



Prospects for Trade Exchange Between Algeria and African Countries (Mauritania as a Model)

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Abstract :

This study aims to show the reality of trade exchange as well as the export potentials of Algeria towards Mauritania and its positive effects on the development of the two countries. After the successive oil crises and the decline in oil revenues, Algeria is trying to go to the African market with its non-oil products and increase the volume of its exports through cooperation and trade exchange with neighboring countries, and in particular Mauritania through the Tindouf-Chum border crossing, which is newly established.

Key Words: Trade exchanges, Foreign trade, Exports, Border areas, Economic development.

JEL Classification : P45.

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Introduction :

For several years, Algeria has been trying to establish good economic relations with northern countries, such as European, American, and Asian countries, in search of hard currency and huge profitable investment projects. Algeria is again towards Africa by increasing the commercial and economic link of Algeria with the countries of the continent. And activating all possible partnership frameworks that bring together Algeria and the latter continent, which possesses material and human capabilities, and economic bounties and wealth that enable it to link with it, with which it aims to open the way for Algerian products to invade the markets of African countries, and also aims to strengthen economic relations. To create real, profitable mega projects.

The most important countries that Algeria can have relations with are the neighboring countries, and the most important of which is the countries of the Maghreb Union. In competition with other countries, statistics indicate that the volume of trade exchange, cooperation and partnership contracts between Algeria and Mauritania are very small, despite the nature of the two countries, all the characteristics that they have, the social, historical and religious closeness, as well as the geographical proximity between them.



The problem of the study: What is the reality of Algerian-Mauritanian trade cooperation? And what are the Algerian export potentials towards Mauritania through the Tindouf-Chum border crossing?

Aim of the study:

- Learn about the concepts of foreign trade and border regions.
- Show the reality of trade exchange between the two countries.

Algeria's export potential and discover its obstacles.

Learn about the Tindouf-Shum border crossing and its importance.

Study Approach: In order to understand the aspects of the topic of this paper, we will use in this study the descriptive and analytical method as they correlate with the study.

Study axes:

- The first axis: Foreign trade and its role in economic development.
- The second axis: An overview of the concept of border areas and border trade.
- The third axis: Trade exchanges between the two countries, the Tindouf-Chum border crossing.

I. The first axis: Foreign trade and its role in economic development

Foreign trade is one of the most important economic ties that have been tied since ancient times between all societies, and the modern global market economy has made foreign trade of great interest. The Algerian economy depends on oil for most of its exports in order to collect rents to achieve economic development.

1. Definition of foreign trade:

International trade means that it is "the process of commercial exchange in goods, services and other various production elements between several countries with the aim of achieving mutual benefits for the parties to the exchange," (Hamdi, 2000) as it is meant by short that "the process of trade exchange that takes place between the state and the outside world." (Salah, 1967)

2. The importance of foreign trade and its role in economic development:

Foreign trade has many benefits, both for the individual and for society, some of which are summarized as follows:

- International trade enables each country to exploit its productive resources as efficiently as possible, meaning that it obtains from those resources the largest possible total product.

The advantage of international trade is that it enables each country to benefit from the advantages of the other country. What one country enjoys gives international trade at the disposal of all countries. (Musa, 2001)



- It is considered an indicator of the countries' productive capacity and competitiveness in the international market because this indicator is related to the available productive potential, the ability of countries to export and their income levels, as well as their ability to import and the reflection of all of this on the state's foreign exchange balance.

- Achieving a balance in the internal market as a result of achieving a balance between supply and demand quantities.

Provides individuals with what they cannot produce or what they produce little.

It helps to advance in the ethical, social and cultural fields thanks to the constant contact that it requires. (Rachad, 2000)

It is considered one of the aspects of human activity on which exchange is based.

Foreign trade contributes to the dissemination of technological knowledge, the transfer of ideas, experience, skills, and administrative capabilities and the art of organizing and establishing projects. (Zairi, 2006)

3. Factors affecting foreign trade and reasons for international specialization

There are a number of reasons and motives that affect, directly and indirectly, foreign trade, as well as have a contribution to the countries' specialization in production. These reasons are often represented in a group of factors that lead to the production of the internationally traded commodity with high economic efficiency and productivity, excluding other commodities. The factors affecting international trade and calling for international specialization are as follows:

3.1. Factors affecting international trade:

In view of the important role that international trade plays at the level of international economic relations, it is affected by the following:

a. Local and global économie conditions:

As these conditions collectively affect the course of international trade. The local economy, in order to promote its internal industry, needs raw and intermediate goods, so the state resorts to international trade to import what these industries need, and consumer demand has a role in determining the state's foreign trade policy in terms of importing quantities of Goods of wide consumption.

With regard to the international global economy, the change in demand by an increase, for example, would encourage the country to increase the volume of exports on the one hand, and pressure its consumption on the other hand. (Abdel-Basit, 2000)

b. Levels of economic development:

Where levels of economic development constitute an important space in the formation, conduct and direction of the international trade policy of the country, as the stalemate and economic delay of a country usually makes it keen to restrict its



foreign trade and thus remain closed in on itself. On the other hand, we find that developed and advanced economies with high levels of economic development are witnessing flexibility in their foreign trade policy.

3.2. Reasons for international specialization in production:

Behind the process of international specialization in production are many motives and reasons that made countries focus on specific industries in their economies, in order to benefit from the advantages available to them, according to what their nature and economic conditions allow. Among the most important reasons for international specialization in production is the desire of states to consolidate relations between them and increase the degree of interdependence, in addition to the need for optimal use of resources, increase in total production and improve its quality, reduce the waste of time resulting from the transfer and transformation from one productive sector to another. Encouraging the innovation process and creating new, more effective ways of working. (Qashi, 2000)

There are other reasons for the process of specialization in production, including:

a. Natural conditions: A country's availability of natural resources makes it specialize in producing certain commodities, not others, for example, Arab oil states specialize in the hydrocarbon sector because they are rich in oil and gas, while a country has fertile soil and vast agricultural lands specializing in the production of agricultural products.

b. Technological progress: The technologically advanced countries specialize in productive sectors in which the backward countries cannot be indifferent, because that requires the import of certain technology, which can cost them huge capital that is high, more than the cost of importing ready-made goods.

c. Difference in the availability of capital and labor: Usually rich countries specialize in productive sectors that poor countries cannot invest in because they require high capital, just as the abundance of labor directs countries towards specialization. Countries that possess a skilled workforce tend to go to sectors without the other because they reduce production costs, and one state can meet these two conditions together or one without the other or lack them together.

d. Laws and legislation: Foreign trade activity in various countries of the world is subject to legislation and regulations drawn up by state agencies, which work to restrict it to one degree or another or liberate it from the various obstacles that it faces at the global level. (Abdel Rahman Yousry, 2001).



II. The second axis: an overview of the concept of border areas and border trade:

1. The concept of border areas and their importance.

Frontiers are considered to be old in human societies, where they appeared with the dependence of man on agriculture and then developed with industry and trade, and the idea of borders is a product of the human desire to own property, either individually or collectively.

The word borders originate in the old French language "bordure", which means the front line of the army, and also means "the line of contact" or "the edge of something."

The boundaries are defined in the dictionary of "Lisan al-Arab": the boundary is "the separation between two things so that one of them does not mix with the other or that one does not violate the other." As for international law, it defines the boundary as: "the dividing line at which the territories of neighboring countries begin or end." Or, it is: "an imaginary line separating two pieces of land, one from the other, that defines the planned space for exercising the state's governmental powers." (Rahaylia and Boudah, 2016).

2. Steps to establish borders between countries:

It can be divided into four basic steps as follows; (Alhamdi, 2015)

- The stage of defining the boundary: This step is done through treaties and agreements between countries.
- The boundary setting stage: It is the final selection of borders within a wide selection area.
- The stage of planning and demarcating the boundary: in which what was previously agreed upon will be applied, and the following must be taken into account:
 - That the border line separates two nations from each other linguistically, socially and historically;
 - That the line passes through an area of no economic importance and with a low population density;
- The boundary line should follow natural features such as mountains and rivers.
- The management phase: where an agreement is reached between the two parties on how to manage the borders and the crossings between them.
- Through the foregoing, border areas can be defined as "areas in a particular country that possess legal international borders with other countries." Achieving sustainable development in these areas is no different from other regions, taking into account the specificities and characteristics of these areas.



3. The importance of border trade:

- Opening the scope of this trade enhances the capabilities of the population in the border regions to engage in economic activity on legal grounds.
- It works to find effective methods to promote exports of marginal and semi-industrial goods to the countries of trade exchange in the neighboring regions of the neighboring countries.
- It has a positive effect in increasing the enthusiasm of citizens to increase production and export and thus contribute to stability and limit immigration to capitals and major cities.
- The entry and exit of goods through customs border points reduces pressure on the ports of major countries.
- Border trade works to strengthen commercial, political and cultural relations between neighboring countries, as the border trade is an effective means of transmitting cultures and developing good neighborly relations between countries.

Helping to obtain imported goods in local currency.

- With the development of border trade, there will be economic interests with neighboring countries that support the unification of political visions among neighboring countries. (Alhamdi, 2015)

III. Trade exchanges between Algeria and the outside world:

It should be noted that the main customers of Algeria during the year 2010 were the United States (13.69) billion dollars, Italy (6.39) billion dollars, Spain (6.01) billion dollars, France (4.52) billion dollars, and the Netherlands (3.50). Billion dollar. The following table shows the main customers of Algeria between 2005 and 2012, and according to the statistical data of the Customs Studies and Prospects Directorate, the trade exchange between Algeria and European countries amounted to 45.21 billion dollars during the past year compared to 51.96 billion dollars during the year 2018, a decrease of 13%.



Table 1 : The main customers of Algeria in total exports during the period (2005-2018)
Unit: million dollars

Year	2005	2006	2007	2008	2009	2010	2011	2012	(%)
Total exports	45 036	54 613	60 163	79 298	45 194	57 053	73 489	71 866	100
Italy	7 518	9 314	7 967	12 307	5 702	8 778	10 432	11 513	16,02
United States of America	10 203	14 857	18 091	18 952	10 365	13 827	15 038	10 778	15,00
Spain	4 988	5 983	5 338	9 078	5 402	5 909	7 188	7 809	10,87
France	4 519	4 571	4 100	6 360	4 424	3 776	6 508	6 124	8,52
Holland	2 778	2 845	4 528	6 150	3 265	4 164	4 871	5 257	7,31
Canada	2 412	3 579	4 666	5 424	2 439	2 971	4 399	5 082	7,07
The UK	670	1 624	1 577	2 241	1 142	1 290	2 857	3 668	5,10
Brazil	2 891	1 892	1 824	2 639	1 466	2 415	3 236	3 395	4,72
Turkey	1 670	1 864	2 043	2 918	2 002	2 704	2 478	2 625	3,65
China	244	14	1 106	502	874	1 173	1 291	2 597	3,61

Source: National Agency for the Promotion of Foreign Trade, Bureau of Statistics, 2012-2018

Thus, according to the analysis of the above table, we find that most of Algeria's visitors are located within the European continent and the American continent through the zone of economic cooperation and development.

Algeria's most important trade exchange with Europe took place during the year 2019, as it was estimated at 58.14 % of the total volume of exchanges, according to WJ's knowledge of the Algerian General Directorate of Customs.

According to the statistical data of the Customs Studies and Prospects Directorate, trade exchanges between Algeria and European countries amounted to 45.21 billion dollars during the previous year compared to 51.96 billion dollars in 2018, a decrease of 13 %.

Thus, European countries remain Algeria's most important partners, noting that 63.69 % of Algerian exports and 53.40 % of its imports took place with the countries of this region, including the European Union.

Indeed, Algeria's exports to European countries reached 22.81 billion dollars compared to 26.55 billion dollars, registering a decrease of 14.08 %.

For its part, Algeria imported 22.39 billion dollars from European countries, compared to about 25.41 billion dollars, representing a decrease of 11.87 %.

France, Italy, Spain and Britain remain among the main partners of Algeria in Europe, according to the same source.

The Asian countries occupy the second place in terms of the volume of trade exchanges for Algeria, with a share of 23.92 % of the total value, reaching 18.60 billion dollars, compared to 19.6 billion dollars, registering a slight decrease by 2.44 %.



Asian countries bought Algerian products at a value of 6.22 billion dollars compared to 5.77 billion dollars in the same period of comparison, registering an increase of 11.28 %.

IV. Trade exchanges between the two countries, the Tindouf-Chum border crossing (the martyr Mustafa bin Boulaid):

1. The Tindouf-Chum border crossing:

This crossing was established in order to facilitate the movement of people and goods and to double trade exchanges between the two countries. The crossing connects between the state of Tindouf in southwestern Algeria and the state of Zouerate in northeastern Mauritania, two areas close to the disputed Western Sahara between Morocco and the Polisario Front, and the length of the border between the two countries is about 460 km. It is the shortest border for each of the two vast countries(Aida Amida, 2018)

This crossing was opened on August 19, 2018, and this border crossing, "Tindouf-Chum", is approximately 460 km, and it was called the martyr "Mustafa bin Boulaid". It cost Algeria one billion and 150 million Algerian dinars (about 8.5 million euros), and it consists of 49 units of Pre-fabricated building, including 46 offices designated to carry out entry and exit procedures from Algeria and Mauritania, in addition to 4 parking spaces and facilities designated for rest.

2. Advantages of the crossing:

- Enhancing trade exchange between the two countries, and facilitating the movement of people and goods;
- Development of the border areas close to the crossing for the two countries;
- To curb smuggling and illegal trafficking for the two countries;
- Activating bilateral economic cooperation and discovering investment opportunities for the two countries;
- This crossing is considered Algeria's main gateway to the countries of South West Africa.

3. Goods exported to Mauritania:

In this axis, we will deal with some statistics of the trade exchange between the two countries that took place between Algeria and Mauritania through the Tindouf-Chum border crossing during the years 2018 and 2019.



Table 2: The quantity and value of the exported goods in dinars by type in 2018

Goods	Item Quantity (Tons)	Value (EUR)	Value (USD)	Value (Dinars)Dz
food products	483,186	132 570,00	41 470,00	23 239 581,24
Cosmetics	5,919	0,00	11 136,21	1 504 691,40
Industrial products	19,046	0,00	88 851,00	10 521 963,80
Total	508,151	132 570,00	141 457,21	35 266 236,44

Source : Tindouf State Trade Directorate 2018

We note from the above table that the exported food products took the lion's share of the exported goods towards the Mauritanian market in the amount of 483.186 tons, followed by industrial products with a quantity of 19.04 tons, as well as cosmetics and physical cleaning with a quantity of 5.91 tons in small proportions. We also note that the exporters who export industrial products and cosmetics Cleaning gets hard currency - the dollar - in contrast to food exporters who receive dollars and euros.

4. Value and quantity of exported goods in dinars according to their type in 2019

Table 3: Value and quantity of exported goods in dinars according to their type in 2019

Goods	Item Quantity (Tons)	Value (EUR)	Value (USD)	Value (Dinars)Dz
food products	2 121,037	659 733,31	2 121,037	113 197 176,14
Cosmetics	108,193	237 705,45	108,193	32 660 515,90
Industrial products	913,571	359 994,18	913,571	67 725 426,21
Total	3 142,801	1 257 432,94	3 142,801	213 583 118,25

Source : Tindouf State Trade Directorate 2019

We note from the above table that food products are still in the forefront through the large quantities exported in the amount of 2121.03 tons compared to industrial products, cosmetics and physical cleaning in quantities of 913.57 tons and 108.19 tons, respectively, and that the exporters of cosmetics and physical cleaning receive only hard currency - EUR - on Unlike other exporters.



5. Export Operations Assessment

Table 4: Evaluating the export operations of the goods in 2018 and the first semester of 2019

Goods / year	2018	first semester of 2019
Item Quantity (Tons)	508,151	3 142,80
Value (EUR)	132 570,00	432,94 1 257
Value (USD)	141 457,21	341 730,02
Value (Dinars)Dz	35 266 236,44	213 583 118,25

Source : Tindouf State Trade Directorate 2019

We note through this table that the difference between the quantities exported 2018-2019, where the development in the exported quantities of goods, where 508.15 tons were exported during 2018, and the exported quantities of goods increased in significant quantities, reaching 3142.80 tons during the first semester of 2019.

4. Goods imported from Mauritania to Algeria:

According to the data obtained from the Trade Directorate and the customs investigator, since the crossing was opened, one import operation has taken place, which is the import of marine products (fish, whale, etc.). The imported quantity amounted to 8,350 tons, amounting to 9.956 euros.

5. Obstacles to trade exchange between the two countries:

- Absence of the paved road between the two countries, which leads to frequent breakdowns of means of transport and increased transportation costs
- Damage to the generators at the Mauritanian side of the crossing, which contributes to disrupting administrative procedures for people and goods
- The absence of infrastructure, including hotels, shops, restaurants, and petrol stations at the crossing
- The fundamental crisis is the fuel crisis, as transporters suffer from the problem of fuel along 1000 km, as there is no fuel station at this distance, which makes the transporters supply fuel at fantastic prices, as the price of one liter sometimes reaches 200 dinars / liter.
- The necessity of a guide accompanying the carriers.
- The inability to secure the carriers between the two sides due to the vastness of the area.

**Conclusion :**

Through the previous data, we conclude that the most important requirements of the Mauritanian market are foodstuffs, as it is considered the most imported commodity.

- Also, despite all the previous obstacles and the modernity of the border crossing, there is a very remarkable development in the exported quantities of all goods, whether industrial food or cosmetics, and this is due to the support and encouragement of the two governments for trade exchange between the two countries.

- Dealers are free to choose the hard currency with which they deal in dollars or euros.

- We conclude that the Mauritanian market is a consumer market, and this is evident in the discrepancy between the many export operations in exchange for one import.

In light of the foregoing, the following suggestions and recommendations can be submitted:

- The necessity of paving the road that connects the two countries and passing it over the liberated areas of Western Sahara so that the road is safe.
- Supporting and urging investors to build hotels, restaurants and shops
- The permanent provision of electricity on both sides of the crossing
- Supporting the headquarters demonstration and ensuring its continuity, due to the exchange of experiences and rapprochement between peoples.
- Establishing petrol stations between every 300 km.

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