon Exports:

Conversely, Algeria's legislative and institutional framework has instituted laws, organizations, and new initiatives to enhance non-hydrocarbon exports, fostering economic diversification and reducing reliance on hydrocarbon-derived earnings.

- **Investment Law (2020):** This legislation aims to create a favorable environment for international and domestic investors by streamlining administrative processes. It will facilitate incentives such as tax concessions and diminished customs tariffs, crucial for fostering investments in non-hydrocarbon sectors, including agriculture, industry, and services. (U.S. Department of State, 2024)
- **Banking and Monetary Law (2023):** contains comprehensive reforms to enhance the business environment and encourage private investment in non-hydrocarbon sectors. (WorldBank, 2024)
- **Trade Agreements:** Algeria's participation in the African Continental Free Trade Area (ACFTA) and other regional agreements has enhanced market access and trading prospects for non-hydrocarbon commodities. (Embassy of Algeria, 2024)

Institutional Roles

- **Ministry of Trade:** Central to formulating policies that support non-hydrocarbon exports, this ministry establishes export promotion programs and facilitates market access. (The International Trade Administration, 2024)
- **National Agency for Investment Development (ANDI):** It promotes foreign direct investment by offering incentives such as tax breaks and simplified procedures, essential for attracting investment into non-hydrocarbon industries.
- **National Agency for the Promotion of Foreign Trade (ALGEX):** This agency promotes Algerian products abroad and supports exporters with logistics and regulatory compliance. (S&P Global, 2022)

Recent Initiatives (2024)

- **Legislative Reforms:** The 2022 Investment Law and the 2023 Banking and Monetary Law are pivotal in fostering a more favorable investment climate.
- **Infrastructure Development:** Investments in transportation networks and port facilities are being undertaken to support the increased export volumes of non-hydrocarbon goods.
- **Agricultural Focus:** The government is improving agricultural production techniques and expanding market access for agricultural products, recognizing the sector's significant potential for export growth (Embassy of Algeria, 2024)

5.2. ALGEX overview

Many efforts and methodologies have been implemented to improve the external promotion of national products in alignment with a complete export strategy and worldwide economic integration. ALGEX was established to optimize processes for promoting non-hydrocarbon exports in this context. Founded with the approval of relevant authorities, ALGEX functions under the auspices of the Ministry of Foreign Trade. ALGEX is the abbreviation for the National Agency for the Promotion of Foreign Trade, a reputable agency in Algeria. The nation's improvement regarding international trade and the expansion of its export capacity are essential. The organization aids Algerian enterprises in penetrating international markets and enhancing their competitiveness in the global arena. ALGEX provides an extensive array of services for organizations:

- **Market Research and Analysis:** Performs thorough market research to assist firms in identifying possible export markets by examining trends, consumer behavior, and competitive environments.
- **Training and Capacity Building:** Training programs designed to provide businesses with essential skills and knowledge for successful exporting, including workshops on export procedures and adherence to international standards.
- **Advisory Services:** Expert advice on various aspects of international trade, such as legal requirements, documentation, and logistics.
- **Networking Opportunities:** Facilitates connections between local businesses and international partners through trade missions, exhibitions, and networking events.
- **Financial Assistance:** Assists businesses accessing funding or financial products to support their export activities. (ALGEX, 2024)

ALGEX has played a pivotal role in increasing Algeria's presence in global markets by providing essential support services for international trade. In response to the evolving demands of foreign markets, ALGEX has helped develop a strategic approach to promoting foreign trade, simplifying processes, and expanding the reach of Algerian products. These are the agency's primary tasks. (Official Gazette, 2004)

- Expanding the volume of foreign investments.
- Determining the scale of Algerian product exports.
- Contributing to the revival of the national economy by mediating between state institutions and Algerian exporters.
- Forming partnership projects with foreign entities and strengthening companies in the domestic market.
- Promoting and enhancing non-hydrocarbon exports while ensuring export security for exporters.
- Preparing for entry into global markets through future market studies.

5.3. The Role of the National Agency for the Promotion of Foreign Trade (ALGEX) in Encouraging Non-Hydrocarbon Exports:

Given its core responsibilities in gathering, analyzing, and disseminating information to ensure accessibility for economic operators and considering the scope and significance of these tasks, ALGEX must diversify its resources and expand its networks.

Projects of the National Agency for the Promotion of Foreign Trade (ALGEX): ALGEX has initiated numerous projects to promote non-hydrocarbon exports.

A. Feasibility Study for the Creation of an Export Cluster: The participants were divided into three groups of 20, each guided by expert advisors. This structure facilitated close interaction and open discussions. The organizational format allowed participants to present their professional situations and voice concerns about production and trade difficulties and issues related to interactions with tax administrations, which they perceived as overly burdensome. Consequently, most participants—approximately 80% to 90%—expressed strong interest in forming an export cluster, believing it would help them address their current challenges. (ALGEX, 2011, pp. 22-25)

B. The National Foreign Trade Portal: This serves as the information hub for the agency, designed to support active foreign trade institutions by addressing the needs of all recognized stakeholders through various functions, including: (Ministry of Commerce, 2024)

- **Communication Portal:** This unit is designed to disseminate information through messages and forums.

- **Document Portal:** A system will be developed to organize production management and publish documents, creating a comprehensive electronic library that eliminates the need for physical agents or partner references.
- **Application Portal:** This network will extend to include internal and external communications and all agency business applications, particularly those related to service statistics.
- **Cooperation or Integration Portal:** This portal aims to ensure coordinated coexistence for all applications within the system. It adapts functions for easy user access via a standard interface, establishes critical operational principles within the agency, and enhances stakeholder exchanges.
- **Workflow and Aggregates Portal:** This portal focuses on managing workflow characteristics, especially the collaborative aspects of participants' activities. Developing tools to support performance and security within this portal is essential.

Achievements of the National Agency for the Promotion of Foreign Trade (ALGEX): ALGEX has accomplished numerous achievements in promoting non-hydrocarbon exports.

A. Activities Undertaken by the Agency: ALGEX's efforts to promote non-hydrocarbon exports have resulted in the provision of a variety of services across several domains, including:

- **Assistance and Support to Exporters:** ALGEX provides economic operators with essential information on foreign trade procedures, focusing on non-hydrocarbon exports. The agency produces various communication tools and informational materials to meet these needs.
- **Establishment of the Exporter's House:** On November 12, 2007, the Minister of Trade inaugurated a dedicated service to assist exporters in managing all export operations. This service, known as the "Exporter's House," offers the following direct services to exporters:
 - Providing commercial information and legal procedures for export operations.
 - Offering details on incentives for export activities, mainly support from the special fund for export promotion, tax exemptions, and customs and banking facilities.
 - Providing guidance and consultancy on export techniques.
 - Establish business relationships with foreign partners and offer trade opportunities for foreign demand for Algerian products.
 - Sharing information on specialized international exhibitions.

B. Signing a Cooperation Agreement with the General Directorate of Customs: In alignment with its objectives and addressing exporters' concerns, ALGEX entered into a cooperation agreement with the General Directorate of Customs on March 5, 2010. The primary objective of the agreement is to enhance the customs facilitation procedure and to advance non-hydrocarbon export operations.

C. Bilateral Agreements and Memorandums of Understanding: ALGEX has played a pivotal role in negotiating and executing numerous bilateral agreements and memorandums of understanding with foreign partners to bolster global collaboration. An instance of this was a memorandum of understanding executed with ALGEX to advance foreign trade, formalized with the National Office for the Promotion of Foreign Trade of Burkina Faso. This agreement seeks to enhance business contacts between Algerian and Burkinabe economic entities by exchanging mutual obligations.

D. Participation in International Exhibitions and Trade Shows: ALGEX administers an annual schedule for several international and specialized events, allowing Algerian enterprises to present their products. The agency selects national enterprises participating in the program according to established criteria and standards. Recently, there has been a significant transformation in contracts, propelled by the increasing interest of economic agents in exporting their goods. The number of companies engaging in exhibitions rose from 374 in 2017 to 839 in 2018, indicating a growth rate of 124%. Notwithstanding this advancement, the Ministry of Trade observed that export operations continue encountering substantial obstacles, limiting non-hydrocarbon exports to approximately \$2.3 billion in 2018.

In 2019, the Ministry of Trade announced the conclusion of 50 export agreements for national products between Algeria and various nations, facilitated by participation in international fairs. The paramount accords are: (ALGEX, 2024)

- 25 partnership contracts with Mauritania.
- nine agreements with the United States.
- four agreements with Belgium.
- one partnership contract with Qatar.
- 12 agreements with Gabon.

5.4 Impact of ALGEX on Non-Hydrocarbon Exports:

ALGEX has played a crucial role in advancing Algeria's non-hydrocarbon exports. Founded to enhance Algerian exports, ALGEX has executed several critical programs that have significantly influenced the nation's export environment.

Promotion and Assistance:

ALGEX seeks to foster the development of export potential for Algerian SMEs and to enhance their access to international markets. The organization facilitates trade fairs, exhibitions, and international missions that enable Algerian enterprises to access worldwide markets. ALGEX also performs comprehensive research on markets that may emerge as viable destinations for Algerian non-hydrocarbon products. It guides exporters in modifying their products to align with global demand, informed by market trends and customer preferences.

Training and Capacity Building:

ALGEX formulates a training program for exporters primarily based on best practices in international trade, encompassing adherence to international standards and laws. These programs have highlighted that a crucial area for capacity training is the enhancement of the competitiveness of Algerian products in global markets. (Dahmouni, 2023)

It has established essential connections with governmental entities to streamline the export process and mitigate bureaucratic obstacles that encumber non-hydrocarbon exports. It improves exporting circumstances by simplifying where feasible or providing incentives when necessary.

These activities have significantly enhanced Algeria's non-hydrocarbon exports, increasing from over \$1.7 billion in 2019 to almost \$7 billion in 2022. This demonstrates the effectiveness of the initiatives implemented by ALGEX and the government's dedication to fostering diverse economic growth that is less reliant on hydrocarbons. (Touat, 2021)

Key Sectors Benefiting from ALGEX Interventions: ALGEX's interventions have significantly impacted several key sectors:

- **Agriculture:** ALGEX supports agricultural exports by providing information on market opportunities and facilitating participation in international trade fairs. This includes assistance with exporting products such as fruits, vegetables, and cereals.
- **Manufacturing:** The agency helps manufacturers navigate export procedures and regulations, enabling them to access foreign markets. Key sectors include textiles, automotive parts, and machinery.
- **Pharmaceuticals:** ALGEX assists pharmaceutical companies in exporting their products by guiding compliance with international regulations and standards. (Touat, 2021)

Case Studies: Several Algerian firms have successfully benefited from ALGEX's support:

- **HADDOUD Salim Company:** Recorded a growth rate of 33% between 2013 and 2014, with export value increasing from \$2.6 million to \$3.5 million.
- **N'Gaous:** Achieved a market share of 0.04% in 2014, with exports valued at approximately \$1 million.
- **HAYAT DHC ALGERIE:** Recorded a nearly 14% increase in export value in 2014, with exports rising from \$1.2 million to about \$1.4 million. (U.S. Department of State, 2024)

Challenges: Despite ALGEX's efforts, several challenges continue to hinder the promotion of non-hydrocarbon exports:

- **Bureaucratic Hurdles:** Algeria's complex regulatory environment often delays obtaining necessary permits and licenses for export activities.
- **Market Access Issues:** Algerian products face intense competition in global markets, exacerbated by quality perceptions and logistical challenges.
- **Structural Limitations:** The economy's historical reliance on hydrocarbons restricts the diversification of exportable products. (John & Stevens, 2008)

6. Results and discussion

Analysis of Algerian export data from 1993 to 2023 reveals that hydrocarbons have consistently dominated the export sector, accounting for over 90% of the country's total exports. While hydrocarbons continue to be the backbone of Algeria's export economy, there has been a gradual rise in non-hydrocarbon exports, particularly in the agricultural and manufacturing sectors. The most notable surge occurred between 2015 and 2022, with non-hydrocarbon exports peaking at 11.65% in 2021. This trend aligns with similar observations in other oil-dependent economies, such as Mexico and Indonesia, where diversification efforts have led to gradual increases in non-hydrocarbon exports (Cherif & Hasanov, 2014). However, Algeria's export structure remains heavily reliant on hydrocarbons, continuing to expose the economy to the volatility of global oil and gas prices. This vulnerability is compounded by the limited success in diversifying export markets, with most non-hydrocarbon exports directed to the same regions as hydrocarbon exports. This lack of market diversification is a challenge that other oil-dependent countries have also faced, but with more successful outcomes, suggesting that Algeria's diversification strategy requires further strengthening.

The National Agency for the Promotion of Foreign Trade (ALGEX) has significantly promoted non-hydrocarbon exports by providing various services, including market research, exporter training, and facilitating participation in international trade fairs. These initiatives have helped Algerian exporters improve their visibility in global markets and navigate international trade challenges, which is consistent with the strategies employed by similar agencies in countries like Indonesia (Cherif & Hasanov, 2014). However, feedback from Algerian exporters indicates that ALGEX's efforts have not been entirely sufficient to address

their fundamental challenges. Persistent bureaucratic inefficiencies, inadequate infrastructure, and inconsistent policy implementation hinder the agency's effectiveness. These barriers mirror issues observed in other emerging economies and indicate that Algeria's institutional and infrastructural weaknesses impede successful export diversification. To enhance ALGEX's role, Algeria could benefit from adopting best practices from other countries that have effectively utilized their export promotion agencies, such as Mexico, which has shown notable success in enhancing non-oil exports through targeted institutional reforms.

In addition, Algeria faces several structural challenges that impede the development of non-hydrocarbon exports. One of the most significant issues is the country's underdeveloped transport infrastructure, which hampers the efficient movement of goods to international markets. A fragmented regulatory environment and bureaucratic hurdles further complicate the export process, creating inefficiencies and delays for exporters. These challenges have been similar to those observed in other oil-dependent nations, where regulatory reforms and infrastructure development have been essential to improving export performance (Grin & Agoune, 2017). Furthermore, Algerian exporters, particularly in the agricultural sector, struggle to meet international quality standards, which limits their access to global markets. This challenge is exacerbated by the lack of coordination between government agencies, which impedes creating a cohesive and efficient export system. Algeria could draw valuable lessons from countries like Mexico, which successfully implemented regulatory reforms to streamline export procedures and improve compliance with international standards (Cherif & Hasanov, 2014).

Despite the numerous challenges, the agricultural and manufacturing sectors offer considerable potential for growth in non-hydrocarbon exports. Both sectors could become key drivers of economic diversification if they receive targeted support, such as improvements in infrastructure, better access to financing, and enhanced technical assistance to meet international market standards. This potential for sectoral growth is not unique to Algeria, as other economies that have successfully diversified their exports, such as Indonesia, have also capitalized on agricultural and manufacturing sectors to reduce dependence on hydrocarbons (Grin & Agoune, 2017). Algeria has a comparative advantage in producing agricultural products such as dates, citrus fruits, and olives, which are in demand in international markets. The manufacturing sector, particularly textiles and processed foods, also holds substantial export potential. However, these sectors will require significant investments in infrastructure, quality control systems, and technology upgrades to meet the rigorous demands of international consumers. These steps are essential for Algeria to compete effectively in the global market, similar to other emerging economies that have successfully developed competitive non-hydrocarbon industries.

This study's findings highlight Algeria's economy's ongoing vulnerability to global oil price fluctuations, underscoring the need for a more robust and diversified export strategy. Despite gradual growth in non-hydrocarbon exports, Algeria's continued reliance on hydrocarbons suggests that the country must prioritize substantial investment in non-oil industries to mitigate the risks associated with global energy price volatility. The government's efforts to diversify exports, such as the support provided by ALGEX, have had limited success, and a more comprehensive approach is necessary. Policy reforms are essential to address Algerian exporters' structural barriers, particularly in infrastructure development, regulatory improvements, and institutional support. This could include streamlining bureaucratic procedures, improving coordination between government agencies, and enhancing the quality control systems to help Algerian products meet international standards. Additionally, fostering economic diplomacy and building stronger international trade partnerships, such as with the African Continental Free Trade Area (AfCFTA), would open new markets for Algerian exporters and reduce their reliance on traditional European trade routes.

In summary, while Algeria has made progress in diversifying its export base, it must address its institutional weaknesses and invest in the infrastructure necessary to support non-hydrocarbon exports. By implementing targeted reforms and learning from the experiences of other successful oil-dependent economies, Algeria can build a more resilient economy that is less susceptible to the fluctuations of global oil markets. Implementing a more comprehensive export diversification strategy, alongside sustained investments in key sectors such as agriculture and manufacturing, will be crucial for Algeria's long-term economic stability and growth.

7. Conclusion

This study highlights Algeria's relatively insufficient progress in diversifying its export portfolio. Although non-hydrocarbon exports have seen some expansion in recent years, they still constitute a minor portion of total exports, with hydrocarbons remaining dominant. While the National Agency for the Promotion of Foreign Trade (ALGEX) has played a role in advancing non-hydrocarbon exports, its impact has been hindered by persistent structural inefficiencies and limited support for exporters. Algeria's export sector relies heavily on hydrocarbons, which account for over 96% of the total export structure. Despite numerous initiatives aimed at boosting non-hydrocarbon exports, the country has been unable to reduce its dependency on this sector significantly. Non-hydrocarbon exports primarily consist of consumer goods and industrial products, yet their contribution remains negligible compared to hydrocarbons.

ALGEX, one of the key institutions established to develop non-hydrocarbon exports, has provided exporters with information and guidance. However, in practice, the agency's role has been mainly limited to offering information in a structured format, which, while valuable, is insufficient for an agency of its scale. Algeria must take several essential measures for the non-hydrocarbon export sector to thrive. First, the country needs to accelerate the development of a comprehensive national export strategy with clear objectives, a system for monitoring progress, and mechanisms to address barriers hindering its success. Engaging business leaders and economic operators in developing a robust national economy based on export diversification is also critical, ensuring active participation in the activities of relevant agencies. Small and medium-sized enterprises (SMEs) must be supported and upgraded to prepare them for foreign competition better. Another strategic step is prioritizing sectors where Algeria has a competitive advantage, such as organic agricultural products (BIO), which are increasingly in demand in international markets.

Enhancing logistics services and infrastructure development is crucial, as improvements in these areas would directly reduce costs in sectors like transportation and shipping. Implementing a single-window export system would streamline and simplify export procedures, making the process more efficient for exporters. Finally, providing training and improving the skills of the human resources working in the export sector would further strengthen the sector's capacity.

Despite these recommendations, this study has limitations, including the lack of quantitative data on the effectiveness of ALGEX's programs and the specific challenges different sectors face in Algeria. Future research should explore the impact of regulatory reforms and institutional support on non-hydrocarbon exports, explicitly examining the role of SMEs and sectoral differences. Additionally, further studies could investigate the specific factors limiting the competitiveness of Algerian products in international markets and identify best practices from other countries that have successfully diversified their export base.

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