

ECOLE DES HAUTES ETUDES COMMERCIALES (EHEC)



This dissertation is submitted in partial fulfillment
of the requirements for master's degree in commercial sciences

Major: International affairs

**THE IMPACT OF FOREIGN COMPETITION
IMPOSED BY GLOBALIZATION ON AGRI-FOOD
COMPANIES IN THE ALGERIAN MARKET: THE
CASE OF AQUASIM.**

Submitted by:

Nour Hadja MAZOUZI

Supervised by:

Doctor Hakima BOUDFA

8th promotion

June 2021

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Dedication

*To all the strong women out there
The ones who inspire me, the ones surrounding me
And utterly to the strongest of them all, the one who raised me
Keep what you're doing, you are fire.
-Nour*

Acknowledgments

First and foremost, praises and thanks to Allah, the Almighty, for His protection and blessings throughout our work to complete the research successfully.

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I would also want to express my kindest regards to my video calls companions while working on this humble work, you guys really help me keep going and finally to everyone who helped throughout this research work.

Abstract

Companies' competitive environments have shifted as a result of globalization. This paper aims to contribute to a better understanding and analysis of the effects of globalization on industry competition models and the company value chain. Economic globalization has resulted in a new dynamic in the competitive situation in which companies and activities of the value chains change places between forces and impact and interact with each other in novel ways. Companies' boundaries and core values can and are being redefined. The pressure of competition forces a continuing and increasing move in this direction as this potential evolves through offshoring, outsourcing, and value chain fragmentation.

Key words:

Globalization, competitiveness, competition, agri-food industry, carbonated drinks, AQUASIM, SIM group, MOUZAIA.

ملخص

لقد تحولت البيئات التنافسية للشركات نتيجة للعولمة. تهدف هذه الورقة إلى المساهمة في فهم وتحليل أفضل لآثار العولمة على نماذج المنافسة في الصناعة وسلسلة قيمة الشركة. وقد أسفرت العولمة الاقتصادية عن دينامية جديدة في الحالة التنافسية التي تغير فيها الشركات وأنشطة سلاسل القيمة الأماكن بين القوى والتأثير وتتفاعل مع بعضها البعض بطرق جديدة. يمكن إعادة تعريف حدود الشركات وقيمتها الأساسية. إن ضغط المنافسة يفرض حركة مستمرة ومتزايدة في هذا الاتجاه مع تطور هذه الإمكانيات من خلال النقل إلى الخارج، والاستعانة بمصادر خارجية، وتجزئة سلسلة القيمة

الكلمات المفتاحية:

العولمة، القدرة التنافسية، المنافسة، صناعة الأغذية الزراعية، المشروبات الغازية، أكواسيم، مجموعة سيم، موزاية.

Résumé

L'environnement concurrentiel des entreprises s'est modifié sous l'effet de la mondialisation. Cet article vise à contribuer à une meilleure compréhension et analyse des effets de la mondialisation sur les modèles de concurrence sectorielle et la chaîne de valeur des entreprises. La mondialisation économique a entraîné une nouvelle dynamique de la situation concurrentielle dans laquelle les entreprises et les activités des chaînes de valeur changent de place entre les forces en présence et s'influencent et interagissent les unes avec les autres de manière inédite. Les frontières et les valeurs fondamentales des entreprises peuvent être et sont redéfinies. La pression de la concurrence impose un mouvement continu et croissant dans cette direction, à mesure que ce potentiel évolue à travers la délocalisation, l'externalisation et la fragmentation de la chaîne de valeur.

Mots clés :

Mondialisation, compétitivité, concurrence, industrie agroalimentaire, boissons gazeuses, AQUASIM, groupe SIM, MOUZAIA.

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List of abbreviations:

LLC Limited Liability Company

JSC Joint-Stock Company

ISO International Standardization Organization

HACCP Hazard Analysis Critical Control Point.

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General Introduction

During these last decades, the world has thawed, Men, capital, goods, information, ideas, and knowledge circulate freely. Time and distance are abrogated. We talk more and more about the globalization of exchanges of capital, products, and services. In this new competitive context, competitiveness has become an inescapable imperative to which nations and firms must respond or risk seeing their products downgraded by those of other more efficient nations and firms.

The concept of "competition" and "anti-competitive practices" evolves with the evolution of economic activities and always comes back to the center of debates, because of the stakes that it involves for economic operators and the nation, and even for consumers.

Of course, the word "competition" is often linked to "competitiveness". These two words are more and more debated and appear in the different speeches and economic and political analyses and are among the levers of healthy and sustainable growth; especially since to be competitive is to be able to bear the competition with others. It means being able to produce at lower cost and sell better, the problem is no longer selling what is produced, but producing what is likely to be sold.

The world is experiencing an unprecedented expansion of commercial exchanges, the internationalization of financial markets, and production. Multinationals are spreading their production all over the world and putting all countries and regions of the world in competition. Only the criteria of performance and excellence can ensure the survival of companies in an environment characterized by fierce competitiveness.

In this increasingly open and integrated global economy, competitiveness has become a concern not only for developed countries but also for those in development crises. While global integration aims to economic growth for one nation, it can be the opposite for another. In Algeria as everywhere in the world, competitiveness is a major issue for any company. In this matter, we were interested in the topic:

“Analyzing The impact of foreign competition imposed by globalization on agri-food companies in the Algerian market.”

The choice of theme is supported by many objectives, mainly to apply our research and theoretical knowledge in practical training and to study and have a closer look to the conceptual framework of service quality and customer satisfaction.

Therefore, I have chosen AQUASIM, SIM's group beverages and mineral water branch as a place to carry out my practical training and make inquiries about my topic. AQUASIM is a company of production and extraction of mineral water, it has currently the only two naturally carbonated mineral water sources in Algeria, it was founded in 2007, and has a large selection of carbonates water product, with this being said, our primary research question is:

“Does the foreign competition imposed by globalization has an impact on the Algerian agri-food companies in the Algerian market?”

In order for this research question to be clearly answered, we have found that it is essential to ask the following sub-questions:

1. what brand do the Algerian customer choose when buying a soft drink?
2. Do the Algerian customers prefer local or foreign brand?

After initiating the essential previous studies and researches, and from the basis of some personal remarks and perceptions, we based our research on the next hypothesis which can be denied or confirmed at the end of our research work:

H1: The Algerian agri-food products are in a more competitive position then foreign products in the Algerian market.

H2: The reduction of importation of agri-food products made the foreign products less competitive in the Algerian market.

For the planning of this thesis, we used an appropriate methodological approach in order to answer the research question and test the initial hypotheses, thus we have adopted the descriptive and analytical method:

- The descriptive method: formed by the first two theoretical chapters of our thesis.
- The analytical method: which will be a quantitative method through a questionnaire survey.

The thesis consists of three chapters. The first chapter provides a literature review about the concept of globalization, its phases and actors. The second chapter explains in details the integration of the Algerian economy in this global phenomenon and the highlights

the state of the agri-food sector, and concludes with the third and final chapter, in the empirical study we have used quantitative research method, a questionnaire survey was conducted to figure out how the Algerian customer behave when choosing a soft drink brand. The questionnaire was distributed online and received 130 usable respondents. The answers we received through the questionnaire made it easier for us to provide suggestions for further improvement.

*Chapter one: An overview
on globalization
fundamentals*

Introduction to Chapter One

In the era of globalization, companies are forced to adapt to the increasing pace, scale, and complexity of globalization. Lower communication and transportation costs and the emergence of new technologies have enabled companies of all sizes and from all corners of the globe not only to commercialize their products and services abroad but also to relocate the various phases of their production processes.

The first section of this first chapter deals with the explanation of the concept of globalization, clearing any confusion caused by the usage of other terms to describe it that are similar in meaning by putting the accent on its terminology, various definitions identifying its types and then we proceed to the apprehension of the different phases of the process of globalization. moving on to the second section where we explore the various actors of the globalization process.

Section one: Globalization: definition, types and phases.

1 Definition and clarification of globalization

The term first surfaced throughout the Eighties to characterize vast changes that were happening within the international economy, notably the expansion in international trade and flows of capital around the world. globalization has additionally been used to describe growing income, inequality between the world "rich and poor", the growing power of multinational firms relative to the national government, and also the spread of market economy into former communist countries.¹

The end of the cold war encouraged many people to assert that the world was getting into a "new era" led by globalization². Many people say that the term "Globalization" first appeared in a widely known work that was entitled *The Lexus and the Olive Tree* (1999) and was authored by a journalist, Thomas Friedman, who defined globalization as "the inexorable integration of markets, nation-states and technologies to a degree never witnessed before - in

¹ Economics A-Z terms beginning with G | The Economist. (2021). Retrieved 16 June 2021, from <https://www.economist.com/economics-a-to-z/g#node-21529929>

²Abhisek Ghosal, Saswat Samay Das, What's Wrong with the Global? The Interconnected Roles of Inequality, Migrancy, Criminality, Religion, Class, and Caste in India, *New Global Studies*, 10.1515/ngs-2020-0052, 0, 0, (2021). from <https://onlinelibrary.wiley.com/doi/10.1002/9781118430873.est0842>

a way that is enabling individuals, corporations and nation-states to reach around the world farther, faster, deeper and cheaper than ever before, and in a way that is also producing a powerful backlash from those brutalized or left behind by this new system... Globalization means the spread of free-market capitalism to virtually every country in the world.” which, in his opinion, would prevent conflicts. He does, however, think that globalization is only a "trend." Conflicts over land, natural assets, culture and heritage, power inequalities, and different social, economic, and political disparities persist, making it difficult to conclude that there is a new empirical reality to which we can refer.³ Many others, on the other hand, think that the word was introduced by Harvard Business School marketing professor Theodore Levitt. His concept that business was becoming globalized first appeared in a 1983 Harvard Business review article "The globalization of Markets." which Mr. Levitt defined as the changes in technology and social behaviors that permit multinational firms like Coca-Cola and McDonald' to sell the same products worldwide, in his sweeping style, he said, "Gone are accustomed differences in national or regional preferences."⁴ However, contrary to widespread assumption, no one knows who coined this term.

According to the Oxford dictionary, the word globalization was first used in 1930. It entered the Merriam-Webster dictionary in 1951. it was widely employed by economists and social scientists in the 1960s. In 1962, Marshall McLuhan, a Canadian who studied the effects of mass media on society, created the phrase "global village."

Following the Cold War's ending, globalization became a catchphrase as we saw the world become one in which anything could be globalized. The word most commonly applies to the economy when different national economies become integrated (become one) through flows of products and services, capital and labor – in alternative words, a global market. however, the word globalization can apply to global culture, global society, global community, global ideas, global beliefs, and so on.⁵

This over usage of this term contributed in everyone having their own definition of globalization. Here are a few:

According to the British military historian Oman Charles (1996),” ‘Globalization’ is the growth, or more precisely the accelerated growth, of economic activity across national and

³ Thomas Friedman, *The Lexus and the Olive Tree* (New York: Farrar, Straus and Giroux, 1999), pp. 7-8.

⁴ Feder, B. (2021). Theodore Levitt, 81, Who Coined the Term 'Globalization', Is Dead (Published 2006). Retrieved 16 June 2021, from <https://www.nytimes.com/2006/07/06/business/06levitt.html>

⁵ Globalization, M. (2021). Globalization – origin of the word. Retrieved 16 June 2021, from <http://www.mrglobalization.com/globalisation/252-globalization--origin-of-the-word>

regional political boundaries. It manifests itself in the greater mobility of physical and intangible products and services, including ownership rights, via trade and investment, and, in some cases, of people via migration. It can and usually is assisted by a reduction in political restrictions to such mobility, as well as by technology advancements, particularly in transportation and communications. Individual economic actors, corporations, banks, and people drive it, generally in the quest of profit and typically fueled by competitive pressures. Thus, globalization is a rotating process, an economic outreach process, and a microeconomic phenomenon.”⁶

While Bernard GUILLOCHON (2003), refers to globalization as "the set of phenomena through which the life of each inhabitant of the planet is linked, at least in part, to decisions taken outside his or her own country".

It is also defined by Fernand BRAUDEL (1979), Emmanuel WALLENSTEIN (1974), and Paul BAIROCH (1997) as being a historical process of progressive extension of the capitalist system in the world's geographical space.

Paul BAIROCH and Richard KOZUL-Wright say that globalization is a "...process in which the production and financial structures of countries are becoming interlinked by an increasing number of cross-border transactions to create an international division of labor in which national wealth creation comes, increasingly, to depend on economic agents in other countries, and the ultimate stage of economic integration where such dependence has reached its spatial limit.”⁷

According to MOUHOUD (2011), “globalization may be interpreted in two ways: in a way, in terms of the degree of international mobility of firms and the factors of production they use. Globalization is then defined analytically as the unprecedented acceleration of the freedom of firms to locate in the world space. on the other hand, in terms of the intensity and evolution of five components of globalization", namely:

- 1) Relocation of activities involving or not involving FDI;
- 2) Trade flows of goods and services between firms' subsidiaries or between firms and trade in intermediate goods;
- 3) Financial or short-term capital flows;
- 4) Knowledge and technology flows;

⁶ Charles Oman, “The Policy Challenges of Globalization and Regionalization”, OECD Development Centre, Policy Brief No. 11, 1996, p. 5.

⁷ Paul BAIROCH and Richard KOZUL-WRIGHT, “Globalization Myths: Some Historical Reflections on Integration, Industrialization and Growth in the World Economy”, Discussion Paper 113 (Geneva: UNCTAD, March 1996), p.3

5) International migration of skilled and low-skilled workers, which is an often-overlooked component⁸.

According to Swedish journalist Thomas Larsson, globalization “is the process of world shrinkage, of distances getting shorter, things moving closer. It pertains to the increasing ease with which somebody on one side of the world can interact, to mutual benefit, with somebody on the other side of the world.”⁹

In addition to that the Federal Reserve Bank of Minneapolis (USA, 2004/2005), claims that: “The generalized expansion of international economic activity which includes increased international trade, growth of international investment (foreign investment) and international migration, and increased creation of technology among countries. Globalization is the increasing world-wide integration of markets for goods, services, labor, and capital.”¹⁰

A phenomenon that has been active for centuries, internationalization has taken off considerably in recent decades, with the liberalization of trade and the multiplication of trade agreements that allow people and companies to move from one country to another (relocation). The arrival of new communication technologies, notably the Internet, has also contributed to globalization by making it easier to circulate ideas, images, and information. easier circulation of ideas, images, etc.

Globalization has a regulatory aspect. We are thinking of the lowering of customs barriers following the GATT agreements, the forerunner of the WTO, but also of the efforts to set up integrated economic areas such as the European Union (EU).

Economic globalization refers to the growth of international flows and the establishment of supranational institutions¹¹.

Globalization. This term is often used for all purposes. This is why we propose to use it to define the processes and phenomena of interactions between natural environments and human actions that affect the functioning of the earth and that therefore require global and coordinated rethinking on a scale¹².

⁸ MOUHOUB. M « mondialisation et délocalisation des entreprises », édition la découverte, paris, 2011.p de 09 à 16.

⁹ Thomas Larsson, *The Race to the Top: The Real Story of Globalization* (US: Cato Institute, 2001), p. 9.

¹⁰ Federal Reserve Bank of Minneapolis, “Essay Contest Glossary”, U.S., 2004-2005,

¹¹ Cahiers français « les entreprises dans la mondialisation », édition la documentation française, novembre-décembre 2011. N° 365.p 56.

¹² Laurent CARROUE « géographie de la mondialisation », édition ARMAND COLIN, France 2007, p 6.

To overcome the terminological uncertainties surrounding globalization furthermore, it is imperative to clarify terms that are similar to “globalization” and that are often used to describe it such as: internationalization, and universalization

Internationalization refers to the dynamics of relations and interactions in the sphere of international relations between states: the logic of power and domination, the nature of If the discourse of the 1990s on globalization have sometimes emphasized the decline or marginality of the on the decline or marginalization of nation-states, the international situation the current situation and the debates that accompany it on the organization of world equilibrium (united or multipolar architecture) testify to the liveliness of this question¹³.

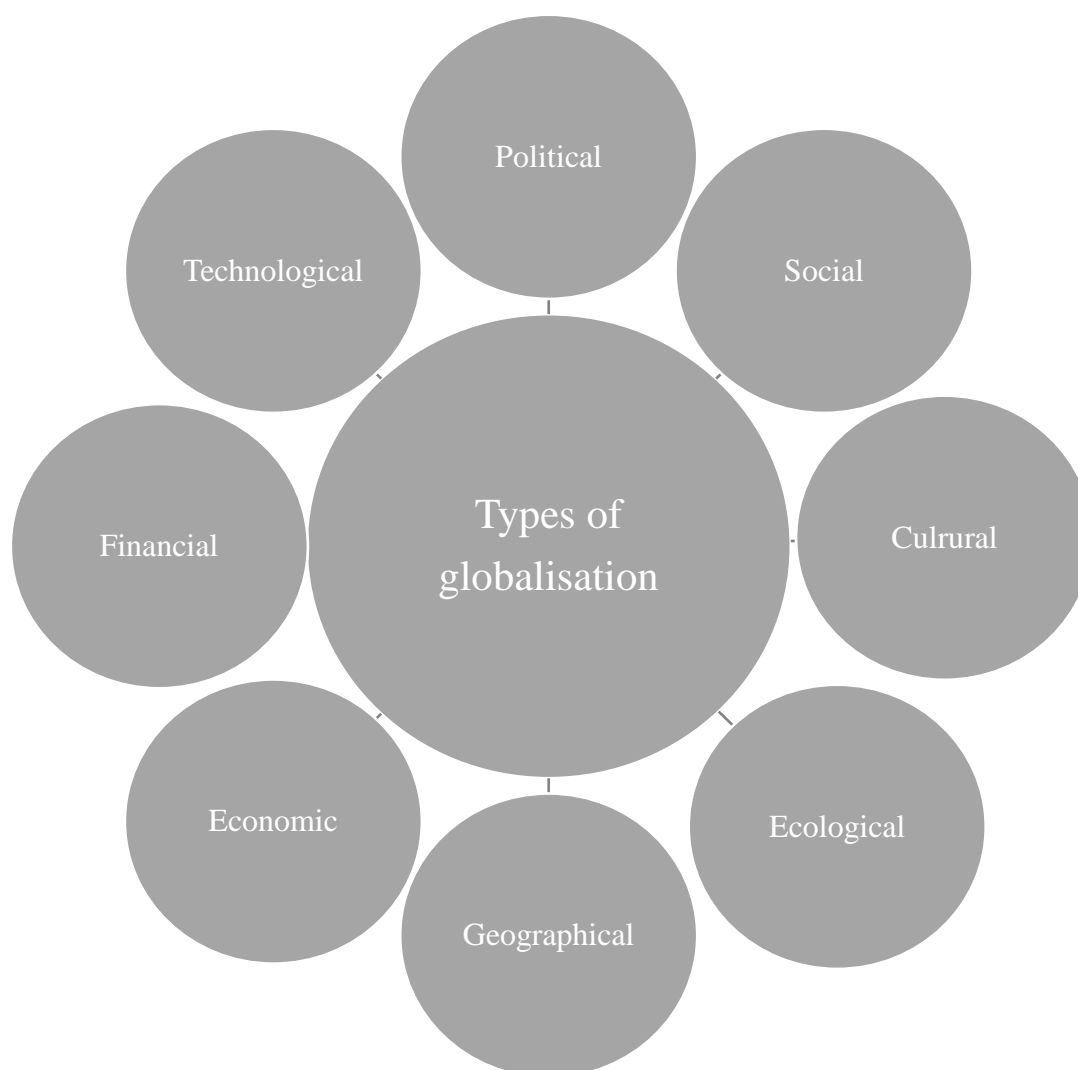
Universalization. This terminology testifies to the rise of new problems in the political, legal, or social fields in the political, legal, or social fields which interest the whole of the human civilizations. human civilizations.

2 Types of globalization:

We can observe how the world is getting increasingly connected on many different levels by looking at these eight aspects.

¹³ Laurent CARROUE (2007), Op.cit. p9.

Figure I: Type De Globalization



Source: Made by us, adapted from <https://www.youtube.com/watch?v=du0uibBLcMU> .

2.1 Political Globalization:

It refers to the degree of political cooperation that occurs between nations. This category covers policies aimed at facilitating international trade and commerce, preventing and managing conflict, maintaining international order, managing multilateral investment treaties, developing common laws and regulations, and debating immigration concerns. It's also a vehicle for governments to collaborate on issues that impact everyone, like climate change. It also addresses the institutions that carry out these policies, which can include national governments as well as international organizations like the United Nations, the European Union, the World Trade Organization, and the International Monetary Fund.

The idea that countries meddle in each other's affairs is an argument against political globalization. Many people believe that we should not interfere with other countries'

decisions. Another complaint is that it has aided the growth of the neoliberal political philosophy, which has widened the wealth disparity between the rich and the poor¹⁴.

2.2 Social Globalization:

The exchanging of ideas and information between and across countries is referred to as social globalization. The idea that we are all global citizens who should be held to the same standards – and have the same rights – is growing rapidly.

The Internet and social media are at the center of this in today's world. Internationally popular films, books, and television programs are good instances of social globalization. However, information, as well as the connectivity and interdependence of events and their repercussions, travels almost in real-time. Another part of social globalization is people who move abroad, mixing and integrating diverse societies; people can easily relocate from one country to another, and those with academic qualifications can find jobs in multiple countries with more ease than ever before.¹⁵

2.3 Economic Globalization:

Effectively, no country economy runs in isolation, implying that national economies influence one another, as illustrated by the global recession that began in 2007¹⁶. The interconnectedness of economies and the flow of resources, products, and capital are referred to as economic globalization. It refers to the current business practices of multinational firms. Originally, McDonald's and HSBC were only found in the United States and the United Kingdom, respectively, but now, in a "globalized economy," these businesses may be found all over the world¹⁷.

This type focuses on the unification and integration of international financial markets, as well as multinational firms with strong market dominance.

This could help developing countries improve overall employment, but it could also be seen as exploitation of countries with poor working conditions. It also deprives rich countries of well-paying jobs.

¹⁴ Chris Drew, P., 2021. *8 Types of Globalization (Definition & Explanation for Students)*. [online] Helpful Professor. Available at: <https://helpfulprofessor.com/types-of-globalization/> [Accessed 16 June 2021].

¹⁵ Ahmed, Anam. "The Effects of Globalization on Global Communication" bizfluent.com, <https://bizfluent.com/info-8232542-effects-globalization-global-communication.html>. 16 June 2021.

¹⁶ Types of globalisation | tutor2u. (2021). Retrieved 16 June 2021, from <https://www.tutor2u.net/politics/reference/types-of-globalisation>

¹⁷ Chris Drew, P., 2021, op.cit, p10.

2.4 Technological Globalization:

The spread of technology around the world is referred to as technological globalization. The infrastructure in place for television, radio, telephones, and the internet, where millions of people are linked due to the power of the digital world via platforms like Facebook, Instagram, Skype, and YouTube¹⁸, has resulted in this type of engagement between nations. Historically, technical globalization was only available to those in the higher strata who could afford it. Many individuals in developing nations now have smartphones and access to the internet, making it simpler for them to communicate with individuals in other nations.

The 'rising tide lifts all boats' argument is also used to the spread of technologies. Globalization implies that we can make use of the latest technology from around the world to enhance everyone's lives and economy.¹⁹

Arjun Appadurai's anthropological "scapes of globalization" theory is strongly linked to technological globalization. He invented the term "technoscapes" to describe how technology spreads over the world.

The term "technoscapes" refers to two distinct types of environments. Mechanical technology, for instance, is a technology that is based on actual objects such as equipment, gadgets, and automobiles. This is the type of technological landscape that has existed for much of human history.

The other type of technology is informational technology, which includes more virtual technologies such as telecommunications and software in its widest sense. This is a more current sort of technoscape, and though certain features have been there for a long time, information technology is a relatively new notion.²⁰

2.5 Financial Globalization:

The establishment of a global financial system with worldwide financial and monetary transactions is referred to as financial globalization. People may now move money globally more easily because of the rise of stock exchanges in stock markets such as the NYSE and FTSE, as well as the internationalization of financial markets. The advantage is that it is simple and inexpensive to obtain funding for new company projects. Instead of depending on

¹⁸ What is Globalization? Examples, Definition, Benefits and Effects. (2021). Retrieved 16 June 2021, from <https://youmatter.world/en/definition/definitions-globalization-definition-benefits-effects-examples/>

¹⁹ Chris Drew, P., 2021, op.cit. p10.

²⁰ Cheprasov, A. (2021). Retrieved 16 June 2021, from <https://study.com/academy/lesson/technoscapes-definition-impact-on-global-cultural-flow.html>

local investors, you may seek a Chinese, French, or Canadian investor to wire you money to launch your firm.²¹

Many countries, however, are facing backlash over the idea that foreign firms are buying up too much of local enterprises, real estate, and farming land, posing a danger to a country's sovereignty. In addition, when one stock market falls, it has a detrimental impact on other markets and the economy as a whole.²²

2.6 Cultural Globalization:

Cultural globalization refers to the spread and blending of cultures throughout the world, and this type focuses on the social forces that allow cultures to converge. Arjun Appadurai discusses the potential impact of cultural 'homogenization,' in which dominant nations such as the United States propagate their traditions through television, resulting in the dilution and extinction of local and indigenous cultures.

In the 1970s, punk music from the United Kingdom and the United States swept over the world. Other examples are Disney music's success, secularism, and consumer culture²³.

2.7 Ecological Globalization:

Ecological globalization refers to the concept of treating the Earth as one global linked ecosystem, rather than a collection of different ecosystems, which all cultures should conserve because weather affects everyone and we are all protected by the same atmosphere²⁴. As a result, international organizations and agreements exist that address global challenges such as climate change, biodiversity, and wildlife preservation across several countries.²⁵ Here are several examples:

- the hole in the ozone layer, that led the world to ban CFCs.
- Climate change will have an impact on the poorest countries, even though rich countries such as the United States are responsible for much of the harm. Climate agreements such as the Kyoto Protocol and the Paris Climate Agreement have been put in place to address these challenges, in which each country promises to invest in reducing carbon emissions.²⁶

²¹ Chris Drew, P., 2021, op. cit, p10.

²² What is Globalization? Examples, Definition, Benefits and Effects. (2021), Op. cit, p11.

²³ Chris Drew, P., 2021, op. cit, p10.

²⁵ What is Globalization? Examples, Definition, Benefits and Effects. (2021), Op. cit, p11.

²⁶ Chris Drew, P., 2021, op. cit, p10.

2.8 Geographical Globalization:

Geographical globalization refers to the concept that the globe is no longer viewed as a collection of different states as it once was. We now make choices in international blocs, and nations collaborate to address challenges. Furthermore, with transportation and traveling being so accessible and economical, it is possible to explore the world with minimal limitations, except for a few nations that require visas.²⁷

It's worth noting that the 8 types of globalization aren't as separate as you would imagine. One form of globalization may share traits with another and impact one another. Economic globalization, for example, is enabled by some free trade policies that come under the heading of political globalization. Cultural globalization is influenced by policies enacted in political globalization, as well as by economic globalization through imports and exposure to foreign cultures through commerce. Looking at globalization through the prism of these eight "categories of globalization" allows you to begin to analyze the effects - both positive and negative.

3 The different phases of the globalization process:

Globalization is not a recent or new phenomenon, since it began as early as the end of the 15th century with the discovery of America in 1492 and the discovery of the Indian route in 1498 by the Spanish and Portuguese. Globalization developed from the 16th to the 18th century with the first European colonial conquests and the rise of distant trade in goods. But it intensified in the 20th and 21st centuries in various ways.

3.1 The internationalization phase:

In the post-war period, international trade has been the main engine of economic growth. Trade between countries expanded rapidly as tariffs and quotas were reduced. the reduction of tariffs and quotas through multilateral agreements. agreements. This period, which lasted until the end of the 1960s, has been called the golden age of trade.

At that time, the degree of internationalization of a country and its companies was measured essentially by the volume of exports and the penetration of imports.

The logic of regulating internationalization was based on the principle of international specialization. This is based on the differences in sectoral productivity between different national territories. It is the existence of these national differentiations that will determine the

²⁷ What is Globalization? Examples, Definition, Benefits and Effects. (2021), Op. cit, p11.

specialization of countries. It is important to emphasize that the disparity in productivity between the different nation-states exists ex-ante, in a closed economy. The advantages of specialization require the overcoming of the generalization of free trade to be exploited.

The other dimensions are not important. Foreign direct investment (FDI) must be used for the development of trade and not for a systemic delocalization of production. Capital flows are determined by the settlement of trade transactions. The state of the balance of payments is the main reference for regulation.

3.2 The phase of multi-nationalization

The predominant dimension of the multinational configuration is that of the mobility of the production of goods and services, the most important vector being the direct foreign investment (FDI) of firms. The most important vector is constituted by the direct investments abroad (FDI) of the firms.

The logic of this phase is that of competitiveness. The imperative of competitiveness reflects the exacerbation of competition, of an oligopolistic nature, between MNCs. It is measured in world market shares.

The rise of multinational firms (MNFs) over the past century has resulted in the growth of international trade in goods and services within multinational groups (intra-group or intra-firm trade). They now account for nearly two-thirds of world trade. This share would be higher if international trade in goods and services generated by MNCs and their legally independent subcontractors were taken into account.

The change in the hierarchy of the dimensions of globalization has the effect of calling into question the relevance of the national dimension of territory.

Unlike the internationalization phase, in multi-nationalization, the global economy can no longer be reduced to the sum of national territories. The economic, social, legal, and cultural disparities of national territories are denied by the organizational structures within firms that cross-national spaces. They replace the market. A large proportion of the international flows of goods and services, capital, and technology (a good part of which is incorporated in the circulation of human capital) have become internal to multinational companies. Human capital) have become internal to multinational companies. They are outside the market. The prices of goods, services, and factors are set by the MNCs themselves

3.3 The globalization phase:

In addition to financial globalization, which is characterized by the establishment of a unified capital market, the 1980s also saw an explosion in the internationalization of

productive activities, a phase marked essentially by the influence of technology. The ability to innovate, adapt and exploit technology the key to industrial competitiveness and the advantages of a new configuration of intangible investments and the ability to innovate, adapt and exploit technology was becoming the key to industrial competitiveness, and the benefits of a new configuration of intangible investments and industry reorganization were being discovered. For to compete globally, companies increasingly needed to use cutting-edge technology, while at the same time being as flexible as possible and offering products flexibility and by offering products that are tailored to consumer needs. They should also have access to large supplier networks.

This phase is also characterized by the emergence of new types of relationships. Companies are now globally interdependent through a variety of external alliances – joint ventures, subcontracting or licensing arrangements, or inter-company agreements, for example. Companies are no longer content, as they were in the past, to export their products and establish facilities abroad; they have begun to weave complex international research, production, and information networks. These flexible interdependencies exist in parallel with foreign trade and investment trade and foreign investment, reflecting the increasing globalization of industrial activities, but they are many industrial activities, but they are much more difficult to measure.

Besides, this phase also saw an evolution in the notion of comparative advantage. According to the traditional theory, a country's comparative advantage factors such as natural resources, labor, and capital. capital.

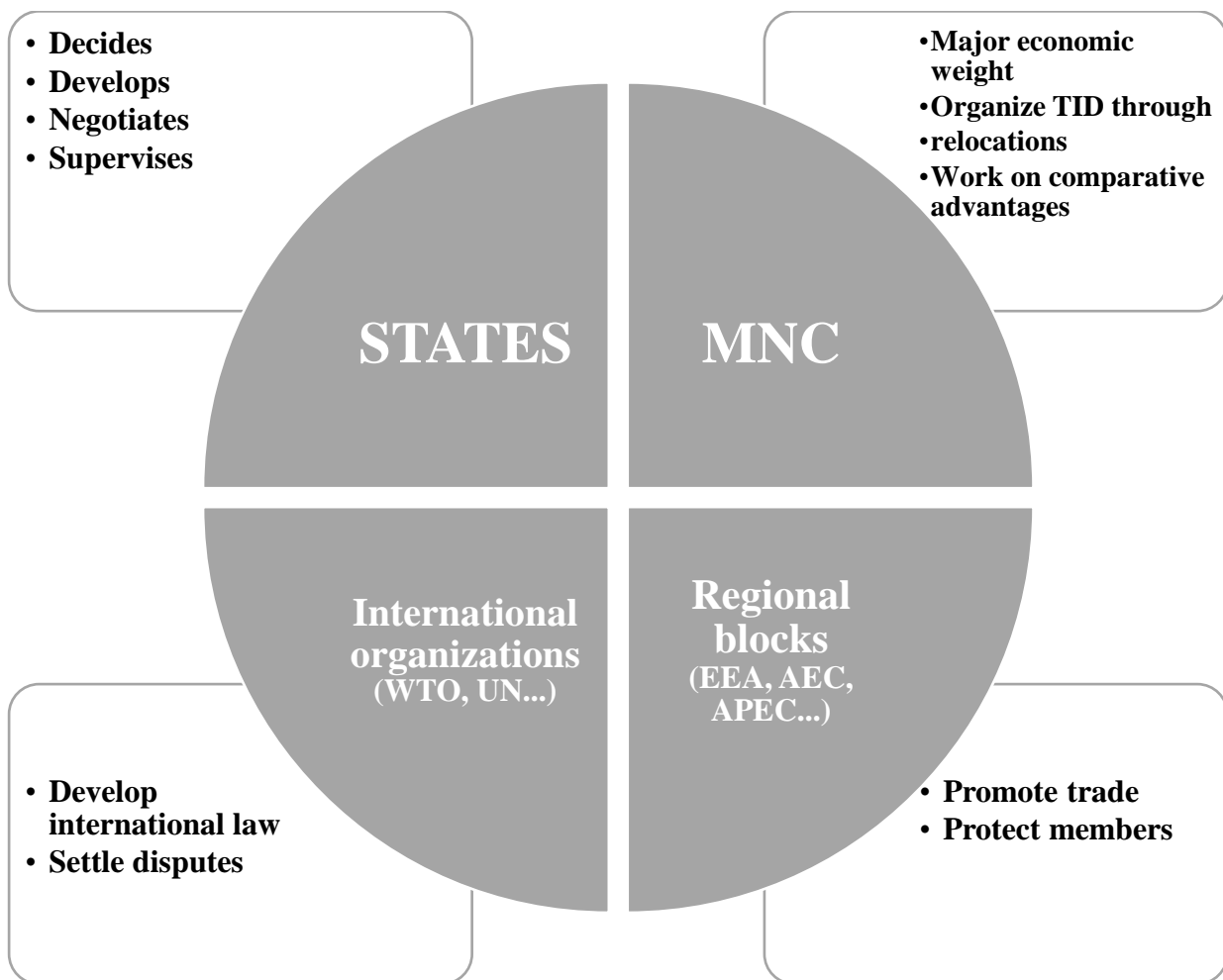
For more than three decades, companies have sought to locate in every country to gain advantages in production, marketing, and research, in effect, a country's comparative advantage is its contribution to their global strategies.

Most corporate decisions are made in a global context and are based on relationships among multinationals. But while companies frequently cooperate with their competitors to gain technological advantages, especially in the area of intermediate components, they still compete vigorously for finished products.¹ in the markets for finished products.

Section two: Actors of globalization

Globalization is carried out by a set of actors, namely states, multinational firms (MNFs), the regional blocs, and international organizations, each of which plays a role that can be summarized in each of which plays a role that can be summarized in the following diagram:

Figure II: Actors of Globalization



Source: Made by us, adapted from <https://www.youtube.com/watch?v=H6K-3rTCtzc> .
 Accessed on 29/09/2017.

1 Multinational corporation (MNS):

1.1 What's multinational corporation (MNS)?

According to (Spero,1978), a multinational corporation is "a firm with foreign subsidiaries that extend the firm's production and marketing beyond the boundaries of any country."²⁸

MNCs are the main actors of this globalization. Most of them have their headquarters in the North, but they seek the advantages of different global spaces. They look for local advantages in large metropolises and on the seaboard. The MNCs, therefore, put territories in competition with each other.

Because these businesses operate on a global scale, they are also referred to as global enterprises. The parent company controls and operates the activities all over the world. MNCs' products and services are sold in a variety of countries, necessitating global management.²⁹

1.2 How Multinational Corporations Work

A multinational firm, in addition to having its principal headquarters in its home country, makes a direct investment in a foreign country by establishing activities there. Some multinational corporations may have a single subsidiary in another country, whilst others have subsidiaries all over the world.³⁰

Foreign direct investment (FDI) is a type of cross-border investment in which a resident of one country establishes a long-term interest in and considerable influence over a resident of another country. The possession of 10% or more of the voting power in a business in one economy by an investor in another is proof of such a connection.

Foreign direct investment (FDI) is an important component of international economic integration because it establishes solid and long-term linkages between economies. Foreign direct investment (FDI) is an essential avenue for the transfer of technology between nations, it encourages international trade by providing access to foreign markets, and it can be a powerful economic growth tool.³¹

²⁸ Spero JE (1978) *The Politics of International Economic Relations*, St. Martin's Press, New York.

²⁹ (2021). Retrieved 16 June 2021, from <https://www.toppr.com/guides/business-environment/scales-of-business/multinational-corporations-mnc/>

³⁰ GOBLER, E. (2021). What Is a Multinational Corporation? Retrieved 16 June 2021, from <https://www.thebalance.com/what-is-a-multinational-corporation-5093848>

³¹ OECD iLibrary | Foreign direct investment (FDI). (2021). Retrieved 16 June 2021, from https://www.oecd-ilibrary.org/finance-and-investment/foreign-direct-investment-fdi/indicator-group/english_9a523b18-en

1.2.1 Types and Examples of Foreign Direct Investment

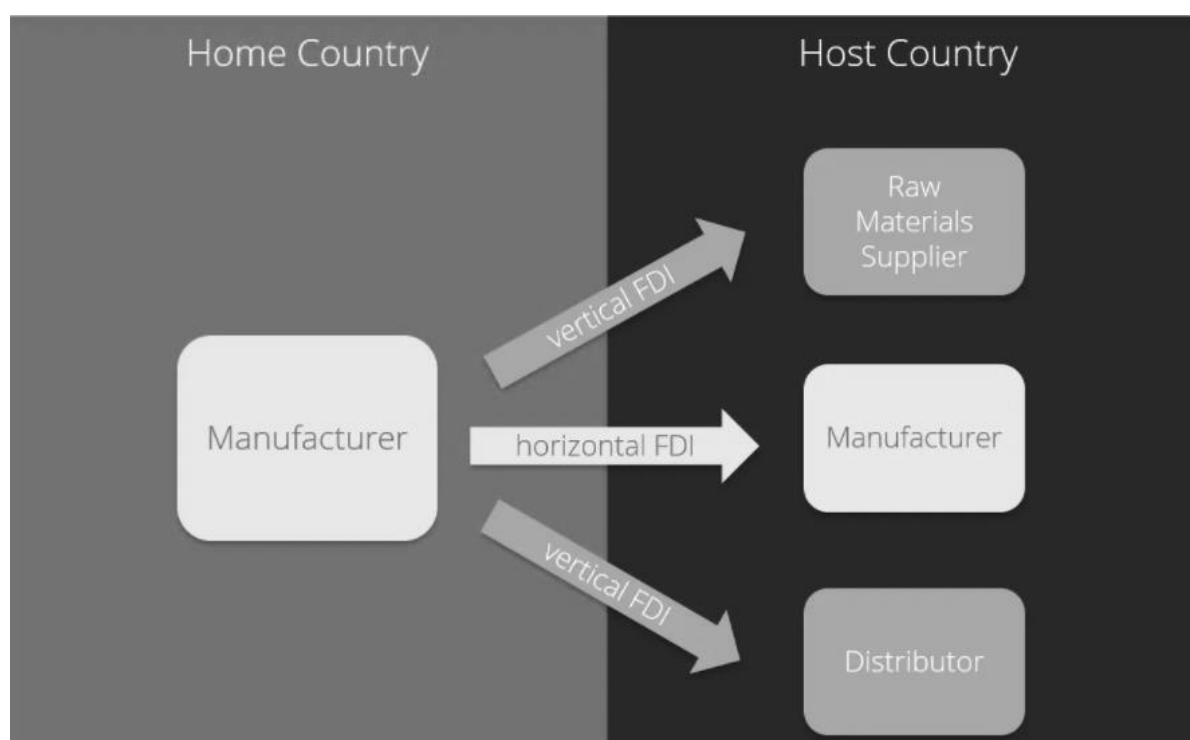
1.2.1.1 Horizontal expansion:

occurs when a company spreads its local activities to a foreign country. In this situation, the company engages in the same operations as before, but in a different nation. Starbucks opening a coffee shop in Morocco, for example, would be called horizontal FDI.

1.2.1.2 Vertical expansion:

occurs when a company grows into a foreign nation by shifting to a different level of the supply chain. In other words, a company may engage in a variety of activities outside of its home country, but these activities must be relevant to the company's primary activity. For instance, If Tesla invest in a lithium battery and electric vehicle component factory in China to supply the battery packs for the company's electric vehicles that would be considered as vertical FDI.³²

Figure III: Vertical and horizontal FDI



Source: Foreign Direct Investment (FDI) - Overview, Benefits & Disadvantages. (2021). Retrieved 16 June 2021, from <https://corporatefinanceinstitute.com/resources/knowledge/economics/foreign-direct-investment-fdi/>

³² Foreign Direct Investment (FDI) - Overview, Benefits & Disadvantages. (2021). Retrieved 16 June 2021, from <https://corporatefinanceinstitute.com/resources/knowledge/economics/foreign-direct-investment-fdi/>

1.2.1.3 Conglomerate expansion:

Occurs when a company that buys an unrelated company in another country. This is unusual since it necessitates overcoming two entrance barriers: entering a foreign nation and entering a new sector or market. As an example, The Walt Disney Company, one of the world's most well-known companies, maintains a diverse range of industries. This multinational corporation is involved in film, music, television production, live theater shows, toys and clothing, and Disney theme parks. With a global presence in more than 40 countries.³³

1.2.1.4 Platform expansion:

Occurs when a company grows into a foreign country, but the result of those activities is exported to a third nation. This is also known as export-platform FDI. Platform FDI is most frequent in low-cost places within free-trade zones. For example, suppose Ford acquired manufacturing units in Ireland with the primary intention of exporting automobiles to other EU nations.³⁴

Figure IV: platform FDI



Source: Foreign Direct Investment (FDI) - Overview, Benefits & Disadvantages. (2021). Retrieved 16 June 2021, from <https://corporatefinanceinstitute.com/resources/knowledge/economics/foreign-direct-investment-fdi/>

³³ Sarokin, D, An Example of a Company Conglomerate. Retrieved 16 June 2021, from <https://smallbusiness.chron.com/example-company-conglomerate-14699.html>

³⁴ Foreign Direct Investment (FDI), (2021), op. cit, p19.

1.3 The following approaches are used by a multinational firm to conduct its activities in different countries:

1.3.1 Branches:

Establishing abroad branches is the simplest way to increase your operations. These branches are often international entities of the parent corporation that are located in the host nations. These branches are legally reliant on their parent firm.

1.3.2 Subsidiaries:

This is a common type of direct investment that is often used to start up or take over whole ownership and management of another firm, so establishing the second firm as a totally owned subsidiary (formed in the host nation) of the original firm (headquartered in the home country). A wholly owned subsidiary requires greater investment, ownership control, and risk than a minority stake in another firm. However, it can also provide the parent firm the freedom to take whatever steps are required to ensure that the subsidiary performs as planned and to provide the parent with the resources needed to improve its performance.

1.3.3 Joint Venture Companies:

A joint venture is an agreement between two or more firms to create, produce, or sell goods or services together. The parent companies operate independently of one another, although they share ownership of the joint venture. In certain circumstances, one firm provides the materials and product expertise, while the other provides the knowledge to conduct business in the country being targeted. Thus, a joint venture is a corporate entity or system in which local and international enterprises split the costs of producing new goods or constructing manufacturing facilities in another country. In some cases, a joint venture may be the only method to enter a country. Foreigners are not permitted by law to own businesses in these countries. In other cases, joint ventures allow corporations to combine technological know-how and share the cost and risk of research that may not result in marketable items.

1.3.4 Franchise Holders:

This is the fastest expanding type of worldwide licensing in which the licensor provides a complete package of goods, services, and materials to the licensee, usually accompanied by a well-known brand name. It is also a type of arrangement in which an affiliate working in the host country manufactures or promotes a multinational corporation's products after acquiring a license from it.

1.3.5 Global Strategic Partnership:

It is an alliance created by an organization with one or more other countries, often with the goal of capitalizing on the opportunities of the other countries and gaining leadership in either supply or production.³⁵

2 Regional Trade blocs:

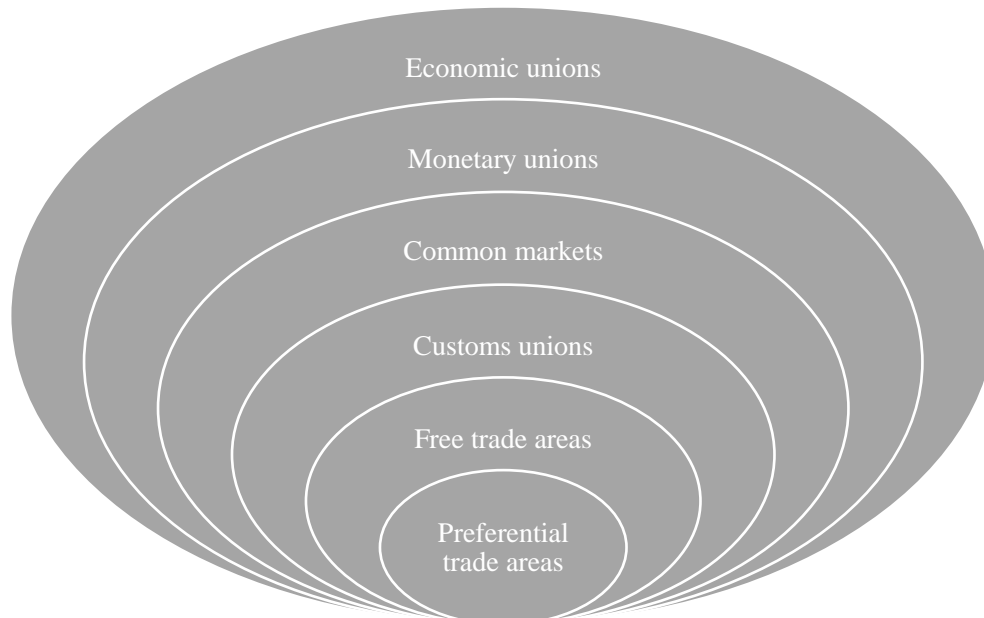
2.1 Definition of regional trade bloc:

A regional trade bloc is a group of countries within a geographical region that band together to preserve themselves from non-member trade. Trading blocs are a type of economic integration that is progressively shaping global trade patterns.³⁶

2.2 Stages of regional trade blocs:

these groupings may be categorized into six primary groups based on their amount of integration, as follows:

Figure V: Integration of regional trade blocs



³⁵ Greeshma, G. (2021). Multinational Corporation: Meaning, Definition, Types, Concept, Characteristics. Retrieved 16 June 2021, from <https://www.businessmanagementideas.com/management/multinational-corporation/multinational-corporation/21253>

³⁶ Trading blocs - EU NAFTA | Economics Online | Economics Online. (2021). Retrieved 16 June 2021, from https://www.economicsonline.co.uk/Global_economics/Trading_blocs.html

Source: Made by us, adapted from <https://www.sesric.org/files/article/191.pdf> . Accessed on 11/06/2021.

2.2.1 Preferential trade zone

A preferential trade zone is the most vulnerable type of economic organization. Customs taxes in various product categories are being reduced by member nations. They provide some classes of commodities from member nations preferential status over the rest of the globe. Tariffs would stay higher for all remaining product categories.

2.2.2 Free trade area

Participants in free trade areas mostly want to promote business transactions among themselves. They get it by eliminating customs and tariffs on the goods they manufacture. They can, however, retain their external tariff on third-party goods. As a result, free trade zones are criticized since imports from foreign nations can enter the grouping through the customs of the Member State with the lowest tariff and then be re-exported to the other members. To prohibit such commerce, free trade zones often adopt highly detailed origin restrictions.

2.2.3 Customs union

A customs union, on the other hand, is a more advanced version of free trade zones that addresses the above-mentioned flaw. Participants in a customs union not only agree to abolish or lower tariffs within themselves, but they also establish a single external tariff policy against third parties. On the one hand, member nations safeguard the free or favored flow of marketable products among themselves, while on the other, they establish a discriminatory trade bloc against non-member nations. In this instance, rather than creating complex rules of origin, the key problem becomes the coordination of trade policy among member nations.

2.2.4 Common market:

A common market provides for the free flow of not just products but also services and production elements such as capital, labor, entrepreneurship, and so on, across borders. It also develops a single external tariff strategy in the face of third-party competitors. Such a strategy, however, demands the coordination of commercial and industrial strategies. Citizens of a common market are free to work and invest in any member nation.

2.2.5 Monetary union

A monetary union creates a central monetary authority that governs monetary policy for all participating nations. This authority creates a single currency for use by member nations.

The EU members have focused their efforts on achieving that level of integration. In this framework, on January 1, 1999, they established the unified European currency (the Euro). At this point, the Euro is utilized as a unit of account in bank transactions. Beginning on January 1, 2002, Euro notes and coins will circulate alongside national currencies. After July 1, 2002, the Euro will replace national currencies.

2.2.6 Economic union

Participants in an economic union will retain free commerce in products and services, set uniform external tariffs among members, and enable unrestricted capital and labor mobility. Furthermore, they agree to harmonize their national economic policies and operate as a unified economic entity. The European Union (EU) is an excellent illustration of such a program. Integration efforts in the EU extended even to the standardization of social programs.³⁷

Table I: Major regional integration

Name of the organization	Number of member	Form of regional integration
African Economic Community (AEC)	52	Stage 1: Free trade area. Stage 2: Customs union. Stage 3: Common market. Stage 4: Economic and monetary union.
Central African Customs and Economic Union (UDEAC)	6	Stage 1: Customs union. Stage 2: Common market. Stage 3: Economic and monetary union.
Common Market for Eastern and Southern Africa (COMESA)	21	Stage 1: Customs union. Stage 2: Common market. Stage 3: Monetary union.
Cross-Border Initiative (CBI)	14	Free trade area.
Economic Community of Central African States (ECCAS)	11	Stage 1: Customs union. Stage 2: Common market.

³⁷ Oker Gürler, Journal of Economic Cooperation 21, 4 (2000), p6 to p8.
<https://www.sesric.org/files/article/191.pdf>

Economic Community of West African States (ECOWAS)	15	Stage 1: Common market. Stage 2: Monetary union.
Indian Ocean Commission (IOC)	5	Preferential trade area.
Mano River Union (MRU)	3	Customs union.
West African Economic and Monetary Union (WAEMU)	7	Stage 1: Common market. Stage 2: Economic and monetary union.
Association of South East Asian Nations (ASEAN)	7	Stage 1: Free trade area. Stage 2: Customs union.
Black Sea Economic Co-operation (BSEC)	11	Preferential trade area.
Commonwealth of Independent States (CIS)	12	Stage 1: Free trade area. Stage 2: Customs union.
East Asian Economic Caucus (EAEC)	10	Regional co-operation.
South Asian Association for Regional Co-operation (SAARC)	7	Preferential trade area.

Source: Made by us, adapted from <https://www.sesric.org/files/article/191.pdf> . Accessed on 21/04/2000.

2.3 Examples of regional trading blocs:

The list below includes 3 of the world's biggest regional trading blocs. These blocs are made up of countries that live within a defined geographical limit and have chosen to work together to secure regional economic prosperity. with the most significant influence on global commerce and the region's economic growth.

2.3.1 The European Union's Economic Area (EEA)

The European Union (EU) is the world's largest commercial bloc and the world's second-biggest economy. It is also the main commercial partner of the European Free Trade Association (EFTA), accounting for 70% of all imported goods in EFTA nations. The European Commercial Area (EEA) comes into existence on January 1, 1994, to further develop commercial and economic links with its adjacent non-EU nations. This agreement establishes the Internal Market, which unites the 27 EU member states and three EFTA members—Iceland, Liechtenstein, and Norway—into a single market.

As a result, this bloc is primarily concerned with preserving the four main pillars of the single market, namely the free movement of commodities, people, services, and capital. By collaborating and signing the EEA agreement, these three EFTA nations may get access to the EU's single market and profit from free trade with the EU without applying for EU membership. They can also achieve equality of rights and obligations within the Internal Market without having to adopt certain EU policies, such as common agriculture and fisheries policies, customs union, common trade policy, common foreign and security policy, justice and home affairs, harmonized taxation, and economic and monetary union. They are, nevertheless, obligated to follow specific horizontal and flanking policies. The EEA has 30 member countries. Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden are among the 27 EU member nations. Switzerland, an EFTA member, is not an EEA member but has bilateral agreements with the EU.

2.3.2 The Asia Pacific Economic Cooperation (APEC)

As of 2018, the APEC region accounted for over 60% of global GDP and 48% of global commerce. It is one of the most significant regional economic forums in the Asia-Pacific Rim, having encouraged growth, boosted the real GDP of its member countries, and lifted millions of inhabitants out of poverty in less than three decades. The Asia-Pacific Economic Cooperation (APEC) was formed in November 1989 to capitalize on the region's growing interdependence. This forum seeks to assure growth and advance regional economic integration to increase the region's population's wealth. Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, Russia, Singapore, Taipei, Thailand, the US, and Vietnam. are among its 21 members. with China and the United States as the bloc's two largest commercial partners. Although its Secretariat is permanently situated in Singapore.

2.3.3 The ASEAN Economic Community (AEC)

The AEC is critical to Asian economic integration since it is Asia's third-largest economy and the world's sixth-largest economy in 2019. On December 31, 2015, it was formally founded as part of the Association of Southeast Asian Nations (ASEAN) Community, to further integrate ASEAN economies into a single market and industrial base. This economic community aspires to fulfill its Blueprint 2025, which envisions the area becoming highly

competitive and completely integrated into the global economy through fair economic growth. Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam are all members of the AEC. Because of its robust economy, Singapore is the most impressive member state. In terms of commerce, 25 percent of ASEAN commerce is intra-regional, accounting for the lion's share of the bloc's overall commerce. In 2019, its external important partners are China, the United States, the European Union, Japan, and South Korea.

2.3.4 The North American Free Trade Agreement (NAFTA)

NAFTA is the world's biggest free-trade zone, with a combined population and GDP higher than that of 15 EU member countries. It began as a bilateral trade deal between Canada and the United States, but Mexico joined on January 1, 1994, forming a trilateral trading bloc in North America. This agreement intends to remove trade and investment obstacles among its member nations, foster a free trade environment, expand investment possibilities, and safeguard intellectual property rights. This agreement also covers services other than aircraft transport, marine, and basic telecommunications. The North American Agreement on Environmental Cooperation (NAAEC) and the North American Agreement on Labor Cooperation (NAALC) are two supplements to the NAFTA that address labor and environmental concerns in the member countries. The United States is the largest trade country among the three members. All tariffs and restrictions on US exports to Mexico and Canada were abolished on January 1, 2008, making Canada and Mexico the US's leading and third-largest merchandise trade partners from 2008 to 2014.

2.3.5 The Mercado Comun del Cono Sur or Southern Common Market (MERCOSUR):

The MERCOSUR trade bloc is one of the world's fastest expanding, with its four founding states accounting for 70% of South America's GDP. It is also one of the world's most powerful economic blocs, with the fifth-largest GDP. Brazil, Argentina, Paraguay, and Uruguay signed the Treaty of Assunción on March 26, 1991. This bloc seeks to accelerate long-term economic growth based on social fairness, environmental protection, and poverty alleviation. Venezuela and Bolivia, in addition to the four original nations, joined this tariff union in 2006 and 2015, respectively. Venezuela's membership, however, was terminated in 2016 owing to its failure to adhere to MERCOSUR's democratic ideals. As associate members, Chile, Colombia, Ecuador, Guyana, Peru, and Surinam can only engage in

preferential trade and are not permitted to enjoy tariff benefits. China, the EU, the United States, Chile, and Mexico are MERCOSUR's main external trading partners in 2019.³⁸

3 International organization:

An international organization, an entity that draws membership from at least three states, has activity in multiple states and is kept together by a legal agreement. A coordinating body, the Union of International Associations, distinguishes between the more than 250 international governmental organizations (IGOs) established by intergovernmental agreements and whose members are states, and the approximately 6,000 nongovernmental organizations (NGOs) whose members are associations or individuals.

IGOs range in number from three to more than 185 members (e.g., the United Nations [UN]), and their geographic representation ranges from one global area (e.g., the Organization of American States) to all global regions (e.g., the International Monetary Fund). Whereas some IGOs are intended to serve a single purpose (for example, the World Intellectual Property Organization), others have been created to perform many functions (e.g., the North Atlantic Treaty Organization). Depending on their size and duties, their organizational structures might be basic or complicated.

Later in the nineteenth century, numerous international organizations were formed, such as the International Telegraph Union (1865; now the International Telecommunication Union), to provide specialized services and accomplish specified functions. In 1899 and 1907, European and non-European powers convened to devise laws to govern weaponry and warfare. The Hague Conventions, which contained agreements on the peaceful resolution of conflict, the treatment of prisoners of war, and the rights of neutral governments, were the result of these conferences.

These several meetings and agreements served as forerunners to twentieth-century international institutions such as the League of Nations and the United Nations (UN). The UN became the focal point of a network of international organizations as a result of the post-World War II political and economic interdependence, as well as developments in communication and transportation.

International organizations perform a wide range of functions, such as gathering data and monitoring trends (e.g., the World Meteorological Organization), providing services and aid

³⁸ The 10 major regional trading blocs in the world economy, Retrieved 16 June 2021, from <http://culturalrelations.org/the-10-major-regional-trading-blocs-in-the-world-economy/>

(e.g., the World Health Organization), and resolving disputes (e.g., the World Trade Organization). International organizations can serve to develop cooperative behavior by offering political mechanisms through which governments may collaborate to accomplish common goals. Individual governments can also benefit from IGOs, which are frequently used as foreign policy instruments to legitimize their acts and control the behavior of others.

Although most international organizations' everyday operations are administered by specialized international bureaucracies, ultimate power resides with state members. IGOs frequently collaborate with other organizations, including non-governmental organizations (NGOs) (e.g., Greenpeace and Amnesty International), which perform many of the same functions as IGOs and are especially useful for mobilizing public support, monitoring the effectiveness of international aid, and providing information and expertise. Although many of the hundreds of non-governmental organizations (NGOs) focus their efforts on developing nations in Africa and Asia, some of which have authoritarian governments, the majority of these organizations are headquartered in industrialized nations with pluralist political systems. Only a tiny percentage of non-governmental organizations (NGOs) are transnational in scope, despite playing an increasingly crucial role in international relations.³⁹

Four factors must be present for an organization to exist; there are four cumulative elements, the last of which is found in current law rather than 1945 law.

- **Every international organization is founded on a treaty.**

From a legal standpoint, the United Nations is founded on the United Nations Charter. There is currently no organization that is not founded on treaties.

- **An international organization is a grouping of states.**

This is the interstate component; the members of the organization are States; nevertheless, this does not preclude organizations from opening up to other entities.

It is conceivable that a certain entity may be a member, depending on their position, but the important point is that the organization is an organization of States, and the other entities may be national liberation movements. These countries are always represented in an assembly, and there is a plenary body in every international organization.

³⁹ Mingst, K. international organization | Definition, History, & Facts. Retrieved 16 June 2021, from <https://www.britannica.com/topic/international-organization>

- **There is a distinct organizational structure inside the international organization.**

The organization has its own life, it is organized, which distinguishes it from a convention of States, according to its organs. Certain functions are allocated in an international organization, which provides it with an organizational structure.

- **The juridical personality**

An international organization is today thought to have its legal personality, is subject to international law, and has rights and obligations under international law.

If an international organization is not subject to the rule of law, it cannot be held responsible. Without legal individuality, it is impossible to perform an illegal act.⁴⁰

4 States:

we might question ourselves how a state may act on globalization and, more importantly, why it chooses to interfere. We will first look at the benefits of the state concerning globalization, and then we will look at its constraints.

First and foremost, the state responds economically in response to globalization. Indeed, this phenomenon necessitates global economic interdependence and free commerce. This relates to the elimination of customs and non-customs barriers, as well as national rules that may hinder the entry of products and services, since 1955, under the scope of the GATT (General Agreement on Tariffs and Trade) and afterward the World Trade Organization. As a result, trade has been allowed to expand since it is no longer subject to limitations such as quotas. This is an evident advantage for growing economies like China, which has risen to become the world's top industrial power.

The government enables multinational corporations to make FDI (Foreign Direct Investment), which allows for the development or purchase of new manufacturing units overseas to establish or expand subsidiaries overseas. This enables businesses to cut expenses while expanding into new areas. However, before engaging in FDI, it is vital to compare numerous factors, such as the cost of raw materials or labor, to ensure that it is as lucrative as feasible.

States can also make their territory more or less appealing through planning policy, which is a set of actions undertaken by the state to promote the development of a country's regions

⁴⁰ International Organizations. (2021, April 1). *Baripedia*. Retrieved 18:03, June 16, 2021 depuis https://baripedia.org/w/index.php?title=International_Organizations&oldid=50788.

through the spatial arrangement of people and activities, such as the construction of infrastructure, for example, in ports.

True, the state has numerous assets in terms of globalization. It does, however, have limitations, as we will see in the second half.

To summarize, we have shown that the state may have a good impact on globalization, particularly in the political and economic spheres, but it may also have a detrimental impact on globalization. To get out of the crisis and fulfill global demand, states must adopt their development techniques⁴¹.

Conclusion of the first chapter:

As the definitions presented in this chapter show, the influence of globalization is enormous. Globalization entails economic integration, the transfer of policies across borders, the transmission of knowledge, competition, cultural stability, the reproduction, relations, and discourses of power; it is a global process, a concept, a revolution, and the establishment of a global market free of sociopolitical control. Globalization incorporates all of these elements. It is a concept that has been characterized in numerous ways throughout the years, with some implications alluding to progress, development, and stability, while others point to regression, colonization, and instability. Despite these obstacles, this word has a slew of hidden motives. Political philosophy, geographic location, socioeconomic rank, cultural background, and ethnic and religious affiliation all contribute to how globalization is understood.

Globalization, by definition, encompasses a wide range of disciplines, groups, and civilizations. Of course, this provides for a wide range of perspectives, whether economic, social, or political. Furthermore, it includes global actors who play a critical part in the worldwide spread of this phenomenon.

⁴¹ Le rôle de l'Etat dans la mondialisation - TL ECJS jeudi. (2021). Retrieved 16 June 2021, from <https://sites.google.com/site/tlecjsjeudilamondialisation/le-role-de-l-etat-dans-la-mondialisation-1>

*Chapter 02: Algeria's
integration in the world
economy.*

Introduction to chapter two

From the day after its independence, Algeria has opted for a socialist economic system which has been adopted for almost three decades. Since 1990, Algeria has opened up to the world and cope with globalization deliberately in some cases and without intention in others, through the development of its relations with different actors of globalization. Algeria wanted to take advantage of the new international division of labor (NIDL) and to become a destination of manufacturing FDI, it is the case for the agri-food industry.

The first section of this third chapter is devoted to the analysis of the different policies and efforts in terms of openness to the world economy. In the second section, we focus on the current state of the agri-food industry in Algeria.

Section one: The Algerian context in globalization.

1 The evolution of the Algerian economy: a brief look at its history

Algeria's economy has seen significant transformations since its independence. Algeria's economy was mostly dependent on agriculture between 1962 and 1970 when the nation was not only self-sufficient in food but also exported considerable quantities of wine and citrus fruits. Algeria has since shifted its focus to industry, notably the extraction and processing of oil and gas. As one of Africa's major producers of oil and gas, this nation has joined OPEC (Organization of Petroleum Exporting Countries). Algeria produces grains, fruits, vegetables, and tobacco, although imports now provide a large portion of the country's food demands.

Algeria began its economic opening in the early 1990s, during a serious economic and financial crisis, and was followed by a double rescheduling of its medium-term debt in 1994. The macroeconomic balance was gradually restored during the period 1994-1998, by an IMF-managed structural adjustment plan. Since 1990, the Algerian economy has grown at a pace of 5% per year between 2000 and 2008, owing mostly to the opening up of an economy that has made tremendous progress in recent years toward a market economy.

2 The integration of Algeria in the world economy

2.1 Algeria and MNCs

The oil industry, which is the primary destination of FDI from MNCs, is the most significant sector of the Algerian economy. Gulf Keystone (UAE-USA), Eni (Italy), BHP Billiton (Australia), Shell and BP (Great Britain), Total (France), and many more multinational corporations are present on the national territory.

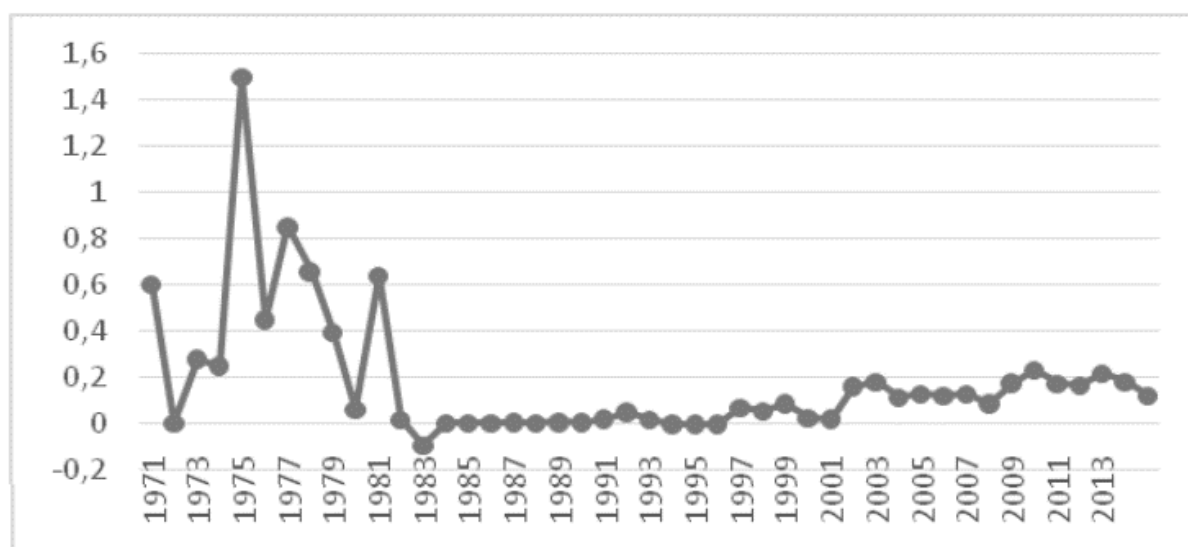
2.1.1 Algeria as a destination for MNFs: the current situation

Foreign investment, like domestic investment in the production of goods and services, is controlled by the Draft Ordinance No. 01-03 of 20 August 2001⁴² development of investment, to which we shall refer in the following. Article 2 of this ordinance states that the following are considered investments: - Asset acquisitions entering within the framework of the creation of new activities, Asset acquisitions entering within the framework of the creation of new activities, the extension of production capacities, rehabilitation or restructuring;

- Participation in a company's capital in the form of cash or in-kind contributions; - Takeover of activities in the context of partial or entire privatization. The flow of FDI into Algeria has been marked by two separate primary stages, which are retraced in the figure below.

⁴² JOURNAL OFFICIEL DE LA REPUBLIQUE ALGERIENNE N° 47 Ordonnance n° 01-03, du Aouel Joumada Ethania 1422 correspondant au 20 août 2001 relative au développement de l'investissement

Figure VI: Evolution of FDI inflows in Algeria (1970-2014)



Source : Khaled MENNA (2017), Samer MEHIBEL (2017), « LA PROBLÉMATIQUE DES IDE EN ALGÉRIE : PARADOXES D'UNE ÉCONOMIE ATTRACTIVE FAIBLEMENT ATTRAYANTE », Les Cahiers du Cread, vol. 33 - n° 119/120 – 2017, pp-48

From 1962 to 1995, the evolution of FDI was as follows: they were relatively minor in the 1960s, even though governmental policy promoting FDI was somewhat marginal in the 1960s. Despite favorable public policies to stimulate FDI during that decade, the results produced remained modest.

FDI inflows were nonetheless recorded from the 1970s onwards, thanks to the opening up of the hydrocarbon industry to foreign capital in 1971, but slowed in the early 1980s and early 1990s, mostly owing to the worsening of the macroeconomic and security framework.

The era from 1996 to the present is defined by investment return. This was aided by the new law on the privatization of state firms enacted in 1995, as well as a more appealing institutional structure for attracting foreign investment under the 1993 Investment Code, which was modified in 2001 and 2006. From 1996 to 2009, there was a fast and unbroken development⁴³. However, the implementation of the 2009 Supplementary Finance Act

⁴³ BOUALEM Fatima, « Conduite de la politique de l'attractivité des IDE et modèle de développement de L'Algérie : quel potentiel ? Evaluation et élaboration d'une matrice d'attractivité », Colloque International - Algérie : Cinquante ans d'expériences de développement Etat -Economie-Société, p 4-5

hindered FDI inflow. This mechanism has influenced eviction on the latter, as demonstrated in Figure n°II.1 above.

2.2 Algeria's hostile or attractive policy toward multinational corporations

Algeria's FDI policy is murky, as it is in many other sectors. The role of FDI is far from evident. On the one hand, wanting to recruit them for the benefits it entails for the national economy while fearing the significant amount of their influence on the other.

2.2.1 Measures of FDI attractiveness

Algeria is adopting economic policies targeted at attracting FDI from MNCs because it is aware of the benefits that such entities offer to the national economy. Laws are being promulgated, assurances are being granted, and relevant organizations are being formed; everything appears to be in place to achieve this goal.

2.2.1.1 Texts about foreign investment

Since the early 1990s, the legal framework for investments in Algeria, particularly foreign capital, has been gradually liberalized, especially through the reference documents listed below.

- The ordinance n°03-11 of August 26, 2003⁴⁴, superseded the statute n°90-10 of April 14, 1990, related to currency and credit⁴⁵.
- Executive order n°01-281 of September 24, 2001, related to the composition, organization, and funding of the National Council of Investment⁴⁶;
- Executive order n° 01-282 of September 24, 2001, regulating the assignment, formation, and operation of the National Agency for Investment Development⁴⁷.

2.2.1.2 Tax breaks and incentives

The above-mentioned Ordinance No. 01-03 of 20 August 2001⁴⁸ states that investments, whether domestic or international, are subject to two tax regimes:

⁴⁴ Ordonnance n° 03-11 du 26 août 2003 relative à la monnaie et au crédit, journal officiel n°52 du 27 août 2003

⁴⁵ Loi n° 90-10 du 14 avril 1990 relative à la monnaie et au crédit, journal officiel n° 16 du 18 avril 1990.

⁴⁶ Décret exécutif n°01-281 du 24 septembre 2001 relatif à la composition, à l'organisation et au financement du conseil national de l'investissement, journal officiel n° 55 du 26 septembre 2001.

⁴⁷ Décret exécutif n° 01-282 du 24 septembre 2001 portant attribution, organisation et fonctionnement de l'agence nationale du développement des investissements, journal officiel n° 55 du 26 septembre 2001.

- According to article 10 of the said ordinance, the general regime provides that investments benefit from tax advantages such as the application of a reduced rate of customs duty for imported equipment directly involved in the realization of the investment, value-added tax (VAT) exemption for products and services used in the implementation of investment, as well as the waiver of the right to for any real estate acquisitions made within the context of the investment in question.
- The disparaging regime, on its side, offers the following benefits:

For investments made in zones whose growth necessitates a specific commitment from the state, or in the event of initiatives of exceptional relevance to the national economy and the preservation of the environment, benefits such as:

- Exemption from transfer duty for valuable consideration for all real estate acquisitions made in the framework of the investment;
- Exemption from corporate income tax (CIT), global income tax (GIT) on distributed profits, fixed payment (FP), and tax on professional activity (TPA) for a period of ten (10) years of effective activity;
- a ten-year exemption from real estate tax on real properties entered into the framework of the investment, beginning on the date of acquisition.

2.2.1.3 Consent to guarantee

To reassure investors, Algeria provides assurances without regard to their nationality, save in the event of terms of treaties established by the Algerian state with the countries whose nationals they are (art. 14)⁴⁹. the ordinance mentioned earlier states that any dispute between a foreign investor and the Algerian state arising from the investor's actions or actions taken by the Algerian state against the investor must be submitted to the competent jurisdictions, except in the case of bilateral or multilateral agreements concluded by the Algerian State. pertaining to conciliation and arbitration, or a special agreement establishing an arbitration provision or permitting the parties to reach an agreement through ad hoc arbitration (art.17)⁵⁰

⁴⁸ JOURNAL OFFICIEL DE LA REPUBLIQUE ALGERIENNE N° 47 Ordonnance n° 01-03, du Aouel Joumada Ethania 1422 correspondant au 20 août 2001 relative au développement de l'investissement.

⁴⁹ JOURNAL OFFICIEL DE LA REPUBLIQUE ALGERIENNE (2001), Op.cit. p 37

⁵⁰ Ibidem.

To reassure the investor of his actions, the legislator has established a variety of assurances connected to his participation in an activity, including:

- The concept of non-discrimination: all investors receive the same regulations, the same advantages, and this without regard to country, except international treaties;
- Guarantees of currency transfer: Once the currency is certified convertible by the Bank of Algeria, investors benefit from guarantees of currency transfer of their invested money and the revenue generated by it.
- The legal stability clause states that regulatory and legislative changes of investment legislation that occur after the granting of benefits in exchange for investments made do not apply to the investor unless he specifically asks it. As a result, the investor is safeguarded against the whims of the law.
- International treaty law: Algeria has ratified or is in the process of ratifying many regional, multilateral, or bilateral accords that expressly safeguard foreign investments.
- Dispute resolution: The National Investment Development Agency decisions can be appealed to Algerian courts or, if necessary, to special conciliation and conciliation and arbitration procedures provided for in bilateral or multilateral conventions to which Algeria is a party, or by other arbitration or by other arbitration clauses previously agreed upon.
- Adherence to the Washington Convention of 1965 on the establishment of the ICSID.
- Accession to the United Nations Convention of June 10, 1958, in New York, on the awareness of the implementation of foreign arbitral awards

2.2.1.4 Investment encouragement organizations:

Algeria has established many bodies in this field of bodies to better support and oversee investment and to streamline the procedures for the installation and operation of FDI, in particular:

- **The national council of investment**

It's an investment assistance fund in the form of a special allocation account. Its purpose is to fund the State's part to the expense of the tax breaks offered to investors⁵¹.

- **The National Investment Development Agency**

it was established as part of Algeria's reforms in the 1990s. This government entity, like the national investment council, was tasked with coordinating, promoting, and supporting investment⁵²

- **One-stop shopping**

The Guichet Unique is a local branch of the ANDI (in each province). It brings together, in addition to the Agency's leadership, officials from the administrations that have been involved in the investment process at some point. The investing procedure⁵³. Its role is to make legal proceedings more straightforward. The Agency's role is to streamline and streamline legal procedures, company incorporation, and the implementation of investment projects⁵⁴.

2.2.2 FDI Restriction Measures

Despite all of the above-mentioned FDI attraction measures, there are several more restrictive measures. Despite all of the above-mentioned FDI attractiveness measures, there are several more restrictive measures and hurdles to FDI.

Restrictive economic measures

Although Algeria has begun its transition to a market economy and international openness, there are still strong nationalist and sovereigntist attitudes within its political and economic elite, particularly against FDI. Nadji SAFIR (2012) even believes that "under the guise of nationalism, international investment is discouraged"⁵⁵ in Algeria.

On December 22, 2008, the Prime Minister issued a directive containing FDI restrictions, including⁵⁶

⁵¹ In: <http://unpan1.un.org/intradoc/groups/public/documents/cafrad/unpan005551.pdf> , Retrieved 17 June 2021

⁵² <http://www.andi.dz/index.php/fr/a-propos> , Retrieved 17 June 2021

⁵³ <http://www.andi.dz/index.php/fr/guichet-unique/presentation> , Retrieved 17 June 2021

⁵⁴ <http://www.andi.dz/index.php/fr/guichet-unique/role> , Retrieved 17 June 2021

⁵⁵ Safir NADJI, Institut de sociologie de l'université d'Alger, Alternatives Internationales n° 056 - septembre

⁵⁶ CHIHA Khemici, KEDDI Abdelmadjid, « Essai d'analyse de la politique des investissements directs étrangers : cas de l'Algérie », Université Alger, 2012 /1 مجلة الباحث عدد 1

- For each new investment project, the majority of the capital (51%) must be owned by local partners.
- The exclusive reliance on local funding;
- FDI projects will no longer be submitted to the national investment development agency, but to the National Investment Council, which will slow down application processing.

Other FDI-restrictive policies should be highlighted, according to ABBAS (2009)⁵⁷:

- The need for enterprises that have benefitted from tax breaks to spend the income generated by these breaks locally (finance act 2008);
- The right of pre-emption for the benefit of the state on the sale of assets held in Algeria by foreign investors;
- The specific taxation of capital gains on the sale of shares by non-residents (Finance Act 2009);
- Algeria's majority control over investment projects involving foreign capital;
- The repeal of the regime of public land concession transformable into transfer after two years and the introduction of a permanent concession regime (Draft ordinance adopted by the Council of Ministers on August 31, 2008);
- The taxation of transfers of branches of foreign companies (Finance act 2009);
- The launch of a general investigation into foreign companies' activities.

The goal is to ensure that investment rules are followed and that capital transfers abroad are carried out by investors, The new taxation of car dealers and buyers of new cars, which targets foreign car manufacturers who do not invest in production in Algeria; These restrictions do harm the flow of inward FDI, as was the case during the implementation of the 2009 Supplementary finance act, which levied taxes on car dealers and buyers of new cars.

⁵⁷ ABBAS Mahdi, « L'accèsion de l'Algérie à l'OMC Entre ouverture contrainte et ouverture maîtrisée », LABORATOIRE D'ECONOMIE DE LA PRODUCTION ET DE L'INTEGRATION INTERNATIONALE, NOTE DE TRAVAIL N° 3/2009, France, avril 2009, p 7.

2.2.3 Other impediments to FDI in Algeria

According to HAID (2012), investors wishing to establish themselves in Algeria face numerous challenges, including a lack of incentives for productive investment, the state of the domestic market, a lack of visibility, the size of the market, a lack of reliable partners, the complexity of procedures, access to infrastructure and land, and many others.⁵⁸

These obstacles are also structural, as Algeria's government is highly opaque and strives to keep it that way. It is antagonistic to any sort of entity that forces transparency on it in this instance.

2.3 Algeria in response to FDI from MNCs

2.3.1 Impact of FDI on the economic growth of Algeria

It is necessary to question the real effect of FDI on the Algerian national economy. Research conducted by GOMRI and BOUCHAOUR (2013) in this sense, could answer by using the econometric model Stationarity Test (Unit Root Test) on data from the period 1995-2011.

This analysis gave as a result, that there would be a considerable impact of FDI on economic growth in Algeria, except that this effect and contrary to expectations are negative. This is due, according to the authors of the study mentioned above, to the fact that FDI is exclusively directed to one sector, that of hydrocarbons, and neglecting the others. The hydrocarbon sector will eventually become saturated, which will lead to the exacerbation of competition in this sector and will be quickly abandoned by foreign investors⁵⁹.

2.3.2 Algeria's interaction with MNC's

Algeria started on a series of nationalizations to achieve its political independence and as part of the 1962 Tripoli program. These nationalizations primarily affected mineral and energy resources, but also international commerce and several financial organizations "to build an autonomous foreign policy"⁶⁰ required for the battle against imperialism.

⁵⁸ HAID Zahia, « La politique d'attractivité des IDE en Algérie, cas de la banque BNP PARIBAS », mémoire de magister en sciences économique, université de Tlemcen, 2011/2012.

⁵⁹ GOMRI Zina, BOUCHAOUR Cherifa, « La relation entre les IDE et la croissance », colloque « LES POLITIQUES D'OUVERTURE ECONOMIQUE ET LA CROISSANCE DANS LES PAYS DU SUD DE LA MEDITERRANEE », Université de Batna, Algérie, les 11-12/11/13.

⁶⁰ BENFREHA Nor. Eddine, « les multinationales et la mondialisation Enjeux et perspectives pour l'Algérie », édition DAHLAB, 1999, p 141.

The mining industry was the first to be nationalized in 1966, followed by the distribution of petroleum products in 1967 and 1971, and the financial sector with the nationalization of several banks in 1966 and 1967.

Furthermore, in the lack of a clear vision of Algeria's economic policies, we cannot resolve the issue of "openness or protectionism vis-à-vis FDI," which has long been viewed as an instrument of contemporary imperialism but with some benefits. Algerian economic policy appears to be split by this issue: the perceived presence of MNCs on the one hand, and their strength and powerful nations on the other. as a loss of sovereignty that leads to unfriendly policies, and, on the other hand, as producers of positive externalities like as technology, good competition, and a stimulus for local enterprises, and thus desirable policies

3 Algeria and international financial institutions

Algeria is a member of various international organizations, including the IMF, World Bank, BIS, ICC, United Nations, and UNCTAD. We shall only discuss those with which Algeria has been challenged at some point in its history, notably the IMF and the WTO.

3.1 Algeria's experience with the IMF

The Algerian economy was in trouble in the late 1980s, and the political elite had long been averse to IMF discussions, which is considered as a loss of national sovereignty. However, the situation became untenable in 1993, and Algeria turned to this institution for help.

Algeria formally accepted the structural adjustment plan (SAP) in April 1994, when it signed a deal with the IMF and agreed, for the first time in its history, to renegotiate its foreign loans to the Paris and London Clubs. Foreign debt servicing (the ratio of yearly repayments to exports) had reached a record 86 percent by the end of 1993.

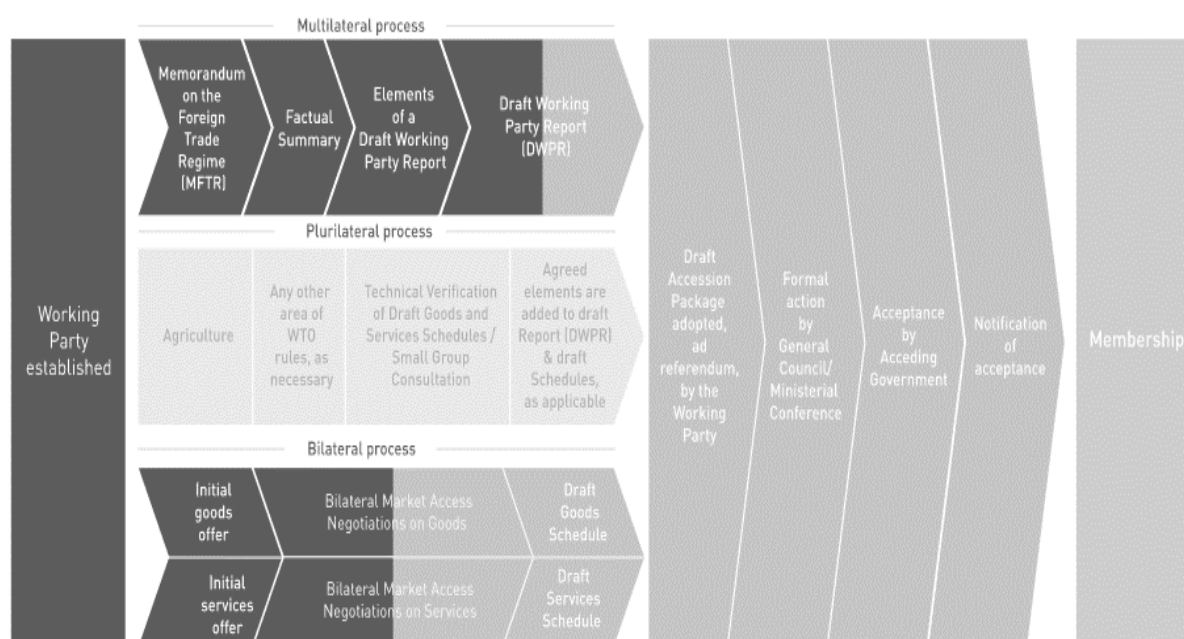
The structural adjustment plan included several measures, including:

- the adjustment of the exchange rate by a 40% devaluation from the start of the program, to support the process of foreign trade liberalization;
- the gradual lifting of prohibitions that hampered current transactions;
- the reduction of the public treasury deficit; and
- the rationalization of the modalities.

3.2 Algeria's dealings with the World Trade Organization (WTO)

Algeria has been pursuing WTO membership since June 1987, but formal negotiations began in 1996. Algeria has held 12 rounds of multilateral negotiations, resolving approximately 1,900 problems concerning the national economic system. In addition, the government had over 120 bilateral meetings with 20 countries, resulting in the signing of six bilateral agreements with Cuba, Brazil, Uruguay, Switzerland, Venezuela, and Argentina⁶¹.

Figure VII: Algeria's accession status



Source: WTO | Accession status: Algeria. (2021). Retrieved 17 June 2021, from https://www.wto.org/english/thewto_e/acc_e/a1_algerie_e.htm#status

Algeria have yielded to WTO pressure in many areas, including the reduction of technical trade barriers, intellectual property, anti-dumping, safeguards, and countervailing practices, pricing policies, customs valuation policies, the import of goods and services, and the import of pharmaceuticals and alcoholic beverages, as well as the export of beef, sheep, and palm oil.⁶²

⁶¹ « Algeria says accession to WTO “at its own pace” - Xinhua | English.news.cn ». Retrieved 17 June 2021. http://www.xinhuanet.com/english/2018-02/06/c_136951628.htm.

⁶² BARBET Philippe, SOUAM Saïd, TALAHITE Fatiha, « Enjeux et impacts du processus d’adhésion de l’Algérie à l’OMC », document de travail n° 2009-05, Centre d’économie de l’Université Paris Nord (CEPN), 2009, p 9

Algeria, on the other hand, retains authority over sectors such as state-owned firms, hydrocarbon prices, marketing rights, and commercial presence, the tax system (VAT and other consumer taxes), and export subsidies.⁶³

According to the Economic expert, Fares MESDOUR, “Current situation does not tend in favor of the initiative to enter the building of the world body, to which the law of the jungle is applied, as the strong product eats the weak product in the market, and since Algeria is not ready to compete with the products of these countries, as these countries will be currently unable to break into the major global markets”, and that “Signing a visa to join the WTO will lead to flooding the national market with various countries’ products, based on the differential agreements, but in return the Algerian products will not be allowed to progress in order to enter foreign markets, by virtue of the low-quality, given that they are mostly new experiences in the field of manufacturing, which will eliminate the Algerian product in the bud, and the Algerian government categorically refused to deal with Israel, which is one of the thorny issues that have hindered Algeria’s accession to the WTO, even in the era of financial affluence”. He thinks that the Trade Ministry chose the perfect solution, by closing its eyes from joining the WTO, at present, despite the high number of Member States, which reached 163 countries, after the accession of Liberia recently.⁶⁴

In other words, despite all of Algeria's concessions such as reducing customs tariffs and opening up sectors such as audio-visual and air transport to competition, the WTO continues to seek more and is far from happy, but despite its efforts, it is still not a member of the WTO.

4 Algeria and regional trade blocs

The tendency toward economic regionalization is one of the key features of present international relations, and Algeria is no exception. It is a member of numerous economic blocs, including the AMU (Arab Maghreb Union), the AU (African Union), and the AFTA (Arab Free Trade Area) and is a signatory to various international treaties. It is also a signatory to several bilateral trade treaties.

Algeria has made many commitments, which have since been formalized through bilateral and international agreements. The Algerian legislation attempts to attract investors by following the example of laws and incentives (Investment Promotion). This opening is the result of two legal instruments: on the one hand, the conventions concluded by the Algerian

⁶³ *ibidem*

⁶⁴ الشروق أونلاين. « Algeria Is Not Ready To Join The WTO », 17 juillet 2016. <https://www.echoroukonline.com/algeria-is-not-ready-to-join-the-wto>.

State with the states whose nationals the investors are, and on the other hand, the convention passed with the national investment development agency that acts on behalf of the investor's state. Algeria has signed more than 25 bilateral treaties with 70 nations throughout the world for the protection of investments, in addition to multilateral treaties with the same goal., the first of which was with Bulgaria, Morocco, Mali, and Cuba in 1962. From 1964 through 1974, these accords were quickly followed by others with European, African, Arab, Asian, South, and North American partners. Algeria has also signed clearing trade agreements, notably with the USSR, Bulgaria, Poland, and Hungary, and these accords have been revised. Between 1980 and 1990, no fewer than forty nations signed trade treaties with Algeria.⁶⁵

The EEC's relationship with Algeria was defined by an agreement reached on April 26, 1976. Furthermore, Algeria and the EU signed an association agreement on April 22, 2002, in the context of economic cooperation; nevertheless, during the early years of its implementation, there was a disproportion of trade interests to the harm of Algeria. This condition of things has compelled the latter to postpone the scheduled elimination of customs taxes in 2017 until 2020. Furthermore, in 2004, a treaty to ease commerce with Arab nations was adopted, followed by its entrance to the Greater Arab Free Trade Area in 2009.⁶⁶

Even though Algeria has accepted its participation in several regional economic blocs, as these are in the early phases of a regional integration process, this does not consistently contribute to a loss of sovereignty. The integration procedure. We will just highlight the most essential ones, notably the AMU, the GAFTA, and the EU association pact.

4.1 Algeria and the Union of the Arab Maghreb (AMU)

The Algerian, Libyan, Mauritanian, Moroccan, and Tunisian heads of state met in Algiers in June 1988 to discuss the formation of the Arab Maghreb Union. The Arab Maghreb Union (AMU) was established in February 1989 in Marrakech, after the adoption of the Treaty Establishing the Arab Maghreb Union. The member states committed at the Treaty's signing to coordinate, synchronize, and rationalize their policies and plans to promote sustainable

⁶⁵ Bilan des actions du secteur du commerce réalisées durant la période 1962-2012
<http://www.mincommerce.gov.dz/fichiers12/bilan62-12fr.pdf> , Retrieved 17 June 2021

⁶⁶ Bilan des actions du secteur du commerce réalisées durant la période 1962-2012
<http://www.mincommerce.gov.dz/fichiers12/bilan62-12fr.pdf> , Retrieved 17 June 2021.

development in all areas of human activity. Aside from the Treaty, the Marrakesh Summit also endorsed the Solemn Declaration on the Establishment of AMU and its Work Program⁶⁷.

The five Maghreb republics chose distinct political and economic systems after gaining independence. Algeria, Libya, Morocco, and Tunisia met in Tunis from September 29 to October 1, 1964, to express their intention to promote economic cooperation and promote commerce, and to establish the Maghreb Permanent Consultative Committee (MPCC).⁶⁸

A draft economic cooperation agreement was drafted, which comprised the following provisions:

- Trade barrier reduction;
- Industrial collaboration;
- Agriculture and handicrafts collaboration;
- Bilateral and trilateral agreements;
- Payments and financial cooperation...

Numerous crises have defined ties between Maghreb nations, such as the one in 1970 when Libya withdrew from the CPCM and the Western Sahara dispute, which created a twelve-year hiatus (1976-1987) in Algerian-Moroccan ties and is still a source of stress today.⁶⁹

The proportions of informal commerce between these nations indicate the possibility for cooperation to be enhanced. Many other factors contributed to the Maghreb's revival in 1984, including:

- The international economic situation, which is characterized by European construction and the entry of industrialized countries into an economic recession and the reduction of their imports, as well as the drop in the price of oil and the dollar rate, which resulted in serious crises in the Maghreb countries and thus pushed the States to greater cooperation;

⁶⁷ Abdulrazzaq, H., & Mithini, W. (2021). Arab Maghreb Union – AMU – PACCI. Retrieved 17 June 2021, from <https://www.pacci.org/arab-maghreb-union-amu/>

⁶⁸ GUECHI Djamel-Eddine ; « L'union de Maghreb Arabe : intégration régionale et développement économique » ; CASBAH edition ; Alger ; 2002. p 27-30.

⁶⁹ Medea – La société dans le monde. (2021). Retrieved 17 June 2021, from <https://www.medeabe/>

- The emergence of goodwill on the part of leaders in the 1980s, shown in measures such as the re-establishment of Moroccan-Mauritanian ties on April 13, 1985. We also mention the signing of many bilateral cooperation agreements between the nations, the restoration of contacts between Tunisia and Libya, and the reopening of crossings between the two countries, owing to Zine Abidine Ben Ali in particular. Algeria and Morocco have decided to keep meeting to find a solution to the Western Sahara issue.

The many attempts to unite the Maghreb countries culminated in 1989 with the formation of the Arab Maghreb Union (AMU), a union comprised of five nations: Algeria, Tunisia, Morocco, Mauritania, and Libya. However, the region's unpredictable geopolitical environment has hampered the growth of this integration.⁷⁰

4.2 Algeria and the Greater Arab Free Trade Area (GAFTA)

All commodities of Arab origin traded between member nations of the Greater Arab Free Trade Area (GAFTA) were freed from all customs charges, tariffs, and levies of similar effect levied upon importation in early 2005.

The development of this area benefits the Arab commercial environment and intra-Arab trade mobility, therefore boosting prospects for Arab market integration. As a result, it marks an important step forward in Arab economic cooperation and investment in commercial prospects accessible in Arab nations' marketplaces. The region is also expected to push for the rehabilitation of the investment environment to attract investments and joint ventures and improve the competitiveness of Arab products by removing tariffs, canceling many procedures and fees of similar effect, and reducing non-tariff barriers to a bare minimum, according to Arabic Intermediate. To distinguish it from free trade zones formed on a country-by-country basis, the territory was dubbed the Greater Arab Free Trade Area (GAFTA).⁷¹

4.3 Algeria and the EU Agreement

4.3.1 The formation of an Association agreement between Algeria and EU:

The European Union (EU) received 65 percent of Algerian exports in 1995. Furthermore, 60 percent of these imports originated from three European Union member countries: France, Italy, and Spain. However, the cooperation agreement between Algeria and the European

⁷⁰ Ibidem.

⁷¹ UNION OF ARAB CHAMBERS. (2021). Retrieved 17 June 2021, from <http://uac-org.org/en/interactive/greater-arab-free-trade-area/introducing-gafta>

Union dates back to 1977, but it entered into force in 1978, and it grants Algeria special treatment for exports to European Union member nations.

Algeria and the EU signed an association agreement in Valencia, Spain, in April 2002, and it entered into force on September 1, 2005. which aspires to build a Euro-Mediterranean relationship. It is not confined to the establishment of a free trade zone, but also includes economic, political, social, and cultural elements, with the EU serving as Algeria's primary commercial partner. This Association Agreement is part of the Barcelona Process, which was launched by the EU to create cooperative connections with the nations in the southern Mediterranean to build a shared prosperity area in the long run. As a new type of North-South regionalization seeks to construct a Euro-Mediterranean free trade zone through an association agreement signed in Brussels on December 19, 2001, ratified in 2005, and then initialed in 2010 and went into effect provisionally on December 19, 2011⁷²

The agreement, far from being limited to the economic element, covers the nine titles listed below.

- Political discourse;
- Trade-in services;
- Payments, capital, competition, and other economic provisions;
- Economic collaboration;
- Social and cultural collaboration;
- Financial cooperation;
- Justice and home affairs collaboration;
- Institutional, general, and final provisions.

This agreement is also made up of many principles:

- The steady growth of this area is a result of trade liberalization between Mediterranean countries.
- The establishment of a zone of peace and stability based on basic values such as human rights and democracy.

⁷² KOROLEC.M : « Accords internationaux », in « Journal officiel de l'Union Européenne », L 99, 5/04/2012, PP 1-8, <http://eur-lex.europa.eu>. Retrieved 17 June 2021.

- The establishment of a zone of prosperity through sustainable economic and social development, particularly the progressive establishment of free trade between the EU and its Mediterranean partners, as well as among the partners themselves, with a view to the creation of a Euro-Mediterranean free trade area in the coming years.
- The development of an engaged civil society and the enhancement of mutual understanding between the peoples of the region and the region.
- Agreement on the promotion and reciprocal protection of investments was signed on February 13, 1993, and went into force on June 27, 2000, between the governments of the French Republic and the People's Democratic Republic of Algeria.⁷³

According to the results of KHELADI (2007), this connection involves two parties of extremely unequal significance (the EU's GNP is more than 100 times greater than Algeria's), and therefore the degrees of reciprocal impact are not the same. Algeria accounts for less than 1% of the EU's international trade, while the EU accounts for 55% of Algeria's, implying that any shocks will not be felt equally by the two sides.

In any event, Algeria will be the epicenter of the earthquake since the decisions made were not the result of talks between two partners, but were imposed on Algeria⁷⁴, since "we could not explain differently some provisions that take little account of the reality of the Algerian economy."⁷⁵

Furthermore, the Algerian Minister of Trade outlines the grounds for the renegotiation of these accords, including the following: First, the creation of this agreement has resulted in a rise in imports to the EU at the price of exports to this region. Algerian products are exported to this region. Algerian imports from the EU have grown from 11.2 billion US dollars to 13.2 billion US dollars. Algerian imports from the EU grew by 84 percent from 11.2 billion US dollars in 2005 to 20.7 billion US dollars in 2009. In 2009, the figure increased by 84%. At the same time, Algerian exports to other countries are increasing. At the same time, Algerian non-hydrocarbon exports remained stable between 2005 and 2009, ranging between \$552 million and \$617 million.

Furthermore, the quotas provided to Algeria for agricultural product exports, for example, are only utilized to a maximum of 10%. In addition to this mismatch, Algeria lost US\$2.5

⁷³ KOROLEC.M (2012), Op.cit. p45

⁷⁴ KHELADI, M. L'Accord d'association Algérie-UE : un bilan-critique. Retrieved 18 June 2021, from <https://www.gate.cnrs.fr/uneca07/communications%20pdf/Kheladi-Rabat-07.pdf>

⁷⁵ Ibidem

billion in customs receipts between 2005 and 2009, and an additional US\$8.5 billion is expected by 2017.⁷⁶

5 Algeria and NGO's:

5.1 The Situation of Non-Governmental Organizations in Algeria

It is extremely difficult to obtain data on the number of foreign associations functioning in Algeria. However, according to a list compiled by the Ministry of the Interior on January 10, 2012, there are 20 recognized foreign organizations out of a total of 1027⁷⁷, Nonetheless, some associations function without approval and are thus deemed illegal. And 57 non-governmental organizations (NGOs) operate on national territory.⁷⁸

For people of Algerian nationality, the Algerian State has sanctioned NGOs such as the City of Angels of Algiers, the Birds of Paradise, the Algerian Red Crescent, and an association for support and aid to the sick. For international non-governmental organizations, see Action Against Hunger, Medical Aid comity, "ICD-Afrique", and SOS Children.⁷⁹

5.2 Algeria's antagonism toward non-governmental organizations

NGOs are frequently accused of being tools of foreign meddling in the countries in which they operate. They are employed by their country's secret services to acquire information but also as a decoy. They are employed by their country's secret services to acquire information as well as to manipulate. Russia, for example, has chosen to supervise all NGOs operating on its territory that receives foreign funding and are engaged in the political sector; it regards them as "agents of foreign agents of foreigners."

Algerian law states that approval can be revoked and the association suspended in certain circumstances, such as activities that are not permitted by their statutes or that are likely to undermine the established order, attacks the integrity of the national territory, national unity, the state religion or the national language, public order and morality. In addition, reluctance to disclose the administrative authority involved with the papers and information on their operations and organization.⁸⁰

⁷⁶ BENBADA Mustapha, ministre du Commerce à El Djazaïr.com, « L'adhésion à l'OMC n'est pas une fin en soi », p 53, Retrieved 18 June 2021, www.al.djazair.com

⁷⁷ <http://www.interieur.gov.dz/Dynamics/frmlItem.aspx?html=1&s=29> , Retrieved 18 June 2021.

⁷⁹ <http://www.portail-humanitaire.org/annuaire/pays/afrique/algerie/?p=3> , Retrieved 18 June 2021

⁸⁰ <http://www.interieur.gov.dz/Dynamics/frmlItem.aspx?html=24&s=2>, Retrieved 18 June 2021.

Section two: Algeria's Food Industry

1 Agri-food industry:

The transformation of perishable agricultural raw materials into storable foodstuffs that can be utilized for meal preparation is a very old activity that we now refer to as the "agri-food industry" It was most likely invented during the Neolithic period, with the production of cereal semolina flours, cheeses, and fermented drinks, as well as the drying and smoking of meat and fish.

This practice has long been a part of artisanal and family agriculture output. The food business as we know it now emerged only during the industrial revolution. It arose through technical innovation, as it has in other industries such as textiles and metallurgy: beet sugar extraction technique, the thermal sterilizing method in canning, chocolate manufacture, to name a few. With the shift from crafts to industrial factories, the profusion of inventions was followed by new types of production organization. The first big agri-food corporations arose towards the end of the nineteenth century or the beginning of the twentieth. However, market arrangements will not change dramatically until after World War II. Globally, the food sector is a driving factor in the global economy. It arose through technical innovation, as it has in other industries such as textiles and metallurgy: beet sugar extraction technique, the thermal sterilizing method in canning, chocolate manufacture, to name a few. With the shift from crafts to industrial factories, the profusion of inventions was followed by new types of production organization. The first big agri-food corporations arose towards the end of the nineteenth century or the beginning of the twentieth. However, market arrangements will not change dramatically until after World War II. Globally, the food sector is a driving factor in the global economy. It has a favorable position in the GDP of many nations, with a weight ranging from 10% to 30%. It brings together all agricultural equipment manufacturers upstream and all processing industries downstream, without neglecting the agricultural sector, which is the core link of the whole agri-food business. Its significance may be explained by its technological and economic proximity to agriculture, as well as by an important demand function: food.

This business, however, is highly diverse in terms of structure and geographical region. It is made up of various areas, such as grain processing, oilseed processing, animal products, and so on, each with distinct technological, economic, and managerial features. Furthermore,

due to Agri-climatic, market, and economic restrictions, the characteristics of the agri-food business differ per nation. The agri-food business is now investigating highly sophisticated technical fields that are undoubtedly contentious but, in hindsight, promising, particularly genetically modified organisms (GMOs) and extraction and transformation processes, which appear to represent the industry's future. However, ethical concerns about ecology and the long-term influence on public health are becoming increasingly relevant in worldwide and national discussions about the food industry's future.

In terms of the Algerian economy, the AFI is second only to hydrocarbons, accounting for 40% of national industry turnover, with over 140,000 people and 17,000 industrial businesses, 95% of which are controlled by the private sector. Despite the importance of Algeria's AFI, the nation remains a significant importer of agricultural and food goods. Many factors contribute to this state of things, including underutilization of the sector's potential, a low rate of integration of the processing industry, a lack of entrepreneurial efforts, and management capability deficiencies. To address this issue, give this sector the prominence it deserves in the national economy, and assure food self-sufficiency, the Algerian government has begun an ambitious revitalization program. Such a strategy, dubbed "National Plan for the Development of Agri-Food Industries," appears to be optimistic and ambitious based on its aims. However, the initiative is still hampered by organizational restrictions.

However, the initiative continues to face organizational, administrative, and financial challenges. However, the program continues to face organizational, administrative, and implementation challenges, which this symposium's work should emphasize.⁸¹

⁸¹ [https://univ-constantine2.dz/files/Agroalimentaire2%20\(1\).pdf](https://univ-constantine2.dz/files/Agroalimentaire2%20(1).pdf) , Retrieved 18 June 2021.

2 A general review of Algeria's agri-food sector

In this part, we will provide an overview of the Algerian agri-food business. we shall discuss Algeria's agri-food industry and its branches and their features.

Since the early 1990s, the food sector has been one of the primary motors of Algeria's return to growth; it is the second-largest industry after energy, it is an essential component of the national industrial fabric, and it plays a significant role in the country's economy. as well as its effective and long-term contribution to the development of GDP (gross domestic product) and the reduction of unemployment in full expansion.

Table II: The share of the AFIs in gross production (2016-2018), (IN %).

	2016	2017	2018
agri-food sector	47,89	47,76	47,68

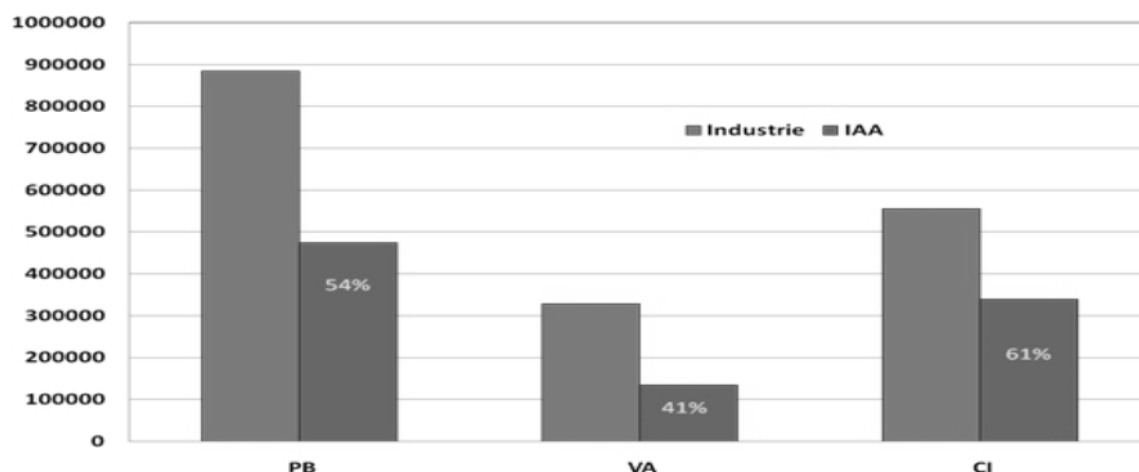
Source: Compiled by us using data from NSO 2019.

Indeed, Algeria's AFI is confronted with many fundamental difficulties, including population expansion (40 million inhabitants), urbanization, and increasing customer demands. The primary goal of their development was to feed the populace and secure the country's long-term food security.

In Algeria, a nation with an agricultural vocation but located in a water-stress area (600 m³/hectare/year in 2006), the development of AFI (food-processing industries) is critical to increasing the value of goods and limiting losses.

In 2006, the AFI branch accounted for 54 percent of GDP, 41 percent of added value, and 61 percent of intermediate consumption as compared to the industrial sector. However, the AFIs appear to be unconnected from the agricultural industry. Some industries have surplus processing capacity as well (oil and sugar refining, cereal processing, beverage industry).

Figure VIII: The weight of AFIs in the industry in 2006.



Source: data from NSO 2019.

To that purpose, the authorities dedicated special emphasis to its development via, Adoption and execution of numerous policies and strategies during the last ten years, in particular: the policy of agricultural and rural regeneration in 2008 by 2025, whose aim was to enhance the production of needs in the agri-food sector, the rise in yield⁸².

This approach is centered on the development of human capacity and the provision of technical support to manufacturers. Encourage the development of priority sectors and challenging locations such as highlands, steppes, and the Sahara. The five-year plan 2015-2019 ensures continuity by proposing to enhance irrigated land by one million hectares. Encourage olive production by increasing the area planted with olive trees to one million hectares, as well as lobbying for the creation of regulatory infrastructures such as cool rooms and silos.

The latter seeks to reposition this industry as the country's economic leader. First, by better integrating these operations upstream and downstream, as well as by improving its competitiveness qualitatively and quantitatively in the face of increasingly intense competition.

⁸² Agroligne. (2017), « Economie Agroalimentaire dans les pays du Maghreb : L'Algérie, un marché à investir », l'essentiel de l'agroalimentaire et l'agriculture, n°103, P 6. In : <http://www.agroligne.com> , Retrieved 18 June 2021.

Algeria's agri-food industry has grown dramatically over the last 15 years, and future growth prospects are even more promising, considering the significance of Algerian demand and export potential in some areas⁸³. The AFI is essential in the perspective of the government because it supports the subsistence of 40 million people and ensures food security, as well as because it plays a vital role in the national economy. As a result, it contributes efficiently and sustainably to the improvement of GDP (Gross Domestic Product), taxation, and the resorption of unemployment, which has been in full expansion in recent years⁸⁴.

Algeria, an agricultural country, Also, encourage the development of production in sectors with large deficits (cereals, milk, meat, beverages, fruit, vegetables, oils, and fats), as well as encourage the processing and reduce reliance on foreign countries, ensuring that the domestic market is adequately supplied and at reasonable prices.

Domestically, the agri-food industry is significant to the national economy since it employs 1.6 million people, or 16 percent of the working population, and provides 47.68 percent of gross output and 38.4 percent of added value. It also contributes to 28 percent of Algerian industries' turnover (excluding hydrocarbons) in 2018⁸⁵. As a result, Algeria's food sector is the country's second-largest industry after energy, and one of the driving forces behind the country's rising economy.

Algeria plans to grow irrigated lands to 2 million hectares by the end of 2022 in the primary sector, a field with extremely high potential included in the key axes 2020-2024. The agri-food business contributes 12% of GDP and employs 10% (2.6 million people) of the labor force. In 2019, the industry grew at a pace of 4.2 percent, with a production value of 3.5 billion DZD, meeting 73 percent of national demands. Although the values recorded in 2019 are 6.1 percent higher than in 2018 (USD 29.1 billion vs. USD 28 billion), they remain much lower than the real potential, owing in part to poorly targeted subsidies that discourage investment. This is particularly true in the milk and wheat industries, where huge imports are substantially subsidized. In the lack of a viable dairy sector, Algeria, for example, is obliged to buy 400,000 tons of milk powder in 2019 at a cost of almost 4,000 USD per ton. A bill that

⁸³ Agroligne. (2015), « Le Marché des Industries Alimentaires en Algérie », l'essentiel de l'agroalimentaire et l'agriculture, n° 97, P 3.

⁸⁴ HORRI Khelifa, DAHANE Azzedine et MAATOUG Mhamed. (2015), « Problématique du développement des industries agroalimentaires en Algérie », European Scientific Journal, Vol 11, n°3, Algeria, P 216.

⁸⁵ ONS. (2019), « activité industriel 2009-2019 » collection statistique, n°213, Algiers.

has a significant impact on the budget by funding the country's imports. Agribusiness is also one of the few industries that have not seen a drop in the first half of 2020⁸⁶.

Algeria, like many other countries, is going through a tough time. This is what the numbers from the National Statistics Office (ONS) show, as recounted by El Watan. "Economic activity is decreasing in the first quarter of 2020." The quarterly assessments show a decline in gross domestic product. Algeria, like many other countries, is going through a tough moment. This is what the numbers from the National Statistics Office (ONS) show, as recounted by El Watan. "Economic activity is down in the first quarter of 2020. The quarterly assessments show a 3.9 percent decline in the gross domestic product (GDP) compared to the first quarter "f 2019," the ONS stated at the beginning of its quarterly national accounts report. The coronavirus pandemic crisis exacerbated the situation by causing a drop-in activity in a major portion of Algeria's economic sectors toward the conclusion of the quarter. Only a few industries have managed to avoid the decrease and demonstrate positive development, one of which is the food business, which increased by 2.6 percent⁸⁷.

The food industry had a relative standstill of output during the second quarter, with a variation of -0.3 percent. According to ONS statistics, the work of grains continues to perform well, with a growth of 5.6 percent⁸⁸.

The private sector dominates the Algerian agri-food industry, or the majority of agri-food firms operate in this area. It is distinguished by a wide range of industries, including the dairy industry, cereal industry, industrial oils and fats, and sugar business. This helps to understand the industry's product diversity. These items are mostly distributed through mini-markets or grocery shops. One of these sectors' fundamental features is their weak integration, particularly upstream. The Agri-food sector mostly employ imported raw materials as inputs. Despite significant progress in the agri-food industry, Algeria continues to be the largest African importer of foodstuffs.

Algeria is a fundamentally importing country, with imports meeting 75% of its demands because of insufficient agricultural productivity in the country and a large and rising demand

⁸⁶ Département fédéral des affaires étrangères DFAE. (2020). *Rapport Économique Algérie* (p. 1). ALGEIRS. Retrieved from <https://www.s-ge.com/sites/default/files/publication/free/rapport-economique-algerie-2020-08.pdf>

⁸⁷ Sergeur, F. (2020). L'économie algérienne au plus mal. Retrieved 19 June 2021, from <https://www.capital.fr/economie-politique/leconomie-algerienne-au-plus-mal-1376417>

⁸⁸ Aiteddine. (2020). Secteur industriel public : la production baisse de 14,1% au 2ème trimestre 2020. Retrieved 19 June 2021, from <https://www.aps.dz/economie/110232-secteur-industriel-public-la-production-baisse-de-14-1-au-2eme-trimestre-2020>

for food goods. There are several other causes for this scenario, including underutilization of the sector's potential, a poor integration rate of the processing industry, a lack of entrepreneurial efforts, and management capacity deficiencies.

Similarly, Algerian agri-food exports continue to suffer from product shortages and a lack of competence in export operations. Foreign competition, which hits with full force on the international home market, is added to these constraints. Our food firms' goods, for example, are unable to keep up with the market due to a lack of competitiveness in price/quality, means, manufacturing capacity, and innovation.

2.1 The Algerian food-processing industry branches

The international organizations retain a classification in eight (8) sectors of transformation processing sectors⁸⁹:

1. The processing of cereal-based products
2. the processing of dairy products;
3. The processing of fats;
4. the sugar processing industry;
5. the processing industry of meat products;
6. the beverage manufacturing industry;
7. the processing sector of canned, frozen and pre-made meals;
8. the processing of other food products (chocolate, confectionery...).

2.1.1 The processing of cereal-based products:

Algeria is the world's largest consumer of cereals. The production of durum wheat covers 60 to 70% of the needs of the Algerian Industry⁹⁰. The average human intake of grains is estimated to be more than 200 kg per year and per person (9 Mt per year, all cereals combined).

The value of this sector's production in Algeria constituted 7.5 percent of the country's total agricultural production, providing more than 1.2 million employments, to which are added positions in firms operating in the primary manufacturing industry (flour mills and cereals) (confectionery and pasta). Although there are over 600 farms producing grains over

⁸⁹ Bennacer, L. (2018). *LES INDUSTRIES AGROALIMENTAIRES : CAS DE LA WILAYA DE GUELMA DANS LE NORD-EST ALGERIEN* (Ph. D). UNIVERSITE DES FRERES MENTOURI – CONSTANTINE 1.

⁹⁰ BUSINESS FRANCE. (2017). *Le marché des Industries Agroalimentaires en Algérie*. Retrieved from <https://www.djazagro.com/Le-salon/Actualites/La-Production-Algerienne>

an area of 3.5 million hectares, or 41 percent of the agricultural land, cereal output remains "very modest," not reaching 41 million quintals between 2013 and 2018⁹¹.

This level of output in this sector "is insufficient to meet the consumption demands in this region, forcing us to rely on imports, particularly soft wheat, insignificant and rising quantities." Cereal imports are on the rise. Wheat imports (hard and soft) account for 65 percent of cereal imports, whereas soft wheat imports account for 70 percent of wheat imports. In 2018, 8 million tons of wheat (hard and soft) were imported, costing \$ 1.92 billion. In 2018, 8 million tons of wheat (hard and soft) were imported for \$ 1.92 billion, including 7.9 million tons of soft wheat for \$ 1.48 billion⁹².

The following activities are included in this branch⁹³:

- flour mills and semolina factories.
- Couscous with pasta.
- Bakeries.
- Cookie manufacturing plants.
- Children's food.

This industry is separated into two parts: those that produce pasta and couscous, and those that do not. They have contemporary management in the majority of cases. The quality of production tools and management meets European norms. Some of these businesses even export, particularly to African countries. The remaining half is made up of artisanal businesses specializing in basic items. These are traditional bakers and artisanal cookie makers. The industrial bakery is still in its early stages. BENAMOR was the first bakery of its sort, with a capacity of 150 tons of bread per day⁹⁴.

The first transformation is carried out by 338 flour mills (18 of which are ERIADs and account for 18% of total flour output) and 167 semolina mills (18 of which belong to ERIADs with 17 percent of the semolina produced). The overall crushing capacity is 10 million

⁹¹ Nassima, D. (2019). La production agricole des céréales dépasse 220 milliards de DA. Retrieved 21 June 2021, from <http://www.aps.dz/economie/92524-la-production-agricole-des-cereales-depasse-220-milliards-de-dan>

⁹² Manseur, A. (2019). Céréaliculture : les raisons d'un marasme | El Watan. Retrieved 21 June 2021, from <https://www.elwatan.com/pages-hebdo/sup-eco/cerealiculture-les-raisons-dun-marasme-28-10-2019>

⁹³ BUSINESS FRANCE. (2017), Op.cit. p 52

⁹⁴ Agroligne. (2017), « Economie Agroalimentaire dans les pays du Maghreb : L'Algérie, un marché à investir », l'essentiel de l'agroalimentaire et l'agriculture, n°103, P 12.

quintals per year, with the private sector accounting for 55% and the public sector accounting for 45%, affecting the profitability and competitiveness of industrial units. The businesses are divided into four primary regions⁹⁵:

- West, with ACHOURI Brothers flour mills (headquarters in Oran, crushing capacity of 10,000 Q/d) and the METIDJI group (headquartered in MOSTAGANEM, “COMPTOIR DU MAGHREB”, Grands Moulins du DAHRA, Moulins de Sig, and AMIDONNERIE de MAGHNIA, crushing capacity of 12 000 Q/d).

- East, with the BENHAMADI group (BORDJ BOU ARRERIDJ, flour mill, semolina mill, 17 000 Q/d) and the BENAMOR group (GUELMA, semolina, pasta, couscous, preserves, 4,000 Q/d).

- Center, with the varied group SIM-AGRO’S subsidiary in Blida (semolina, flour mill, pasta, couscous, cattle feed, capacity 25 000 Q/d), the group MOULA in Blida (MOULINS L'EPI D'OR, 13 000 Q/d), and the group La Belle in Algiers (flour mill and semolina mill, 9 000 Q/d).

- In the south, with the GM Sud group (GRANDS MOULINS DU SUD, BISKRA, milling and semolina, 9000 Q/d).

The second transformation (pasta, couscous, biscuits) is present in the majority of the main groupings described above, with around 59 250 SMEs. Its profitability far exceeds that of the flour-milling business⁹⁶.

2.1.2 The dairy industry

Milk and dairy products constitute an important part of the population's traditional diet. Algeria is now a big user of these goods, using around 115 liters per capita per year.

According to the most recent Ministry of Commerce data, local output in this sector was 3.52 billion liters, whereas Algeria's demand for milk and dairy products is presently projected at 4.5 billion liters⁹⁷. This output is insufficient to meet the population's demands. This output is inadequate to meet our consumption demands, thus we are forced to import

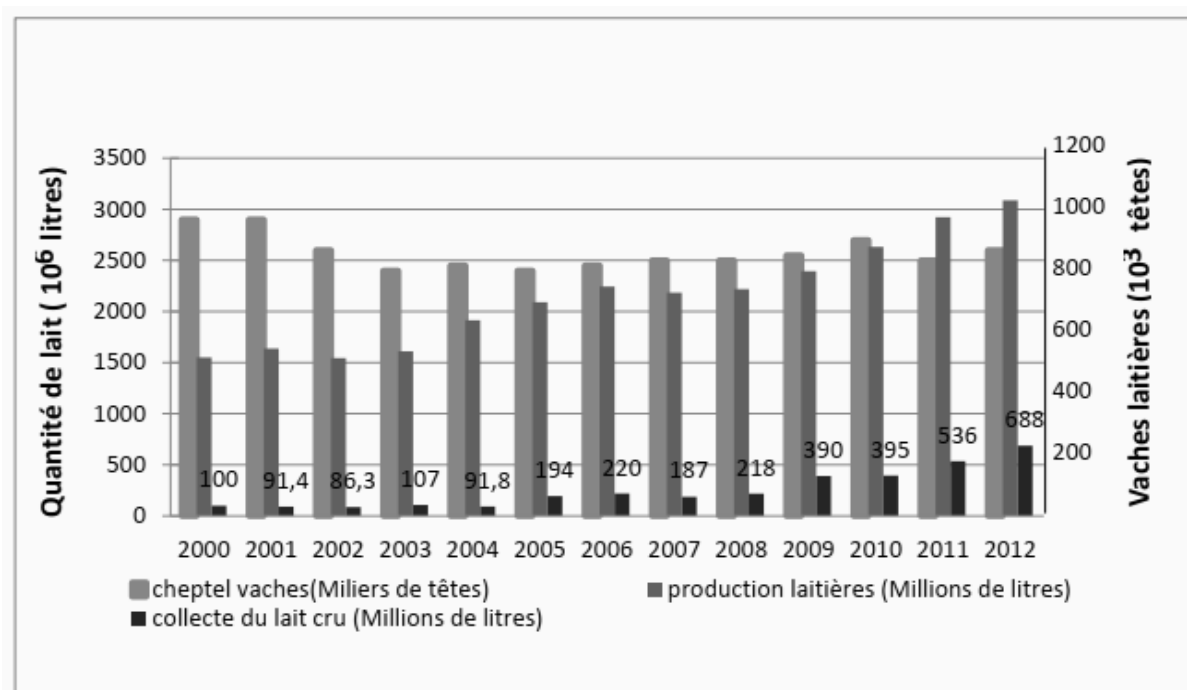
⁹⁵ Bennacer, L. (2018), Op. cit. P 52

⁹⁶ Djerroun, A. (2009). *La production céréalière en Algérie : les principales caractéristiques* (undergraduate). Université de Hassiba Benbouali de Chlef.

⁹⁷ Benali, A. (2018). Filière lait : Un déficit de production de près 1 milliard de litres en 2017(actualisé) - Algeria Eco. Retrieved 21 June 2021, from <https://www.algerie-eco.com/2018/07/24/filiere-lait-un-deficit-de-production-de-pres-1-milliard-de-litres-en-2017/>

milk in the form of milk powder. In 2018⁹⁸, Algeria imported 267,000 tons of whole milk powder and 165,000 tons of skim milk powder. During the first eight months of 2019, imports of dairy products fell to USD 859.02 million from USD 967.10 million, a -11.18 percent decrease from the same period in 2018.³⁵ This drop was caused by the Ministry of Agriculture and Rural Development's initiative to increase the number of dairy cows and extend the areas set aside for fodder production.

Figure IX: Dairy production.



Source: Malik Makloufi, 2015

To stimulate domestic production and reduce imports of milk and bedding goods, yet Algeria remains the top milk importer. More than 15 firms from the public group are operating in this industry. GIPLAIT, a group that is upgrading its factories, as well as more than a hundred private firms of varying sizes, both large and small. Industrial groupings can occasionally dominate production, as in the case of yogurt or cheese. To provide consumers with goods manufactured from fresh milk, firms for the production of yogurt, sweets, UHT

⁹⁸ CNIS. (2019), « Statistique du commerce extérieur de l'Algérie », Algiers.

milk, and cheese are progressively being formed. The government is looking into the potential of manufacturing milk powder on a local scale⁹⁹.

The dairy business is currently characterized by a rapidly expanding market. Its activity has increased at a very fast pace of 9.2 percent each year¹⁰⁰.

This development is mostly attributable to a surge in domestic demand. This development is mostly due to a substantial increase in domestic demand, which may be explained by relatively high population growth, strong urbanization, and, most importantly, a demonstrable improvement in the people's purchasing power. Above all, there has been a noticeable increase in consumer spending power. The table below depicts the evolution of the dairy industry's size and production capacity. The development of the dairy industrial fabric has been divided into three distinct stages:

Table III: Evolution of the industrial production of milk and dairy products in Algeria.

	1967	1988	1992	2000	2004	2012
Number of dairy companies	03*	11*	17*	40	139	177**
Actual industrial production (millions of liters per year)	30,7	1 280	1 179	1 415	2 100	3 292
Industrial production of milk liters/number of inhabitants	2,5	53	27,5	47	45	86

Source: 1967 to 2004 Kaci et al (2007); 2012 by Makloufi.

* These are exclusively public sector dairies.

** These are only dairies that have signed the "milk" agreement with ONIL.

— During the 1970s and 1980s, governmental expenditures resulted in a significant increase in processing capacity as well as the creation of a network of 19 major units distributed across the East (04), Center (06), West (08), and Southwest (01) areas. These units of public output include These public production units⁶⁸ are structured in the form of an industrial milk production group that had a monopoly on processing and marketing through regional offices before the 1990s. offices in different regions.

⁹⁹ Agroligne. (2017), Op.cit. p54.

¹⁰⁰ Kaci, M., & Sassi, Y. (2007). *Industries Laitieres Et Des Corps Gras* (pp. 7-45). EDPme. Retrieved from <https://fr.scribd.com/doc/246029157/Industries-Laitieres-Et-Des-Corps-Gras>

— Between 1990 and 2004, private investment enabled the establishment of more than 120 medium-sized companies and a hundred mini-dairies. During these years, and owing to economic liberalization, a significant private dairy sector has emerged, although it is mostly reliant on raw material imports: milk powder, fat, and cheese manufacturing.

— In recent years, we have seen the privatization of state companies as well as the beginning of a concentration and formation of multinational firms.

The development of the production of milk and its byproducts are seen. In the early years of independence, this of 30 million liters per year has achieved a total output of around 3.265 billion liters equivalent, or the equivalent of 86 liters on the 147 liters eaten, representing a reasonably high rate of 58.5 percent of milk availability in the country. The dairy industry's overall output is nearly entirely made up of pasteurized milk LPS (50.1 percent) whose selling price is subject to public regulation and other dairy products at no cost. GIPLAIT dominates the national market at the primary processing stage (production of pasteurized milk). This company produced 970 million liters of pasteurized milk in 2012 and controls 59.4 percent of the national market.

In 1982, the first restructuring of the sector occurred with the establishment of three (03) Regional Offices of Milk (East, Central, and West), the missions of which were established by the decrees of restructuring of the former ONALAIT, and which are renewed in the statutes of EPE / SPA, governed by the Commercial Code and laws 88-01, 88-03, and 88-04 of January 12, 1988, as well as the implementing decrees No. 88-001 of May 16, 1988, 88-19.

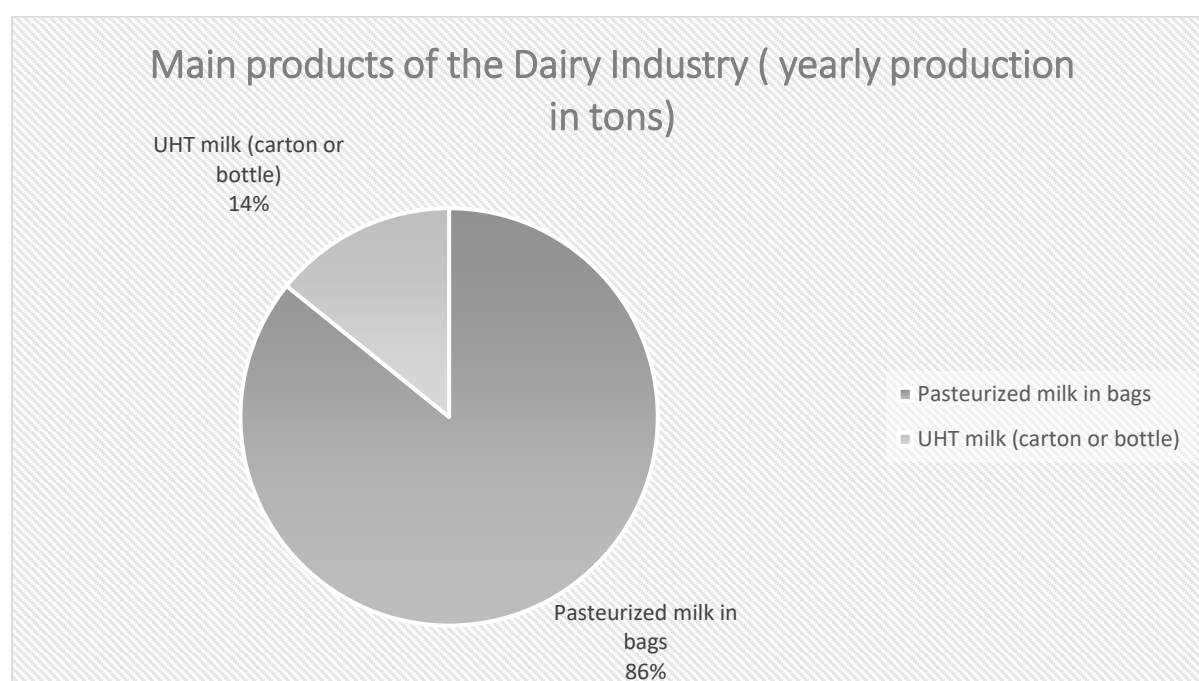
This group's tiny amount of other dairy products accounts for only 7.7 percent of the dairy products market share. of the dairy product market share This volume does not allow for large profits from this sort of product, which might compensate for the poor margin on pasteurized milk sales at an administered price of 23.35 DA/l. Finally, this group accounts for less than 20% of the country's total milk and dairy product supply.

The private sector is notably engaged in the manufacturing of dairy products (69.4 percent of the total production of the sector). Between 2004 and 2012, the amount of its production rose eightfold, and it is now projected to be 2.17 billion liters equivalent or around 39 percent of the national dairy supply (57/147 liters equivalent/capita). While it only accounts for 40.6 percent of the market for pasteurized and subsidized milk, it accounts for 92.3 percent of the national market for other dairy products. Furthermore, this industry has

been highly active in the development of networks and collection facilities, which have ensured the collection of 438 million liters in 2012, or 64% of the national total¹⁰¹.

Within the dairy products industry, Algeria is the leading dairy consumer in the Maghreb: 115 liters/inhabitant/year in 2016. A milk market is estimated at 5 billion liters per year. In this country, where the need for equipment (transport, storage, refrigeration, packaging...) is increasingly in demand within the cow's milk processing sector, leaving great opportunities for new entrants. Within the private sector, large investments are made in the "ultra-fresh" segments, thus allowing the progression of Algerian consumption¹⁰². Main products of the Dairy Industry are illustrated in the **Figure n°II.5** and **Figure n°II.6** below.

Figure X: Main products of the dairy industry per year.

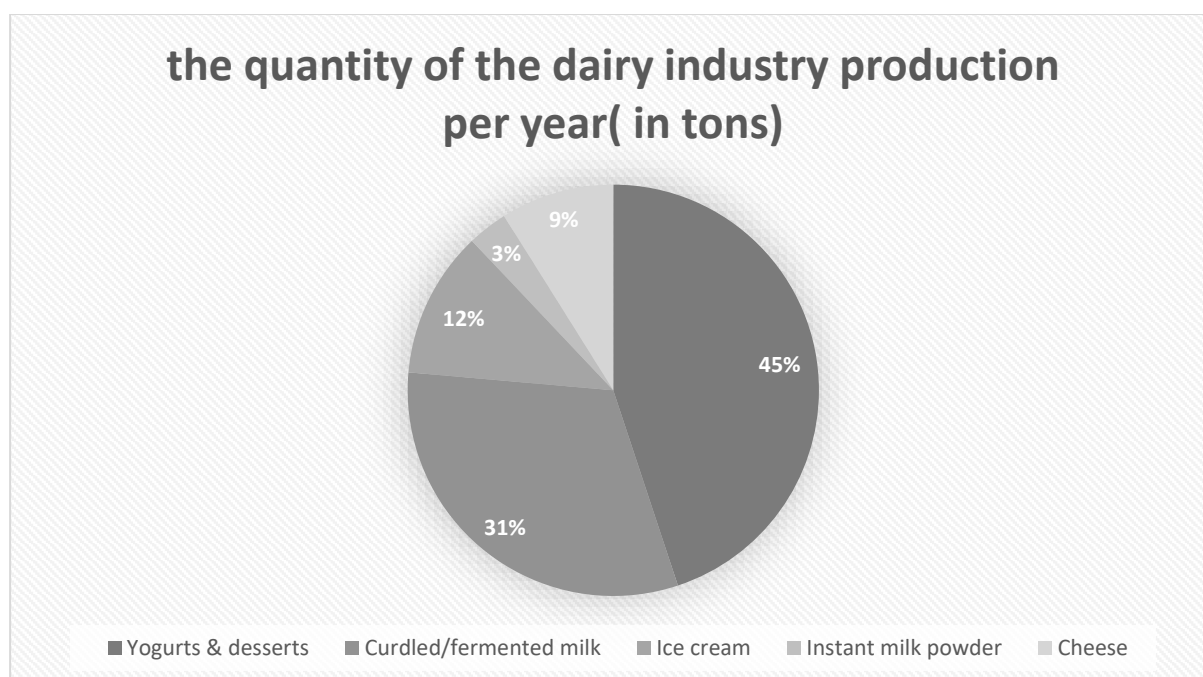


Source: Made by us, adapted from <https://www.djazagro.com/Le-salon/Actualites/La-Production-Algerienne> . Accessed on 21/06/2021.

¹⁰¹ Bennacer, L. (2018), Op. cit. p 52.

¹⁰² BUSINESS FRANCE. (2017), Op.cit. p 52

Figure XI: The quantity of the dairy industry production per year.



Source: Made by us, adapted from <https://www.djazagro.com/Le-salon/Actualites/La-Production-Algerienne> . Accessed on 21/06/2021.

2.1.3 The processing of fats:

Since the 1990s, the oil and fats industry has seen significant growth, and it is mostly dominated by the private sector. The production of seed oils is 700,000 t, compared to 50,000 t for olive oil.

Algeria, which imports the majority of its oil usage, is attempting to increase and improve its olive oil output by building mills to manufacture to European standards and eventually export. Butter consumption in Algeria is modest (15 000 t/year in retail plus industrial applications), three times less than that of margarine (45 000 t/year in retail). The margarine market is controlled by a few large brands: CEVITAL, LA BELLE, BELLAT, ALMAG, MATEG, TRAVELS, and SOFAMAR, with CEVITAL being a key participant in the fields of oil refining and margarine manufacture. CEVITAL, SAFIA, AFIA Algeria, and LA BELLE are the leading seed oil producers.

2.1.4 The sugar industry

Algeria's sugar demands fluctuate between 1.6 and 2 million tons per year, according to the most current ISO data, while national output will exceed 2.5 million tons, according to

figures recently supplied by the Algerian ministry. According to a Ministry of Health research, Algerians consume three times more sugar than international norms. Algeria spends over a billion dollars on sugar imports each year to satisfy its demands due to a lack of sugar cane and sugar beet cultivation. It is also one of the top seven sugar importing countries in the world¹⁰³.

During the first eight months of 2019, the import bill of sugar and sugar factories was lowered to 476.23 million USD, down from 579.23 million USD during the same time in 2018, a drop of (-17.78 percent). However, Algeria remains one of the major sugar importing countries¹⁰⁴. It has gradually begun to import less refined sugar and more brown sugar over the years.

Brazil, a significant exporter of brown sugar (which now meets more than 80% of Algeria's demands). Algeria's domestic consumption of refined brown sugar is around 1.2-1.3 Mt. (of which about 15 percent is directed to the beverage industry). CEVITAL dominates the sugar business, controlling about 80% of the market, followed by the BERRAHAL group of ORAN and SORA SUCRE of ANNABA. With the facility established in a joint venture between the group, LA BELLE and CRISTAL UNION, a competitor is developing¹⁰⁵.

2.1.5 The beverage manufacturing industry:

This market has grown by 21% (in volume) for non-alcoholic drinks and 34% for alcoholic drinks. this industry is grouped between the APAB (Association holding 85% of the market) and small operators.

2.1.5.1 Non-alcoholic beverages and refreshments:

110 liters per inhabitant/year. The NAB market includes bottled water (with an annual growth of 2.9% in volume and 3.7% in value until 2021), soft drinks (with a turnover of 818 million Euros in 2016 and consumption of 1,014 million liters), juices (with a sustainable growth reaching 576 million Euros and a consumption of 877 million liters in 2016) as well as energy drinks (present everywhere today, and expected to reach a growth of more than 44.4% by 2021).

¹⁰³ <https://www.elwatan.com/edition/economie/marche-du-sucre-lalgerie-dans-le-top-10-des-plus-gros-importateurs-06-06-2017>, Retrieved 21 June 2021

¹⁰⁴ CNIS. (2019), « Statistique du commerce extérieur de l'Algérie », Algiers.

¹⁰⁵ Agroligne. (2015), « Le Marché des Industries Alimentaires en Algérie », l'essentiel de l'agroalimentaire et l'agriculture, n° 97, P 17.

2.1.5.2 Alcoholic beverages:

They are grouped between the production of Beer (5 liters/inhabitant/year, we see appearing in recent years the production of non-alcoholic beers) and the production of Wine (1.5 liters/inhabitant/year). Concerning wine, the production is essentially local (500 hl/year). In 2015, 1.91 million hectoliters of alcohol were sold.

2.1.6 The processing industry of meat products;

There has been strong growth in animal production since 2016 (red meat production of around 0.54 million tons and white meat production of around 0.52 million tons). The meat market is now a mainly local production, as a result, we note since April 2017 the ban on importing "frozen" meat. This market is today a mainly local production.

In terms of fish production, Algeria relies mainly on imports. This is due to the closure of many factories (due to a lack of resources).

At the level of the prepared meals industry (kept at room temperature), retail sales are recording strong growth (i.e., an increase in sales of 14% in 2016). The market for other types of prepared meals (refrigerated, frozen, or dehydrated) is growing more slowly, due to the ban on the import of frozen meats.

2.1.7 The processing sector of canned, frozen and pre-made meals;

Prepared dishes industry is a sector that grew strongly by 11% in 2016 and reached 2.08 million Euros in sales. The range of prepared dishes generating the most sales remain "prepared salads". While the cold chain is not mastered for all sectors. Thus, the Algerian Government wishes to improve on several points: the use of new performing technologies, the implementation of traceability of temperatures (transport), the hygiene of the personnel, the premises and the material, as well as the methods and organization of products storage.

2.1.8 The processing of other food products:

- The future of the Fruit & Vegetable sector would be in the hands of large producers. Indeed, the "protection" of imports does not properly favor small local producers.

- Despite the development of the Fruit & Vegetable sector, this industry has an important need for new equipment, transfer of new technologies & know-how, and especially training in Algeria.

- The production of vinegar (low in alcohol), red sauces (tomatoes, harissa), mayonnaise sauces, bouillon cubes, salty/sweet snacks, biscuits/ rusks... Since 2017, these productions are

governed by the signing of a protocol to establish agreements for marketing, production, and the establishment of a factory.

- Regarding the production of coffee, chocolate, and dried fruits/vegetables, it remains dependent on the import of raw materials within the Country.

2.2 The agri-food industry's imports.

Algerian imports, and therefore the food cost, continue to rise it has grown from \$2,415 million in 2000 to \$9,580 million in 2013, representing an increase of more than 396 percent. By product, the top two most imported items are typically wheat and meslin and pharmaceuticals, especially given that the agricultural sector's contribution to total Algerian

Table IV: The contribution of the agricultural sector to the algerian GPD (2000-2013) (%).

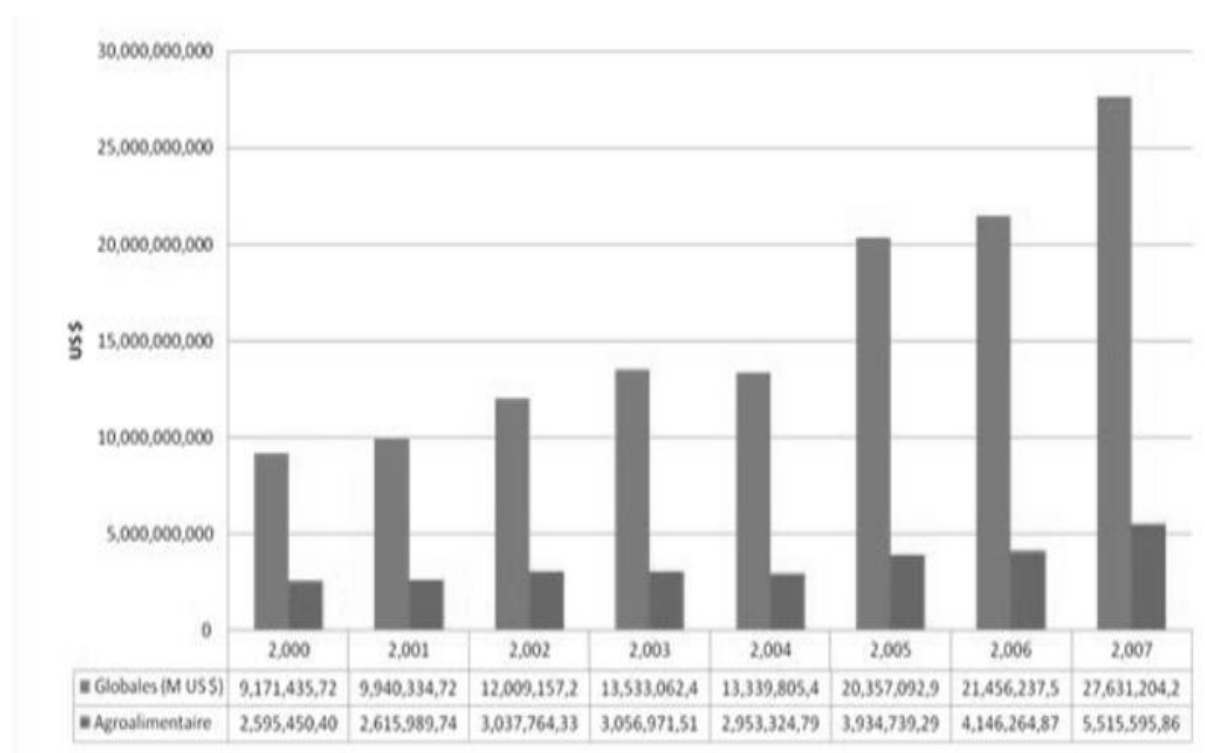
Year	00	01	02	03	04	05	06	08	09	10	11	13
The contribution of the agricultural sector to GDP	8,4	9,7	9,3	9,7	8,4	6,9	7,6	8,5	8	7	12	7

Source: adopted from: World Economic Forum, « The Global Competitiveness Reports », Full Data Edition, 2000 à 2013. PAM, « Etude d'impact des Prix des Produits Alimentaires de Bases Sur les Ménages Pauvres Algériens », Bureau Régional au Caire, Octobre, 2008.

In 2000, the total value of final household food consumption was around US\$10.5 billion, with a tendency toward stagnation in average per capita consumption. Household food consumption accounts for around 44 percent of total expenditures. Agri-food exports are relatively tiny, accounting for only 0.2 percent of overall exports, whereas imports accounted for 20% of total imports in 2007¹⁰⁶.

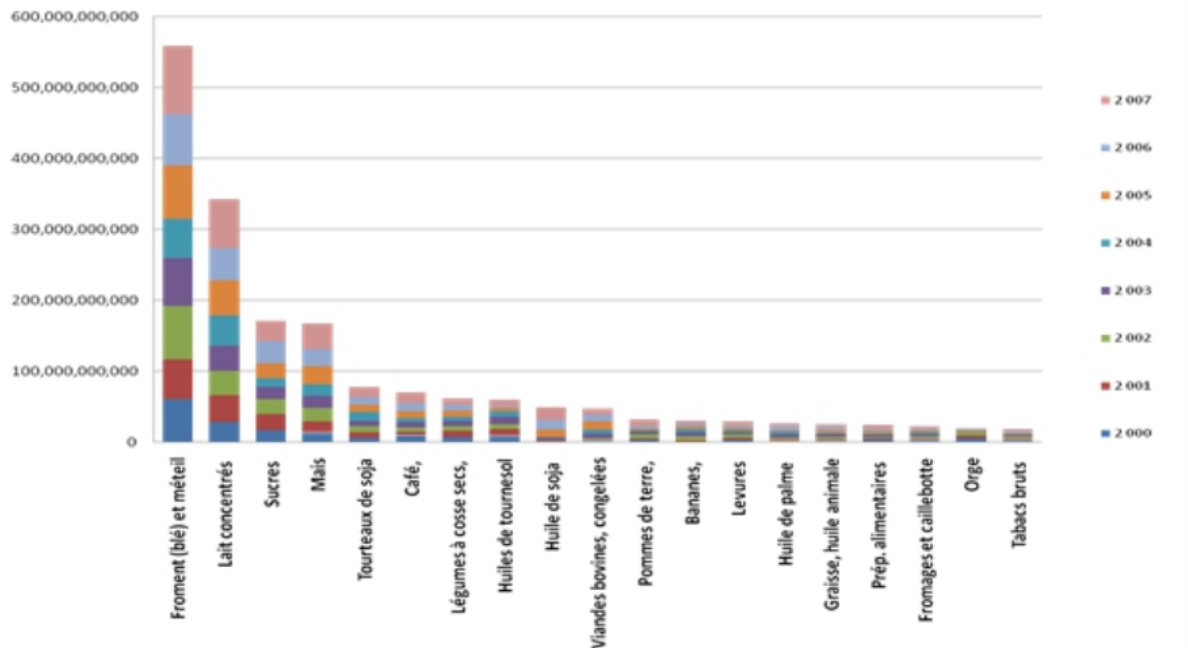
¹⁰⁶ Horri, K., & Dahane, A. (2015). Problématique du Développement des Industries Agroalimentaires en Algérie = إشكالية تنمية الصناعات الزراعية الغذائية في الجزائر. *Européen Scientific Journal*, 11(3), 3-6-12. Doi : 10.12816/0005487

Figure XII: Importance of agri-food imports in overall imports.



Source : Horri, K., & Dahane, A. (2015). Problématique du Développement des Industries Agroalimentaires en Algérie = إشكالية تنمية الصناعات الزراعية الغذائية في الجزائر. *Européen Scientific Journal*, 11(3), 3-6-12. Doi : 10.12816/0005487

Figure XIII: The over all value of agri-Food imports in DA.



Source : Horri, K., & Dahane, A. (2015). Problématique du Développement des Industries Agroalimentaires en Algérie = إشكالية تنمية الصناعات الزراعية الغذائية في الجزائر. *Européen Scientific Journal*, 11(3), 3-6-12. Doi : 10.12816/0005487

In 2010, the agri-Food industry accounted for 20% of product exports (exports are then 5 percent compared to imported agri-food products) Indeed, Algeria launched a recovery plan for development and investment in agriculture in 2008 to reduce imports (which accounted for 14 percent of total imports in 2010) and maintain food security via diversification of production and farms.

The numbers are telling: in 2013, Algeria imported 54.85 billion US dollars and exported just 2.16 billion dollars of non-hydrocarbon items, a negligible sum when compared to the 9.58-billion-dollar food bill. The problem is escalating since oil and gas revenues, the state's primary source of revenue, have a finite lifetime. The problem is escalating since oil and gas rents, the state's primary source of revenue, have a finite lifespan due to the scarcity and non-renewability of fossil fuels.

The volume of food items imported into Algeria is rising; it accounts for 75% of total imports and reached 5.8 billion EUR at the end of 2015. Food exports, on the other hand, have suffered a reversal. Algeria exports just 288 million EUR of agricultural produce in 2015

or eight times less. Food exports accounted for more than 20% of overall exports in the 1970s and 1980s but currently account for fewer than 1% of total exports¹⁰⁷.

The development and investment in agriculture plan has replaced the list of prohibited imports. The government published a list of a thousand consumer items banned from import in January 2018 by revamping the import licensing system in place since 2016. However, this provision has had only a little influence on the balance of payments, particularly because the majority of imports are in sectors that are difficult to disrupt because they are critical to the economy's running.

As a result, the Ministry of Commerce stated in February 2019 that the prohibitions would be lifted and replaced with a Provisional Additional Safeguard Duty (DAP), which would be charged in addition to customs taxes. Given the market's requirements, Novartis and Roche Algeria seek to cut import costs and drop car prices on the local market¹⁰⁸.

Despite the removal of the prohibitions in February 2019, imports fell by 9.5 percent in 2019 compared to 2018. Food items accounted for 19.25 percent (-5.8 percent), or USD 8.07 billion. Cereals account for 33.5 percent of the overall volume, dairy products account for 15.4 percent, and sweets account for 9 percent¹⁰⁹.

The import restriction on a thousand consumer items was replaced in February 2019 by a Provisional Additional Safeguard Duty. The government reversed in June 2019 the use of non-conventional internal finance, which was established in September 2017 and allowed the Bank of Algeria to lend the Treasury about USD 56 billion. Bank liquidity, on the other hand, has continued to fall, from DZD 1.5 billion at the end of 2018 to DZD 1.1 billion at the end of 2019, and DZD 0.91 billion at the end of May 2020¹¹⁰.

¹⁰⁷ GHILI, L. (2018). *Panorama des industries agroalimentaires en Algérie* (Master en Science de la nature et de la vie). Université Mouloud Mammeri De Tizi-Ouzou.

¹⁰⁸ Département fédéral des affaires étrangères DFAE. (2020). *Rapport Économique Algérie* (p.5-6). ALGEIRS. Retrieved from <https://www.s-ge.com/sites/default/files/publication/free/rapport-economique-algerie-2020-08.pdf>

¹⁰⁹ Ibidem, p9.

¹¹⁰ Ibidem, p1.

2.3 Analysis of the Algerian agri-food SWOT matrix:

The SWOT matrix (Strengths, Weaknesses, Opportunities, and Threats) is a strategic analytical tool that helps you to acquire a synthetic view of a scenario by showing the company's Strengths and Weaknesses as well as prospective Opportunities and Threats. This matrix is useful because it allows internal and external assessments to be combined and cross-referenced with the micro and macro settings. as well as external evaluations of the company's micro and macro environments, it distinguishes between what is the surroundings and the particular qualities of the firm. It is utilized during the project phase and is one of the tools that allows a group to create a shared picture of a problem¹¹¹.

2.3.1 The interior diagnosis reveals:

2.3.1.1 Strengths:

These are the strong aspects of the firm that provide it a long-term edge.

2.3.1.2 Weaknesses:

In contrast to strengths, these are negative internal elements that may be damaging to the organization in comparison to the competition and that may be remedied.

2.3.2 External diagnosis reveals:

2.3.2.1 Opportunities:

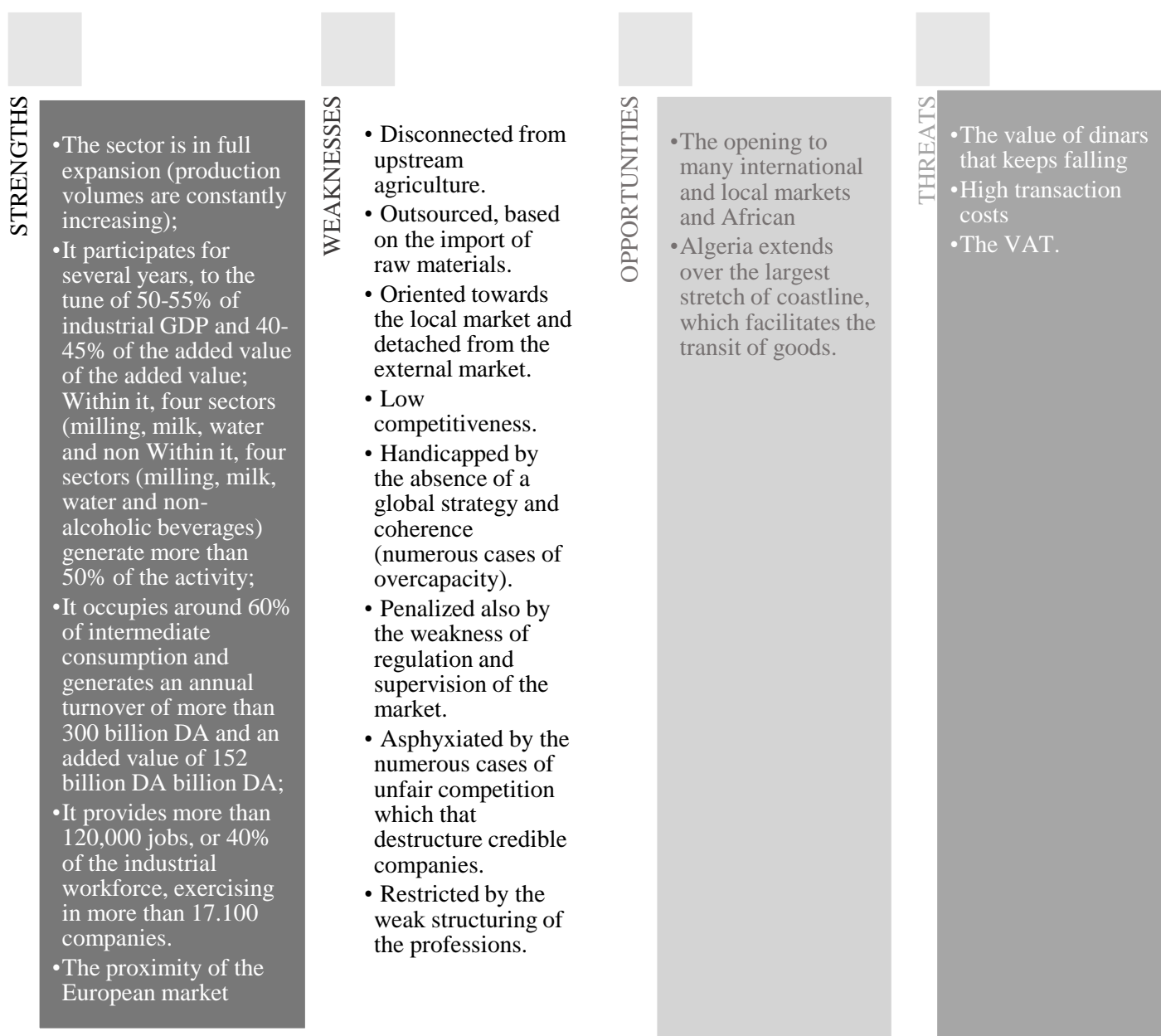
These are the external conditions, particular to the environment in which the firm is evolving, that can give a competitive edge to the company and on which we can develop.

2.3.2.2 Threats:

These are adverse external events that can have a detrimental impact on the company's success and have been found via a competitive or market investigation.

¹¹¹ GHILI, L. (2018). *Panorama des industries agroalimentaires en Algérie* (Master en Science de la nature et de la vie). Université Mouloud Mammeri De Tizi-Ouzou.

Figure XIV: SWOT analysis of the Algeria's argi-food sector



Source: made by us, adapted from GHILI, L. (2018). *Panorama des industries agroalimentaires en Algérie* (Master en Science de la nature et de la vie). Université Mouloud Mammeri De Tizi-Ouzou. And from TEHANI, M. *L'industrie agroalimentaire en Algérie : Etat des lieux et stratégie d'avenir*. Université d'Alger-3.

Conclusion of chapter two

The agri-food industries currently play a significant role in the country's food system, however

- They are not strictly speaking "alive", as they are highly dependent on the outside world;
- They participate only marginally in the improvement of the country's food security;
- They do not contribute to the development of the agricultural sector;
- They are not part of a development strategy.

Indeed, currently, the Algerian agri-food industries, public or private, have in common a strong dependence on imported raw materials (as well as semi-finished products, equipment, and technology). There is even a trend to import the diet itself, which is due, in part, to the expansion of international trade in food products, the global spread of fast-food chains, and exposure to American and European food habits.

Thus, the food industry represents a strategic sector with high investment potential, it is placed in the center of the priorities of the public authorities in the new national strategy of diversification of the Algerian economy, in particular, because it participated in the satisfaction of the food needs of the population as well as the strengthening of food security.

Algeria will have to ensure the transformation of its food industries which are called to modernize their production apparatus and to increase the productivity of the work and capital. The international competition and the international context (unfavorable to our country on the food plan) are so many stimulants and catalysts of this evolution of Algeria's agri-food industries.

However, it is necessary to underline that any development of the food-processing sector should, first of all, rely on a parallel development of the agriculture sector. Any policy of support policy should therefore combine these two major sectors.

*Chapter 03: Investigating
the impact of foreign
competition on the Algerian
products competitiveness in
the Algerian market.*

Introduction of chapter three

To put into practice our theoretical achievements in the previous two chapters, in which we attempted to cover the most relevant concepts and notions related primarily to globalization and competitiveness the agri-food sector, we will present the SIM group and its branch AQUASIM in this third and final chapter, followed by a thorough explanation of our methodology, which was used in our practical part of our study using the quantitative research method via a questionnaire addressed to Algerian consumers of soft drinks, to answer our research question and confirm or refute our hypotheses.

Section 01: methodological framework.

1 General facts on carbonated beverages.

Carbonated means in a gaseous condition or, if a liquid, emitting gas. A soft drink is a sparkling non-alcoholic beverage that is served cold to be more refreshing.

1.1 Defined terms:

The term "carbonated beverage" refers to any product made by combining syrup and drinking water before packing, which is generally carbonated drinking water. These beverages are colored or uncolored, sweetened, clear, flavored, and potentially acidulated.

Jacobs defined it as for beverages that are typically sweetened, flavored, acidulated, occasionally artificially charged with CO₂, and do not contain alcohol¹¹².

1.2 Types of carbonated beverages.

The following are the several categories of soft drinks defined by Inter-ministerial Decision N°50301 on October 22, 1986:

1.2.1 The soda

Soda refers to carbonated beverages that have been sweetened, had fragrant fruit extracts, vegetable tastes, or fruit juices added, and may have been acidulated under the same conditions as lemonades¹¹³.

¹¹² Bourgeois c.m et a l, (1996). Microbiologie alimentaire. Aspect microbiologique de la qualité des aliments Ed : tec. Lavoisier. 1 pp 416-418.

1.2.2 Lemonade

Lemonades are flavored beverages with a predominant lemon taste. They are clear, colorless, and carbonated when served. It contains carbonated water with carbonic acid; sucrose; one or more organic acids: citric tartaric or lactic acid; and lemon juice or one of its derivatives¹¹⁴.

1.2.3 Cola:

It is a carbonated beverage made from natural extracts of fruits or other plants, comprising kola nut extracts, caramel as a coloring agent, caffeine, and ortho-phosphoric acid in addition to carbon dioxide and sugar¹¹⁵.

1.2.4 Bitter:

It is a non-alcoholic aperitif drink flavored with plant extracts and bitter ingredients¹¹⁶.

1.2.5 The tonic:

They are also sodas supplemented with bitter orange or lime extracts, as well as various vegetable extracts (including cinchona) that give them their distinct tastes¹¹⁷.

1.2.6 Light drinks:

These are beverages in which the entire amount of sugar is substituted by one or more strong sweeteners with no caloric synthesis. These beverages would have practically little calorie burden, allowing for a reduction in caloric intake without generating an appetite or a desire for the sweet flavor¹¹⁸.

1.3 Carbonated drinks' raw materials

Water, sugar, and CO₂ are the primary basic ingredients utilized in soft drinks. CO₂ and sugar Flavor, color, acidifier, emulsifier, and preservative are among the additions.

1.3.1 Water:

Water is a critical component of all goods, and its quality is critical. And, because the quality of flowing water varies by location, each manufacturer purifies the water it utilizes. Water that has been thoroughly treated is used to make the drinks. This water is tested regularly to verify that it fulfills the quality standards.

¹¹³ TREMOLIERE ,1980. Manuel d'alimentation humaine. Tom 2 « les aliments » Ed. ESF, Paris. P 396

¹¹⁴ Clément.J.M.1978. Dictionnaire des industries alimentaire. Ed. Paris. P 19

¹¹⁵ Le marché des boissons 1974. Association pour la promotion industrie agroalimentaire. P74.

¹¹⁶ 2006. Le petit Larousse illustré 2007, Larousse.

¹¹⁷ E. Fredol, Connaissance des aliments : base alimentaire et nutritionnelles de la diététique, Tec et Doc/Lavoisier, Paris (2005). P 20.

¹¹⁸ Mole Martine, 2006. Etude de marché des boissons, l'université de Reims Champagne-Ardenne. P 10-13.

1.3.2 Sucrose:

Commercial sugar is a non-hygroscopic white, glossy crystalline substance (rhomboidal prisms). It has distinct tastes and is odorless. It has a very low humidity (approximately 0.05 percent) and a very high storage stability¹¹⁹..

In its most popular and regulatory definition, the term sugar refers primarily to sucrose derived from sugar beet or sugar cane, and by extension to items that provide a pleasant feeling¹²⁰.

1.3.3 Sweeteners:

Sweeteners, whether synthetic or of vegetable origin, have a strong sweetening power but a poor nutritional value¹²¹.

1.3.4 Flavors:

Are introduced in trace amounts and are responsible for the drink's distinct flavor, despite the effect of sugar and acid on the final flavor. The tastes are obtained from nature and are derived from various sections of plants, particularly citrus fruits. They are available in either natural alcoholic essence or concentrated form.

1.3.5 Dyes:

Substances are used primarily to normalize the color of a meal or drink and, secondarily, to enhance the attractiveness of food or drink. there are two types of dyes¹²²:

1.3.5.1 Plant-based dyes:

they Are chemically unstable, not very soluble in water, and have a high-cost price.

1.3.5.2 Synthetic dyes:

Their costs are reasonable, and they are chemically stable and water-soluble. The dyes are used in the smallest amount required to achieve the desired color (0.1-0.8 mg/l).

1.3.6 Acids:

Because carbonated beverages should be as near to fruit juice as possible, and because fruit juice is usually acidic, acids must be added to beverages. The acids employed in the beverage industry are safe for the body and must act similarly to the acids found in fruit juice.

¹¹⁹ J.L. Multon, Le sucre, les sucres, les édulcorants et les glucides de charge dans les industries agroalimentaires, Tec & Doc/Lavoisier, Paris (1992). P 1.

¹²⁰ J.L. Multon et autre (2002), op.cit. p64

¹²¹ FREDOT, 2006. Connaissance des aliments. Bases alimentaires et nutritionnelles de la diététique. Ed. Tec et doc, Lavoisier :25, p397.

¹²² C. Alias, G. Linden et L. Miclo, Biochimies alimentaires, DUNOD, Paris (2008). P 11

The crucial acid, which accounts for nearly all of the acids in lemon juice, is the most significant of them. Tartaric, phosphoric, and lactic acids are also utilized.

1.3.7 Preservatives:

Sulfur dioxide, benzoic acid, sorbic acid, and salts of these substances, as well as certain novel forms of preservative chemicals, are key chemical compounds employed in the preservation of drinks. These chemicals must be able to exert an antiseptic effect on all dangerous bacteria in drinks while being safe to the human body¹²³.

1.3.8 CO₂ (Carbon Dioxide):

Carbon dioxide is an odorless, colorless, tasteless, and odorless gas that is completely safe. It is the only gas that, among other things, can make a drink sparkle. Carbon dioxide can also be used as a preservative in some situations. The amount of carbon dioxide added depends on the type of beverage and whether it is somewhat sparkling, effervescent, or extremely sparkling¹²⁴.

1.4 The container in which the soft drink was packed.

Packaging is vital because it protects the product, eliminates waste, makes transportation easier, and informs the consumer: the bottle (PET or glass) or container maintains the drink in ideal conditions for a set amount of time.

The packaging guarantees that the quality is maintained from the point of bottling to the customer. The packaging also safeguards the contents along the delivery chain. For the sake of safety and traceability, bottles and cans must include a variety of legal information¹²⁵.

1.4.1 PET (polyethylene terephthalate) packaging:

Polyethylene terephthalate is a kind of plastic, or more precisely, a type of polyester. This material is suitable for beverage bottles because of the following characteristics:

- Light as a feather,
- Generally transparent,
- Strong and easily molded.
- Its properties are preserved during recycling, making it possible to manufacture quality products again.

¹²³ S. Benamara et A. Agougou, Production des jus alimentaires : technique des industries agroalimentaires, Office des Publication Universitaire, Algérie (2003). P 3.

¹²⁴ Www. FIEB, 2009. Association sectorielle de l'industrie belge des eaux et des boissons rafraichissants. Retrieved 21 June 2021

¹²⁵ G. Bureau, Jean- Multon, l'emballage des denrées alimentaires de grandes consommations. Edition 2002. P 300.

-Requires fewer resources for production and transportation while maintaining beverage freshness and flavor and ensuring food safety.

1.4.2 Glass packaging:

Glass bottles are the most conventional type of beverage packaging since they are:

- impermeable to gases, steam, and liquids.
- Chemically inert to liquids and edibles, and poses no accounting issues.
- Hygienic material that is simple to clean and disinfect
- Resistant to some liquids' internal pressure.
- It is completely recyclable.
- Despite increasing competition from other packaging materials such as PET, customers see the glass as luxury packaging.

1.4.3 Cans:

Cans, which are made of aluminum and tinned steel, are also widely used for soft drink packaging. Because of:

- Their storage and functionality advantages.
- Their flawless seal.
- They are, nevertheless, lightweight.
- Completely recyclable, - Simple to melt, and reuse

2 Presentation of SIM group

2.1 The SIM/SPA Industrial Group datasheet

- Corporate name: GROUPE INDUSTRIEL SIM.
- Legal form: Joint-stock company.
- Founder of the group: TAIEB-EZZRAIMI Abdelkader.
- Shareholders: TAIEB-EZZRAIMI and son.
- Share capital: 3.940.000.000 DA (38.6 million €).
- Head office: Industrial Zone of BEN-BOULAID- N°41- BLIDA.
- Companies in a portfolio whose share capital is owned by the Group:

Industrial sector:

- 1 Subsidiary milling and pasta.
- 1 Subsidiary company of mineral water, preserved juices, and drinks.

Health sector:

-1 Medical-surgical clinic.

Construction sector:

- 1 Subsidiary dedicated to the real estate promotion and the management of sports and leisure facilities.

The sector of education and training center and leisure:

-1 School complex of different levels.

-2 management institutes.

-1 sports complex.

Participation and partnership of the Group:

- Mixed company (SONATRACH- SONELCAZ- SIM); dedicated to the development of renewable energies NEAL.
- Mixed Algerian-Italian company; dedicated to the manufacture of equipment and accessories for milling. (OCRIM Algeria).
- Mixed Algerian-French company; dedicated to the manufacture of animal feed. (SIM-SANDERS).

Global staff of the Group: 2200 agents

2.2 The history of SIM

The company was established in 1990 by Mr. TAIEB EZZRAIMI Abdelkader as a small family company (LLC with a capital of 200000DA- 1960€) in the field of Flour milling as the first private company in this field of activity in Algeria.

From its very first years of activity, the SIM company has experienced an active and sustained growth to become, from 1998, an industrial, commercial and financial group of a widely recognized national scale.

In addition to the extension and development of its first subsidiary in the food industry, SIM has expanded its activities towards other niches by the creation of several subsidiaries in the field of mineral water, health, real estate development, trading of cereals, juices and preserves.

For the whole group, the existing investment is evaluated at 16.000.000 Dinars while the current investments in the course of commitment of which 3.700.000.000 Dinars. From 1996 to 2013, the share capital has increased from 8.208.000DA to 3.940.000.000 Dinars.

2.3 The different branches of SIM group

Figure XV: SIM's Group Branches



Source: made by us, adopted from Nos Filiales - Groupe SIM. (2021). Retrieved 25 June 2021, from http://groupesim.com/?page_id=2427

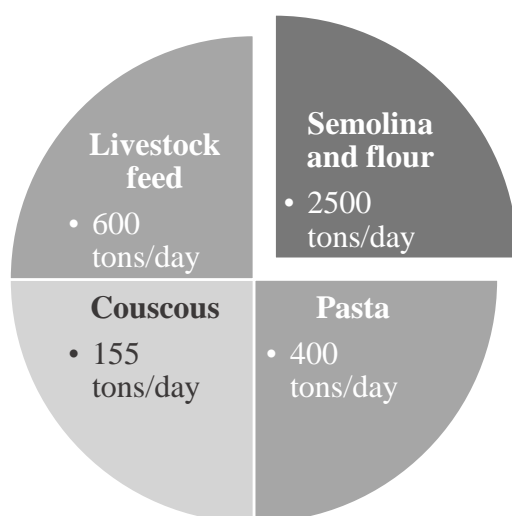
2.3.1 Agri-food branch

The industrial semolina factory of MITIDJA is located in the industrial zone of Ain Romana commune of MOUZAÏA. With a social capital of 5.665.000.000 DA. It is built on a plot of 120,000 m² including 70,000 m², covered and employs 900 people including 90 executives and 555 workers.

This complex covers all operations necessary for the manufacturing process, from the acquisition of wheat, as a raw material essential to its activities, to the various finished products such as semolina, flour, pasta short and long, couscous, and livestock feed.

The production capacity of the factory is presented as follows

Figure XVI: The capacity of SIM's factory



Source: Made by us, adapted from an internal document of the company

This production is achieved by: 3 semolina mills, 3 flour mills, 4 short pasta production lines, 3 long pasta production lines, 6 couscous production lines, a livestock feed unit, a set of storage silos of 85,000 tons.

SIM products comply with ISO 9001-2000 and HACCP standards (semolina, flour, pasta, couscous) and are now sold in France, Canada, Sudan, Niger, Chad, Egypt, Senegal, and Libya.

2.3.2 The wheat trading branch

This branch is in charge of supplying cereals for the group's proper needs and those of the Algerian market. This branch is located in AIN DEFLA and close to the ports of MOSTAGANEM and TENES. This 20,000 m² site has 80,000 tons of silos, 10,000 tons of port silos in TENÈS, 65,000 tons of silos in MOUZAIA, and a modern laboratory for the control and approval of wheat arrivals and bacteriological analysis

2.3.3 Mineral water branch (AQUA-SIM)

This branch is one of the other branches that make part of the SIM group. It is composed of two sources; one in the city of BLIDA (MOUZAIA) and the other in the city of BOUIRA (BEN HAROUN). This branch has four production units

2.3.3.1 Mineral water production unit:

- Address: MOZAIA (BLIDA) / BENHAROUN (BOUIRA).
- Main products: Carbonated natural mineral waters, flavored drinks, sodas.

2.3.3.2 PET production unit:

- Address: MOZAIA (BLIDA).
- Main products: PET performs (18g, 22g, 36g, 52g, 85g).

2.3.3.3 Canning unit

- Address: Industrial zone BEN BOULAIID (BLIDA).
- Main products: Tomato concentrate, jams (Orange & Apricots), tomato sauce, harissa & juice concentrate.

2.3.3.4 Production unit of CO2 gas

- Address: Road of HATTATBA - MOZAIA.
- Main products: CO2 gas in bulk or bottles.

2.3.4 Health branch

The health branch currently includes the AMINA clinic. It is a multidisciplinary medical-surgical clinic with a capacity of 82 beds. It is located in CHIFFA (BLIDA). The AMINA clinic made its debut in January 2003. Its main units

- General consultation unit and specialties.
- Surgical unit with three operating rooms and an aseptic room.
- Medical and surgical emergency unit H24.
- Gynecology-obstetrics unit.
- Intensive care unit.
- Hemodialysis unit with 16 stations.
- Medical imaging unit.
- Biological explorations unit.

2.3.5 PROMOSIM branch

This branch was created in 2006 and is structured around a

- A multifunctional complex that includes a parking lot, a shopping center, a restaurant, a party hall, an administrative building, a conference center, a seminar room, a cafeteria, a pizzeria, a bank branch, a 5D cinema, a daycare center, and 44 high standing apartments.

- Sports complex which includes two swimming pools including a semi-Olympic pool, four multipurpose rooms, a sports hall, and a massage room and playgrounds in addition to the accompanying infrastructure.

These two complexes were officially launched by the President of the Republic and the Minister of Housing in July 2010.

2.3.6 Academic branch

2.3.6.1 BAYA private school

It is founded by MR EZZRAIMI Abdelkader, located on the street AMARA YUCEF in the city of Blida. It provides all levels of education (primary-middle-secondary at Boulevard MOHAMED BOUDIAF, kindergarten, and preschool at the annex AMARA YUCEF).

The Baya school made its debut at the beginning of the school year 2005/2006, under the approval n°: 160 of 17/07/2005.

2.3.6.2 Institutes of management training

The SIM Group concluded with the INSIM Algiers group a partnership at the end of which were created two branches of the INSIM within the multifunctional complex PROMOSIM.

2.3.6.3 Branch HIMI:

Operational since the start of the 2010/2011 academic year, and which provides higher education graduates and business executives with equivalent; training to obtain post-graduate degrees in management.

2.3.6.4 INSIM branch:

Operational since the start of the 2012/2013 academic year, it provides degree and qualification training, as well as à la carte training in the field of business management.

2.3.7 Branch SIM SANDERS ALGERIA

Founded in 2011, SIM SANDERS is the result of a partnership between the SIM group and the company SANDERS, a branch of the GLON group (France), to provide the Algerian breeder with its expertise in the field of animal nutrition.

2.3.8 Other participation of SIM Group

2.3.8.1 New Energy Algeria (NEAL/JSC):

The company was created in July 2002 in partnership between the group SIM and the group SONELGAZ in the field of the promotion and the development of new and renewable energies.

2.3.8.2 SARL OCRIM ALGERIE:

Mixed Algerian-Italian company created in 1997 for the provision and marketing of equipment and spare parts for the flour milling industry.

3 Presentation of the AQUASIM branch

AQUASIM now comprises the only two naturally carbonated mineral water sources in Algeria, after the purchase of the EPEM units of MOUZAIA and Ben Haroun near BOUIRA as part of the SIM group's privatization in 2005. Mr. LEBLANC, a settler, found the MOUZAIA spring near BLIDA, 45 kilometers west of Algiers. Its commercial exploitation began in 1949 under the name "Source LEBLANC." The source of the mineral waters of Ben Haroun, found by the medical major BERTRAND about 1856, but not utilized industrially until 1883, following the establishment of a governmental concession. Both offer important therapeutic benefits that have been demonstrated by prominent doctors.

Today, a massive modernization plan was implemented for the expansion of the two firms, affecting both production and marketing. The Industrial Cannery of MITIDJA, former ENAJUC, was founded in 1974 at the level of the Blida industrial zone and went into operation on March 25th, 1975. Its major business is the processing of fruits and vegetables. It was purchased by the SIM group in 2007 and became the subsidiary's third business. In 2010, these three divisions merged to become the subsidiary Mineral Waters, Juices, and Preserves known as AQUASIM. The subsidiary now employs 922 agents. By 2013, the goal is to have a staff of 1,052 agents. Their carbonated drinks are listed in the table below:

Table V: AQUASIM's carbonated drinks

Size option	Flavor options	Type of packaging
25 CL,33 CL, 1 L	Grandin, pineapple, strawberry, apple, Lemon, lemon zest, orange, orange zest, mojito, mint, bitter.	Glass, PET

Source: made by us, adopted from Nos's products - Groupe SIM. (2021). Retrieved 25 June 2021, from http://groupesim.com/?page_id=2427

4 Methodological framework.

After having a brief about the SIM group, and presenting the AQUASIM branch, now it is time to go through the details of our methodology approach. We will explain our study purpose, how we conducted the research, and how will we analyze the collected information.

4.1 Aim of the study:

The purpose of the study is to examine, analyze, and evaluate customer behavior when buying a soft drink brand in the Algerian market. The primary objective is to gather information about what brands do Algerian customer knows, what's his preferences and what he usually buys, in order to identify the impact of the foreign competition on the local brands.

4.2 Objectives of the study:

The study intends to pursue the following specific objectives with reference to MOUZAIA, AQUASIM's soft drink brand. First, to apply our research and theoretical knowledge in practical training. Secondly, to identify the level of customer overall satisfaction towards various soft drink brands like, their taste, availability, size and flavors variation, price. Finally, to identify the customer's degree of satisfaction toward MOUZAIA and their competitiveness as a local brand

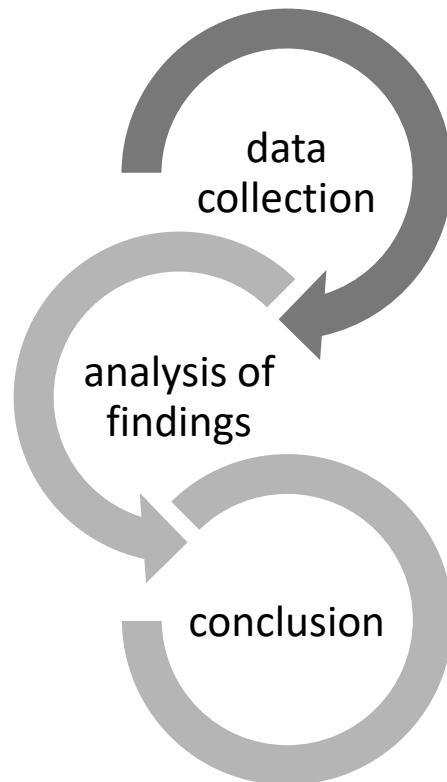
4.3 Importance of the study:

It is essential to identify and understand the impact of globalization on the Algerian market, in order to fully understand its consequences. If this openness to the world contributed in the growth of the Algerian economy or it's stealing more market shares for the benefit of foreign investors without contributing in anything in return.

4.4 Research strategy:

To further our understanding the following research strategy is set to answer the research questions.

Figure XVII: Research strategy.



Source: made by us.

The Figure shows the research methodical process. Firstly, in the literature review we discussed and explained the concept of globalization, its phases and actors, as well as the degree of integration of the Algerian economy in this phenomenon in general, and more precisely in the Agri-food sector. Secondly, a quantitative approach is used in our study. Our data collection process includes two parts, one is the literature review, and the second is the online questionnaire destined for customers. Thirdly, we collect the questionnaire results, we analyze our findings and to identify the foreign competition impact on the market.

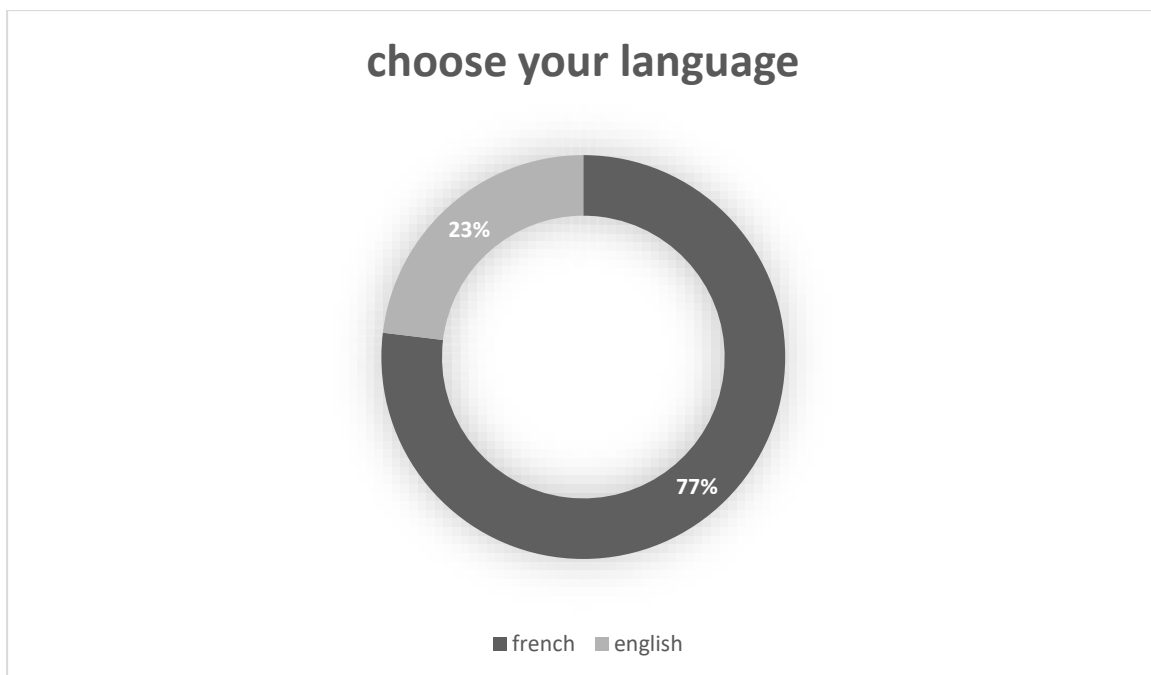
4.4.1 Data collection process

This part clearly presents the data collection process. We used both primary and secondary data sources for the purpose of strengthening the content of the entire research work.

4.4.1.1 Primary data collection - Questionnaire:

In the thesis, we used the questionnaire as a primary data collection. This method will lead us to a close result to our study. We prefer questionnaires to investigate the evaluation from the customers' point of view. A survey questionnaire can provide accurate and relevant data. Also, the survey was available in two languages, English and French, in order to reach maximum number of people. 100 responses of the survey were in French while the remaining 30 were in English.

Figure XVIII: respondents language choice



Since structured questionnaires are used in the majority of quantitative data collecting activities. They are a critical factor in determining and ultimately obtaining unbiased feedback. Such organized surveys have the advantages of less inconsistencies, ease of administration, uniformity in replies, and ease of data management. It Included pre-coded questions with clearly defined skip patterns to follow the question sequence. The survey was made in Google forms, and a link was distributed to respondents through social platforms (Facebook, WhatsApp, Gmail, Twitter, and LinkedIn).

4.4.1.2 Secondary data collection - Literature review:

We study customer behavior based on the target branch. We put forward our framework according to the survey results. From the primary data collection, the quantitative approach is used to help us analyze the results more clearly. What is more, only the primary data collection is not enough, the study also searched through academic databases.

In order to get reliable data by reviewing literatures, it requires fulfillment of certain pre-requisites such as finding academic databases to support our point of views. We found literature reviews by searching through databases such as libraries, Dspace, Google scholar, books, and journals and so on. By using these, we were able to get much information related to our study aim. And the analysis will be more reliable.

4.4.2 Sampling:

The sampling method adopted in our study is non-probabilistic and reasoned choice method, with that being said, the target population concerning the quantitative research method (questionnaire) used in our study, is composed of Algerian individuals who buy soft drinks available in the Algerian market. We questioned 130 individuals and all of them fully answered the questionnaire in a very correct way. Nevertheless, the questionnaire was anonymous, meaning that the survey-profiles could not be traced back to any informant. The questionnaire has been published on the internet, via the “Google forms” tool from June 15th to June 25th, 2021.

Section two: analysis and findings

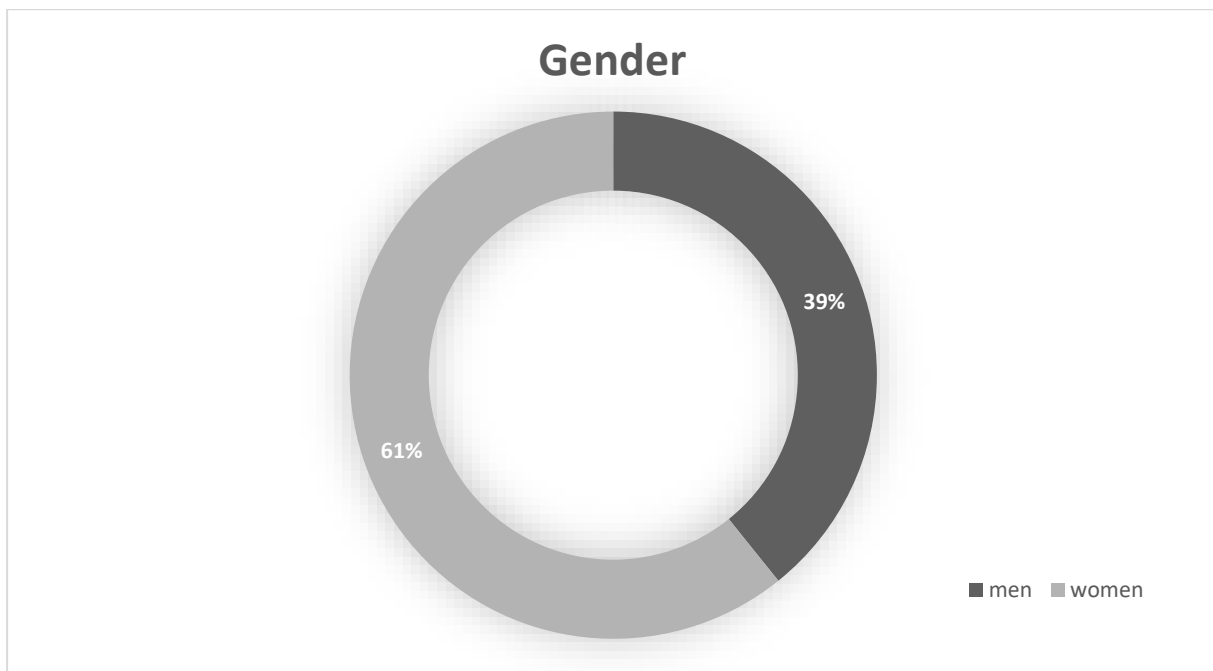
In summary, this section discusses and describes the findings and analyses derived from the online questionnaire that was distributed. All study goals are stated, as are the outcomes and findings relevant to the research aim. The data is then evaluated using tables and graphs to demonstrate the outcome, which is subsequently discussed.

The survey consisted of 15 close-ended questions divided into three sections, the first concerning demographic information, the second about soft drink selection, and the third about MOUZAIA's soft drink. the type of these questions varies between Multiple choice questions, Rating scale questions, Likert scale questions, Matrix questions, Dropdown questions, and Demographic questions.

1 Demographic information:

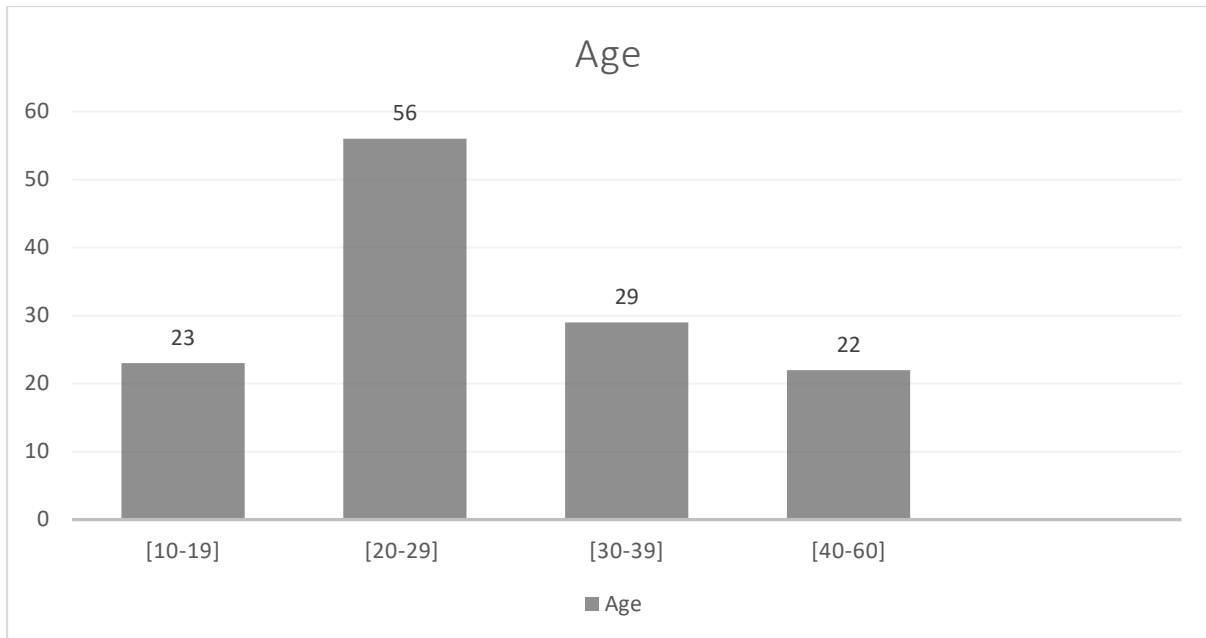
This section includes 4 questions, the data collected from the answers of these questions are in the table below, they represent the demographic information of respondents involved in this study. This information is categorized into four areas which are: gender, age, and income, socio-profession status, and what part of the country are they from.

Figure XIX: respondents' gender



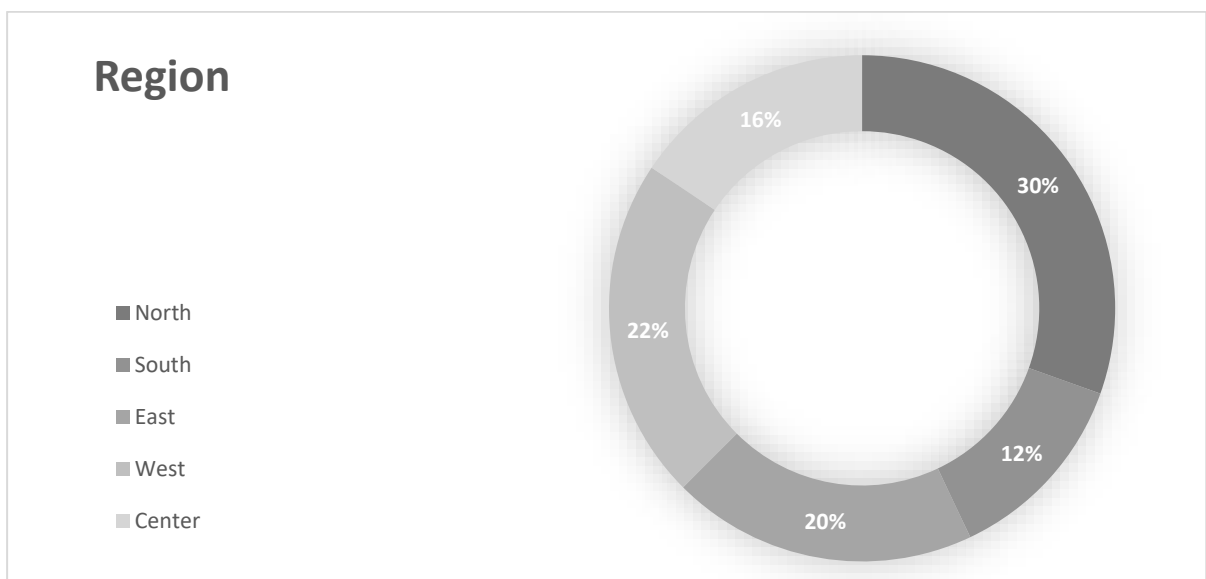
In the gender segment, the number of women respondents is 79 (61%) while the number of men respondent is 51 (39%).

Figure XX: respondents age



In the age segment, a majority of the 56 (43%) respondents involved in this study are between 20 to 29 years old. It is followed by the respondents with the range of age between 30 to 39 years old by 29 responses (22%), and 10 to 19 years old by 23 responses (18%). And finally, 22 responses (17%) by 40 to 50 years.

Figure XXI: respondents' region



In the region section, most respondents involved in this study are from the northern part of the country. This represents the largest proportion with 39 respondents (30%). It is followed by 28 respondents from the western part of the county (22%), and then 25 respondents from the eastern part (20%) and 20 from the center (16%). Only 16 respondents are from the south (12%).

Figure XXII: respondents' socio-professional status

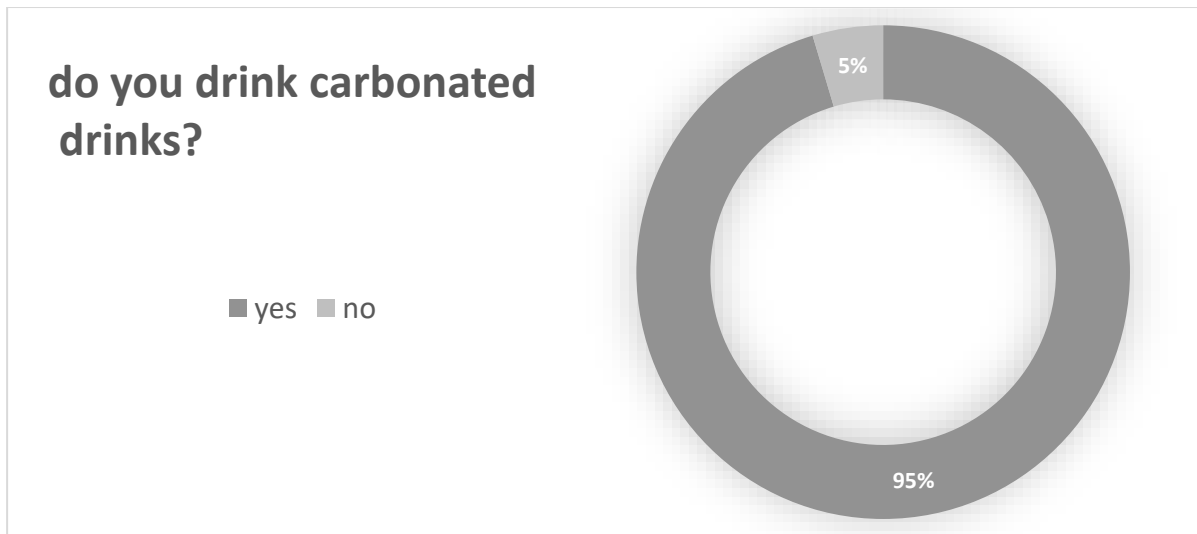


In the profession segment, we observe that most of respondents are students or employed, with a percentage of (43%) and (27%) respectively, followed by (11%) who are not employed, while only (10%) are business or profession owner and (9%) are without a retired.

2 Soft drink selection section:

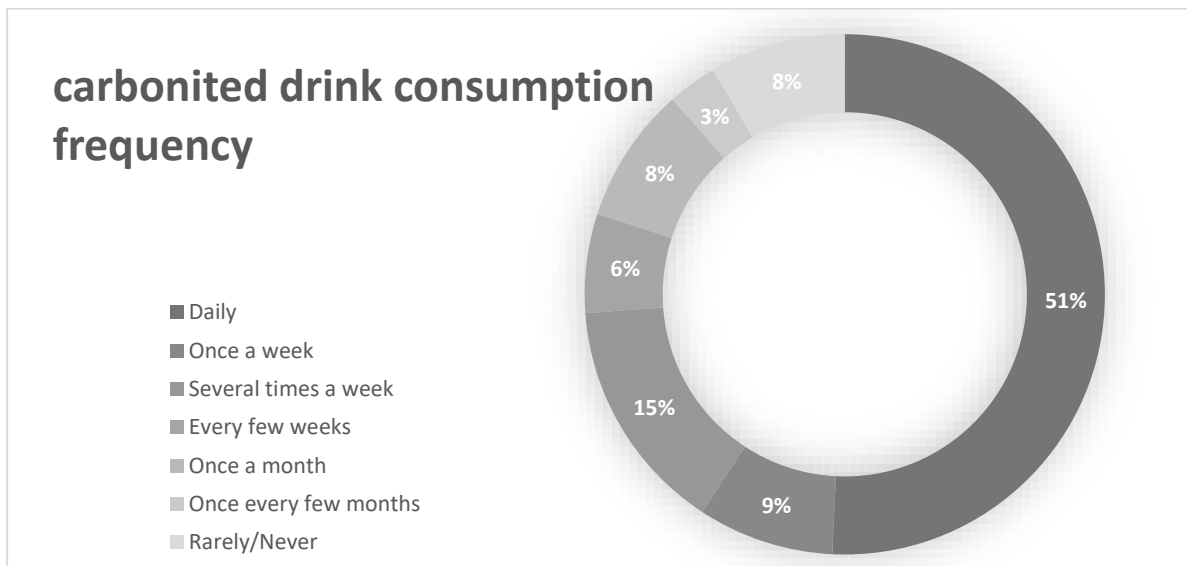
This is a 7 questions section, that revolves around the consumption of carbonated drinks. The objective of this section is to determinate the Algerian consumer preferences, buying habits, criteria when buying a soft drink.

Figure XXIII: carbonated drink consumption



the responses of the first question indicate that 95% of the respondents consume soft drinks, while 5% don't consume them.

Figure XXIV: the respondents carbonated drink consumption frequency

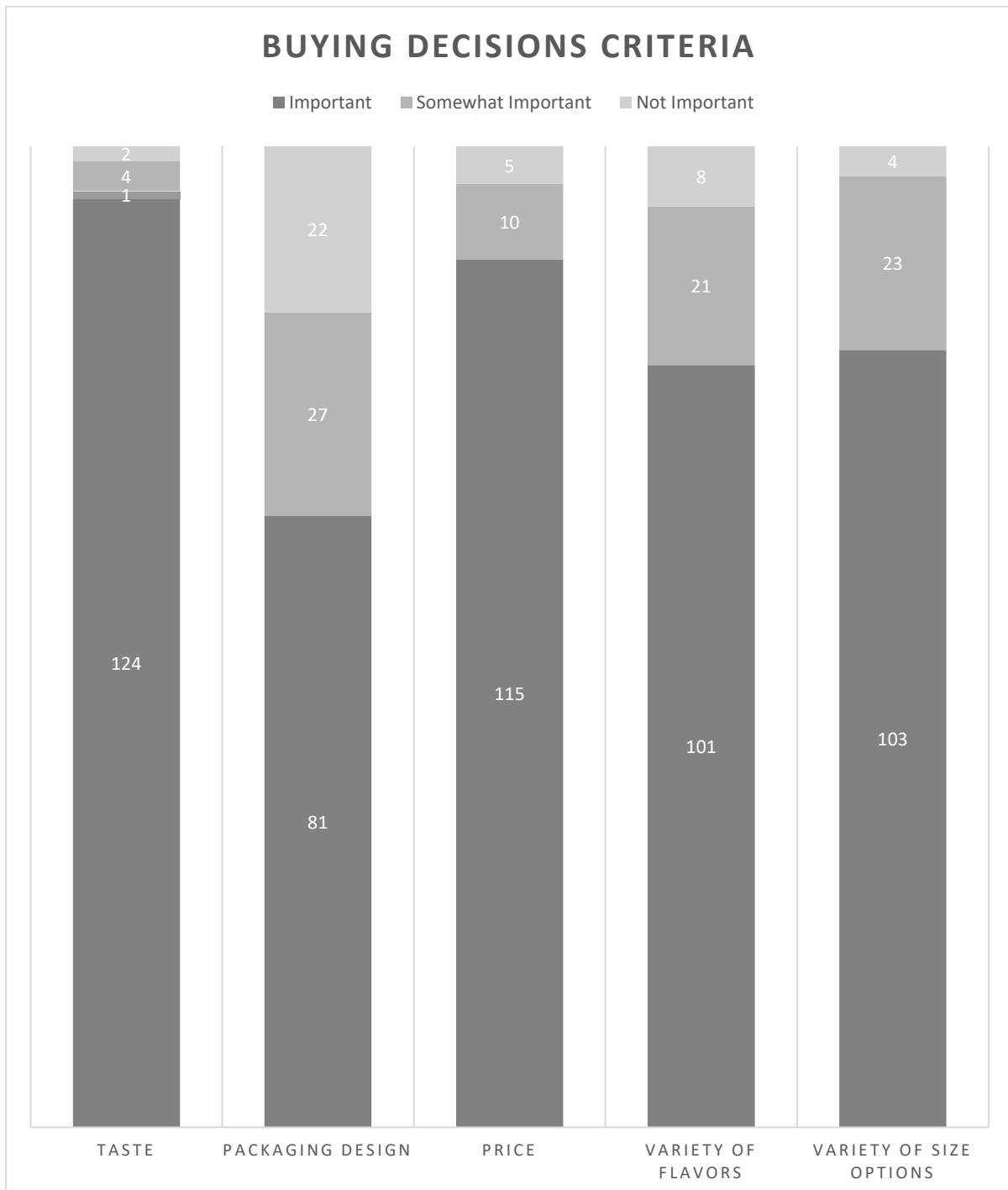


The question consists on determining the frequency of their consumption, most of the responses indicates that they consume soft drinks on a daily basis by 51%, while 15% of them said they consume them several times a week, following that 9% of the respondents said they consume them once a week. both the respondents who consume soft drinks once a month and

the respondents who rarely or never consume them were just 8%, finally, only 3% consume them once every few months.

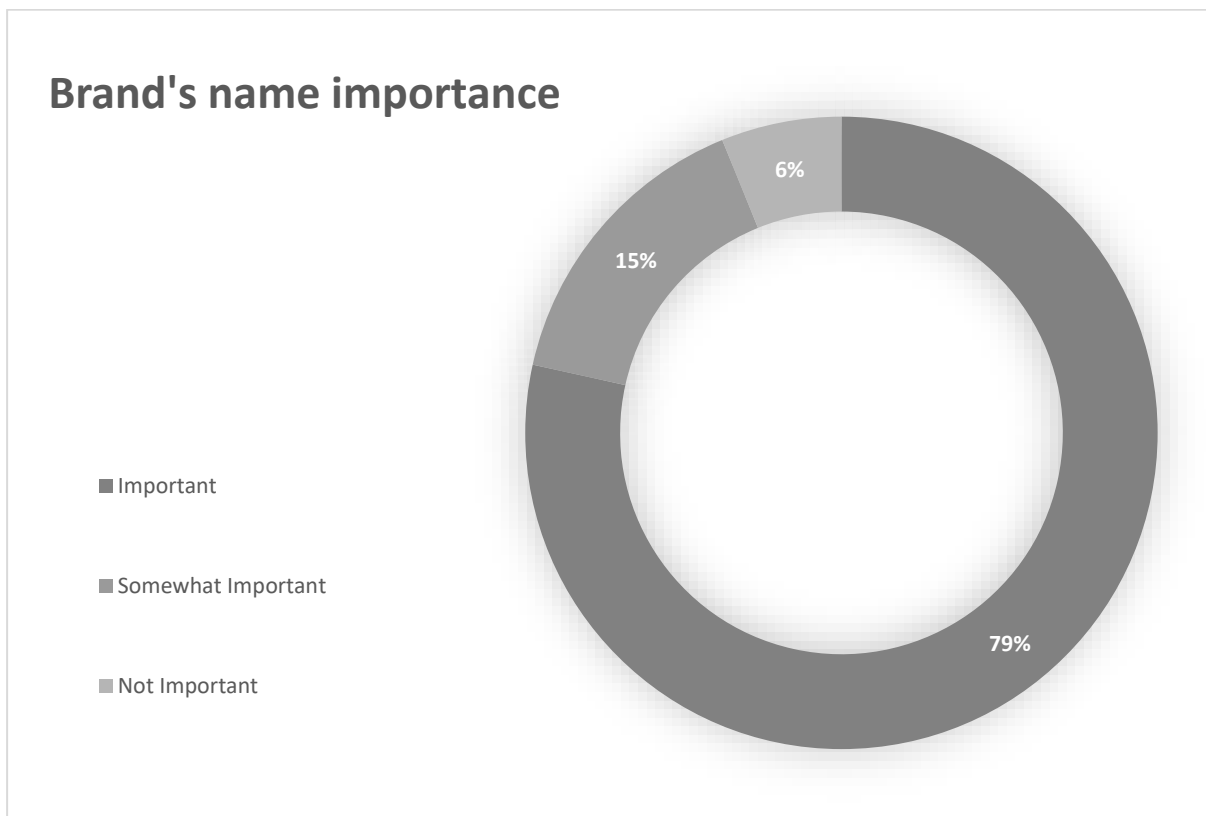
This next questionnaire is set to determine the most important criteria in customer's choice while buying a soft drink according to the Algerian customer.

Figure XXV: respondents buying decisions criteria



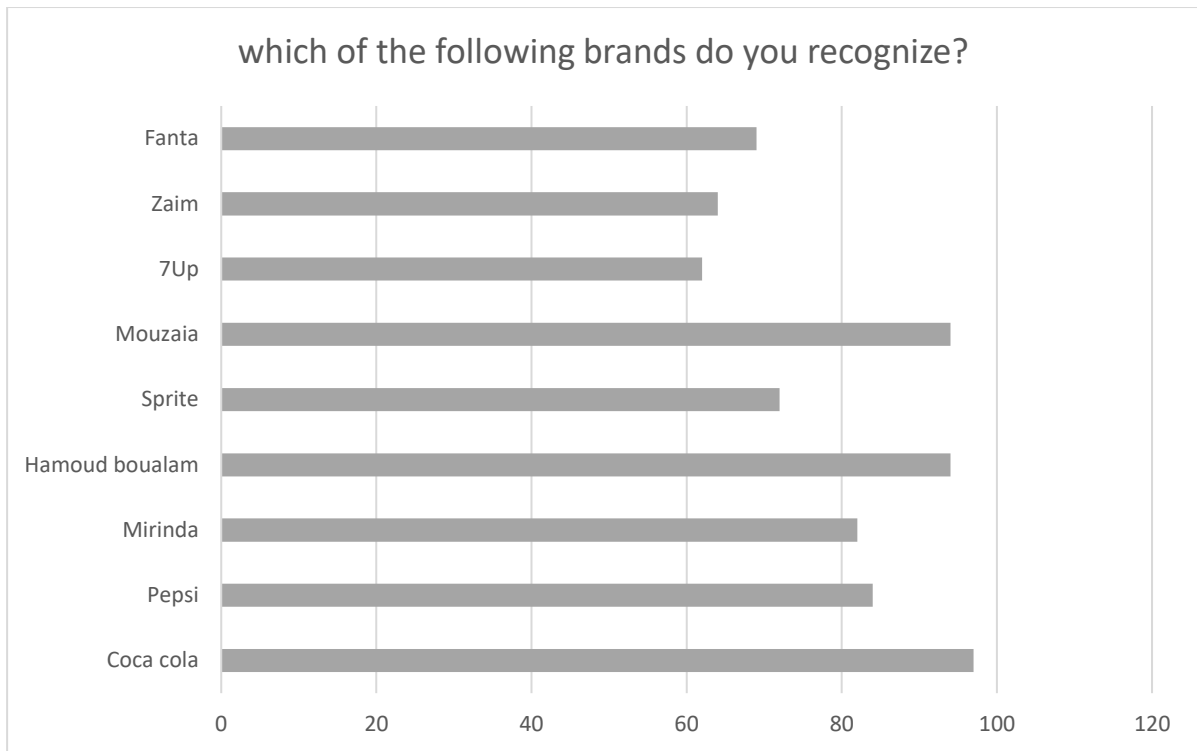
According to the obtained results all the 5 criteria we chose were considered as important to the consumer in the process of decision making while purchasing a soft drink. the taste criteria ranked first by 124 responses out of 130, in the second place comes the price criteria by 115 responses out of 130, the third and fourth place was taken by the multitude in flavor option and size options by 103 and 101 responses out of 130 respectively. While the packaging design criteria took the fifth place by 81 out of 130 responses.

Figure XXVI: brand's name importance

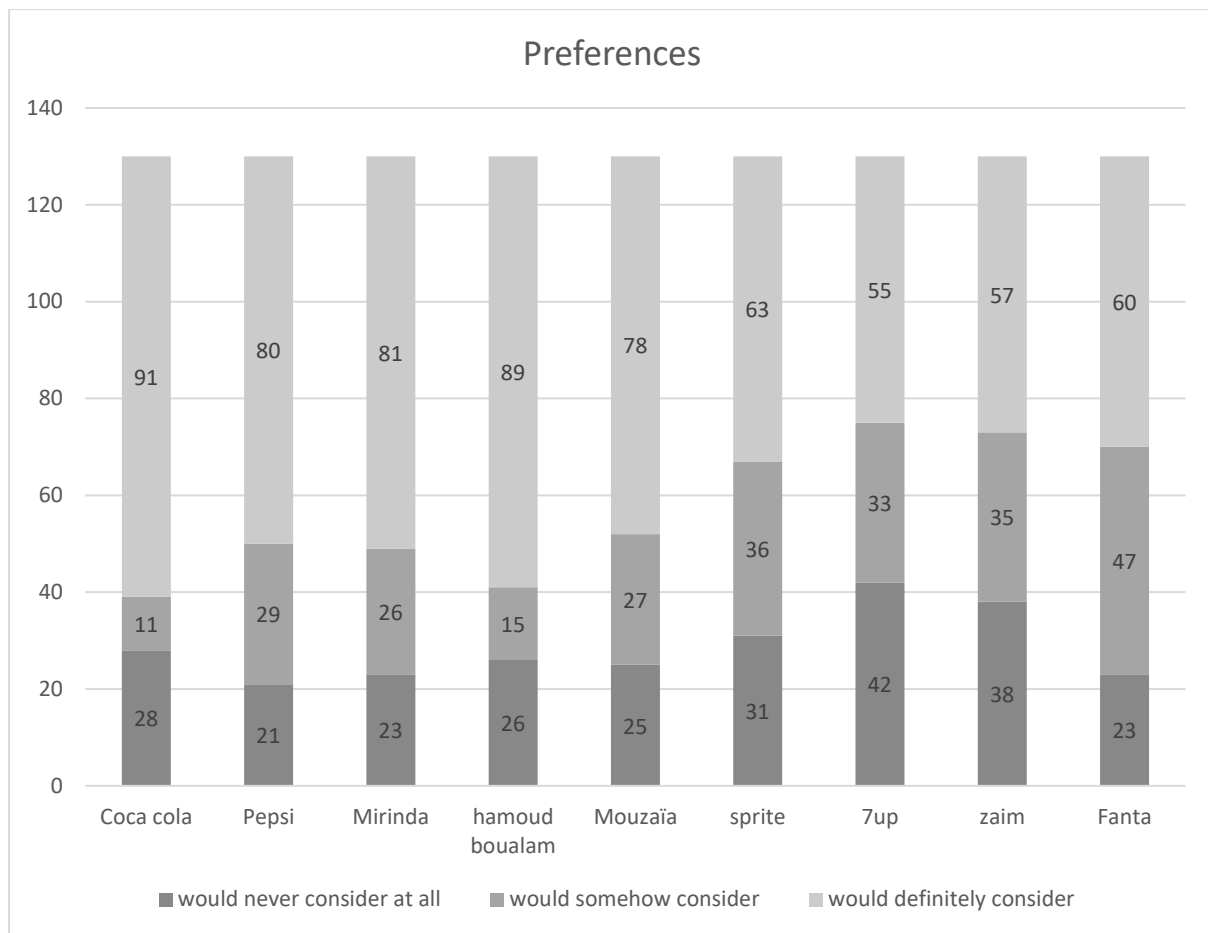


The results of the fourth question indicates that the vast majority of the respondents consider the brands name as an important element by 79%, only 15% said that it's somehow important, while 6% of them said that it's not important.

Figure XXVII: brand's notoriety



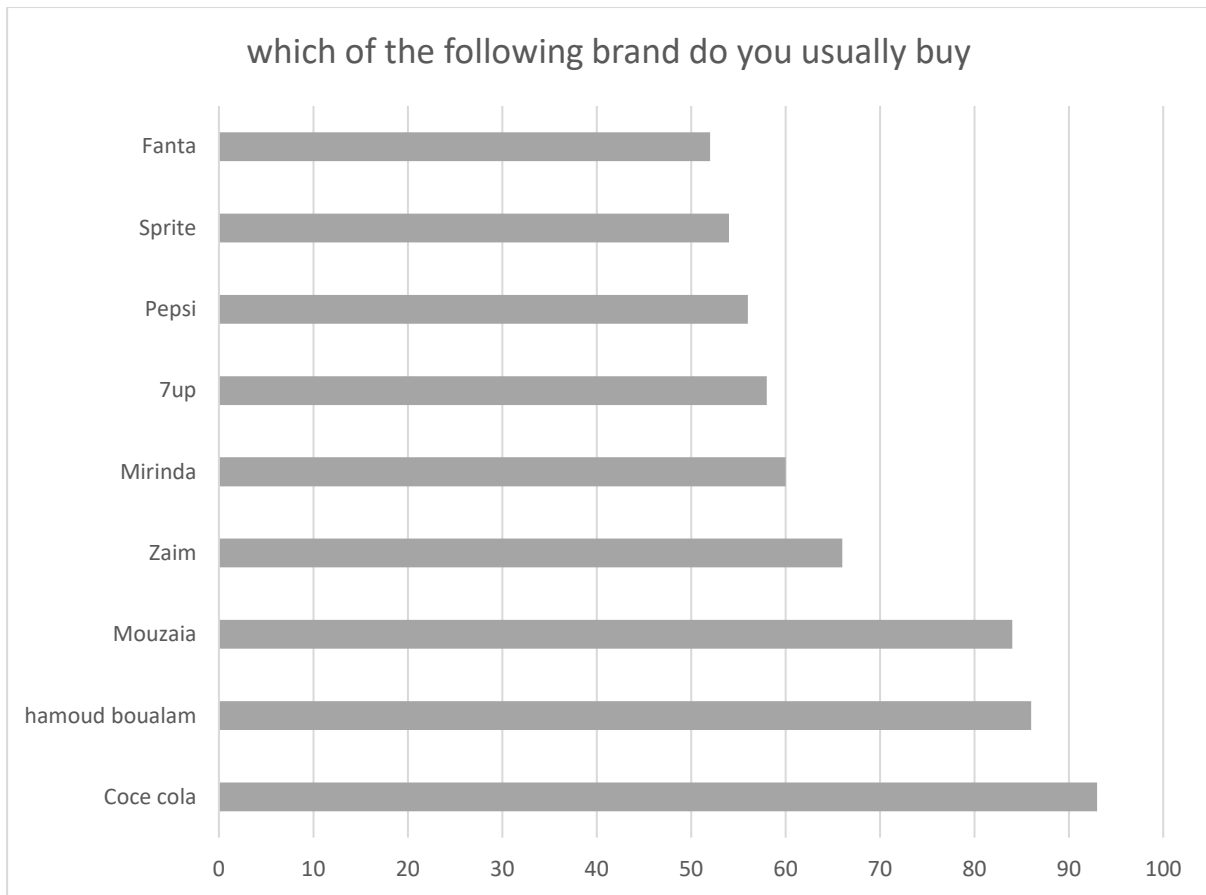
According to the results of the fifth question of this section, CACA COLA took the first place by 97 responses, both HAMOUD BOUALAM and MOUZAIA took the second place by 94 responses, then PEPSI, MIRINDA and SPRITE which took the third (84 responses), the fourth (82 responses) and fifth place (72 responses) respectively, while ZAIM ranked in the sixth place (64 responses) and 7UP in the seventh (62 responses).

Figure XXVIII: respondents' preferences

when asked about their preferences, the respondents were given 5 options to answer with which are: “would never consider at all”, “would somehow consider”, and “would definitely consider”. The top 5 responses of every option indicated that:

- The consumers would definitely consider buying COCA COLA (91 responses), HAMOUD BOUALAM (89 responses), MIRINDA (81 responses), PEPSI (80 responses), then MOUZAIA (79 responses).
- The consumers would somehow consider buying FANTA (47 responses), SPRITE (36 responses), ZAIM (35 responses), 7UP (33 responses), then PEPSI (29 responses).
- The consumers would never consider buying 7UP (42 responses), ZAIM (38 responses), COCA COLA (38 responses), HAMOUD BOUALAM (26 responses) the MOUZAIA (25 responses).

Figure XXIX: respondents buying habits

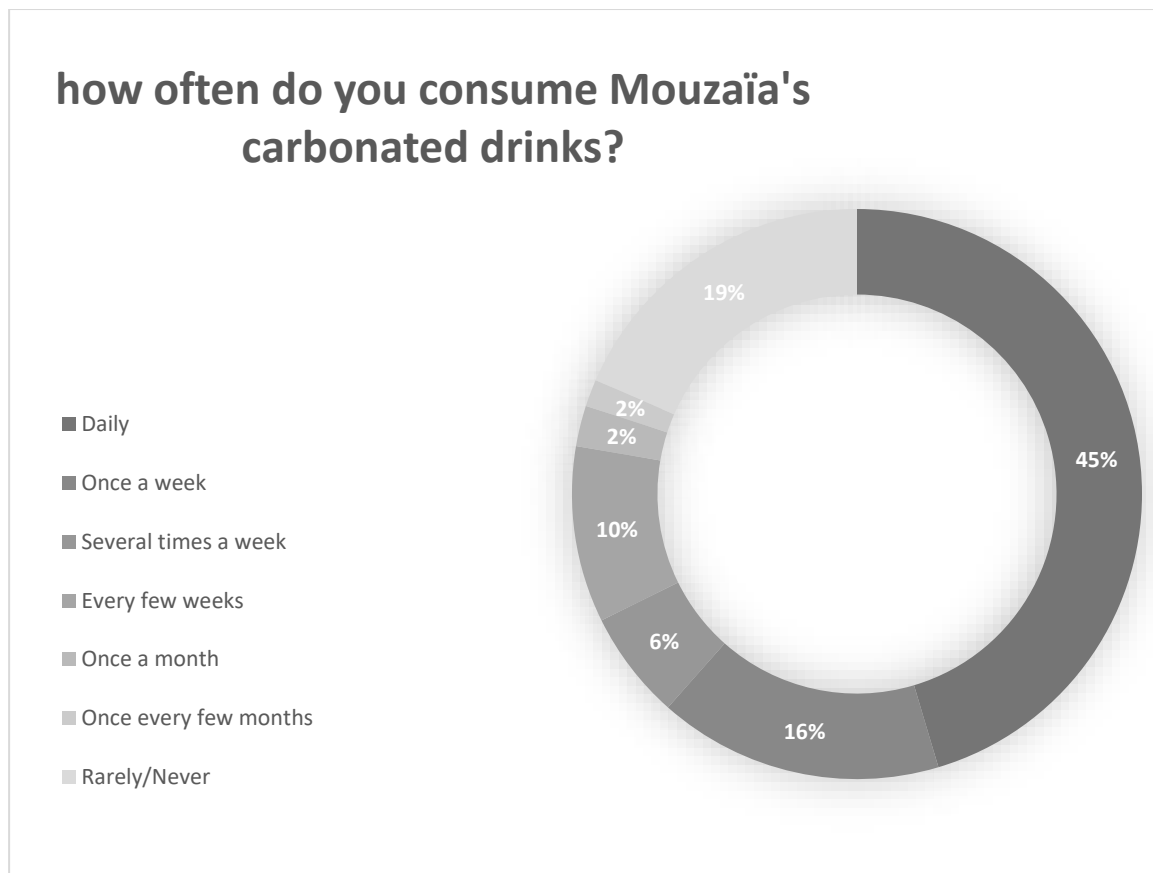


When asked about what they usually buy, the consumers answers ranked the mentioned brands in the following order COCA COLA by 93 responses, HAMOUD BOUALAM by 86 responses, MOUZAIA by 84 responses, ZAIM by 66 responses, MIRINDA by 60 responses, 7UP by 58 responses, PEPSI by 56 responses, SPRITE by 54 responses, and then FANTA by 52 responses.

3 MOUZAIA's soft drink section:

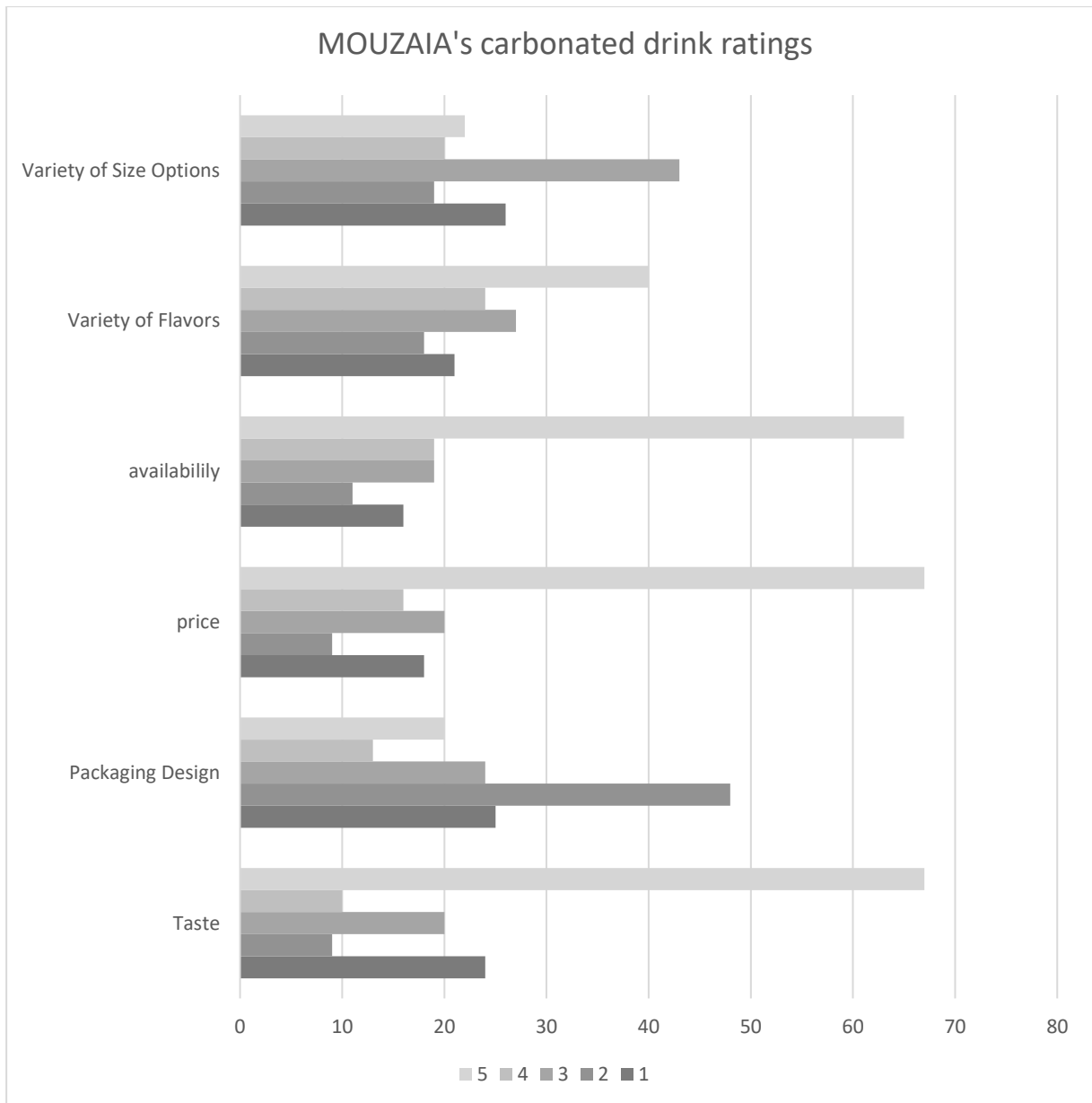
This is a 2 questions section, that revolves around the consumption of MOUZAIA's carbonated drinks.

Figure XXX: MOUZAIA's consumption frequency



In the stay frequency segment, it shows that 59 responses (45%), which represents the majority of respondents consume MOUZAIA on daily bases, while a considerable proportion of 24 respondents (19%) stated that they rarely or never consume it, after that it should be noted that 21 (28%) of them consume it once a week, and 13 (10%) of them consume it every few weeks. Several times a week was the frequency of 8 respondents (6%). While 3 respondents said they consume it once a month, and 2 respondents stated consuming it once every few months.

Figure XXXI: MOUZAIA's carbonated drink ratings



- Taste was, the vast majority of the respondents (67 responses) rated MOUZAIA by a 5 which is the highest rate.
- MOUZAIA's packaging design was rated by 48 respondents.
- 67 respondents rated MOUZAIA's price by a 5.
- MOUZAIA's availability was also rated by a 5 by 65 respondents.
- Same goes for its flavor option variation, where 40 respondents rated it by a 5.
- 3 was the rate given by 43 respondents on its size option variation.

4 Summary of the questionnaire

The demographic section summarizes that the majority of the respondents were women and out of 130 respondents, a majority of them were still young and studying and from the northern part of the country.

All the criteria suggested were considered important for customers to put into consideration when choosing a carbonated drink, same goes for the name of the brand.

Practically, all the brands suggested to the consumers were recognizable, and the consumers more preferable brands consisted on both local and foreign brands, which gives a positive result on local brands competitiveness according to the results of the survey. customers have the hotel service quality provided, they find that the hotel is visually appealing, the food quality is good, the hotel staff are courteous and polite towards them and rooms are of high quality, leisure centers are highly attracting their attention and they are satisfied with their stay in the Sheraton resort hotel.

The respondents also shown positive feedback and satisfaction about MOUZAIA's carbonated drink, which is noticeable through their rating to AQUASIM's product.

Conclusion of the third chapter

In the end of this chapter, after conducting diagnostic of how customers view the service quality provided by the Sheraton resort hotel and its impact on their satisfaction, also, performing the adequate research methodology for our study by applying a quantitative research method using a detailed questionnaire destined for the customers of the Sheraton resort hotel, we were able to make clear the relation between service quality and customer satisfaction.

Therefore, after summarizing the analysis of customer satisfaction, we found that the service quality provided by the Sheraton Club des Pins constitutes an important factor to satisfy and retain customers.

General Conclusion

To summarize, globalization, the opening of the Algerian market, and the liberalization of the economy have resulted in an intensification of competition, forcing companies to adapt through research and the creation of competitive advantage, allowing them to be competitive and stand out from others. The value placed on competitiveness warrants our interest in it.

The goal of this paper is to examine the factors of competitiveness at the company's level. To complete this work, we separated it into two parts, the first, theoretical and based on a reading grid, and the second practical and based on an empirical study. In this example, empirical study of the AQUASIM. As a result of the theoretical corpus, we were able to determine the theoretical underpinnings of globalization. We were first interested in the concept and its multi-definitions while clearing up any confusion that often occurs with that term. Then we concentrate on the determination of its types and phases in the first section, then the exploration of its global actors, in the second section, both of which are covered in one chapter. Then, in another chapter, we zoomed in the area of study to explore the Algerian context in the globalization framework, with the first portion devoted to the analysis of the degree of its integration in this phenomenon. In the second we took even a closer look at the Algerian economy by focusing on its agri-food sector and its current status.

The first part allowed us to locate the concept of globalization in literature, while the second part led us to empirical research designed to validate the theoretical section in the field. Both ideas were confirmed throughout our investigation. This validation helped us to address our main issue. to identify the impact of globalization on local companies, such as AQUASIM.

Hypothesis 1: The Algerian agri-food products are in a less competitive position than foreign products in the Algerian market due to globalization.

The results of our research **refuted** this hypothesis, for the reason that although COCA COLA is a foreign brand and is still leader market which manifest in the results of this survey, local brands like HAMOUD and MOUZAIA did have pretty close results to COCA COLA.

Hypothesis 2: The Algerian agri-food products are in a less competitive position than foreign products in the Algerian market due to their bad quality.

According to the findings in our research, this hypothesis is also **refused**. For the reason that the ratings of MOUZAIA's carbonated drinks shown such a positive feedback, in its taste, price, availability, which highlights the good quality of the local products.

However, we are unable to generalize these results, given the limitations of this study which are; Respondents are 130 responses in a tremendous market that consists of an enormous number of consumers, so it is not wide enough to cover a global perspective.

Finally, it should be said that this work is our first scientific research experience yet it allowed us to acquire knowledge in theory, in practice, and also in methodology. As we wish that other works come to enrich ours. Taking this into consideration, our work should be completed by; studying the impact of service quality dimensions on customer satisfaction, also the importance of customer complaints management regarding customer satisfaction, and finally, managing customer expectations in hospitality.

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