

## **The future of Trade Relations Between Algeria and Libya in Light Of the Current Developments -A Forward-Looking Study-**

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### **Abstract:**

This study aims at foreseeing the future of the trade and economic relations between Algeria and Libya, through focusing on the Algerian-Libyan economic forum that was held last May in Algeria. This study concluded that Algeria has the potential to gain great advantages and returns if it increases the volume of its trade exchanges with Libya. However, this will not only be limited to Libya but it will also be a gateway to access many African countries on the condition of conscious management and an actual will

**key words:** Trade relations, Algeria, Libya, economic forum.

### **Introduction :**

Ten years have passed since the Libyan Revolution, which left unprecedented economic collapse. Nonetheless, a glimmer of hope looms in the distance after reaching an agreement of a united government and a prime minister for both halves of the country through an election that will take place at the end of the year. This urged many countries around the world to race for seeking a ticket to rebuild Libya and invest in it due to the immense resources within this country since it sits on 2.8% of the world's oil reserves. Naturally, Algeria strives as well to establish itself in the process of rebuilding and investing in Libya, and to further increase its trade exchanges with it. Therefore, this paper will attempt to delve into the future of economic relations between Algeria and Libya, by focusing on the Algerian Libyan Economic Forum that was held in Algeria last May. As a forward-thinking perspective in order to foresee the trade relations post the Libyan presidential elections scheduled for December of this current year, correspondingly, this paper will revolve around the following main problem:

- **The problem of the study:** What fate awaits the economic exchanges between Algeria and Libya after regaining stability in the country?

- **Study objectives:** The study aims at:

- Shedding light on the nature of the Algerian Libyan trade relations.

- A reading into the events of the Algerian Economic Forum held during 29/30 May 2021.

- looking further ahead at the future of the economic and trade relations between the two countries.

- **Study Methodology:** In our study, we relied on the descriptive-analytical method, and that is through describing the nature of the trade relations between Algeria and Libya

and analyzing the course of the economic forum, and accordingly foreseeing the future of these relations.

- **Themes of The Study:** To acquaint with all aspects of the subject we saw fit to divide this paper into three sections: in the first one we attempt to address economic development reality in Libya. In the second one, we demonstrate the trade relations between Algeria and Libya through which we analyze some numbers and statistics. In the third one, we will try to dissect the Algerian Libyan economic forum, which is considered a practical and a very important leap that operates on a high level between the two countries the fortify these relations

### **THE FIRST TOPIC : Reality of The Economy and Economic Development in Libya.**

In this section, we discuss the main economic stages that Libya went through, which can be divided into two main stages: the stage that preceded the reign of the late Muammar Gaddafi, and the stage that followed, that is, the last decade or in other words the Post-February 2011 Revolution Stage. The stage in which the Libyan economy experienced unprecedented degradation. We will do that in these two next requirements.

#### **FIRST REQUIREMENT: A Historical Overview of Libya's Economy Post-Revolution.**

After Libya claimed its independence on December 24th, 1954 under the name of the United Kingdom of Libya with a hereditary constitutional monarchy, capitalism was the prevalent system under Idris al-Senoussi during which the private sector was dominant, and Libya turned from an underdeveloped country into a wealthy country due to the discovery of oil in 1957, at the beginning of reform by al-Senoussi after extracting it in 1963. As a result, the private sector was hiring more than 72% of the workforce and the rest only went to the public sector <sup>1</sup> until 1969, when Lieutenant Muammar Gaddafi overthrew power and transformed Libya from a monarchy into a socialist popular republic. This shifted the balance and Libya became a socialist country in which the ownership belongs to the state and the public sector monopoly of all states economic sectors. Consequently, similar to most countries that adopted the Socialist regime, economic issues floated on the surface, especially that Libya was a country that relies almost entirely on oil with exports of over 96% <sup>2</sup> after the end of the siege that was imposed on Libya during the 90s, a new era of reforms began in which there was an attempt to uplift the private sector through several legal and fiscal incentives. Despite all these economic reforms, the Libyan economy kept suffering from stagnation and deterioration of the social and economic conditions of Libyan citizens, in addition, the lack of freedom of choice and the existence of the dictatorial rule. Hence, all these elements led to protests and revolution in Libya, which we will address in the following requirement

#### **SECOND REQUIREMENT: The Libyan Economy Post-February 17th Revolution:**

On February 17th, 2011, a revolution erupted under what was named the Arab Spring for the sake of change for the better. Rather, it quickly turned into a civil war in Libya that pulled the country into a vortex of security and political chaos and great

economic fragility unwitnessed before<sup>3</sup>, certainly unlike what the Libyans expected. They aspired to have a better reality and a better economy but what occurred was the exact opposite<sup>4</sup>. The situation in Libya fell apart on all fronts, and we specifically mention the economic side which according to the latest reports, Libya is almost economically devastated. Especially due to the fact that its economy before the revolution was suffering from fragility and distortion mainly resulted from its almost entire reliance on oil<sup>5</sup>. Consequently, the losses of Libya in the time of war were estimated at around 107 billion dollars<sup>6</sup> and this was only from the closure of oil ports in 2013 / 2016. On the other hand, the losses estimated from smuggling oil products were 750 million dollars annually from the beginning of the war until 2019<sup>7</sup>, let alone that constant government expenditure in Libya estimated by 206 billion dollars, in addition to other indicators such as inflation, a decrease in foreign reserves to more than 80 billion dollars, and the lack of financial liquidity<sup>8</sup>... In general, in the following table are some economic indicators of Libya in the last decade and during the war.

**Table Number 01:** Some Economic Indicators Of Libya Since The Beginning Of The Conflict Until 2019.

Report	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross Domestic Product	36.688	83.195	51.964	24.308	20.655	14.792	31.095	48.089	43.922
Oil Production Thousand Barrels / day	589.5	1454	993.3	480	401.5	390	817	951	1115
Value of Oil Exports	7.391	41.705	27.659	7.821	3.581	2.813	11.686	18.504	20.343
Deficit or Surplus in The General Budget	-5.371	6.422	-12.237	-17.575	-16.402	-14.115	-7.418	17.573	8.256
Balance of Payments	3.455	13.054	-6.828	-21.577	11.837	10.453	23.654	34.777	31.174
External Official Precautions	104.03	117.890	112.664	86.343	71.134	65.894	74.063	79.782	77.738

**Unit: Million US Dollars**

**Source:** Prepared by the researcher relying on the Joint Arab Economic report 2014, 2016, 2020, Arab Monetary Fund

From the table above, it is apparent the immense economic deterioration undergone by the Libyan economy as a consequence of the Civil War that left only destruction. The situation continued to remain the same until 2020, in that, according to the latest report by the World Bank which stated that the economy has achieved its worst performance this year, but at the end of the report the economic situation is expected to improve in 2021, especially after the conflicting parties in Libya reached common ground and agreed to hold an election at the end of 2021<sup>9</sup>.

If Libya remains steadfast on this path, there is a possibility for an economic recovery especially that this country is rich with natural resources, namely, oil and gas as we have already mentioned. On the other hand, the rise of all the prices at the global level as a result of the gradual recovery from the coronavirus pandemic and the return of economic activity. Therefore, Algeria is bound to seize the opportunity to strengthen its economic relations with the neighboring country that is trying to get back on its feet.

Algeria, in this regard, seeks to increase the volume of trade exchanges and guarantee investments in Libya, especially since the latter is in the state of reconstruction. However, before discussing Algeria's means to increase the trade exchanges with Libya, it is imperative to review the nature of the trade relations before and after the conflict in Libya which will be our second requirement.

### **THE SECOND TOPIC : The Reality of Algerian-Libyan Economic and Trade Relations.**

In this topic, we address the reality of economic relations between Algeria and Libya by addressing, in the first requirement the volume of trade between the countries of the Arab Maghreb in general compared to inter-Arab trade, then in the second requirement the volume of trade between Algeria and Libya

#### **FIRST REQUIREMENT: The volume of trade of the Maghreb countries compared to Arab trade**

Algeria truly aspires to increase the trade exchanges with Libya, as well as embodying many investments during the stage of reconstruction. Nonetheless, the reality dictates that the intra-Arab trade as a whole remains weak compared to the overall trade of Arab countries, even though they share many factors and incentives which if exploited properly, the increasing of the trade volume among each other will benefit them all. However, the administrative obstacles and the lack of political will in addition to other factors - we are unable to address in this paper- are all factors that weakened the intra-Arab trade. What is considered even worse is the trade between Maghreb countries, because those aware of the figures published by the international institutions will notice the inconsiderable amount. In this case, we are not referring to the country's total trade with the rest of the world because we know there are many historical factors involved, the level of technical progress, the nature of the products exported by developed countries and consumed by developing countries, and the even the needs of these countries which are represented in raw material, that is, the main exports of these developing countries and between Arab countries themselves. As an example, trade exchanges between the Gulf Cooperation Council vary entirely from that of the Maghreb countries which will be demonstrated with numbers in the next table

**Table Number 02:** The Intra-Arab Trade Contribution In The Overall Trade Of Each Country Of The Gulf Cooperation Council And The Countries Of The Maghreb Union During The Period (2010 - 2019).

Clusters	The value of intra-OIC exports (millions of dollars)									
Years	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Gulf Cooperation</b>	28.14	38.53	55.16	57.50	61.10	59.00	52.90	57.94	60.49	59.04
	0	9	3	6	5	9	9	2	7	6

n Council countries										
Arab Maghreb Union countries	2.895	3.485	4.082	3.345	5.053	4.025	2.962	2.731	2.415	2.847
<b>The value of intra-OIC imports (millions of dollars)</b>										
Gulf Cooperation Council countries	25.009	33.461	42.881	45.674	51.368	52.557	59.748	52.871	60.991	60.170
Arab Maghreb Union countries	2.671	2.782	3.543	3.785	4.368	2.856	2.450	3.456	3.436	3.468

**Source:** Prepared by the researcher based on the Joint Arab Economic Report 2014, 2016, 2020, the Arab Monetary Fund.

From the table above, figures clearly indicate the weakness of the trade exchanges between Maghreb countries if we compare them with the size of the intra-GCC trade, and perhaps it is due to several factors which are<sup>10</sup>:

- The tense political relations between the Maghreb Union, similar to the relation between Morocco, Western Sahara, and Algeria.

- The individual agreements conducted by each country separately with the European Union, which weakens the integration and fortification of economic relations and increases the dependency on the countries of the European Union.

- The lack of economic diversity and production structure in Maghreb countries, creates a state of competition rather than collaboration.

- Following the vertical characteristics of economic policy at the expense of the horizontal characteristics.

- Weak infrastructure, especially transportation facilities in the field of railways and maritime transport, which are considered essential to facilitate the flow of goods.

This was linked to the intra-Maghreb trade in general, which is characterized by weakness and the inability to achieve the lowest level of economic integration. Nonetheless, in this paper we are more concerned with the nature of the economic relations in general and the trade between Libya and Algeria in specific.

## **SECOND REQUIREMENT: Trade relationship between Algeria and Libya**

As a matter of fact, historical relations between Algeria and Libya are all considered stable from the perspective of political relations. Furthermore, our relationship with Libya is based on brotherhood and mutual respect that remained during the reign of Gaddafi and after his departure. In other words, Algeria's position remained firm, which led to the continuation of good relations between the two countries. However, from an economic point of view as we have mentioned before, concerning the nature of trade relations among the Arab Maghreb Union which are below the required level. As for Algeria its most important economic partners in 2019 are<sup>11</sup>:



- In terms of exports: France ranked first with about 5.05 billion dollars 14.11%, Italy ranked second with 4.62 billion dollars 12.90%, Spain with 3.099 billion 11.15%, Britain with 2.29 billion dollars 6.42%, and Turkey with 2.024 billion dollars 6.76%.

- In terms of imports: China ranked first with 7.65 billion dollars 18.25%, France second with 4.27 billion dollars 10.20%, Italy with 3.41 billion dollars 8.13%, Spain with 2.93 billion dollars 6.99%, Germany with 2.83 billion dollars 6.76%.

Concerning Libya, the European Union is also leading when it comes to the volume of the trade exchanges and exports, while in terms of imports China is the biggest supplier for developing countries in general, in addition to Turkey which is trying to compete with the conventional economic partner for Maghreb countries and the economic giant by invading Maghreb markets with different consumer products especially textiles and clothing. The following two tables indicate the most important economic partners of Libya during the last four years:

**Table Number 03:** The 10 Most Important Countries Importing From Libya During 2016 – 2019

Rank	Countries	Export Value (Thousand Libyan Dinars)			
		2016	2017	2018	2019
1	Italy	3641363	4374704	6725778	6204806
2	China	687612	2354520	6798440	6665259
3	Germany	8563073	3894060	5535075	6135248
4	Spain	1278838	3095418	4157100	5973534
5	France	721733	1828840	3909899	2237977
6	United Arab Emirates	3887060	2328651	1407845	893409
7	United States	386224	1035167	1300608	2199250
8	Greece	154273	1740615	1214348	350105
9	United Kingdom	551693	1740615	1124348	350105
10	Netherlands	453989	1067548	1102356	1259228

**Source:** Central Libyan Bank Economic Bulletin, the 4th quarter, 2020, available on the website <https://cbl.gov.ly> on 15/06/2021 at 07:08.

**Table Number 04:** The 10 Most Important Countries Exporting to Libya During 2016-2019

Rank	Countries	Import Value (Thousand Libyan Dinars)			
		2016	2017	2018	2019
1	Turkey	1259705	1224203	2045163	2741955
2	United Arab Emirates	1275622	927899	1972305	1847834
3	China	1646588	1428875	1955831	3432025
4	Italy	18191561	1710679	1947141	2518304
5	Spain	516328	849073	971931	655244
6	Egypt	808447	574270	869507	1020699
7	Greece	509434	419094	690833	631608

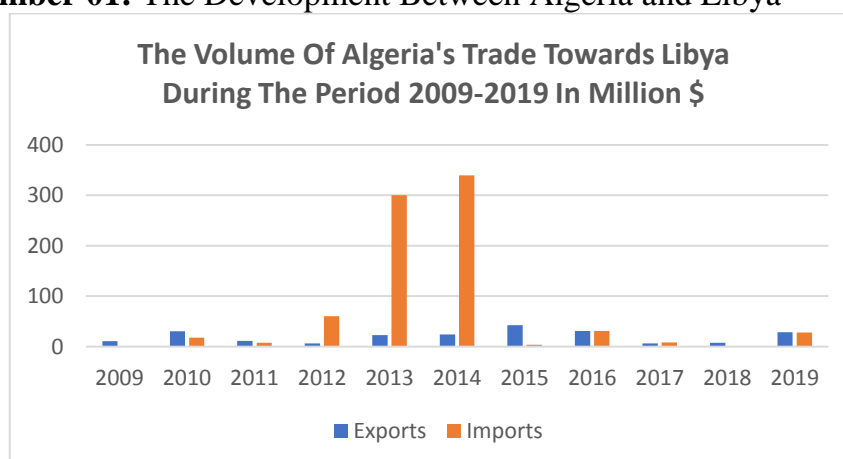
8	<b>Tunisia</b>	615635	547130	678930	842512
9	<b>Cyprus</b>	204632	421078	623300	558162
10	<b>South Korea</b>	996920	389390	577901	884055

**Source:** Central Libyan Bank Economic Bulletin, the 4th quarter, 2020, available on the website <https://cbl.gov.ly> on 15/06/2021 at 07:08.

We noticed from the previous two tables, similar to the rest of Maghreb countries who deal with the European Union and developed countries as the most important economic partners. However, the percentage of trade exchanges of Maghreb countries are weak, if we notice the aspect of imports, there is no country from the Maghreb Union and this is due as we mentioned earlier to the similar economic structure of Maghreb countries that rely heavily on exporting raw materials, which are imported by industrialized developed countries that need it in producing different consumer products, these consumer products that are in turn imported by Libya.

Here, we find Turkey as rank 1 in terms of supply for Libya as a strategy adopted by turkey towards North African countries in general, let alone that this latter is considered one of the countries supporting the parties of the conflict, therefore, there is a great pressure on its part to sell its products. As for Maghreb countries, we find that the only country supplying Libya among the top 10 partners is Tunisia and it ranks eighth, while the rest of Maghreb countries, specifically Algeria, does not even show on the top 20 countries dealing with Libya, according to the report of the Central Bank of Libya. Despite the weak trade exchanges between Algeria and Libya, there is a development which we will clarify in the following figure.

**Figure Number 01:** The Development Between Algeria and Libya



**Source:** Prepared by the researcher based on statistical supplements of the joint Arab economic report, the Arab monetary fund (2010- 2020).

From the last figure, we notice despite the small volume of trade exchanges between Algeria and Libya, there is a clear fluctuation between imports and exports from Algeria to Libya after imports were almost non-existent in 2009. Nonetheless, it experienced a qualitative leap in 2012, 2013, 2014, and that is due to the rise of the prices of fuel at that time, which caused an increase in Algeria's exports due to the availability of revenues from fuel exports as a general policy of Algeria at that time and not

specifically towards Libya. However, in 2015, Algeria's exports towards Libya became more than imports and that was because of the devastating effects left by the war in Libya, which caused the decline in production and eventually imports. Generally, the trade exchanges between Algeria and Libya are weak.

Despite these weak numbers, Algeria has to capitalize on the good relationship with the current government, in addition to the situation witnessed by Libya and the transition to stability and eventually reconstruction through the development of trade exchanges between the two countries, and even heading towards investing in it especially as we have mentioned in the case of reconstruction. Accessing Libya is not only economically beneficial to Algeria, but it is also a gateway to other African countries such as Chad, Sudan, and even Congo, Kenya and eastern neighboring countries, a step which Algeria realized and sought to embody through the Algerian Libyan Economic Forum

The topic includes an introduction that deals with the points that are presented within it

### **The Third Topic: The Algerian Libyan Economic Forum.**

Through this topic, we discuss in detail the Algerian-Libyan Economic Forum that took place in Algeria last May, by addressing the proceedings of the Forum, the most important agreements emanating from this forum, and finally, the results of the forum followed by an attempt to foresee the future of the economic and trade relations between Algeria and Libya through the following requirements:

according to the division into Requirement

#### **FIRST REQUIREMENT: The Course of The Algerian Libyan Economic Forum.**

**Firstly: Introducing the Forum:** The Algerian Libyan Economic Forum was held between 29 / 30 May of this current year under the slogan " *Algeria- Libya Promising Prospects for Partnership and Economic Collaboration*" with an attendance close to 700 economic operators from both countries and more than 410 operators from Libya. This forum came on the margins of the official visit of the Libyan prime minister Abdul Hamid Dbeibeh to Algeria<sup>12</sup>

The opening of The Forum was supervised on the Algerian part by Minister of Foreign Affairs Sabri Boukadoum, Minister of Trade Kamel Rezig, on the Libyan part, Minister of Trade Muhammad Ali Al-Huwayj, with the presence of several officials of the two governments, heads of national agencies, officials of some organizations, businessman, and not to mention the heads of the Chamber of Commerce and Industry of both countries<sup>13</sup>.

The Forum took place in the form of public sessions, workshops, and bilateral meetings, during which the participants made presentations about investment projects and ways to strengthen trade exchanges between the two countries.

The Libyan side also presented Libya's needs for reconstruction, it is worth mentioning according to the latest reports in 2019, the cost of reconstruction of Libya was estimated at 100 billion dollars<sup>14</sup>. The Algerian side, on the other hand, presented the capability and readiness of Algerian institutions for reconstruction. The two sides also agreed to determine the ways to establish a strategic partnership on the basis of a win-win



in several promising fields especially the sectors of energy, public works, construction, investment, and food industry.

**Secondly:** Participants in the Forum: It is important to note that the forum was followed the second day by the opening of an Algerian-Libyan exhibition of products and services in both countries, organized by The Algerian Company of Fairs and Exhibitions (SAFEX), in which there were more than 400 economic operators from the two countries<sup>15</sup>, within it, the productive and service capacities of both countries were highlighted

On the Algerian side, several institutions participated,

**In the field of energy:** Petrobaraka company for petroleum products, whose products impress the Libyan party according to the statements of Mrs. Amal Abdullah Tahroui, Head of the Libyan Businesswomen Organization, who expressed her preparations to conduct agreements with the Algerian side to import the company's products<sup>16</sup>.

**In the field of food production:** Food products also had their fair share in the exhibition with several products. For example, Mr. Lahssen Kadamati, Head Of The Professional Counselor For Potato Production, declared that his company exports big quantities to the neighbor Libya, and after this forum, there are also agreements to export potato seeds as well. There was also an agreement between Belma Group for Dairies and Food Products and the Libyan al-Nassim Group for Food Products, which falls into the strategic investments in dairies. This agreement will also focus on the future development of the milk branch as well as exporting Algerian cheese towards Libya<sup>17</sup>.

This was an example of some sectors in which agreements were concluded between Algeria and Libya. This was not limited to trade agreements, however, according to the minister of trade Kamel Rezig, Algeria is seeking to revive projects with Libya in the sectors of services, digitization, telecommunications, gas and electricity, petroleum, developments, infrastructure, and transport. On the topic of agreements, Algeria concluded many agreements through this forum, which are considered practical steps for the forum, we will be mentioning in the following.

**Third: Practical Steps of The Algerian Libyan Economic Forum:** As we referred to earlier, the Forum was at a high level in which employers, officials of institutions and agencies, directors of the Chamber of Commerce and Industry of both countries. Briefly, all the circumstances were suitable to seize the opportunity and make many agreements as practical steps, such as:

- Accelerate the completion of all the logistical and technical measures in order to open the Dabdab-Ghadames border crossing, which has been closed since May 14th, 2014 to facilitate the flow of goods and services through this Crossing. Among the procedures, preparation to open a logistical base for exports by the public group of land transport of goods and logistics "Logitrans", which was embodied through the visit of the CEO Mr.Boulaem Kini, accompanied by a delegation comprised of partners and economic operators.

During this two-day visit, the delegation was briefed by the local authorities on the work and ongoing preparations at the Dabdab border crossing. The delegation also

inspected the activity area and the municipality of Illizi, which occupies an area of 44 hectares and includes more than 130 land plots, that is, after benefiting from a wide rehabilitation process with a financial cover of the 250 million Algerian dinars.

The chief executive officer of the group expressed his satisfaction concerning the state of the roads network and the infrastructure of the wilayat of Illizi, which according to him will aid in the logistical performance<sup>18</sup>.

Correspondingly, the case of opening the border crossing and the start of the logistic base activity, this latter will contribute tremendously in facilitating the flow of Algerian goods towards the African continent, in addition to drawing industry investments and bringing them closer to the export area, which is a factor that greatly motivates many exporters, especially by providing an important percentage from the burdens of the cost of logistic services.

On May 30, 2021, it was agreed to update the Double Taxation Prevention Agreement, which dates back to 1988, but it was not implemented on the field, and this occurred with the presence of the Algerian Minister of Finance Aymen Benabderrahmane, and the Libyan Minister of Trade and Economy Muhammad Ali Al-Huwayj<sup>19</sup>

- Agreement to establish a business council between the two countries to enhance the trade exchange and increase the flow of investments<sup>20</sup>.
- Opening a banking agency on the border region Dabdab to facilitate banking procedures related to settlements and to follow-up banking operations related to exchanges between the two countries<sup>21</sup>.
- Resurrecting Sonatrach's activity in Libya, after many drilling operations in several wells were stopped due to the lack of security since 2017 to this day<sup>22</sup>.

This was related to the practical steps that took shape as signed agreements, not to mention many proposals, such as opening bank branches in Libya, opening a joint Algerian Libyan bank, forming Libyan cadres in Algeria, and opening a free trade area in Wadi Souf<sup>23</sup>... At the end of the forum, the two parties agreed on several points we will address in the next requirement

## **SECOND REQUIREMENT: Foreseeing The Future of Economic Relations Between The Two Countries.**

Before exploring the future of economic and trade relations between Algeria and Libya, it is necessary to address the results of this forum, in the light of which we can foresee the future of trade relations between these two countries.

**Firstly: Forum Results:** The participants in the forum came out with several proposals and results, including<sup>24</sup>:

- Emphasizing the importance and necessity of activating the bilateral agreements and activating the legal and institutional framework for co-op in between the two countries and enhancing it to adapt to the developments in both countries.
- Holding a meeting of the level of experts, of which the date will be determined later to study practical procedures to restore the maritime line Algiers-Tripoli,

with the possibility of opening a transport line for airfreight between the two countries.

- Studying the possibility of resuming flights between the two countries after concluding the talks and all the necessary procedures for that.
- Encouraging businessmen and women to open partnerships based on the principle of win-win and to embody bilateral investments in light of respecting the active regulations and laws of both countries.
- Encouraging collaboration in the field of desert agriculture and working on establishing a network to exchange expertise between businessmen and women in the field.
- Strengthening consultation and coordination between the two countries in order to achieve optimal benefit from the available advantages within the framework of the African Continental Free Trade Area.

Therefore, through the course of this forum whether the importance of its participants, the number, and even the agreements concluded in it, it would, if applied in the field increase the volume of trade exchanges between the two countries and give Algeria a chance to invest in Libya during the construction phase. Even more, Algeria can benefit from several other advantages, the most important of which is that Libya becomes the gateway to many African countries. All these points should increase the volume of Algerian exports outside of the fuel sector. This is the desirable goal for Algeria to stop being a hostage to the fluctuations in oil prices.

#### **Secondly: Foreseeing the Future of Trade And Economic Relations Between Algeria And Libya:**

If we measure the nature of the current relationships between Algeria and Libya especially after the last forum held in Algeria, trade exchanges between the two countries will know a big improvement, and even more than that in the case of establishing a free trade area between the two, it is expected that the trade exchanges will increase to more than 3 billion dollars instead of 65 million dollars, according to the statements of the Libyan Minister of Trade<sup>25</sup>. However, if we analyzed the reality of trade relations of both countries, we will notice that each country has separate bilateral relations with the European Union and the former colonial countries, as well as many bilateral agreements conducted by each country separately which reflects dependency more than economic bonding and integration.

Therefore, in order to embody all the steps, there has to be a political will from both countries, serious cooperation from officials, and overcoming differences and obstacles that may stand against the development of trade and economic relations of the two countries.

#### **Conclusion:**

The development of trade exchanges between Algeria and Libya may bring many advantages for both, especially Algeria through increasing exports outside of the fuel sector, in addition to creating many investments in Libya. Not to mention opening a way to many African countries with a much lower cost than it is now, however, all these advantages can be missed by Algeria if the opportunity of rebuilding Libya is not taken and based on the good relations with the current Libyan government, we suggest a number of recommendations:

- Accelerating the opening of the border crossing Algeria and Libya.
- Providing all the necessary conditions in order to activate the agreements in the aforementioned forum.
- Form and required cadres in using modern trade exchange methods, and we mean the tools and procedures for electronic trade.
- Providing the legal framework for some transactions that require electronic procedures to avoid delays, such as the electronic bill of lading and other tools.

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