

DEBATING THE ALGERIAN ECONOMIC CASE AND FOREIGN MARKETS ENTRY

مناقشة القضية الاقتصادية الجزائرية والدخول إلى الأسواق الأجنبية

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Abstract:

This study debates the present economic case of Algeria, which is characterized, for the point of view of our research, by several phenomenon like the Dutch disease and rentierism...that aggravate the industrial performance and increase the oil dependency of the state's revenues, especially hydrocarbon exports that represent the highest percentage of total export to foreign markets. The other part of this research paper involves the foreign markets entry concept, and the latest statistics of exports and imports. Besides a bunch statistical details and facts about Algeria's international suppliers and clients. In order to deduct the main weaknesses and strengths concerning the international trade, and the major improvements that could be taken into consideration; by the Algerian manufacturers and government; to gain access to international markets, reduce oil dependency and boost the economic performance.

Keywords: the Algerian economic case, foreign market entry, oil dependency.

الملخص:

تناقش هذه الدراسة الحالة الاقتصادية الراهنة للجزائر، والتي تتميز من وجهة نظر بحثنا-بظواهر ومشاكل متعددة، مثل اللعنة الهولندية والإقتصاد الريعي الذي سبب تراجع للصناعة وضعف للأداء الإقتصادي. حيث يترجم هذا الوضع بإعتماد الدولة القوي على العائدات البترولية، خاصة صادرات البترول التي تمثل أكبر نسبة من إجمالي الصادرات إلى الأسواق الأجنبية.

كما ينطوي الشق الآخر من هذه الورقة البحثية على مبدأ الدخول إلى الأسواق الأجنبية، وذلك عن طريق تقديم جملة من الإحصائيات الخاصة بالصادرات والواردات في الجزائر، بالإضافة إلى تفاصيل إحصائية حول الموردين والعملاء الدوليين المتعاملين مع الجزائر، وذلك من أجل إستنتاج نقاط الضعف والقوة الرئيسية فيما يتعلق بالتجارة الخارجية الجزائرية، وأبرز التغييرات الرئيسية التي يمكن أخذها في الإعتبار من طرف الحكومة الجزائرية بهدف الوصول إلى الأسواق الدولية، والحد من الإعتماد على النفط وتحسين أداء الإقتصاد المعتمد بصفة مطلقة على الربح.

الكلمات المفتاحية: الحالة الاقتصادية الجزائرية، دخول السوق الأجنبية، الإعتماد على النفط.

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1-Introduction:

Globalization is a phenomenon, event, perhaps a global changing... that has turned the world upside down in the twentieth century, the world is no more the same, entrepreneurship and communication that link the world's nations ; are not executed such as before, old disagreements that caused world wars to the humanity, also happen differently and cleverly.

It had the tremendous role in introducing some intrinsic changes to the world concerning various economic, technological, social and political domains..., thus, main borders, that have always been separating countries and cultures, have become meaningless, thanks to the principle of relative homogeneity and uniformity of the global demand and supply.

However, the present human being for instance, in the African continent, could approximately have the same preferences and demands, as the other human being in the other half of the earth, so we can say that, the world have become less remote then it has ever been.

Like all the countries in the world, Algeria is subject to all of these changes, whether positive changes or negative ones. Consequently, decision makers as well as economists and experts, where obliged to find out suitable solutions, to deal with the principle of global openness on one side, and upgrading the national economy on the other.

Historically, the economic system of Algeria was converted from the system of the central plan to an open market economy, so these important paradoxes and transformations have been a challenge that our country had to deal with all over these last years , but it is still unable to make any step forward. Because the new system of the open market is based on the opening of international markets to each other, encouraging domestic and foreign investment, which leads to a considerable increase of the areas of free trade.

This completely questionable situation poses a serious problem for the local product, especially beginners and starting enterprises that suffer from the lack of experience in particular. In addition, creating obstacles for entering foreign markets even if the enterprise is well enough experienced. Because; even though the economic system is oil dependent; the local product will not be able to be upgraded to the international level and standards, and this what we are going to discuss in our research paper.

1-2.The research problem:

Algeria is actually nonproductive and relies roughly on hydrocarbon revenues, by more than 94%, which marginalizes local production and weakens the Algerian consumer confidence, in its national product, which encourages importations of foreign merchandise to serve the developing needs of the consumer. Our study tries to characterize the actual economic case, by analyzing a bunch of diseases and phenomenon that have contributed in a way or another to create this situation. The other part of the research is based on foreign market entries, particularly the present statistics of imports and exports.

Starting from this point of confusion, and relying on various studies, we started our research by the following interrogation: **How can Algeria gain access to foreign markets, under the circumstances of the present economic situation?**

2-The-economic case of Algeria:

2-1.Historical facts in depth:

Algeria is a country situated in North Africa, the tenth largest in the world, predominantly Muslim nation , also its Sahara dominates more than four-fifth of the country's surface area(Keith Sutton, Abdel Kader C, Salah Z, L. Carl , 2018)¹.

As it was lately called, by the contemporary Algerian novelist Assia Djebar “a dream of sand.”

By 1830, the French colonialism, has invaded the Algerian land and made it a department of France; for more than a century, one million and a half martyrs were killed for liberty.

As the matter of facts, Land was devastated, economic and social situation did not make any progress, until the war of independence that happened in the mid -20th century; Algeria regained its freedom but unfortunately with a demolished economy, and a destroyed situation in almost every single side. Until 1962, the economy was based largely on agriculture and complemented France's economy.

After the independence, decision makers tried to experience a healing period that should improve the after-war situation, exploiting the discovery of hydrocarbons and oil wells.

Particularly, since the world interest about these lasts, have risen, industries using petroleum expanded. As a result, the extraction and production of hydrocarbons have become the principal activity that had the ability to push forward the circle of industrialization.

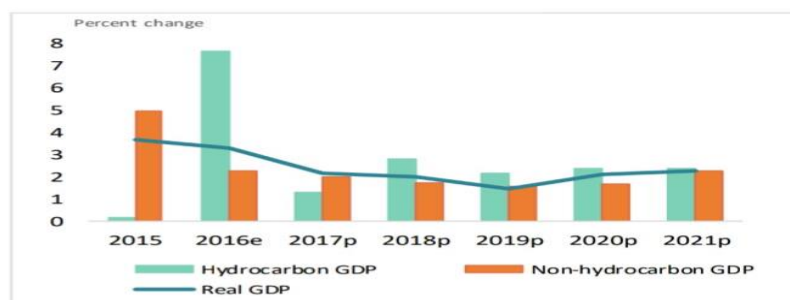
At the 1980s all the interests were converted into privatization, to rise a little bit the Standards of living that classified Algeria as an intermediately developed country, but on the other side the production of anti-hydrocarbons was and remains very weak and imprudent, and self-sufficiency is a very far target for the Algerian government.

According to the World Bank's Business Climate Report of 2018, Algeria ranked 166 out of 190 world economies. So a decline of 10 levels compared to the assessment of 2017, which had a negative impact on the attractiveness of the investment climate in Algeria, reflecting the economic conditions and a very low level of national production of not more than 6%.

Meanwhile, country's gross domestic product (GDP), is highly constituted by the export trade in petroleum and natural gas, despite fluctuations in world prices and economic crisis.

Actually, on top of the studies that have proven successively the exactitude of this case is the World Bank in many versions (see figure N°01).

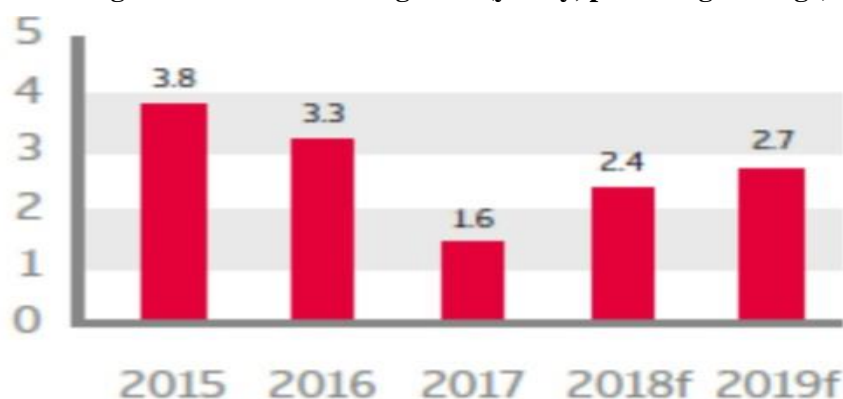
Figure N°01: real GDP growth.



Source: world Bank staff estimates and projections.

According to the World Bank estimations and statistics, the hydrocarbons GDP is extremely superior, comparing to the non_hydrocarbons GDP and the real one, and this could be justified by the strong oil dependency of the Algerian exports, the non-existent manufactory, and several phenomenon that we will be underlining in our paper.

Figure N°02: Real GDP growth(y-on-y, percentage change)



Source: MENA country's report, July 2018.

The MENA, country report statistics, published in 24 July 2018, the export of hydrocarbons constitutes 95%, and 60 other percent of the government budget. We chose this report to give another evidence for the oil dependency, which is calculated by a foreign organization.

Nevertheless, it must be noted that, the forecasted GDP growth by the end of the recent year and the following year, is there will be an increase of 0.3% which is considered economically as a good sign.

2-2.Causes and determinants:

In our paper, we tried to determine several phenomenon or problems that have participated in a way or another to build the current economic situation of Algeria these last decades.

2-2-1.The-Dutch disease:

As we previously ensured in our paper, Algeria is a resource-dependent country, that is always classified as an oil and gas manufacturer, but what we should concentrate on how it is an important resource, and considered as a wealth that logically should stir its economic growth and performance. Also, propagate the overall development, in order to fight many problems such as poverty, unemployment, many socioeconomic problems, and implications of the colonial rule. However, the truth that we should face, and must be extremely aware of, is that Algeria is still known as a non-manufacturer economy, a third world or a developing country...besides a bunch of appellations. That makes us understand one shallow fact is that; despite this country is lucky enough to be endowed with this commodity; it is at present, non-civilized and did not make any progress in the economic path.

This resource problem was seen in many economies, such as Norway and Netherland to be named a "Dutch disease" or a "resource curse". In the late fifties and the late sixties, exactly after the tremendous discovery of natural gas in the North Sea, to describe an economic crisis that happened in Netherland, but as a term, it was first used by the economists in 1977 to describe the whole event that happened in Netherland.

This discovery has considerably increased the wealth of Netherland, (Thorvaldur.G, 2001,P:1-2.)² but unfortunately harmed other industries also the farming sector. Therefore, this was explained by an important decline of both profitability and competitiveness, due to the appreciation of the Dutch currency, which was caused by the increasing of exports, who actually made a large capital inflow itself

Many researchers and experts were interested about the Dutch disease and described it in many ways. As (Zuzana. Brinčíková,2016, P:96)³ ,in her study about the Dutch disease, insures that this phenomenon is not a recent event , the main characteristics describing this case details, where seen four centuries ago, while the flows of treasures into Spain and Portugal in the 16th century or the Australian gold rush in the 1850s.

(W .M. Corden and J.P.Neary, 1982, P: 825)⁴ define Dutch Disease as *“the coexistence within the traded goods sector of progressing and declining, or booming and lagging, sub-sectors”*. In addition, they underlined the most popular cases that suffered from the resources curse, as an instance: minerals in Australia, natural gas in Netherlands, oil in the United Kingdom and some of the OPEC members (Algeria is member of the OPEP since 1969).

The same thing for(Luiz Carlos Bresser-Pereira,2013, P:372)⁵, he considers the Dutch disease as *“a structural phenomenon that creates obstacles to industrialization”*, this happens while generating negatives externalities to the economies of other sectors concerning the tradable goods and services and; regardless of using advanced technologies and innovative administrative approaches; those industries won't be able to prosper. However, this last seems to impair many commodity-exporting nations (Zuzana. Brinčíková, 2016, P: 96)⁶, such as Norway, especially the currencies of some countries, which are well supported by high oil prices in a hand, and having uncompetitive manufacturing sectors on the other (which is exactly the case of Algeria).

As Gorden and Neavy, have admitted in their paper, there is a certain pressure towards de-industrialization caused by this phenomena, this led us to talk about industrialization, which is caused; according to the point of view of our study; by the phenomena that we have talked about.

2-2-2. Rentierism:

Algeria as many countries in the MENA region, is identified to be having a rent economy starting with : Saudi Arabia, United Arab Emirates, Iraq, Iran, Kuwait, Qatar and Libya in addition to some countries situated in Latin America, like brazil(Kahkonen.david N,2014, P:32)⁷ and Mexico (Norio Usui: 1997, P:151)⁸. Which are considered as oil producers and earning revenues from trading natural resources.

(Charlotte M. Levins, 2013, P:388-423)⁹ testified, that rent is obviously the nature's reward, to the country, it is considered as a solution for many problems that require a relieved financial situation, which is supposed to covers expenses, and consequently furnish, generally, a better situation for citizens. For instance, it could pay for social services, and helps to create a middle class (i.e.: avoiding problems of classism and poverty), increase per capita GDP and raise other measures of development (Michael Herb, 2005, P: 297-316)¹⁰. But obviously it participates to aggravate the poor performance of the industries and increase the dependency on imports of hydrocarbons.

This testimony given in our research paper is concluded by numerous researchers that thought the same way, and insured that Algeria suffers from a rentierism, such as, (Auty and Gelb,

2001, P:126)¹¹ :” **the resource rent for example, help to consolidate tendencies toward a strongly centralized state, as in Algeria...** “

Also, Fuinhas ,José Alberto and Antonio Cardoso (Fuinhas, José A & Antonio C, 2013, P: 1165- 1171) ¹², admitted in their paper titled rentierism, energy and economic growth, that: **the Algerian economy is a very strong example of rentierism .the manufacturing industry start to decrease, and the service industry becomes the main source of employment.**

Fatiha Talahite, an Algerian researcher, also participated in her paper named: rent and rentier state, does they recover all the fact of today’s Algeria? (Fatiha Talahite, 2012, P: 143)¹³, In order to put the light on the fact that: **“in Algeria the rent of hydrocarbons represent more than the half of the national revenue and almost the totality of its exports”**

Also an economy based on rent or suffering from rentierism can be distinguished, according to (Rudiger Ahrend, 2004, P: 3)¹⁴, if the total amount of revenues represents 10% of GDP and 40% of exports

NB :(we will be clarifying in the final part of our paper that Algeria depends heavily on hydrocarbons by more than 94%, (see also figure N° 01)).

2-2-3.De-industrialization:

This problem also have been spoken by quite a number of studies, and it was judged to be the often result of a rentier economy and the Dutch disease phenomenon. However many definitions of deindustrialization are available throughout the literature ;(José Gabriel Palma, 2005, P: 72)¹⁵ describes deindustrialization as the stage that declares a decrease of employment number in the manufacturing industry. Palma defines deindustrialization simply as the point when employment numbers and the service industry starts to become the main source of employment.

(W.F.Lever 1991, P: 983)¹⁶ offers another definition that says that deindustrialization is a decreasing of the manufacturing industries and a remarkable recession of employment. In other words, it is considered as a retreating of industrialized exports in a country’s share of world trade. (Which will be explained in our paper, see figure 05-06 and table 03-04).

3. Foreign markets entry:

3-1.Definition:

The principle reason for creating a business or an enterprise is to make the maximum profit by selling its final product to large market segments, and cover the maximum of market’s areas and consumers. Furthermore, finding new markets has always been a mission for the company to spread its manufactured goods or services all over the world and to build a well-known brand.

The market entry process is executed in the real world of business, by choosing an entry mode or a strategy, according to the situation, the exported merchandise, the culture and the environmental factors concerning the targeted country and the circumstances of the global economy. According to Sharma and Erramilli’s perspective(Sharma, V.M, Erramilli, M.K,2004, P:2)¹⁷ an entry mode is, a structural agreement that authorize the firm to execute its product market strategy a host country, however, it can happen with two ways, the first is by using only its marketing operations and strategies. Alternatively, by both production and

marketing operations in that country individually or choosing the partnership mode with other companies. But” The entry mode is not only the mode of action at the beginning of operations in a new market, but also the way in which the company operates in this market” (Aroslav Ďad’o, Jan W. Wiktor, Agnieszka Żbikowska, 2015, P: 136)¹⁸.

Moreover, if the company takes the right decisions, working with foreign market entry can be considered as a tool to be more successful and to guarantee its development and durability. Because relying on several studies like the study of KPMG¹⁹ (**Developing a market strategy entry for Poland**), the majority of organizations put a principle objective, which is to reach the corporate growth effectively. This last is reached by the most controllable way for manager, which is markets entry, by whether: choosing a location, or selecting a company form, devising a market entry strategy or identifying specific risks, in order to come up with the right decision at the right time. Therefore, what they have pointed out from this study is that, the most successful companies use a methodical, fact-driven process for market entry.

Another study that witnesses the efficiency of market entry strategies, and how these lasts can drive a company from failure to success. In order to give more evidences that proves the efficiency of the market entry process. Aroslav Ďad’o, Jan W. Wiktor, Agnieszka Żbikowska in the marketing and trade journal, revealed that entering foreign markets could drive the organization to shape its subsequent activities and growth opportunities in foreign markets, also to implement a market strategy for its products abroad²⁰.

3-2. Market entry modes:

Table N°01: Classification and description of main markets entry modes.

Market entry mode	Types/forms/strategies	Description
Export entry modes	Direct exporting	The company carries out the exporting and has to build this operation itself; it is a sort of direct contact with customers in the foreign market (Krzysztof Wach, 2014, P: 136) ²¹ .
	indirect exporting	Selling the company’s products by another company, as a foreign intermediary. The direct contact between the producer and the international customer or the partner is not necessarily requested. In addition, the transaction is considered as a domestic one (Krzysztof Wach, 2014, P: 136) ²² .
	cooperative export	Export grouping, being dependent collaborates that aims to distribute the exported merchandise internationally.
Contractual entry modes	management contracts	Providing management skills and directing services for another company in a foreign country (exporting the managerial knowledge).
	Franchising	When the mother firm chooses to grant the right to another firm to use the company’s name, trademarks, and technology...

	Licensing	Granting the right for another firm the right to use its intangible assets in exchange for royalties, also, it is strongly associated with firms that were slightly or non_experienced, in foreign market.
investment entry modes	Branch	A new establishment is when a firm starts up a new office or branch in another region to enlarge its consumer's area, but it is different from the solo acquisition, which occurs when a firm buys up another firm.
	Joint venture subsidiary	It is a joint ownership arrangement; it is a kind of collaboration between two companies, to enter foreign markets with the condition of sharing risks, turn over and loss.

Source: own research, inspired from Krzysztof Wach, market entry modes for international business.

3-3. International Markets entry in Algeria:

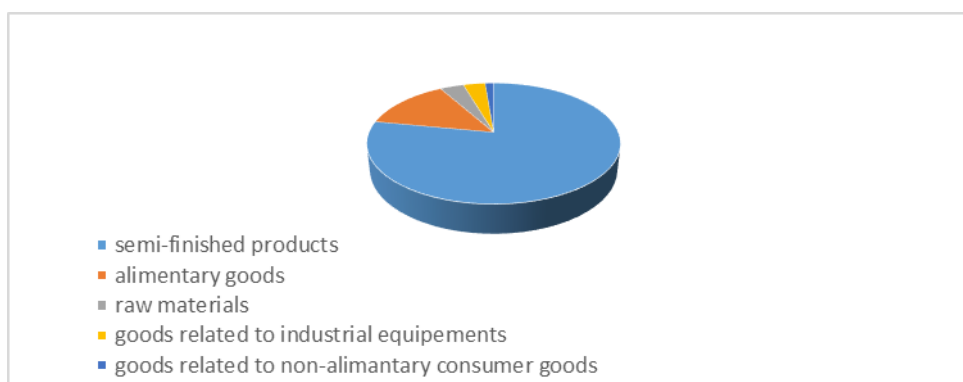
3-3-1.Exports:

In the Algerian structure of exportations, hydrocarbons have always taken the biggest part, During the seven first months of 2018.the global sales in the international markets, has reached a percentage of 93.03%, comparing to the same period in 2017, it registered an augmentation of 15.23 %, (the general directorate of customs and the ministry of finance, 2018, P:10)²³.

As for anti-hydrocarbons exportations, they still weak and marginalized, with a percentage of 6.91%, and a rise of 49, 45% comparing to 2017.

NB: According to the period of our study and researches about this paper, we were in the obligation of working with numbers and statistics of the seven first months of 2018, which are considered as the newest official information delivered from the general directorate of customs and the ministry of finance (Algeria).

Figure N° 03: main types of exported anti-hydrocarbons products.



Source: By the researcher, inspired from the general directorate of customs and the ministry of finance (Algeria).

This figure represents the dispatching of the anti-hydrocarbons exported products into four principle types; we have calculated a percentage for each type versus the global amount of the exported product, which is 1.63 billion of US dollars, to clarify which type takes the most important part and which type is slightly ignorable. As a result, to our researches, we have constated a list of products that were exported during the seven first months of 2018: mineral fertilizers or chemical azote, oils and other products extracted from distillation of tars...

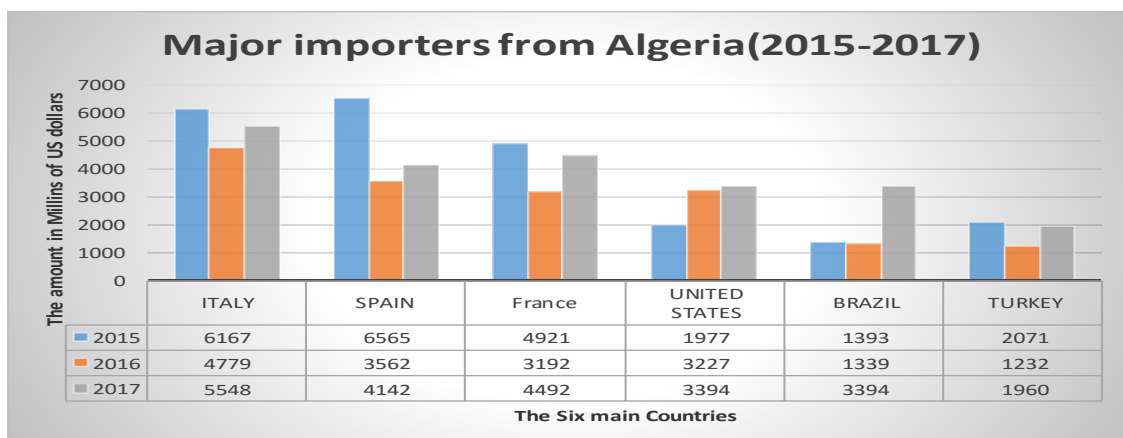
Table N° 02: The evolution of the value of exported anti-hydrocarbon products from 2015 to 2018(first seven months)

The Product type	The value in millions/billions of US \$ /Da in 2015		The value in millions /billions of US \$ /Da in 2016		The value in millions /billions of US \$ /DZ in 2017		The value in millions /billions of US \$/DZ in 2018	
	US \$	Da	US \$	Da	US \$	Da	US \$	Da
semi-finished products	955M	91,94B	710M	77,36B	781M	85,47B	1,276B	147,1B
Alimentary products	166 M	15,97B	159M	17,29B	220M	24,11B	224M	25,81B
Raw materials	59 M	5,67B	45 M	4,94B	40 M	43,81B	59 M	67,34B
Industrial equipment	10 M	943M	25 M	27,78B	41 M	45,18B	54 M	61,61B
non-alimentary consumer goods	7M	640M	10 M	10,46B	12 M	13,06B	22 M	24,84B
1Total Σ :	1,197B	115,16B	949 M	137,83B	1,094B	211,63B	1,635B	326,7B

Source: By the researcher, inspired from minister des finance, the general directorate of customs and the ministry of finance (Algeria).

The following figure shows the value in billions or millions of United States dollar and the Algerian dinar, to explain their evolution during the first seven months of 2015 until 2018, of the five types of products that we have already explain their dispatching and percentages in the (figure N°03). We notice that levels are approximately the same, the highest value was recorded this year (1.653 billion US\$) and the lowest is in 2016 (949 million US\$) but not very far from the average.

Figure N°04: Majors importers from Algeria in the period (2015 to 2017).



Source: By the researcher, inspired from minister des finance, the general directorate of customs and the ministry of finance (Algeria).

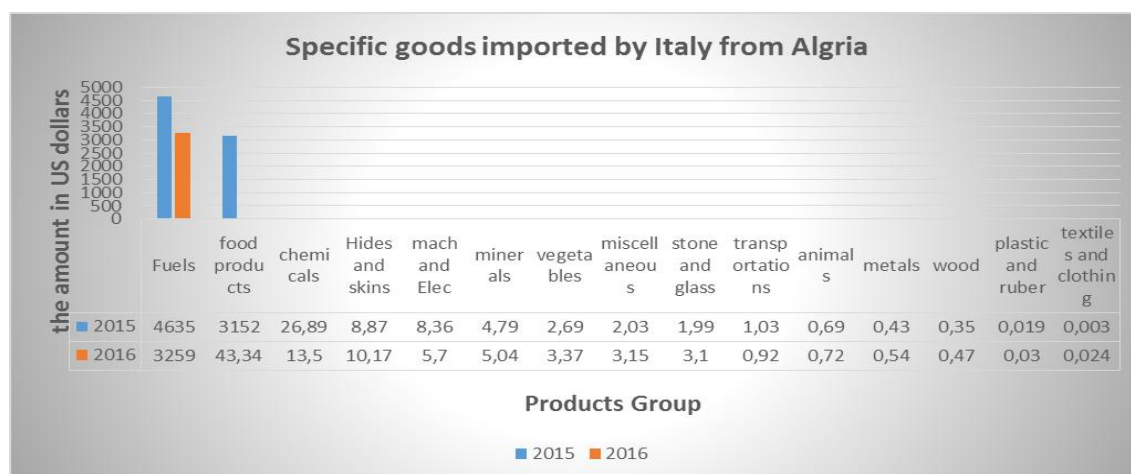
The histogram above shows the main six countries, which export from Algeria, the three last years: (2015, 2016, and 2017). We have noticed that Italy is the most important with a total amount of 16.494 billion of US dollars, but on 2015 it hasn't recorded the biggest number, it has been exceeded by Spain, which was classed first with an amount of 6.567 B US \$. However, in 2016 and the following year it remain the most important importer.

As for Spain, it comes in the second place after Italy, with a total amount of 14.269 B US \$ and then with a sum of 12.605 B US \$, comes France in the third place, which is followed by the US OF America who exported from Algeria the equivalent of 8.598 B US \$.

Finally, Brazil and Turkey with approximately the same amount of exports: 6126 and 5263 respectively. In addition to this explanation, we deemed important that we should clarify more details concerning these six countries and particularly underline what is the nature of the exported goods. In addition, if we are on the right path?

We took Italy as an instance, because it represents the highest level of imports from Algeria, so according to the statistics of the WORLD INTEGRATED TRADE SOLUTION of 2015 and 2016, we tried to extract the main products imported by Italy and to which sector they belong.

FigureN°05: goods imported by Italy from Algeria.



Source: own research, based on the WORLD INTEGRATED TRADE SOLUTION

Table 04: Italy's exported goods from Algeria on 2017.

The product	The amount in US \$
Mineral fuels including oil	\$5.6 B
Organic chemicals	\$15.7 M
Sugar	\$12.6M
Inorganic chemicals	\$11.3 M
Raw hides excluding fur skins	\$ 5.7 M
Iron and steel	\$5.2 M
Fertilizers	\$4.9 M
Salt, sulphur, stone, cement	\$2.2 M
Glass	\$998 M
Aircraft, spacecraft	\$863 M

Source: www.worldsrichestcountries visited 30/11/2018 at 22:14.

In the figure above and the table below, we tried to list the group of products that Italy imports from Algeria, as we can see the highest percentage is fuels and petroleum products (including crude oil, which is the main component, gas and solid fuels) and the lowest one is textile and clothing,

These statistics, ensures what we have previously explained in our paper; however hydrocarbons represents the majority of the Algerian production.

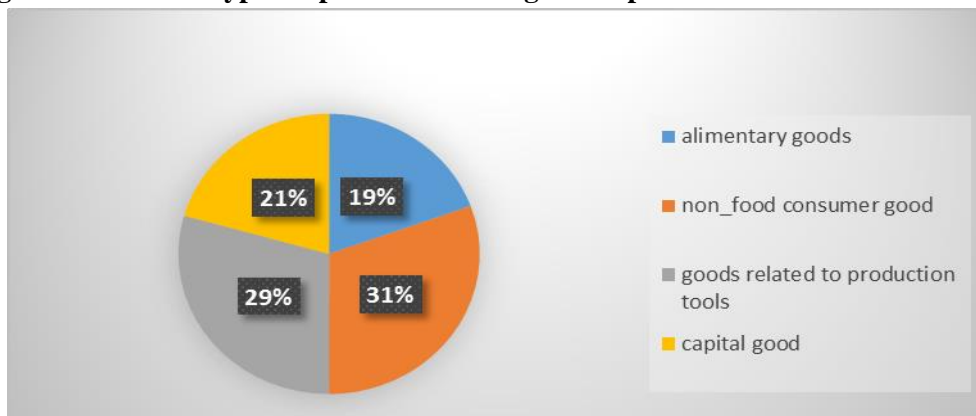
But according to the United Nations COMTRADE database on international trade, import of Italy in 2017 from Algeria was amounted US\$5.6 billion, the equivalent of 16% of its total imports.

So comparing to the previous year, an augmentation of 2.4 billion US\$ comparing to 2016, and an augmentation of 1 billion US\$ comparing to 2015.

N.B: Due to the unavailability of real number of imported goods by Italy from China concerning 2017, we extracted statistics from a different source than the first one, which is the world richest countries, and we took the classification of this source in the table above, (so we did not integrated it in the figure 07, for specific methodological reasons).

3-3-2. Imports:

Figure N°06: Main types of products that Algeria imports seven first months of 2018



Source: By the researcher, inspired from minister des finance, the general directorate of customs and the ministry of finance (Algeria).

Table N°03: The evolution of the value of imported products from 2015 to 2018(seven first months)

The Product type	The value in millions/billions of US\$ /DZ Da in 2015		The value in millions /billions of US\$/DZ Da in 2016		The value in millions /billions of US\$ /DZ Da in 2017		The value in millions /billions of US\$ /DZ Da in 2018	
	US \$	Da	US \$	Da	US \$	Da	US \$	Da
Alimentary good	5,75 B	553,8B	4,69B	512B	5,18B	567,2B	5,23B	603,8B
Goods related to production Tools	9,62B	927,2B	8,56B	932,8B	8,26B	903,7B	8,22B	948,7B
Capital goods	10,86B	1046,5B	9,1B	992,7B	8,86B	969,7B	7,9 B	911,2B
non-food consumer goods	5,29M	509,4B	4,71B	513,4B	4,88B	534,7B	5,54B	639,1B
Total Σ :	31,53B	3036,9B	27,07B	2950.9B	27,19B	2975.3B	26.90B	3102.8B

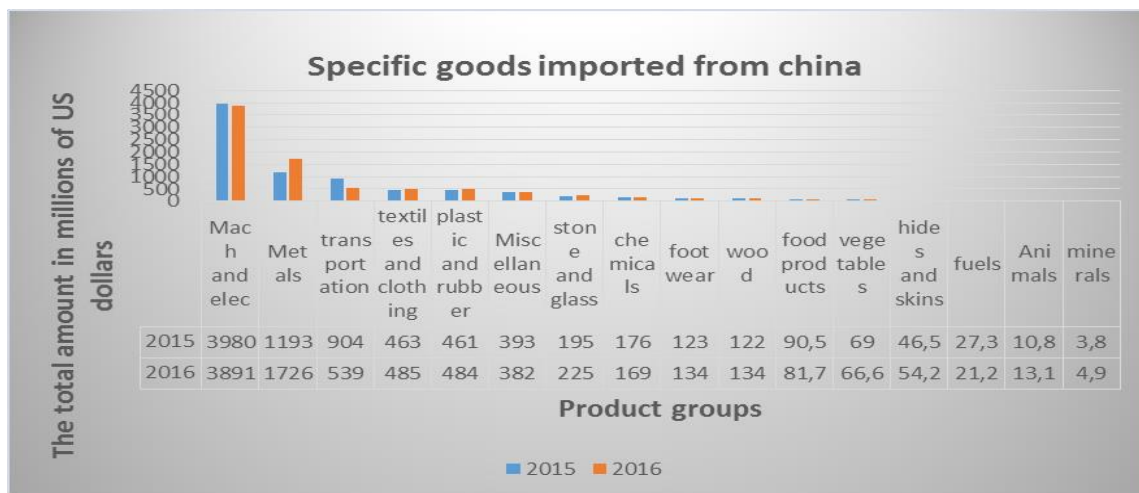
Source: own research, inspired from minister of finances, the general directorate of customs (Algeria).

Figure N°07: Major countries that Algeria exports from, 2015_2017.



Source: by the researcher, inspired from minister of finances, the general directorate of Customs (Algeria).

Figure N°08: China's exported goods to Algeria in 2015_2016.



Source: own research, inspired from minister of finances, the general directorate of customs.

Table N°04: china's exported goods to Algeria in 2017.

The product	The amount in US \$
Machinery	\$2.2 B
Electronic equipment	\$1.8 B
Iron or steel products	\$1.2 B
Vehicles:	\$339.9 M
Rubber and Plastics	\$ 643, 6 M
Footwear:	\$123.1 M
Furniture, lighting, signs:	\$170.5 M
Man-made filaments	\$164.7 M

Source: www.worldsrichestcountries visited 30/11/2018 at 22:14.

The figures above ,and the table below it, show the specific products that china exports to Algeria , however, China's exports to Algeria in2015,2016, 2017 are amounted respectively to

8.2US\$, 8.39US\$ and 8.30US\$, which represents approximately the equivalent of 18.1% of its overall imports.

We tried to classify the products imported by Algeria from china, in order to underline the weaknesses and needs of respectively the industrial system and the Algerian consumer. This could be explained by the ability of the Chinese manufacturer to meet the urgent needs of the local consumer (Thierry Perrault, 2016, P: 6)²⁴, and the whole situation is called Chinese economic presence in Algeria.

The Sino-Algerian economic relations knew a sudden acceleration these last decades; and it reflects the significance and dynamics of the Chinese economic penetration in Africa, so consequently it has participated to build the GDP growth of many years. China have always been looking for crude oil suppliers, so it has chosen Algeria as a target in order to gain a cooperative economic relationship , china is an important importer of the Algerian oil (648 M US\$ in the first seven months of 2018, 695 M US\$ in 2017). On the other hand, the global consumption in Algeria is constituted with a very high percentage from the Chinese consumer goods, and this participates to aggravate the situation, because sine the industrialization is virtually non-existent, Chinese prices are unbeatable, the local production will have tremendous difficulties to start at least.

4. Governmental and organizational recommendations:

We found out that the biggest part of exports are hydrocarbons, because our economy is heavily relying on hydrocarbons revenues, which has ensured and confirmed our diagnosis of the Dutch disease and the rentier state. Therefore, it is highly recommended to start analysis and aiming to encourage the anti-hydrocarbons exports, and that only happens if the local enterprises adopt upgrading and modernization industrial programs to upgrade the local product to the international standards and level. Besides encouraging foreign markets entries by choosing from the strategies /modes (that we have previously mentioned in our paper).

In addition, that should involve several factors, healthy and green components for agro-food and products of nutrition, exterior shapes and packaging, certifications as an instance ISO 9000, 9001, or 14001 as quality labels and corporate social responsibility for any type of industry. This will help the national product to prosper and gain access to foreign markets and penetrate them for the purpose to embellish the image of local industry and burnish the local brand.

We also recommend for Small and medium enterprises (SMEs) in Algeria, to focus on lack of managerial capacities and to attempt to satisfy the needs of knowledge concerning business processes as well as the modernization of production means. Improving poor technologies, expanding production capacities, promoting competitiveness and diversification of manufacturing sectors. Furthermore, urgent solutions should be done concerning the price politics , cost accounting and working on developing international marketing strategies by making market researches and analysis about the culture , needs and life style of the foreign consumer and trying to look up to the Chinese strategy in Algeria to gain experience and benefit from their penetration to our market.

Also, minimizing the heavy dependency on foreign suppliers of raw materials and spare parts. y attracting foreign investors and encouraging scientific research; because the few existing anti-hydrocarbon industries in Algeria, for an example: biscuit factories, pharmaceutical

enterprises, home appliance and other agro-food manufactories... depend for more than 95% on the imported raw materials and only accomplish the final pieces attachments and linking. Another result, that we have come up with, is that Chinese products are making the situation more and more dangerous, seen that prices are minimized, the absolute targeted economic presence in Algeria because of the –studied- ability to meet the urgent needs of the local consumer besides the lack of national industry. So from the point of view of our study, the focus on the quality is highly requested from the national producers, because this last factor is not existent in the Chinese product. Because their presence in Algeria is structured on the strategy of minimizing the cost to maximize the profit and make the product extremely affordable by each class of the Algerian social community.

5. Conclusion:

The conducted study and its results, try to give an answer for our research problem, by putting the light first, on the economic problems by referencing to the historical factors that have participated to create the present situation. Then we gave a group of problems that, from the point of view of our study, are building obstacles to the economic growth and local prosperity, which were the Dutch disease and the rentier state economy, which have caused deindustrialization and aggravate oil dependency. All of these descriptions of the national economic case have been linked to another variable, which is foreign markets entries. We talked about markets entries as a theoretical concept furthermore; we came up with statistics and real numbers (extracted from official statistics and documents of the ministry of finance and directorate of costumes). In order to describe the actual situation of exports and imports, the international suppliers and clients of Algeria.

We built our search logic entirely on the following idea: knowing precisely where the problem lies, is the enormous step to find the solution. Therefore, our theoretical and statistical reflection summarized the real problems that our government should deal with, to bring solution to our economic paradoxes and obstacles.

Finally, next to our description of economic problems and phenomenon, the final part of our study is governmental recommendations, which is the most important part that represents the added value of our research, in order to offer the possibility of contributing to the decision-making process and scientific formulation approach. In addition, it could be encouraging to other researchers in order to continue with the subject for the benefit of knowledge.

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