

École des Hautes Études Commerciales



**Graduation Thesis Submitted in Partial Fulfillment of the Requirements for the
Master's degree in commercial sciences**

Major: International Affairs

Theme:

**An attempt to assess the contribution of Algerian banks to the
development of foreign trade**

Case study: BEA 042 Annaba



Submitted by:

Ms. Nada Nesrine SOUALMIA

Supervisor:

Mrs. Hakima BOUDIFA

6th promotion

June 2019

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Abstract

The interest of my research focuses on the study of banking intervention in international economic exchanges, because banks through the policy of the liberalization of foreign trade, gives a constant and permanent attention for the promotion and development of the latter, by creating mechanisms and bank guarantees, in order to facilitate the procedures of international commercial transactions, on the one hand, and to ensure their performance, on the other hand.

Indeed, the banking sector is considered to be the most regulated sector, and is thus at the center of the growth of financial transactions. In particular, it has played a leading role in foreign trade finance.

The practical case and the survey conducted at the BEA 042 agency in Annaba enabled me to identify, in particular through the processing of an import operation by documentary credit, the role of the BEA in the financing of foreign trade.

Key words:

Foreign trade; Financing; Foreign Bank; Import; Export; Documentary credit

Résumé

L'intérêt de ma recherche porte sur l'étude de l'intervention des banques étrangères sur le financement des opérations de commerce extérieur, car les banques ont trouvé une politique de la libéralisation du commerce extérieur, en accordant une attention soutenue et permanente pour la promotion et le développement de ce dernier et en créant des mécanismes et des garanties bancaires, dans le but de faciliter les procédures des transactions commerciales à l'international, d'une part, et d'assurer leurs performances, d'une autre part.

En effet, le secteur bancaire est considéré comme étant le secteur le plus réglementé, et se trouve au centre de l'accroissement des transactions financières. En particulier, il a joué un rôle moteur dans le financement du commerce extérieur

Le cas pratique et l'enquête que j'ai réalisée au niveau de l'agence de BEA 042 d'Annaba m'a permis d'identifier, notamment par le traitement d'une opération d'importation par le crédit documentaire, le rôle de la BEA dans le financement du commerce extérieur.

Mots Clés :

Commerce extérieur ; Financement ; Banque étrangère ; Importation ; Exportation ; Crédit documentaire

Dedications

This Thesis is dedicated to

The one who has always been present, who taught me the true values of life, to my father who has always supported me in all circumstances, without him I will not be here today.

The most courageous, sensitive, generous, the most beautiful woman in my eyes, to the one who gave me love and joy of life, to the one who has always shown affection and understanding towards me, to my dear mother who always watches over me, I cannot thank you enough for your support and love, Insha'Allah you will always be proud of me.

My two lovely sisters: Dallel and Karima.

My dear brothers: Riadh and Yacine.

My friends: Hanane, Asma, Asia and Nawel.

Anyone who has given me a helping hand from near or far.

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I would like to thank my parents and my loved ones, who have supported me throughout the entire process, both by keeping me harmonious and helping me putting pieces together. I will be grateful forever for your love.

I would like to express my sincere and deepest gratitude to my advisor Mrs. BOUDIFA for providing me with guidance and advice throughout my study.

My sincere thanks go to the staff of the BEA: Agency 42 of the Wilaya of Annaba, in particular, my promoter Mrs. BELHANI, for her efforts and her orientations which served me in the realization of my practical internship.

I express my gratitude to the teachers and all the staff of the international affairs department of EHEC Algiers

Finally, I thank all those who participated from near or far in the realization of this work.

List of acronyms

AWB: Air waybill

BA: Bank of Algeria

BC: Central Bank

BCIA : la Banque pour le Commerce et l'Industrie d'Algérie

BADR : La Banque de L'Agriculture et du Développement Rural

BDL : La Banque de Développement Local

B/E: Bill of exchange

BEA: Banque Extérieure d'Algérie

B/L: Bill of lading

BNA: Banque Nationale d'Algérie

CAD: Caisse Algérienne de Développement

CBA: Central Bank of Algeria

CPA: Crédit Populaire d'Algérie

CNEP : Caisse National d'Epargne et de Prévoyance

CNRC : Centre national du registre de commerce

D/A: Documents against acceptance

DOE : Direction des opérations avec l'étranger

D/P: Documents against payment

FBL: FIATA bill of lading

FCR: Forwarders certificate of receipt

FIATA: International Federation of Freight Forwarders Associations

FINEX : La direction des financements extérieurs

FNI: Fonds National d'Investissement

FOB: Free On Board

ICC: International chamber of commerce

IMF: International Monetary Fund

L/C: Letter of credit

LMC: the Law on Money and Credit

NIF: Numéro d'identification fiscal

RFP: Request for Proposal

RFQ: Request for Quotation

VAT: The value added tax

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General introduction

General introduction

At a time when foreign trade is one of the vital imperatives for the economic health of a nation, actors on the international scene (exporters, importers, banks) are daily confronted with the problems created by borders, among those there is one that is the hinge of all international operations: (transactions and monetary exchange with the various regulatory factors).

A country's external economic exchanges reflect its economic situation, its strengths and weaknesses, as well as its place and weight within the international community. Orienting foreign trade in the direction of national interests has always been one of the priority objectives of all policies in a modern society.

In this sense, the role of the bank is essential and important in the various processes undertaken by companies working with foreign countries. Thus, simplifications of procedures, improvement of the financial environment of firms are the keys to success and competitiveness sought by different companies.

However, banks, through their network of agencies and correspondents, are able to provide their clients with all the necessary details about foreign companies.

Nowadays, the activity of companies and banks is more and more oriented towards international exchanges, considering the new world economic order.

Indeed, the development of international trade has resulted in the introduction of a range of means of payment, and an adequate mode of financing for the development and reinforcement of the latter, because these means of transaction constitute the determining parameters and indispensable to any commercial exchange.

In a modern economy or an economy in the process of modernization, the banking system is very important, its role is to collect savings and channel them to the best possible users. The Algerian banking system, as a whole, has set up means to support economic operators in their commercial activities, whether nationally or internationally.

In this context, this work consists of demonstrating the role and the contribution of banks in financing foreign trade operations and emphasizing the techniques used in this sense and the means prescribed by the national banking regulations, while defining the interveners in the process of carrying out the international commercial transaction.

General introduction

Therefore, the objective I assign to the present work is to try to answer the following problematic question: **How do Algerian banks contribute to the development of foreign trade?**

In order to answer the question mentioned above, I will also try to answer some of the following secondary questions:

- What are the changes and prospects of the Algerian banking system since independence to date, and what is the Algerian regulation for the exercise of foreign trade operations?
- What are the usual documents of foreign trade?
- What payment methods and techniques are used in international trade?
- How does the BEA bank carry out an import transaction by documentary credit?
- What is the need to make use of the banking system in foreign trade operations?
- What are the main risks faced by operators during their international exchange?

From the problematic, we can formulate the following hypotheses:

H₁: The BEA Bank's contribution to the financing of foreign trade operations is important thanks to the means of financing offered to their customers, but the documentary credit remains the most efficient and the most secure.

H₂: The establishment of a banking system is conducive to the development of foreign trade.

To complete this study and answer the fundamental question mentioned above, we used the following approaches:

I will adopt a methodological approach as follows: The first is theoretical, developed on the basis of a bibliographic review using books, articles, documents, dissertations, theses and websites and, to find out everything that has been written about foreign trade and the Algerian banking system, as well as the banking regulations governing foreign trade

And in the second approach, I have done a practical internship at the agency BEA 042 Annaba, which allowed me to directly contact the employees of this agency in charge of the foreign trade finance activity; I also did a survey study through a questionnaire within this agency that allowed me to gain information very useful to my work.

General introduction

The theoretical study is carried out in two chapters. In the first chapter, we will be interested in the evolution of banking system and the regulation of foreign trade in Algeria. In the second chapter, we will present the practical modalities of financing international trade. Finally, in the third chapter, we will study a practical case on the intervention of BEA bank in the financing of foreign trade operations in Algeria and analyze the results of the survey.

CHAPTER



I

The evolution of the banking system and the regulation
of foreign trade in Algeria

Chapter 1: The evolution of the banking system and the regulation of foreign trade in Algeria

Introduction

This chapter will discuss the banking business and its environment through the monetary authorities that govern the organization of the sector in which it operates, as well as the banking regulations to which it is subject. The first section consists of giving basic notions about the bank and its environment; in the second section we will give a historical reminder of the Algerian banking system that we consider useful for understanding the context in which the banking business has evolved and the third section will be devoted to mention the regulations issued by the Bank of Algeria to control the banking system in the practice of foreign trade, including financing.

Section 1: Generalities on Banks

In this first section, we will define the concept "bank" and the different notions related to the latter.

1.1. Definition of bank

Several definitions have been given to the bank, but the most significant ones are those that are close to the economic and legal structure and the function of the latter:¹

- ❖ **Crowther** says "A bank is a dealer in debts- his own and other peoples".
- ❖ **Jhon Harry** says "Bank is an economic institution whose main aim is to earn profit through exchange of money and credit instrument."
- ❖ **R.P. Kent** says "A bank is an institution, the principal function of which is to collect the unutilized money of the people and to lend it to others."
- ❖ **R.S. Sayers.** Says "Banks are institutions whose debts are commonly accepted in settlement of other people's debts."
- ❖ **Cairn cross** says "A bank is a financial intermediary- a dealer in loans and debts."
- ❖ "A bank is an establishment which trades in money, an establishment for deposit, custody, and issue of money and also for granting loans and discounting bills and facilitating transmission of remittances from one place to another." **Definition by "Imperial Dictionary"**

¹ <https://bankallinfo.org/index.php/2018/07/24/definition-of-bank-by-different-authors/> accessed March 15, 2019 at 12:23

Chapter 1: The evolution of the banking system and the regulation of foreign trade in Algeria

❖ Legal definition²

"The banks are legal entities, which carry out as usual progress and mainly the operations described in articles 110 to 113 of the law n ° 90-10 of April 10, 1990 relating to money and credit, which was revised in 2001 et in 2003, and modified in the article N ° 11-06 of October 19th, 2011, in order to develop and modernize the banking activity in our country.

According to the above definitions, it can be said that bank operations include the receipt of public funds, credit operations as well as the provision of domestic and international means of payment and the management of these.

1.2 Typologies and role of banks

The development of the world economy and the changes in financial, economic and political conditions make the organization of the banking profession a necessity for a modern nation.

1.2.1 Types of banks

During the last three centuries different types of banks have developed. Each type usually specializes in a particular kind of business. We can; therefore, distinguish the different banks according to the functions they perform:³

1.2.1.1 Retail Banks:

Retail banks offer members of the general public financial products and services such as bank accounts, loans, credit cards and insurance. In some cases, they can set up checking accounts and make loans for small-scale businesses as well. In retail banks customers can access in-person, online or through their mobile phones.

1.2.1.2 Commercial Banks:

Although there are some types of commercial banks that help everyday consumers, commercial banks tend to concentrate on supporting businesses. Both large corporations and small businesses can turn to commercial banks if they need to open a checking or savings account, borrow money, get access to credit or transfer funds to companies in foreign markets.

² Oubelaid Katia, Ouazene Souad ; Master Thesis : « *L'intervention bancaire dans les échanges économiques Internationaux, Cas pratique : BADR 357 de Bejaia* » ; The university of Bejaia ; (2015) ; p.7

³ <http://www.economicdiscussion.net/banks/7-important-types-of-banks-discussed/1879> accessed March 15, 2019 at 14:08

Chapter 1: The evolution of the banking system and the regulation of foreign trade in Algeria

1.2.1.3 Exchange Banks:

Exchange banks finance mostly the foreign trade of a country. Their main function is to discount, accept and collect foreign bills of exchange. They also buy and sell foreign currencies and help businessmen to convert their money into any foreign money they need. Their share in the internal trade of a country is usually small. In addition, they carry on ordinary banking business too.

1.2.1.4 Industrial Banks:

These banks perform the function of advancing loans to industrial undertakings. Industries require capital for a long period for buying machinery and equipment. Industrial banks provide this type of capital. Industrial banks have a large capital of their own. They also receive deposits for longer periods. They are thus in a position to advance long-term loans.

1.2.1.5 Investment banks:

Help businesses work in financial markets. If a business wants to go public or sell debt to investors, they'll often use an investment bank. On one hand, they manage the trading of stocks, bonds and other securities between companies and investors. On the other hand, they might focus their energy on advising individuals and corporations who need financial guidance, reorganizing companies through mergers and acquisitions, managing investment portfolios or raising money for certain businesses and the government.

1.2.1.6 Agricultural or Co-operative Banks:

The main business of agricultural banks is to provide funds to farmers. They are worked on the co-operative principle. Long-term capital is provided by land mortgage banks, nowadays called land-development banks, while short-term loans are given by co-operative societies and co-operative banks. Long-term loans are needed by the farmers for purchasing land or for permanent improvements on land, while short-period loans help them in purchasing implements, fertilizers and seeds.

1.2.1.7 Savings and loans Banks:

These banks perform the useful service of collecting small savings. Commercial banks too run "savings departments" to mobilize the savings of men of small means. The idea is to encourage thrift and discourage hoarding.

Chapter 1: The evolution of the banking system and the regulation of foreign trade in Algeria

1.2.1.8 Central Bank:

Over and above the various types of banks mentioned above, there exists in almost all countries today a Central Bank. It is usually controlled and quite often owned by the government of the country. In terms of banks⁴, the central bank is the head honcho. Central banks manage the money supply in a single country or a series of nations. They supervise commercial banks, set interest rates and control the flow of currency.

Central banks also implement a government's monetary policy goals, whether that involves combating deflation or keeping prices from fluctuating. If necessary, they can lend money in rough economic times to keep the monetary system from collapsing.

1.2.2 The role of banks

Bank has various roles and objectives as per other financial organizations. But banking organization viewpoint is exceptional than others. The roles and objectives of a bank can be viewed from three different perspectives:⁵

1.2.2.1 The role from the viewpoint of Bank owners:

- **Earning profit:** Profit motive of the owners of the Bank acts as a driving force in engaging themselves in the business of banking like all other business.
- **Rendering Services:** Bank renders various services to society as a part of their social commitment and this is a prime objective for engaging in the banking business. Bankers are not only to make the profit but also to do some good for the society.
- **Investment of fund:** The owners of the bank treat the bank as a suitable sector to invest their accumulated saved money.
- **Earning goodwill:** The owners of the bank take a bank as a way of earning goodwill by enhancing the periphery of their banking business.
- **Raising efficiency:** The owners sharpen their managerial skill and efficiency by ensuring the smooth operation of their banking business.

1.2.2.2 The role from the viewpoint of the government:

- **Issuance of Note and currency notes:** Government issues notes and currency as a medium of exchange through banks.

⁴ <https://smartasset.com/checking-account/types-of-banks> accessed March 15, 2019 at 15:46

⁵ <https://bankallinfo.org/index.php/2018/07/24/definition-of-bank-by-different-authors/> accessed March 15, 2019 at 16:05

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- **Formation of capital:** Government always encourages the formation of **capital** in society through households and bank act as a catalyzing force in the formation of capital in different sectors of the society.
- **Investment of capital and industrialization:** Bank helps investment of ideal money through its various asset products and expedites industrialization. Eventually, this helps the growth of GDP, alleviating poverty and ensures equal distribution of wealth.
- **Control of money market:** Bank by its various products help in controlling money market (supply of money in the market) and guards against the economy to be inflated.
- **Creation of employment:** Bank to fulfill its human resource requirements and create large employment opportunities.
- **Counseling in financial matters:** Banks sometimes put up effective suggestions to Government in financial matters from their part.

1.2.2.3 The role from the viewpoint of bank customers:

- **Safe custodian of public money:** Bank acts as a safe custodian of public money. By depositing own money into a Bank account people get rid of worries like theft, burglary, and snatching.
- **Custodian of public money:** Sometimes the bank acts as a financial adviser and counselor to its customers in various aspects.
- **Representative or trustee:** Bank sometimes performs the role of a representative or trustee on behalf of its customers.
- **Providing credit facility:** Bank provides credit facility to its customers and makes opportunities to invest in the profitable sector and by the process create income opportunities for customers.

1.3 Customers of the bank

The bank's clientele is made up of two categories of agents namely: businesses and individuals.⁶

⁶ Oubelaid Katia, Ouazene Souad ; op.cit., p.16

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1.3.1 Businesses:

They are individuals (natural persons) or groups of individuals (legal persons) considered in the exercise of their activity.

The company needs various goods (fixed assets, raw materials, finished products, etc.). To be able to operate and maintain its activity by using a financial contribution. The company must first rely on its own funds. If necessary, it can appeal to third parties (banks, suppliers).

In order to meet the needs of companies, banks have set up various types of long-term and medium-term loans (purchase of equipment) and short-term loans (overdrafts, cash facilities, discount of commercial papers, endorsements, bonds ...).

The bank can also offer its services in terms of advice, information, assistance and know-how in relation to the capital markets.

1.3.2 Individuals:

The notion of individuals means natural persons and this regardless of their social and professional positions. These are the individuals who have the income they use for consumption and savings.

Individuals act on their own account. As a result, the acts and transactions performed by them are not commercial in nature.

1.3.3 The state:

The state is represented by all public institutions and local authorities, which carry out several operations and relations with the bank.

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Section 2: The evolution of the Algerian banking system

The Algerian banking and financial system was constituted in two main stages. The first step was the establishment of a national banking system, the second in its liberalization to the private sector, both national and foreign.

2.1. Colonial phase ⁷

In Algeria, the banking existence traced its roots back to the French colonial period, where the Algerian banking system was among the developed banking systems in the north of Africa and French colonies. During this period, the Algerian banking system was composed of; the Bank of Algeria (1851) (la Banque de l'Algerie) that was an annex of bank of France (Banque de la France), in which its role was the issuance of money, providing loans for financing the colonial economic activities and assuring the services of currency exchange.

Furthermore, there was a vast network of commercial banks, financial institutions operated in Algeria. In fact, the majority of banks operated in Algeria were branches and subsidiaries of French banks such as (la Société Générale, Le Credit Lyonnais... etc.). In order to organize and control the banking activities, French authorities established the Algerian Council of Credit that had a mission of setting regulations and legal framework and providing propositions and consultations concerning the development of the banking system.

In general, Algerian banks were just an extension of the French banking system; they were created to guarantee the financial needs of the colonial economy. Hence, the banks were installed in the large cities where the colonist widely exists. In addition, they specialized financing the colonist agriculture activities, foreign trade, petrol and mining exploitation. On the other hand, they neglected to finance the activities related to the Algerian interests.

2.2. Sovereignty phase

After the independence in 1962, the Algerian government undertook to build an economy independent from the colonial economy in order to accomplish the independence of the country. Following the political ideology, the Algerian authorities have adopted a socialist economy oriented by the state; this choice has been justified by the objective of improving the living conditions of the Algerian people.

⁷ HACINI.Ishak, DAHOU.Khadra; « *The evolution of the Algerian banking system* », Management Dynamics in the Knowledge Economy Vol.6 (2018) no.1, pp.147-152; Faculty of Management (SNSPA)

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On the other hand, the period of independence has witnessed a contraction of the financial institutions' activities, as a result of the departure of the businessmen of the colonists and the transferring of their capital and investments outside Algeria. Thus, many banks stopped their activities by closing their branches which led to a shortage of financing the economic activities. Moreover, the remaining foreign banks, which followed the liberal economic doctrine, have refused to finance the investment programs of the Algerian government; they also refused to deal with the state-owned- companies for the reason that these programs and companies are programs with social objectives and unprofitable programs which contradicts with their commercial objectives.

In these circumstances, it was necessary for the Algerian authorities to establish an Algerian banking system that supports and finance the ambitious programs for the economic development. Thus, to reach this objective and monitor the credit policies, the Algerian authorities have outlined the process of "Algerianisation". In this context, the treasury was created in August 1962. The principal role of the treasury is ensuring the financial resources for executing the budget of the state. The Treasury has been charged also monitoring the financial and accounting's organization of the state- owned enterprises.

Central Bank of Algeria (CBA) was set up in December 1962, in which its principal role was orienting and protecting the Algerian economy in a manner that ensures the general interest of the country. For this purpose, CBA was charged for creating and maintaining money (Algerian Dinar) as Algeria moved out of the Franc, making and controlling currency exchange, and assuring the financing of the economy directly and indirectly through the commercial banks and the financial institutions. CBA was charged with providing loans and advances for financing the state-owned enterprises and the agriculture sector. In summary, CBA plays different roles; Bank of Banks, Bank of State and Bank of Exchange.

In the context of the process of Algerianization, the government has endeavored to construct a core of Algerian commercial banks. Thus, a set of public banks was created as, the "Caisse Algerienne de Développement" (CAD) was created in May 1963, as the first investment bank created by CBA. CAD had a role in financing the development's programs planned by the state through providing the medium and long term loans. Furthermore, CAD had contributed to creating the state-owned-enterprises in different sectors and finance their activities.

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In order to collect savings, the “Caisse National d’Epargne et de Prévoyance” (CNEP) was created in August 1964. CNEP has been considered as a bank of housing in which it was responsible for financing the housing programs through promoting and encouraging the households’ savings. In fact, CNEP has ensured the financing of the operations of construction, operations of local communities, and operations of private that have the general interest.

However, the Algerian authorities during this period have planned set of development programs that had economic-social objectives but these programs have needed the financing. For this purpose, the Algerian government has searched for creating its own banking sector, while the existed foreign banks have refused to finance these programs.

2.3. Nationalization and socialization phase

In 1966, the Algerian banking network has expanded by creating three commercial banks as a result of the nationalization process of the foreign banks that had operated in Algeria since the colonial period. Thus, “Banque Nationale d’Algérie” (BNA) was created in 1966 as a national corporation. BNA was created to succeed the operations of foreign banks that stopped their activities among these banks, Le Credit Foncier D’Algerie et de Tunisie, La Banque National pour le Commerce et l’Industrie, La Banque du Paris et des Pays-Bas. BNA has provided all the services of a bank, in which it collects saving from the public as a form of deposits, provides all types of loans to the privates and enterprises, and ensures the exchange operations. Moreover, the enterprises of the public sector have been obliged by the government to deal only with BNA.

- **The “Crédit Populaire d’Algérie” (CPA)** was created in 1966, as a national corporation. It was established to succeed the operations of; Caisse Centrale Algerienne de Credit Populaire, Societe Marseillaise de Credit, Companies Francaise de Credit et de Banque. However, CPA was provided all the services of a bank, where, its activities covered the operations of hotelier, tourism, fishing and craft activities.

- **The” Banque Extérieure d’Algérie” (BEA)** was created in 1967. It succeeded the activities of Credit Lyonnais, Credit du Nord, Societe Generale, Banque Industrielle de l’Algerie et de la Mediterranee. BEA is a bank that provides all services of a bank. Its functions focus mainly on facilitating and developing all transactions between Algeria and foreign countries.

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However, the main characteristic of this period is the domination of the state on the economic activities and the orientation of the banking sector to finance these activities. Thus, the government has relied principally on the treasury to allocate the financial resources to the investment programs which implies that the role of the banking sector was passive.

Moreover, banks' credit policies were determined completely by the state that did not take into account the banks' profitability. Rather, the programs of development were financed by the public treasury and the banks were just an intermediate that transfers the funds to state-owned-enterprises. This means that the objective of the banks was purely accounting rather than financial, in which providing loans to enterprises regardless of their financial health and performance.

In the context of the central planning, the banking sector in Algeria was subjected to a set of restrictions that had a negative impact on its profitability. The Algerian authorities have obliged the state-owned enterprises to localize their financial operations in one bank. This was introduced in the context of realizing the mono-bank principle which allows monitoring and controlling the enterprises' activities and ensuring that these enterprises operate to realize the government's plans. For example, BNA has specialized in financing the enterprises of the agriculture sector, BEA has specialized in dealing with enterprises of industry sector and CPA has specialized in services and construction sectors. Therefore, these principles have prevented the development of the banking sector in which killed the competition among banks in collecting savings and allocating loans efficiently.

During this period, banks have been prohibited from managing their profits and revenues autonomously in which banks need the approval of the central authorities for all decisions even the decisions concerning the investment of their financial resources. This restriction was imposed to prevent banks working for their private interest which might harm the state's investment programs. Thus, any investment plan or financial decision should subject to the approval of the central authorities which might prevent the banks to set their strategies based on the business logic.

However, the Algerian authorities have emphasized on the principle of the centralization of the resource allocation to ensure orienting resources according to the state objectives without taking into consideration the banks' objectives. in this period the principal institution in the

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Algerian financial system is the treasury in which it managed the state financial resources, while the banking sector is just a channel that distributes capital according to the state plans.

2.3.1. The period (from 1970 to 1978)⁸

This period is marked by the reform of 1970, because of the constraints encountered by the public authorities, following the intense investment phase of the first quadrennial plan; these constraints led them to entrust commercial (primary) banks with the management and control of the financial operations of public enterprises. Consequently, this new vocation attributed to the Algerian banking system necessarily implied in the framework of the 1970 reform, the reorganization of all the financial structures of the country.

As part of this law, various measures have been taken, the main ones are: ⁹

- Adjustment of the procedure of granting overdraft to public companies, as operating financing.
- The division of tasks, as regards the realization of planned productive investments of the public sector.
- The definition of the mode of financing investments of the public companies.
- Strengthening the role of financial institutions in mobilizing national savings.
- The automatic domiciliation of public companies, in the different banks, and the definition of the terms of payment.
- The setting of interest rates, at a central level, and after consulting the National Credit Council.
- The institution of two procedures to support the public enterprises with deficit management.

2.3.2. The period (from 1978 to 1982) ¹⁰

In 1978, the Algerian banking system allocated the financing of so-called "strategic" investments to the public treasury, in the form of long-term repayable loans. Short-term bank credit is removed from the planned investment financing system, with the exception of certain activities (transport and services).

⁸ AYAD Fouzia, TAHIR Kahina ; Master Thesis : « *Analyse des performances du système bancaire Algérien : cas de la banque BADR (Bejaia)* » ; The university of Bejaia ; (2016) ; p.20

⁹ Oubelaid Katia, Ouazene Souad ; op.cit., p.73

¹⁰ CHERIGUI Chahrazed ; Magister Thesis : « *Le financement du commerce extérieur par les banques Algériennes* » ; The university of Oran ;(2014) ; p.16

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The 1982 law introduces a new doctrine. The intervention of the primary banks in the financing of public investments should obey the criteria of financial profitability.

With regard to the private sector, the banking sector rarely intervenes as an investment credit provider; this sector tends to be self-financing.

2.4. Restricting phase

In this phase, the Algerian banking sector was enhanced by creating two commercial banks:

-**“La Banque de L’Agriculture et du Developpement Rural” (BADR)** was created in 1982 to replace BNA in the role of financing the agriculture sector. Thus, BADR was charged to finance the programs of agriculture development and agro-industrial industries in order to realize the objective of increasing the agricultural production and realizing self-sufficiency of food products.

-**“La Banque de Development Local” (BDL)** was created in 1985. It replaced the CPA in its activities of financing the state-owned-enterprises with the economic nature and financing the investment plans of the local authorities. In fact, BDL was created in the context of realizing the local development by ensuring the necessary financing to the local enterprises and the local investment projects. The creation of these specialized banks is included in the context of the organizational restructuring of public enterprises. It was also for the purpose of the expansion of the banking sector to cover all sectors across the country. In 1985 the number of the commercial banks reached six banks all of them are owned by the state.

However, the main characteristic of this period is restructuring the state-owned enterprises in order to improve their profitability. Thus, at the beginning of the years of the eighties, the enterprises have got their autonomy in determining their policies and objectives in the context of the process of management decentralization. They have been benefited from relaxing the bureaucratic control procedures.

In addition, enterprises have been benefited from the financial restructuring by effacing their debts, where, treasury intervened to clean the long-term debts of enterprises to improve their financial situation. On the other hand, enterprises were required to assume their responsibilities and financial engagements toward banks in the future.

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2.5. Liberalization phase

In 1986, the Algerian economy has witnessed a severe crisis caused by a drastic fall in oil prices, which led to the contraction of the exportation revenue and economic growth rate which registered negative values. This, in turn, led to the collapse of the currency reserve and increasing the level of external debt and the debt service.

In light of these realities, it was necessary, making a set of reforms touching the majority of economic sectors among them the banking sector. The Algerian banks have suffered from the insolvency problem that was aggravated by the critical situation of the state-owned-enterprises that failed to attain their objectives and hence impeded the banks' performance. Therefore, the law of bank and credit of 1986 was issued in order to include radical changes in the banking sector. Algerian authorities also sought to determine the legal framework that defines the activities of the different financial institutions.

The management autonomy has been given to the banks to determine their credit policies in the context of the national plan of credit. Hence, banks were able to collect deposits whatever their forms and duration and provide loans in short and long term, also they enjoy the entire responsibilities to evaluate and manage the credit risk. However, the objective of the flexibility in determining the bank credit policies was increasing the banks' role in collecting all financial resources to finance the investment programs and reduce the role of treasury in financing these programs.

The reforms have enabled the Central Bank to retrieve its traditional role as the bank of banks, control the loan distribution and determining the monetary policy. The law also organized the different relationships between the bank and its customers, and it established a new control and advisory entities. The authorities in Algeria have endeavored through the law of 1986 to correct the mission of the banks, in which the bank credit policy should be determined based on economic objectives rather than social objectives. However, this autonomy didn't have a great impact on bank sectors because the enterprises owned by the state were not autonomy and they still managed by a centralized system. In addition, some points of this law were not applied and they have remained just an ink on paper.

In order to eliminate the shortcoming that appeared in previous reforms, the law of banks autonomy came in 1988 to complete and modify the law of 1986. The Law of 1988 was established for the purpose of achieving the process of providing the autonomy to the

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economic public enterprises including the financial institutions. Thus, the economic public enterprises were required to subject only to the logic of the performance and profitability. Hence, this orientation has confirmed the principle of management's independence of the banks as an economic enterprise.

At the end of the eighties, Algeria has witnessed a multidimensional crisis (political, social, and economic) which was characterized by a poor production system, high level of external debt, decline of exports, and contraction of currency reserve that has led to reducing the importation. These situations have influenced negatively the Algerian living standards. The Algerian people were unsatisfied with this situation and they have called the authorities to make reforms, including political reform, which caused the explosion of the events of October 1988.

These situations have forced the Algerian authorities introducing a set of political and economic reforms. In the economic aspect, the essence of the reforms was switching the national economy from system highly dominated by state (socialist) to the market-oriented system. Following to International Monetary Fund (IMF) recommendations, Algeria has worked to reconstruct the economy to sustain long- term growth by creating a favorable macroeconomic environment. Thus, programs of macroeconomic stabilization and structural reform have been launched as began as early as 1988. The objectives of these programs were correcting macroeconomic imbalances, attracting foreign direct investment, and promoting the private sector by encouraging privatization.

In order to realize the objectives of the economic reforms, it was necessary to make fundamental financial reforms. To this end, the Law on Money and Credit (LMC) was issued in 1990, in which it aimed to construct a modern banking system that it is able to meet the requirements of the market economy system. The main objectives of this law were moving from the directed credit banks to market-determined credit banks and enhancing the modernization and competitions in the banking sector, by devoting the following principles:¹¹

- The autonomy of the central bank which becomes the bank of Algeria;
- regulation of the banking system by independent administrative authorities;
- The separation between the regulatory and licensing authority of the banks and the

¹¹ « *Guide des banques et des établissements financier en Algérie* », (2015), p.11

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supervisory authority;

- The monopoly of banks on banking operations.

2.5.1. The monetary and banking reform of 1990 and its objectives:¹²

Following the adoption of the law on money and credit in April 1990, the monetary and banking reform came to reinforce the economic reforms initiated in 1988, and put an end to the triple crisis of indebtedness, inflation and management. So, the purpose of this law was to put an end to any administrative intervention, and to establish institutions and instruments to create an autonomous regulatory authority. The mission of this authority is the achievement of the objectives of the reform and the conduct of programs of breaks, rehabilitation and innovations in the structures of the Algerian banking system:

➤ The breaks

To finally put an end to the sources of indebtedness and inflation, it had to break the institutional links and the instrumental forms between the Central Bank (BC), the primary banks (commercial) and the public treasury.

➤ The rehabilitations:

The law on money and credit aimed to rehabilitate the national currency (the Algerian dinar), and also to rehabilitate the monetary authority and the status of the bank as a banking enterprise. The objective of this monetary rehabilitation is to create a business climate conducive to savings, investment and growth.

➤ The innovations:

The Currency and Credit Act introduced institutions, instruments and mechanisms for supply and demand of capital. By its device, it aimed to diversify the sources of financing of economic agents including large companies; therefore many new financial activities were opened in front of Algerian banks.

2.5.2. Monetary regulation in Algeria

Aiming to get rid of the debt-saving financing system, and move to a system of financing through savings and the market, the economic reforms initiated in Algeria since 1988, especially the law on money and credit has provided for bodies, instruments and mechanisms for monetary regulation, namely:

¹² AYAD Fouzia, TAHIR Kahina, op.cit., pp.21-23

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- **Le Conseil de la monnaie et du crédit : (The Council of Money and Credit)**

As the Board of Directors of the Bank of Algeria (BA), and as a single monetary authority independent of the public treasury, this body's mission is to design, formulate and define the objectives and instruments of monetary policy. And credit, which are implemented by the structures of the Bank of Algeria (B.A).

- **La Commission bancaire: (The banking commission)**

The Banking Commission is the supervisory body for the application of banking regulations. It has a power of sanction against banks.

- **La Centrale des risques bancaires: (The central of banks risks)**

To help protect savers by forcing banks to respect the coverage and risk division ratios. And With regard to instruments and mechanisms, the Bank of Algeria (B.A) intervenes through prudential regulation of risks and regulation of the money market.

2.5.3. Adjustments to the law on money and credit

- **Ordinance No. 01-01 of 2001 amending and supplementing the Law on Money and Credit:**

Without touching the autonomy of the Bank of Algeria (BA), adjustments have been introduced with the aim of enhancing the influence of the executive in the decision-making on the monetary policy of the country. To do this, Ordinance No. 01-01 amending and supplementing Law 90-10 was created, splitting the Council of Money and Credit into two bodies:

- The Board of Directors, responsible for the administration and organization of the B.A;
- The Council for Money and Credit, which plays the role of the monetary authority. It is composed of seven members, three of whom are appointed by presidential decree, whereas there were four in law 90-10.

- **Ordinance No. 03-11 of 2003 on money and credit:**

In 2003, the Algerian banking system was marked by the bankruptcy of the two private banks. These are the bank EL KHLIFA and la Banque pour le Commerce et l'Industrie d'Algérie (the Bank for Trade and Industry of Algeria) (B.C.I.A). Faced with this situation, the public authorities proceeded to recast the law on money and credit, this to prevent this kind of financial outbursts from occurring in the future. So, the conditions required to the actors of the banking system so that this recasting

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can reach its success:

- Allow the Bank of Algeria (BA) to better exercise its prerogatives;
- Strengthen the consultation between the B.A and the government in financial matters;
- To allow a better protection of the banks of the place and the savings of the public.

- **Ordinance No. 10-04 of August 26, 2010 relating to money and credit:**¹³

The main measures are:

- Foreign holdings in banks can only be authorized under a partnership in which the national resident shareholding represents at least 51% of the capital. By national shareholding, one or more partners can be authorized.
- The State will hold a specific share in the capital of banks and financial institutions with private capital and by virtue of which it is represented, without voting rights, within the social organs.
- The State has a pre-emptive right on any transfer of shares or similar securities of a bank or a financial institution.
- Disposals of shares or similar securities in companies under Algerian law that have not been realized in accordance with the provisions of Ordinance No. 01-03 on the development of the investment are null and void.
- Any transfer of shares or similar securities of a bank or financial institution must be authorized in advance by the Governor of the Bank of Algeria in accordance with the conditions laid down in a regulation made by The Council of Money and Credit, not yet published.
- The Algerian bank's (additional) mission is to ensure price stability and right to establish the balance of payments and to present the external financial position of Algeria.
- Banks are obliged to set up an internal control and compliance control system. In the latter case, this involves compliance with laws and regulations and compliance with procedures.
- The bank of Algeria organizes and manages a business risk center, a household risk center and a central unpaid.

Other measures have been introduced aimed at strengthening the institutional framework, strengthening the control of banks and financial institutions, protecting the clientele and the

¹³ « *Guide des banques et des établissements financier en Algérie* », op.cit., p.12

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quality of banking services, in particular by strengthening the obligations of the primary banks regarding their customers or affirming the principle of the right to the account.

- **Law No. 17-10 of October 11, 2017 supplementing the Ordinance No. 03-11 of August 26, 2003 on Money and Credit:**¹⁴

the Bank of Algeria, upon the entry into force of this provision, shall, on an exceptional basis and for a period of five (5) years, purchase directly from the Treasury securities issued by it the effect of participating, including:

- covering the financing needs of the Treasury;
- the financing of the internal public debt;
- the financing of Fonds National d'Investissement (the National Investment Fund) (FNI).

This mechanism is implemented to support the implementation of a structural reform program by the end of the above-mentioned period, in particular, to the restoration of:

- State treasury balances;
- the balance of payments.

A mechanism for monitoring the implementation of this provision by the Treasury and the Bank of Algeria is defined by regulation.

2.5.4. Banks and Financial Companies in Algeria:¹⁵

After the process of the reforms, it could be said that the banking system in Algeria today changed radically, where it moved from closed-central system to independent open system. In 2015, the banking system is composed of twenty commercial banks and eight financial companies and a group of liaison offices of foreign banks, as the table 1 shows

Concerning the commercial banks, six of the commercial banks are public; while thirteen are privates all of them are foreign banks except "Al Baraka bank" which has mixed capital (public + private). Despite, the superiority of the private banks in term of the number the public banks capture the majority of the banking activities, regarding the vastness of their branch network. The public banks cover all the national territory while the existence of the private banks is limited in the large cities and in the north of the country. At the end of 2015, The branches 'number of public banks was 1123 and just 346 branches of the private banks

¹⁴ Law No. 17-10 of October 11, 2017 supplementing the Ordinance No. 03-11 of August 26, 2003 on Money and Credit

¹⁵ HACINI.Ishak, DAHOU.Khadra, op.cit.p.155

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Table 1: List of Banks and Financial Companies in Algeria

I: Commercial Banks			
No	Name	Ownership	Approval Date
01	Banque Nationale d'Algérie	Public	25/09/1995
02	Caisse Nationale d'Epargne et de prévoyance	Public	25/05/1997
03	Crédit Populaire d'Algérie	Public	25/05/1997
04	Banque de Développement Local	Public	23/09/2002
05	Banque Extérieur d'Algérie	Public	23/09/2002
06	Banque de l'Agriculture et du Développement Rural	Public	23/09/2002
07	Banque Al Baraka Algérie	Private (Mixed)	20/05/1991
08	Arab Banking Corporation Algerie	Private (Foreign)	24/09/1998
09	Natixis Banque	Private (Foreign)	27/10/1999
10	Société Générale Algérie	Private (Foreign)	04/11/1999
11	City Bank Algeria	Private (Foreign)	18/05/1998
12	Arab Bank	Private (Foreign)	15/10/2001
13	B.N.P Paribas El Djazair	Private (Foreign)	31/01/2001
14	Trust Bank Algeria	Private (Foreign)	30/12/2002
15	Gulf Bank Algeria	Private (Foreign)	15/12/2003
16	The Housing Bank For Trade And Finance-Algeria	Private (Foreign)	08/10/2003
17	Fransabank El Djazaïr	Private (Foreign)	07/09/2006
18	Credit Agricole Corporate Et Investissement Bank-Algerie	Private (Foreign)	09/05/2007
19	Al Salam Bank-Algeria	Private (Foreign)	10/09/2008
20	H.S.B.C Algeria	Private (Foreign)	17/06/2008
II: Financial Companies			
No	Name	Ownership	Approval Date
01	Sofinance	Public	09/01/2001
02	Société de Refinancement Hypothécaire (SRH)	Public	06/04/1998
03	Arab Leasing Corporation	Mixed	20/02/2002
04	Cetelem Algerie	Private (Foreign)	22/02/2006
05	Maghreb Leasing Algerie	Private (Foreign)	11/03/2006
06	Société Nationale de Leasing	Public	23/02/2011
07	IJAR Leasing Algerie	Mixed	31/05/2012
08	El Djazair Ijar	Mixed	02/08/2012

Source: HACINI.Ishak, DAHOU.Khadra, op.cit.p.156

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Concerning the financial companies, there are eight companies that operate in Algeria, all of them are privates except three companies. The number of their branches remained without changes 88 in 2015 versus 88 branches in 2014. According to LMC of 1990, the financial companies are entities that perform all the activities of commercial banks excluding the reception of funds from the public as deposits. The financial companies provide all types of investment's loans with more orientation toward leasing in which five companies from eight are leasing companies. As commercial banks, all the private and mixed companies have foreign capital without any national private investment. This might be explained by the hesitation of the Algerian investors after the failure of the Algerian private banks such as BCIA, EL-Khalifa, and Union Banks.

Section 3: The regulation of foreign trade in Algeria

Algeria sought to build its economy on new structures and began by establishing a system of control over all foreign trade operations and organized its trade. As well. The Ministry of Commerce has been actively involved in the development and implementation of the laws and regulations that have been in place since 1962.

Regulation No. 07-01 of 09/01/2007 is the current regulation applied in the control of foreign trade in Algeria. This regulation, relating to the rules applicable to current transactions with foreign countries and to foreign exchange accounts, has modified and replaced the regulations n ° 91-12 relating to the banking domiciliation of the imports, the regulation n ° 91-13, relative to the domiciliation of the non-hydrocarbon exports and Regulation No. 95-07 on exchange control.

Its purpose is to define the principle of the convertibility of the national currency for current international transactions and the rules applicable to the transfer of capital to foreign countries related to these transactions, as well as the rights and obligations of foreign trade operators and authorized intermediaries.

The purpose of this section is to comment on the new measures introduced by this new regulation, the application of which is the responsibility of the customs administration.

3.1. General principles:

3.1.1. Resident concept

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Considered as:

- residents in Algeria: natural and legal persons who have the main center of their economic activities in Algeria
- Non-residents: natural and legal persons whose main center of economic activities is located outside Algeria.¹⁶

3.1.2. Billing transactions

All invoices and sales of goods and services in the national customs territory must be carried out in Algerian dinar, except as provided by the regulations in force.¹⁷

3.1.3. Import and export of securities denominated in national currency

The import or export of any debt instrument, security or means of payment denominated in the national currency is prohibited, except with the authorization of the Bank of Algeria. Also, it is up to the services, during the control of the travelers, to ensure that the securities, in particular, the actions and the bonds emitted by the public or private companies, the treasury bills and the cash certificates, cannot be imported, or exported only under cover of an authorization of the bank of Algeria.¹⁸

3.2. The rules applicable to foreign trade transactions on goods and services:

These are the different articles applicable to foreign trade, which can intervene in the mission of operations with outside:

3.2.1. Persons authorized to carry out operations in foreign trade

Natural or legal persons carrying out an economic activity in accordance with the legislation And regulations in force, also the administrations, agencies and institutions of the State, may intervene in the field of foreign trade.¹⁹

In addition, natural persons and legally constituted associations may intervene in the field of foreign trade when the importation concerns a non-commercial good or service intended for personal use, or in conformity with their statutes.²⁰

3.2.2. Foreign trade operations

¹⁶ Regulation of the Bank of Algeria n ° 07-01 of 09/01/2007, Article 2

¹⁷ Ibid., Article 5

¹⁸ Ibid., Article 6

¹⁹ Ibid., Article 24

²⁰ Ibid., Article 82

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In addition to goods and services, processing, or repair services are also considered to be foreign trade transactions.²¹

International transactions, as defined above, relating to import and export contracts for goods and services are subject to mandatory bank domiciliation.²²

3.2.3. Bank domiciliation

Bank domiciliation is a registration of international trade transactions. Its purpose is to control international trade exchanges, which may be related to imports and exports. It is an administrative formality that allows the follow-up of commercial transactions.

3.2.3.1. Bank domiciliation of goods and services

The banking domiciliation of a contract of import or export of goods or services consists in the opening of a file which gives rise to the allocation of a domiciliation number by the domiciliary bank. The domiciliation is prior to any transfer and repatriation of funds, commitment and / or clearance.²³

Thus, the amendment introduced by this article aims to consider bank domiciliation as a mandatory formality prior to customs clearance and no longer to import.

Bank domiciliation is also mandatory for imports of goods and services, made by legally constituted associations and natural persons.

It should be pointed out that imports made by natural persons are subject to bank domiciliation when the amount of imported goods exceeds the value of 100.000DA in FOB value.

3.2.3.2. Bank domiciliation of operations carried out under the leasing

Leasing transactions relating to the import and export of equipment and / or materials are treated as deferred payment imports and exports. They are therefore subject to the obligation of bank domiciliation.²⁴

3.2.3.3. Transactions exempted from the obligation of bank domiciliation

Certain transactions are exempted from the obligation of banking domiciliation under articles 29, 33 and 58 of the said regulation, it is:

²¹ Ibid., Article 25

²² Ibid., Article 29

²³ Ibid., Article 29

²⁴ Ibid., Article 36

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- Operations in transit.
- Non-payment imports and exports made by travelers for their personal use, in accordance with the provisions of the finance laws.
- Non-payment imports made by nationals registered with Algerian diplomatic and consular representations abroad, upon their definitive return to Algeria, in accordance with the provisions of the Finance Laws.
- So-called non-payment imports by diplomatic and consular and assimilated agents as well as those of representations of enterprises and public establishments abroad on their return to Algeria.
- Imports and exports of less than the value of 100,000 AD in FOB value.
- Imports and exports of samples, donations and goods received under the guarantee.
- Imports of goods carried out under the suspensive customs procedure when they do not give rise to a transfer of funds.
- Temporary exports, unless they give rise to a payment of benefits by transfer of foreign currency or transfer of funds abroad.
- Exports against reimbursement of a value less than or equal to the value of one hundred thousand dinars (100,000 AD) made through Algeria.

Thus, the amendments introduced by Articles 33 and 58 tend to:

- Raise the threshold for imports without payment from 30,000 AD to 100,000 AD.
- Authorize the export without payment of samples, donations, goods received under the guarantee and exports of less than the FOB value of 100.000DA.
- Allow travelers to import or export goods for personal use without payment. It is understood that the exports and imports in question are those provided for in Articles 199 bis, 201 of the Customs Code and Article 156 of the Finance Law for 1985, as amended and supplemented.

At the customs level, Articles 33 and 58 of Regulation 07-01 affect the establishment of the customs declaration on the grounds that the heading reserved for the bank clearance number of the customs declaration must henceforth be marked with the word "import / export non-domiciled".

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In fact, the said articles provide that customs declarations relating to imports and exports exempted from banking domiciliation must be endorsed with the words "import and export non-domiciled".

3.2.3.4. Basic document used to open the bank domiciliation file

The document used as a basis for bank domiciliation may take different forms such as contract, pro-forma invoice, purchase order, final confirmation of purchase, exchange of correspondence where are included all the indications necessary for the identification of the parties, as well as than the nature of the business transaction.²⁵

The commercial contract or any other document justifying the transfer of ownership and / or assignment of a good or provision of services between a resident and a non-resident operator must indicate:²⁶

- The names and addresses of the contracting parties.
- Countries of origin, source and destination of goods and services.
- The nature of the goods and services.
- Quantity, quality and technical specifications.
- The sale price of goods and services in the currency of billing and payment of the contract.
- Delivery deadlines for goods and realization for services.
- The terms of the contract for risk management and other incidental expenses.
- Payment terms.

As for the terms of payment, all commercial terms (INCOTERM) included in the rules and licenses of the International Chamber of Commerce may be included in commercial contracts, unless otherwise provided by law or regulation.²⁷

3.3. Rules on Imports of Goods and Services

On importation, the domiciliary bank must open a bank domiciliation file allowing it to monitor the import transaction. It gives the importer a copy of the contract bearing the visa of domiciliation. This visa is affixed to all invoices related to the contract, thus allowing the importer to initiate the procedure of customs clearance of the goods.²⁸

²⁵ Ibid., Article 32

²⁶ Ibid., Article 26

²⁷ Ibid., Article 27

²⁸ Ibid., Article 41

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In addition, for the acceptance of bank domiciliation file, Article 43 allows the domiciliary bank to accept the documents reached by fold satchel.

The payment of the import transactions is carried out by the bank on the order of the operator, the transfer abroad is carried out subject to the delivery by this operator of the documents proving the dispatch of the goods to the exclusive destination of the customs territory and final invoices relating thereto.

The transfer may also be carried out on the basis of the customs document of release for consumption of the goods.

3.4. Bank domiciliation of exports of goods and services:

On export, any export transaction on firm sale or on consignment, requires a bank domiciliation.²⁹

For services, the rules for the domiciliation of contracts service, the collection and repatriation of their products are the same as those applicable to exports of goods.³⁰

However, for exports of fresh, unsafe and dangerous products, a new measure introduced by this regulation, the service is requested to authorize these exports under cover of incomplete declaration, with invoice not domiciled and an unsecured commitment to produce the invoice domiciled at the latest in the 5 working days which follow the expedition.³¹

However, in order to thwart any overrun of the regulatory deadline, the service will have to register these exports on a register and follow their regularization. If the deadline is exceeded, the service must call the subscribers and ask them to regularize these export operations.

In the case of repatriation of export earnings, the export contract may be established in cash or on credit.

When the export takes place in cash, the exporter must repatriate the receipts from the shipment within a period not exceeding 120 days, from the date of shipment for the goods or from the date of fulfillment for the services, and where the payment of the export is due within a period exceeding one hundred and twenty (120) days, the exportation may take place only after authorization of the bank of Algeria. The 120-day period is calculated from the date of shipment for firm sales.

²⁹ Ibid., Article 56

³⁰ Ibid., Article 57

³¹ Ibid., Article 60

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For exports on consignment sale, payment is due as sales are made by the depositary or the commissioner. As such, repatriation must be made within 120 days from the date of sales.

3.5. Transmission of customs documents

For clearance of bank domiciliation files, the office having noted the import and / or export customs clearance operation shall transmit the customs copy document to the domiciliation bank. The service will have to attach great importance to the effect of transmitting this document as soon as possible, since this document serves not only for the clearance of bank domiciliation files, but also for the control and settlement of import transactions. as provided for in Articles 44, 48, 49 and 52 of the said Regulation.

On exportation, the customs services must transmit to the domiciliary bank any document useful for the control of the export operation, in particular:³²

- The customs declaration “bank’s exemplary” or the document accepted as equivalent.
- The corrigendum documents attesting to any change in the export file.
- the documents relating to the reimport of the goods, if applicable;

The clearance is carried out on the basis of the customs document copy bank transmitted by the customs services and the documents of repatriation.

3.6. Transactions carried out by travelers

3.6.1. import and export of means of payment

With regard to the import and export of means of payment, these means consist of: banknotes; travelers checks; bank or postal checks; the letter of credit; commercial drafts; any other means or payment instrument denominated in a freely convertible foreign currency, regardless of the medium used.³³

In addition, all travelers entering Algeria are allowed to import foreign banknotes and traveler's checks, subject to a customs declaration for any amount above a threshold set by instruction of the Bank of Algeria.

As such, and pending the issuance of the instruction setting the threshold from which the traveler must subscribe a currency declaration, the service must require travelers entering the national territory to subscribe the said declaration.³⁴

³² Ibid., Article 70

³³ Ibid., Article 18

³⁴ Ibid., Article 19

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Also, any traveler leaving Algeria is allowed to export any amount in foreign banknotes and traveler's checks, up to: the amount declared at the entry less amounts regularly transferred to authorized intermediaries and the exchange office, for non-residents, and withdrawals from foreign currency accounts up to the limit set by instruction of the Bank of Algeria and / or amounts covered by a foreign exchange authorization for residents.³⁵

3.6.2. Import and export of the national currency

The regulation introduced a new measure allowing travelers to import and export the currency in dinars, within the limit of a threshold which will be fixed by instruction of the bank of Algeria. Also, pending the setting of this threshold, the services concerned will have to prohibit any import or export of Dinars.³⁶

Conclusion

After seeing the evolution of the Algerian banking system since independence to date, it has enabled us to conclude that, before the 1990 reforms, the Algerian commercial banks had neither the appropriate institutional framework nor experience relevant to be effective financial intermediaries, following the monopoly of the State. It was not until the promulgation of the Law on Money and Credit (April 14, 1990) that the principle of opening up the banking sector to domestic and international private initiative was achieved, in order to maintain the most favorable conditions for an orderly development of the economy, and to pass from an administered economy to a market economy, hence the regulation of foreign trade which was the priority of the Algerian state to begin to release to meet funding requirements as part of the support of national operators in their trade with the outside.

³⁵ Ibid., Article 20

³⁶ Ibid., Article 6

CHAPTER



III

Presentation of international trade financing modalities

Chapter 2: Presentation of international trade financing modalities

Introduction

The bank plays a very important role, where in addition to the financing techniques put in place, they work and ensure the application and the respect of the rules and customs of the international trade, on the one hand, and the regulation of the foreign trade and foreign exchange, on the other hand, of each country concerned.

Merchants entrust financial transactions to their trusted banks through the use of document-based banking techniques to appease importers and exporters in order to successfully conduct their international business transactions.

In order to make it easier for operators to choose a financing technique determined by the nature of the need, this chapter has been structured in such a way as to present, the fundamental elements of international trade operations, international payment methods and financing techniques for foreign trade operations.

Section 1: The fundamental elements of international trade operations

Due to their geographical distance, cultural, linguistic, political and legal differences, partners in a foreign trade operation face multiple risks. Thereby a good knowledge of the fundamental elements of foreign trade operations is essential to limit these risks and to face possible conflicts. Moreover, the mastery of these elements makes it easier to conduct negotiations.

1.1 International trade contracts

Any foreign trade transaction usually results in the conclusion of a contract that is generated when two parties agree on a sales transaction.

1.1.1 Definition of international trade contract

An international trade contract is a contract for a commercial transaction, or a contract made by a trader for the purpose of his business. International trade contracts are those in which each party intends to act in the exercise of its trade or profession.³⁷

1.1.2 The form of the contract

The international trade contract generally includes three types of clauses:³⁸

³⁷Renzo Cavalieri, Vincenzo Salvatore; « *An introduction to international contract law* »; Milan, April 2018; p. 2

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- **Commercial clauses:**

They reflect the nature of the contract, the specifications of the object of the contract in detail, the identification of the contracting parties (name of the parties, their signatures).

In fact, the term "nature of the market" refers to the contract relating to a supply contract, or a study contract, technical assistance, architecture or works.

- **Financial clauses:**

They present the financial characteristics of the contract which result in:

- The amount of the transferable portion and the non-transferable portion.
- The terms of payment and reimbursement.
- The banking domiciliation of the co-contractors.
- Credit insurance.

- **Legal clauses:**

They determine all the stipulations of the laws which fix the rights and obligations of the contracting parties.

1.2 Documents used in foreign trade

International trade transactions within a bank branch are made on the basis of a certain number of documents issued by the seller or an authorized body and required by the buyer, in order to allow him to take possession of the merchandise. These documents can be classified into five categories as follows:

1.2.1 Transaction documents

They are generated by the buyer and seller to define their business relationship and provide an accounting record of individual transactions. These documents range from a simple letter of inquiry to a contract for the sale of goods and a commercial invoice.³⁹

1.2.1.1 Letter of Inquiry:

³⁸ ABERBACHE Nassim, HARZOUNE Belaid ; Master Thesis : « *L'intervention de la banque BNP Paribas dans le financement de commerce extérieur en Algérie, Cas pratique : l'agence BNP Paribas d'Akbou* » ; The university of Bejaia ;(2016) ; p.29

³⁹ Hinkelman, Edward G. (2009): « *A Short Course in International Trade Documentation* », 3rd edition by World Trade Press; p. 32

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This is a simple letter written by the buyer asking the seller if a product is available or if the seller will bid on the supply of a product. This letter is generally short and does not include detailed specifications.

1.2.1.2 Request for Quotation (RFQ) :

A letter written by the buyer asking the seller to submit a formal price quotation for a specified product and quantity.

1.2.1.3 Request for Proposal (RFP) :

A letter written by the buyer asking the seller to submit a formal proposal for a specified product and quantity.

1.2.1.4 Proposal/Bid/Quotation/Offer :

This is the seller's written offer to sell specified products under specified terms and conditions. This can be as simple as a one page letter listing a stock number, quantities, price per unit and sales terms, or it can be a 1,000 page proposal complete with engineering drawings, and complicated terms and conditions

1.2.1.5 Pro-forma invoice :

This is a preliminary invoice made up by the exporter at the importer's request prior to a shipment of merchandise. It identifies the parties to the transaction and includes the kinds and quantities of goods to be sent, their value and specifications and shipping costs. The pro-forma invoice is used by the importer to see what the purchase will cost, obtain any necessary import licenses and foreign exchange approval, and apply for a letter of credit.

1.2.1.6 Contract for the sale of goods or services :

This is the formal, legal agreement between the exporter and the importer stating products and prices, responsibilities and rights, and terms and conditions.

1.2.1.7 Commercial invoice :

This is the prime transaction document. It lists the date, buyer and seller, products, quantities, prices, delivery terms and other important information.

- ❖ However not all transactions require each of these documents. In the simplest transactions, the buyer and seller might speak by telephone and agree on terms, after which the seller simply prepares a commercial invoice.

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1.2.2 Transport documents

Transport documents are fundamental elements that ensure the assumption of responsibility for the goods by the carrier. These documents differ according to the mode of transport used for the transportation of the goods:⁴⁰

1.2.2.1 Bill of lading (B/L):

A bill of lading is a legal document between the shipper and the carrier or its agent, detailing the receipt of specified goods for shipment between port of loading and port of discharge. As such it is a document of title, which means that only the holder of the bill of lading can claim the goods at destination.

There are two basic types of bills of lading. A **'straight' bill of lading** is non-negotiable, used where the goods have been paid for or do not require payment. Under this type of document, the shipping company will deliver the shipment to its consignee on presentation of the B/L, therefore often called consignment bill of lading. The other type is the **'negotiable' bill of lading**, which is made out 'to order' and blank endorsed, in which case any holder of the bill of lading can claim the goods.

1.2.2.2 FBL (negotiable multimodal transport FIATA bill of lading):

The multimodal transport bill of lading (often called combined bill of lading), is mostly in a form developed by FIATA (International Federation of Freight Forwarders Associations) for door-to-door shipments, often containerized, that have to use different means of transportation (aircraft, railcars, ships, trucks etc.) from origin to destination. The issuer, normally the freight forwarder, takes full liability under a contract of carriage for the entire journey and over all modes of transportation, however with certain monetary restrictions.

1.2.2.3 CMR note:

The CMR is a consignment note for road transport with a standard set of transport and liability conditions, which replaces individual businesses' terms and conditions. It confirms that the carrier, normally the road haulage company, has received the goods and that a contract of carriage exists between the seller and the carrier. Unlike a bill of lading, a CMR is not a document of title and is therefore non-negotiable. It does not necessarily give its holder

⁴⁰ Grath Anders. (2016): « *The Handbook of International Trade and Finance, The Complete Guide for International Sales, Finance, Shipping and Administration* », 4th edition by Kogan Page; p. 221

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and/or the carrier rights of ownership or possession of the goods, although some insurance to that effect may be included.

1.2.2.4 Air waybill (AWB):

An air waybill is a non-negotiable document covering transport of goods from one airport to the final destination of another, signed by the airline or its agent or representative.

The air waybill must name a party as consignee, most often the buyer, but it could also be their agent or a designated bank, depending on the terms of delivery and terms of payment involved, just in order to keep control of the goods since this document is not a document of title. Consequently, the air waybill as such is not required in order to claim the goods.

1.2.2.5 Forwarders certificate of receipt (FCR):

The FCR certificate is mainly used in international transactions where the trade term 'Ex Works' is selected by the parties, which means that the seller puts the goods at the disposal of the buyer at the seller's premises or at another named place and the FCR document confirms that the freight forwarder has taken over the consignment in good order and has assumed responsibility of the goods with irrevocable instructions on how to forward them to the consignee.

The seller however does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable. The FCR is therefore not a contract of carriage or a transport document, unlike bill of lading, multimodal bill of lading, air waybill, road or rail transport document, and consequently need not state port of loading and/or discharge, or shipped-on-board details. The FCR document is thus non-negotiable and the consignee need not present it to collect the goods.

1.2.3. Insurance Documents

Importers and exporters must insure their goods, transported either by sea or air. The insurance documents must include the following: date of subscription, the description of the goods, an enumeration of the risks covered the name of the insured, the mode of transport, the method of establishing damages and the jurisdiction of the courts, etc. The documents that the bank requires are either the certificate of insurance or the insurance policy. As a result, there are several types of insurance policies.⁴¹

⁴¹ ABERBACHE Nassim, HARZOUNE Belaid, op.cit.p.31

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1.2.3.1. A policy for travel:

Covering a given expedition, for a journey, a value and a definite relationship.

1.2.3.2. A policy to feed:

This covers several shipments of merchandise of the same nature for an indefinite period

1.2.3.3. A floating or subscription policy:

This covers all shipments of the same exporter, for a definite period and regardless of the goods and modes of transport used.

1.2.3.4. A third-party shipper policy:

Underwritten by a freight forwarder or carrier, covers the goods that the shippers request to insure on their behalf. This is a very common case in air transport.

1.2.3.5. Insurance certificate:

This document indicates the type and amount of insurance coverage in force on a particular shipment under the exporter's open policy. It may also be used for an insurance bordereau, which is insurance coverage for multiple shipments made within a specific time (usually one month). It offers assurances to the consignee that any loss or damage to the cargo in transit will be covered (less the prescribed deductible indicated in the policy). These certificates are usually used for import, not export, shipments.⁴²

1.2.4. Customs documents

Customs declarations are addressed by the customs administration of the importing country and are established on specific forms. These are mainly D06 for export and D10 for import. These documents include the customs tariff, the date of customs clearance and the value of the goods cleared⁴³

1.2.5. The supporting documents

Attachment documents are ancillary documents that the importer may require from his exporter in order to ascertain the qualitative and / or quantitative characteristics of the goods. They are issued by international organizations that establish a neutrality between the buyer

⁴² Grath Anders, op.cit.p.103

⁴³ BERRI Fatima, MAOUCHE Kahina; Master Thesis : « *Le financement du commerce extérieur : Etude comparative entre le crédit documentaire et la remise documentaire, cas de la BDL 153 d'Akbou* » ; The university of Bejaia ;(2018).p.6

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and its supplier. In this context, several types of documents are established according to the request. It is listed below the most important:⁴⁴

1.2.5.1. Weight note:

The weight note or weight list is a document intended to quantitatively certify the goods shipped. It can be issued by a private weigher or by the seller.⁴⁵

1.2.5.2. Certificate of Origin:

Some countries require that goods shipped to the country be accompanied by a certificate of origin designating the place of manufacture or production of the goods. This is signed by the exporter, and, usually, a local chamber of commerce that is used to performing this service (again, for a fee) certifies to the best of its knowledge that the products are products of the country specified by the exporter. The exporter may request the freight forwarder to ascertain and advise it whether a certificate of origin is required, but prior thereto, the exporter should check with the buyer for a list of all documents required to make customs entry in the country of destination.⁴⁶

1.2.5.3. Packing list:

Packing lists are used to describe the way the goods are packed for shipment, such as how many packages are in the shipment, the types of packaging used, the weight of each package, the size of each package, and any markings that may be on the packages. Forms for packing lists are available through commercial stationers or are provided by packing companies who prepare export shipments. Sometimes packing lists are required by the customs laws of foreign countries, but even if they are not, an important use of the packing list is for filing insurance claims if there is damage or casualty to the shipment during transportation and for locating specific freight should Customs decide it wants to examine the cargo.⁴⁷

1.2.5.4. Inspection certificate:

It's generally issued by a third-party independent testing company. This document offers independent proof of product quality, quantity or adherence to certain specifications. It is often required by the importer or the import authorities. It may also be required by certain nations as a means of controlling fraudulent transactions that circumvent exchange control

⁴⁴ Hinkelman, Edward G, op.cit. pp.100-101

⁴⁵ BERRI Fatima, MAOUCHE Kahina, op.cit. p.6

⁴⁶ Bade, Donna L. (2015): « *Export/Import Procedures and Documentation* », 5th edition by Amacom, p.153

⁴⁷ Ibid., p.120

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regulations (i.e. Overstated quantities or under-declared valuations). An import license may require a “clean report of findings” by an authorized inspection organization before the goods can clear customs or payment can be made.

1.2.5.5. Quality certificate:

It's generally issued by third-party independent testing companies or government agencies. This document certifies that the products contained in the shipment meet the standards of the importing country. Most countries require that this certification be provided by the exporter and be approved and filed by the appropriate governmental control agency (i.e., the exporting country Department of Consumer Safety) prior to shipment.

1.2.5.6. Phytosanitary certificate:

It's generally issued by a third-party independent testing company or a government authority. This document certifies that a shipment of plants or plant products (i.e., seeds, bulbs, flowers, fruits, vegetables, etc.) is free from pests or disease. This certificate may require on-site inspection(s) during the growing season and is usually provided by the agricultural ministry of the country of export. In some instances, the certificate may be provided by an authorized private company.

1.2.5.7. Fumigation certificate:

It's generally issued by a third-party independent testing company or a government authority. This document offers proof that wood-based packing materials, used clothing or packaging (i.e., coffee or cocoa bean bags), and certain other commodities have been fumigated or sterilized to kill any pests. These certificates are issued by private companies authorized to carry out these procedures and include details of the specific process, temperature range, chemicals and concentrations used.

1.2.5.8. Veterinary certificate:

It's generally issued by a third-party independent testing company or a government authority. This document certifies that a shipment of live animals or fresh, chilled or frozen meats (and sometimes canned meats) has been inspected for disease.

1.2.5.9. Public health certificate:

It's generally issued by a third-party independent testing company or government authority. This document certifies that a shipment has been inspected for disease.

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1.3. Incoterms

Before any international trade transaction, the buyer and the seller must agree on the routing of the goods by setting the terms and conditions for covering the costs, insurance and risks related to this transaction. Thus, an international solution has been set up, represented by a set of universal guidelines called "Incoterms" in order to harmonize international business practices and avoid potential differences.

1.3.1. General notions about incoterms:⁴⁸

It was in 1936 that the ICC (International Chamber of Commerce) put in place international rules for the interpretation of commercial terms. Subsequently, several additions and modifications necessitated the drafting of a new publication in 1953 under the name "incoterms". The latter also underwent several other modifications in 1967, 1976, 1980, and 1990. Finally, the last version 2010, in which the number of "Incoterms" rules has been changed from 13 to 11, which is the most updated since it takes into account technological developments related to international trade operations. Incoterms have been developed to avoid any ambiguity in the allocation of the costs and risks of moving goods between the buyer and the seller.

The 2010 version is a summary of the comments of users of incoterms according to:

- Deletion DAT, the goods are considered as delivered when they are made available to the buyer at the designated terminal in the port or at the agreed place of destination, unloaded from the means of transport of approach.
- Deletion of DAF (delivered at frontier), DES (delivered ex ship) and DDU (delivered duties unpaid) replaced by DAP (delivered at place). With the DAP, the goods are considered as delivered when they are made available to the buyer at the agreed place of destination, not unloaded from the means of transport.
- The notion of railing has disappeared for Incoterm FOB (free on board). The seller has therefore delivered the goods on board the vessel at the agreed port of shipment.

1.3.2. Definition of different incoterms:

Incoterms are represented by abbreviations of three letters followed imperatively by the indication of geographical places. Each clearly defines the rights and obligations of each party. As shown in the following table:

⁴⁸ ABERBACHE Nassim, HARZOUNE Belaid, op.cit.p.32

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Table 2: Incoterms

Terms	Designation	Responsibilities
EXW	EXWORKS	This term represents the seller's minimum obligation, since he only has to place the goods at the disposal of the buyer. The buyer must carry out all tasks of export & import clearance. Carriage and insurance is to be arranged by the buyer.
FCA	FREE CARRIER	This term means that the seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place. Seller pays for carriage to the named place
FAS	FREE ALONGSIDE SHIP	This term means that the seller delivers when the goods are placed alongside the vessel at the named port of shipment. The seller is required to clear the goods for export. The buyer has to bear all costs and risks of loss or damage to the goods from that moment. This term can be used for sea transport only
FOB	FREE ON BOARD	This term means that the seller delivers when the goods pass the ship's rail at the named port of shipment. This means the buyer has to bear all costs and risks to the goods from that point. The seller must clear the goods for export. This term can only be used for sea transport. If the parties do not intend to deliver the goods across the ship's rail, the FCA term should be used
CFR	COST & FREIGHT	This term means the seller delivers when the goods pass the ship's rail in port of shipment. Seller must pay the costs and freight necessary to bring the goods to the named port of destination, BUT the risks of loss or damage, as well as any additional costs due to events occurring after the time of delivery, are transferred from seller to buyer. Seller must clear goods for export. This term can only be used for sea transport
CIF	COST, INSURANCE & FREIGHT	The seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the cost and freight necessary to bring goods to named port of destination. Risk of loss and damage are the same as CFR. Seller also has to procure marine insurance against buyer's risk of loss/damage during the carriage. Seller must clear the goods for export. This term can only be used for sea transport
CPT	CARRIAGE PAID TO	This term means that the seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. The buyer bears all costs occurring after the goods have been so delivered. The seller must clear the goods for export. This term may be used irrespective of the mode of transport (including multimodal)
CIP	CARRIAGE & INSURANCE PAID	This term is the same as CPT with the exception that the seller also has to procure any mode of transportation

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	TO	
DAT	DELIVERED AT TERMINAL	This term means that the seller delivers when the goods once unladed from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at a named port or place of destination. "Terminal" includes any place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal. The seller bears all risks involved in bringing the goods to and unloading them at terminal at the named port or place of destination
DAP	DELIVERED AT PLACE	This rule may be used regardless of the mode of transport and may also be used where more than one mode of transport is utilized. DAP means the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of carriage ready for unloading at the names place of destination. The seller bears all risks involved in bring the goods to the named place
DDP	DELIVERED DUTY PAID	This term represents maximum obligation to the seller. This term should not be used if the seller is unable to directly or indirectly obtain the import license. This term means the same as the DAP term with the exception that the seller also will bear all costs and risks of carrying out customs formalities including the payment of duties, taxes and customs fees.

Source: INCOTERMS 2010 published by old dominion freight line; pp.3-5

1.3.3. Classification according to mode of transport:

The new Incoterms 2010 consists of 11 terms, separated into two groups, namely:⁴⁹

❖ Those applicable to all modes of transport:

EXW: EX WORKS (... named place of delivery)

FCA: FREE CARRIER (... named place of delivery)

CPT: CARRIAGE PAID TO (... named place of destination)

CIP: CARRIAGE AND INSURANCE PAID TO (... named place of destination)

DAT: DELIVERED AT TERMINAL (... named terminal at port or place of destination)

DAP: DELIVERED AT PLACE (... named place of destination)

DDP: DELIVERED DUTY PAID (... named place)

❖ Those only applicable to sea and inland waterway transport:

FAS: FREE ALONGSIDE SHIP (... named port of shipment)

FOB: FREE ON BOARD (... named port of shipment)

⁴⁹ Grath Anders, op.cit.p.13

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CFR: COST AND FREIGHT (... named port of destination)

CIF: COST, INSURANCE AND FREIGHT (... named port of destination)

1.3.4. The purpose of Incoterms:

The basic purpose of the rules is to define how each Incoterm, as agreed in the sales contract, should be dealt with in terms of delivery, risks and costs, and specify the responsibility of the buyer and seller. For example, who should arrange and pay freight, other transport charges, insurance, duties and taxes? These aspects are often referred to as the critical points in international trade, detailing at what point the risk is transferred from the seller to the buyer and how the costs involved should be split between the parties.⁵⁰

1.4. Bank domiciliation

The bank domiciliation is the declaration of the import or export transaction, for registration and follow up until payment, after execution of the object of the contract. It is obligatory and preliminary, at the level of an authorized intermediary

1.4.1. The domiciliation of imports:

Any import of goods and services is subject to mandatory domiciliation from an accredited intermediary bank installed in Algeria, with the following exceptions: transit operations, imports worth less than the equivalent of 100,000 DZD against FOB value, imports of samples, gifts and goods received in the case of the involvement of the warranty. This allows identifying the business transaction by its registration. It is the subject of a domiciliation certificate, necessary for customs clearance of goods, to make payments in dinars and foreign currency transfers.⁵¹

1.4.2. The domiciliation of exports:

Export transactions of goods on consignment or firm sale and exports of services are subject to mandatory domiciliation from an accredited intermediary bank installed in Algeria. This operation allows identifying the business transaction by its registration. It is the subject of a domiciliation certificate, required by the Customs at the completion of the declaration of export clearance.⁵²

⁵⁰ Ibid., p.14

⁵¹ « *Compendium of Algerian Foreign Trade Procedures* » (2012); published by the National Agency for Promotion of Foreign Trade (ALGEX); p. 73

⁵² Ibid., p.76

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1.4.3. Domiciliation processing:

The bank domiciliation of foreign trade operations is presented in the following table:

Table 3: The processing of the domiciliation for imports and exports

	Imports	Exports
The opening	To proceed with the execution of this first step, the customer must be domiciled, that is to say, holder of a bank current account with the bank, moreover, he must submit a certain number of documents which will constitute the folder.	The domiciliation is established from the original and two copies of the commercial contract or of any other replacing document (invoices, orders etc.).
Files management period	During this step for the management of the file (between the date of opening and the date of the clearance), the domiciliary bank must gather all the documents relating to the physical and financial realization of the operation and intervene in case of information or document missing from the file namely: commercial documents (domiciled final invoice), customs documents and financial documents.	After verification, a copy of the document is returned to the exporter, bearing the domiciliation file number and the stamp of the bank of domiciliation.
Clearance of files	The classification of the files: the file can be cleared so classify directly, either in insufficiency of regulation, or in surplus of regulation. Statement to the Bank of Algeria: either the file is in surplus of regulation or in insufficiency of payment or cleared, must submit it to the Bank of Algeria	After clearance, the “bank” copy of the customs declaration is sent by the Customs to the accredited intermediary bank, domiciliary of the export. The discharge of the export file is at the time of repatriation of export earnings.

Source: Ibid., pp.75-77

Section 2: Presentation of payment methods used in foreign trade operations

The development of international transactions has been facilitated by the use of methods of payment, financing and guarantee allowing security for sellers and buyers. In this section, we try to present the different means or instruments of payment of foreign trade transactions.

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2.1. The main payment instruments of foreign trade

The negotiation of international contracts makes it possible to fix the choices concerning the means or payment instruments namely the check, the bill of exchange, the promissory note, the bank transfer; they represent the material forms serving as payment supports.

2.1.1. Drafts:⁵³

A draft, sometimes called a bill of exchange (B/E), is the instrument normally used in international commerce to effect payment. A draft is simply an order written by an exporter (seller) instructing an importer (buyer) or its agent to pay a specified amount of money at a specified time. Thus, it is the exporter's formal demand for payment from the importer. The person or business initiating the draft is known as the maker, drawer, or originator. Normally, this is the exporter who sells and ships the merchandise. The party to whom the draft is addressed is the drawee. The drawee is asked to honor the draft, that is, to pay the amount requested according to the stated terms. In commercial transactions, the drawee is either the buyer, in which case the draft is called a trade draft, or the buyer's bank, in which case the draft is called a bank draft. Bank drafts are usually drawn according to the terms of an L/C. A draft may be drawn as a bearer instrument, or it may designate a person to whom payment is to be made. This person, known as the payee, may be the drawer itself or it may be some other party such as the drawer's bank.

2.1.1.1. Types of Drafts:

Drafts are of two types:

2.1.1.1.1. Sight draft:

Is payable on presentation to the drawee; the drawee must pay at once or dishonor the draft.

2.1.1.1.2. Time draft:

Also called a usance draft, allows a delay in payment. It is presented to the drawee, who accepts it by writing or stamping a notice of acceptance on its face. Once accepted, the time draft becomes a promise to pay by the accepting party (the buyer). When a time draft is drawn on and accepted by a bank, it becomes a banker's acceptance; when drawn on and accepted by a business firm, a trade acceptance.

⁵³ Madhura, «*International financial management* »,Abridged 8/e, Mason, OH:Thomson south-western,2007;p. 564

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The time period of a draft is referred to as its tenor. To qualify as a negotiable instrument, and so be attractive to a holder in due course, a draft must be payable on a fixed or determinable future date. For example, “60 days after sight” is a fixed date, which is established precisely at the time the draft is accepted. However, payment “on arrival of goods” is not determinable since the date of arrival cannot be known in advance. Indeed, there is no assurance that the goods will arrive at all.

2.1.1.2. Function of the draft:

The bill of exchange has several functions:

- ❖ A valuable investment instrument in the material transfer of funds.
- ❖ A credit instrument, that is, the merchant who sold the goods on credit.
- ❖ The buyer has a certain amount of time to sell the goods and obtain the necessary funds to pay for the letter.
- ❖ The creditor can get from a banker who discounts his letter before the deadline the capital needed to continue his operation.

2.1.2. The promissory note:

A promissory note is a formal contract between parties. It is a written, signed, unconditional promise to pay a certain amount of money on demand at a specified time or over a period of time. A promissory note is used to memorialize a promise to pay a sum of money by a future date in exchange for a loan or various financing at present. The individual who promises to pay is the maker, and the person to whom payment is promised is called the payee or holder.⁵⁴

2.1.2.1. Mentions of a promissory note:

The promissory note contains:

- The pure promise of paying a fixed sum.
- The indication of a deadline.
- The place where payment must be made.
- The name of the person to whom payment is to be made.
- The date and place where the ticket is taken out.
- The signature of the person who issues the subscribing title.

⁵⁴ Kenneth Miller,(2012), « *Guide to financing the community supported farm* »; University of Vermont; p. 26

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2.1.2.2. The difference between the promissory note and the bill of exchange:

- The drawer and the drawee acceptors are combined in one and the same person, the subscriber; hence the promissory note cannot be present for acceptance since it already contains the commitment of the subscriber so there is no question to speak of provision.
- The promissory note is not in its form an act of commerce, it has the civil character.

2.1.3. The cheque

Cheque is a paper form received usually from banks. It serves as a written order by an account holder to his banker to pay a specified sum of money stated on the cheque to the bearer or named recipient⁵⁰. Cheques are governed by different legal regulation across the world. These regulations impose distinct requirements in regard to; inter alia, definition of the cheque itself, its validity, obligatory data it is to contain, and the rules of cheques endorsement.⁵⁵

2.1.3.1. Types of the cheque

There are two forms of cheques:⁵⁶

2.1.3.1.1. The bank cheque:

Issued by the buyer's bank on behalf of his client protects against the insolvency of the buyer without canceling the risk on the bank, and is a direct payment commitment by the bank. The bank.

2.1.3.1.2. The corporate cheque:

Issued by the importer, it can be certified by the bank drawn which results in a blocking of the provision until expiry of the legal deadline for presentation but it offers no guarantee of payment since the provision may be insufficient on the account of the buyer.

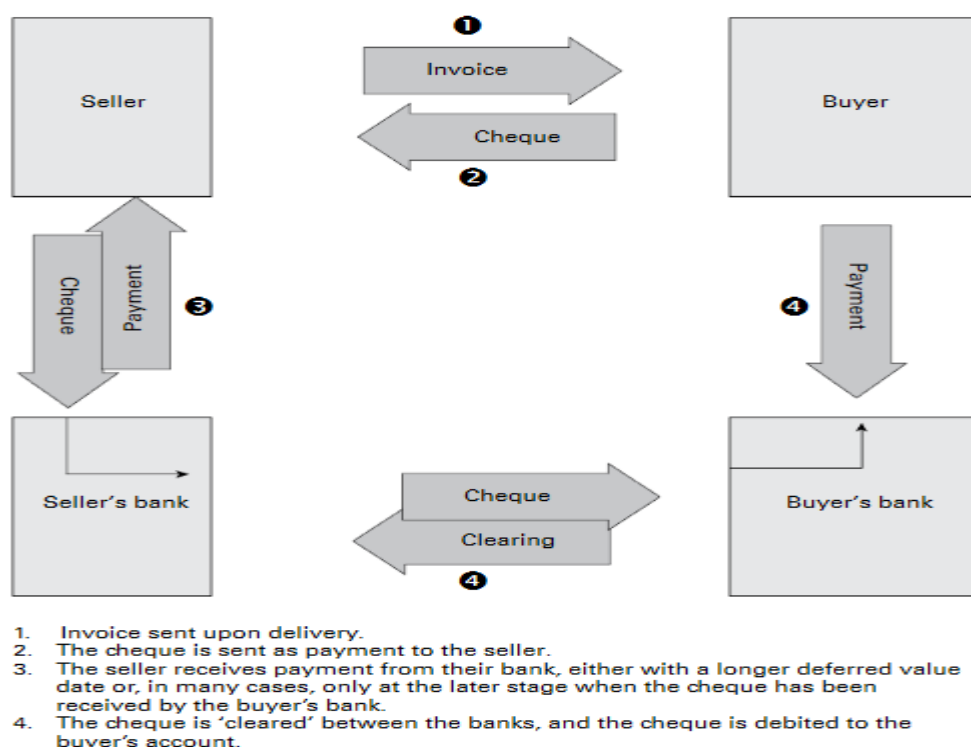
Figure 1 shows the main phases of the corporate cheque payment process between the seller, the buyer and their banks:

⁵⁵ Maciej Makowski, Master thesis « *International trade: Cost and efficiency of selected payment instruments*», Aarhus School of Business, April 2007; p.25

⁵⁶ Grath Anders, op.cit.p.47

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Figure 1: Cheque payment (corporate cheque)



Source: Ibid., p.48

2.1.4. The bank transfer (bank remittance)

It is an order given by a buyer to his banker to debit his account to credit that of the seller. This means of payment is for the buyer at his bank to pay directly to the seller's bank the amount of a transaction. The banker of the buyer then makes various manipulations to send the sum to the designated account. The money will be immediately available on the seller's account.

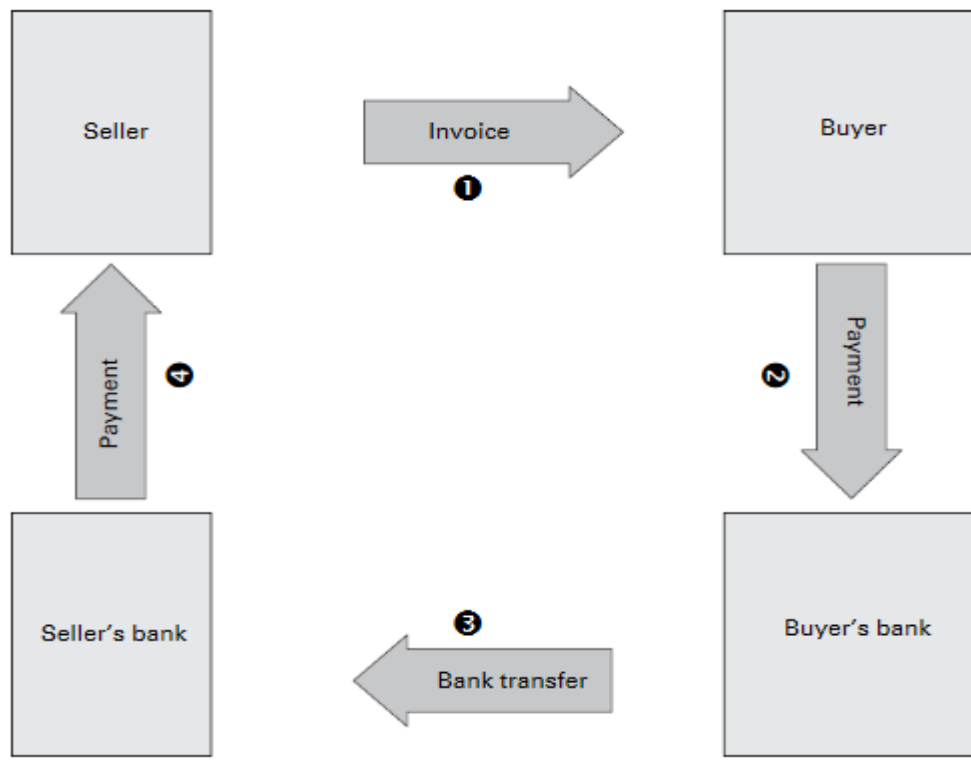
2.1.4.1. The establishment of a bank transfer:

The normal bank transfer is by far the simplest and most common form of payment. The buyer, having received the seller's invoice, simply instructs their bank to transfer the amount, a few days before the due date, to a bank chosen by the seller. This can be done either directly to the seller's account at a bank in their country (which is the most common) or to a separate collection account that the seller may have at a bank in the buyer's country, as figure 2 shows⁵⁷

⁵⁷ Ibid., p.39

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Figure 2: The bank transfer (bank remittance)



1. Invoice sent upon delivery.
2. Invoice payment in the bank, normally in local currency.
3. Bank transfer through the SWIFT system.
4. Payment in local or foreign currency, according to invoice and/or seller's instructions.

Source: Ibid., p.39

2.1.4.2. Practical terms of bank transfer:

The exporter is notified of the payment as soon as the transfer is actually made. In the case of a telex transfer, the customer must be asked for a payment notice in order to react in case of delay or non-payment. For a SWIFT transfer, it is essential to provide all the information needed to make the transfer: to avoid errors, the banks provide free adhesive labels that the exporter affixes on his invoices.

2.1.5. Advantages and Disadvantages of foreign trade payment instruments

The following table summarizes the advantages and disadvantages of foreign trade payment instruments:

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Table 4: Advantages and Disadvantages of foreign trade payment instruments

	Advantages	Disadvantages
Bill of exchange	<ul style="list-style-type: none"> - facilitates recourse against the drawee provided that it is accepted. - Payment security in the case of a guaranteed draft. 	<ul style="list-style-type: none"> - Political risk. - Risk of delay to acceptance or non-acceptance. - Risk of non-payment.
Promissory note	<ul style="list-style-type: none"> - It serves for the recognition of debts. - Precisely exactly the payment debt. - Allows the discount. 	<ul style="list-style-type: none"> - It is subject to the risk of unpaid. - It is subject to currency risk. - It is subject to the defect of the paper support.
Cheque	<ul style="list-style-type: none"> - Ease of use. - The bank check brings a great security of payment. 	<ul style="list-style-type: none"> - Issue on the initiative of the buyer. - Risk of non-payment if unpaid check. - Legal recourse sometimes long and difficult.
Bank transfer	<ul style="list-style-type: none"> - Very fast and technically safe. - Inexpensive. - No risk of unpaid. 	<ul style="list-style-type: none"> - Issue on the initiative of the buyer. - Time more or less long depending on the banking circuit used. - Currency risk if the transfer is denominated in foreign currencies.

Source: ABERBACHE Nassim, HARZOUNE Belaid, op.cit.p.38

2.2. Payment methods for foreign trade operations

These are the terms of use of the payment instrument that result from the agreement of the parties to the contract. So, we will discuss four modes and techniques particularly used in foreign trade as follows:

2.2.1. Prepayment:

Under the prepayment method, the exporter will not ship the goods until the buyer has remitted payment to the exporter. Payment is usually made in the form of an international wire transfer to the exporter's bank account or foreign bank draft. This method affords the supplier the greatest degree of protection, and it is normally requested of first-time buyers

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whose creditworthiness is unknown or whose countries are in financial difficulty. Most buyers, however, are not willing to bear all the risk by prepaying an order.⁵⁸

2.2.2. Open account

The opposite of prepayment is the open account transaction in which the exporter ships the merchandise and expects the buyer to remit payment according to the agreed-upon terms. The exporter is relying fully upon the financial creditworthiness, integrity and reputation of the buyer, as might be expected this method is used when the seller and buyer have mutual trust and a great deal of experience with each other⁵⁹. The least secure method of payment and therefore only used regularly in low risk markets. It is thus quite common in Western Europe and the USA.⁶⁰

2.2.2.1. Practical treatment of an open account:

The open account serves as a method of settlement of an import transaction for previously domiciled goods or services. Upon receipt of the documents generated and at the time of the execution, the person in charge of the operation must first carry out a thorough verification of the submitted documents in order to ensure their conformity, he must then:

- ✓ Have the client sign a transfer order for the amount to be transferred.
- ✓ Enter the operation on the directory designed for this purpose, giving it a reference number.
- ✓ Give the customer a domiciled commercial invoice.
- ✓ To pass the accounting entries noting the payment and the deduction of commissions.

2.2.3. The documentary collection

Where there is a regular commercial relationship between an importer and an exporter, they may use a very simple technique for the settlement of their commercial transactions, such as documentary collection.

2.2.3.1. Definition of the documentary collection:

In documentary collection, the exporter instructs his bank to collect the amount indicated in the documents evidencing shipment of goods from the payee (importer). He hands over

⁵⁸ Madhura, op.cit.p.563

⁵⁹ Ibid., p.565

⁶⁰ SHERLOCK Jim, REUVID Jonathan (2015): «*The Handbook of International Trade :A Guide to the Principles and Practice of Export* », 2nd edition by GMB Publishing Ltd; p.337

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documents (payment documents and/or commercial documents) to his bank (remitting bank), which it forwards (i.e. remits) to the importer's bank (presenting bank/collecting bank), instructing it to release the documents against:

❖ **Payment (D/P = documents against payment):**

The presenting bank only gives the documents against the payment of the amounts.

❖ **Acceptance (D/A = documents against acceptance):**

The presenting bank only gives the documents to the buyer against the acceptance by the latter of one or more bills payable at a later date. The exporter may have required a bank endorsement on drafts to avoid the risk of insolvency of the buyer. In this case, a sight payment is more interesting for both parties, buyer and seller.⁶¹

❖ **Acceptance documents against payment :**

An acceptance documents against payment has features from both D/P and D/A types. It works like this: (a) the collecting bank presents a bill of exchange to the buyer for acceptance, (b) the accepted bill of exchange remains at the collecting bank together with the documents up to maturity, (c) the buyer pays the bill of exchange at maturity, (d) the collecting bank releases the documents to the buyer who takes possession of the shipment, and (e) the collecting bank sends the funds to the remitting bank, which then in turn sends them to the seller.

This gives the buyer time to pay for the shipment but gives the seller security that title to the shipment will not be handed over until payment has been made. If the buyer refuses acceptance of the bill of exchange or does not honor payment at maturity, the seller makes other arrangements to sell his goods. This type of collection is seldom used in actual practice.⁶²

2.2.3.2. Introducing the parties to a documentary collection:

There are four main parties to a documentary collection transaction. Note below that each party has several names. This is because businesspeople and banks each have their own way of thinking about and naming each party to the transaction:⁶³

⁶¹ « *Financing foreign trade* », A guide by Germany's private banks, Berlin, January (2015); p.7

⁶² Hinkelman, Edward G. (2009): « *A Short Course in International payments* », 3rd edition by World Trade Press; p.42

⁶³ *Ibid.*, p.39

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✓ **The principal (seller / exporter / drawer):**

The principal is generally the seller/exporter as well as the party that prepares documentation (collection documents) and submits (remits) them to his bank (remitting bank) with a collection order for payment from the buyer (drawee). The principal is also sometimes called the remitter.

✓ **The remitting (seller's / exporter's / drawer's) Bank :**

The remitting bank receives documentation (collection documents) from the seller (principal) for forwarding (remitting) to the buyer's bank (collecting/ presenting bank) along with instructions for payment.

✓ **The collection or presenting (buyer's) Bank:**

This is the bank that presents the documents to the buyer and collects cash payment (payment of a bank draft) or a promise to pay in the future (a bill of exchange) from the buyer (drawee of the draft) in exchange for the documents.

✓ **The drawee (buyer or importer):**

The drawee (buyer/importer) is the party that makes cash payments or signs a draft according to the terms of the collection order in exchange for the documents from the presenting/collecting bank and takes possession of the goods. The drawee is the one on whom a draft is drawn and who owes the indicated amount.

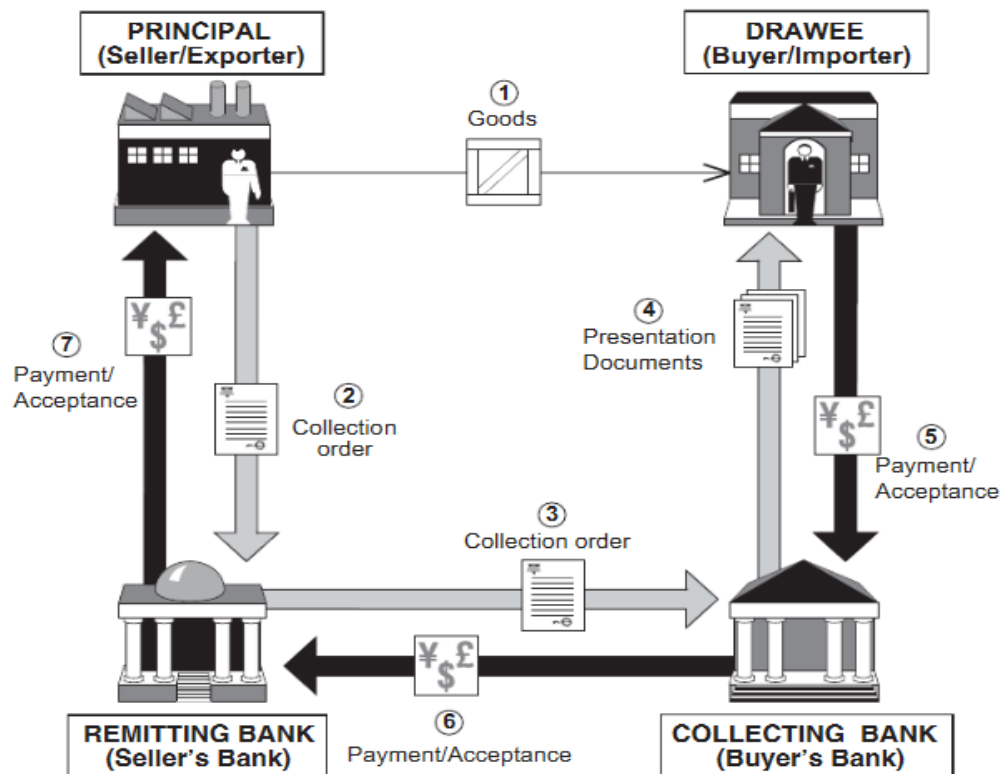
2.2.3.3. Basic Documentary Collection Procedure:

The documentary collection procedure involves the step-by-step exchange of documents giving title to goods for either cash or a contracted promise to pay at a later time. The buyer and seller agree on the terms of sale of goods: specifying a documentary collection as the means of payment, naming a collecting/ presenting bank (usually the buyer's bank), and listing required documents. The figure 3 shows the different steps of the documentary collection.⁶⁴

⁶⁴ Ibid., p.40

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Figure 3: documentary collection procedure



Source: Ibid., p.41

- 1 . The seller (principal) ships the goods to the buyer (drawee) and obtains a negotiable transport document (bill of lading) from the shipping firm/agent.
- 2 . The seller (principal) prepares and presents (remits) a document package to his bank (the remitting bank) consisting of (a) a collection order specifying the terms and conditions under which the bank is to hand over documents to the buyer and receive payment, (b) the negotiable transport document (bill of lading), and (c) other documents (e.g., insurance document, certificate of origin, inspection certificate, etc.) as required by the buyer.
- 3 . The remitting bank sends the documentation package by mail or by courier to the designated collecting/presenting bank in the buyer's country with instructions to present them to the drawee (buyer) and collect payment.
- 4 . The presenting (collecting) bank (a) reviews the documents making certain they are in conformity with the collection order, (b) notifies the buyer (drawee) about the terms and conditions of the collection order, and (c) releases the documents once the payment conditions have been met.

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- 5 . The buyer (drawee) (a) makes a cash payment (signing the draft), or if the collection order allows, signs an acceptance (promise to pay at a future date) and (b) receives the documents and takes possession of the shipment.
- 6 . The collecting bank pays the remitting bank either with an immediate payment or, at the maturity date of the accepted bill of exchange.
- 7 . The remitting bank then pays the seller (principal).

2.2.4. Documentary credit

The documentary credit is a technique practiced for several centuries. In order to standardize practices and the meaning of terms, the International Chamber of Commerce adopted in 1933 the first edition of the Uniform Customs and Practice for Documentary Credits.

2.2.4.1. Definition of the documentary credit:

It is the written promise of a bank, undertaken on behalf of a buyer, to pay a seller the amount specified in the credit provided the seller complies with the terms and conditions set forth in the credit. The terms and conditions of a documentary credit revolve around two issues: first, the presentation of documents that evidence title to goods shipped by the seller and second, the payment. In simple terms, banks act as intermediaries to collect payment from the buyer in exchange for the transfer of documents that enable the holder to take possession of the goods.

Documentary credits provide a high level of protection and security to both buyers and sellers engaged in international trade. The seller is assured that payment will be made by a party independent of the buyer so long as the terms and conditions of the credit are met. The buyer is assured that payment will be released to the seller only after the bank has received the title documents called for in the credit.

Documentary credits are so named because of the importance of documents in the transaction. Letter of credit (L/C) is the historic and popular term used for a documentary credit because such credits were and are transmitted in the form of a letter from the buyer's bank.⁶⁵

2.2.4.2. Introducing the parties to a documentary collection:

⁶⁵ Ibid., p.50

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There are four main parties to a basic documentary letter of credit transaction. They are introduced below and described in detail. Note that each party has multiple names. The name used for each party to the transaction depends upon who is speaking. The four parties are:⁶⁶

✓ **The buyer (applicant or importer):**

The buyer initiates the documentary credit process by applying to his bank to open a documentary credit naming the seller as the beneficiary. The buyer, therefore, may be called the buyer in commercial terms, the importer in economic terms, and the applicant in banking terms. They are all one and the same.

✓ **The issuing (buyer's) Bank :**

Upon instructions from the buyer, the issuing bank (typically the buyer's regular business bank) issues a documentary credit naming the seller as the beneficiary and sends it to the advising bank (typically the seller's bank).

✓ **The advising and possibly confirming (seller's) Bank :**

Upon instructions from the issuing bank and the buyer, the advising bank (typically the seller's bank) advises the seller of the credit. The advising bank is typically the seller's regular business bank and is in the seller's country.

✓ **The seller (beneficiary or exporter) :**

The seller receives notification (advice) of the credit from the advising bank, complies with the terms and conditions of the credit, and gets paid. The seller is the beneficiary of the documentary credit. The seller, therefore, may be called the seller in commercial terms, the exporter in economic terms, and the beneficiary in banking terms. They are all one and the same.

2.2.4.3. Types of documentary credit

Depending on the degree of security for the exporter and the higher cost to the importer, the documentary credit may be revocable, irrevocable or irrevocable and confirmed or unconfirmed⁶⁷

2.2.4.3.1. Revocable documentary credit:

A revocable documentary credit gives the buyer and/or issuing bank the ability to amend or cancel the credit at any time right up to the moment of intended payment without approval by

⁶⁶ Ibid., p.52

⁶⁷ Ibid., pp.75-76

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or notice to, the seller. Revocable credits are, therefore, of great advantage to the buyer. Revocable credits are, conversely, of great disadvantage to the seller as the credit may be canceled at any time, even while the goods are in transit, giving the seller no security whatsoever. Although revocable credits are sometimes used between affiliated firms, sellers are advised never to accept a revocable credit as a payment method.

2.2.4.3.2. Irrevocable documentary credit:

An irrevocable documentary credit constitutes a firm contractual obligation on the part of the issuing bank to honor the terms of payment of the credit as issued. The buyer and issuing bank cannot amend or cancel the credit without the express approval of the seller. Irrevocable credits are of advantage to the seller. As long as the seller complies with the terms of the credit, payment will be made by the issuing bank. Virtually all documentary credits issued today are irrevocable and so state on their face (on the face of the documentary credit itself). Sellers are advised to insist upon an irrevocable credit from the buyer.

2.2.4.3.3. Confirmed documentary credit:

Confirmed letters of credit carry the commitment to pay of both the issuing and the advising banks. The advising bank adds its undertaking to pay to that of the issuing bank, and its commitment is independent of that of the issuing bank. Therefore, when documents conforming to the requirements of the confirmed documentary credit are presented in a timely manner, the payment from the advising bank to the seller is final in all respects as far as the seller is concerned. Confirmed, irrevocable letters of credit give the seller the greatest protection, since sellers can rely on the commitment of two banks to make payment. The confirming bank will pay even if the issuing bank cannot or will not honor the draft for any reason whatever. In accordance with the additional risk assumed by the banks, however, confirmed, irrevocable letters of credit are more expensive than unconfirmed letters of credit.

2.2.4.3.4. Unconfirmed documentary credit:

Under an unconfirmed documentary credit only the issuing bank assumes the undertaking to pay, thus payment is the sole responsibility of the issuing bank. An unconfirmed documentary credit will be communicated (advised) to the seller through a bank most likely located in the seller's country, and the related shipping and other documents will usually be presented to that bank for eventual payment.

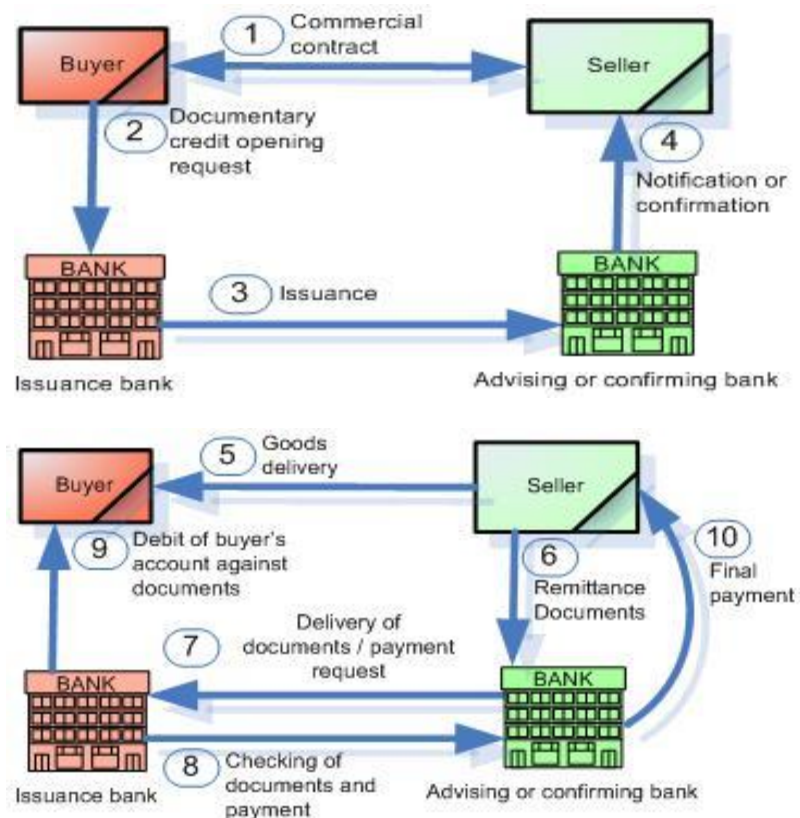
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However, the final responsibility for payment rests with the issuing bank alone. The advising bank may or may not negotiate the seller's draft depending on the degree of political and financial risk anticipated in the issuing bank's country, as well as the credit standing of the issuing bank.

2.2.4.4. Basic Documentary Credit Procedure:

The documentary credit procedure involves the step-by-step exchange of documents giving title to the goods for either cash or a contracted promise to pay at a later time

Figure 4: Documentary Credit Procedure



Source: <https://www.creditmanagement-tools.com/the-documentary-credit-c8-r810.php>

A documentary credit transaction proceeds as shown in the figure 4:⁶⁸

1 . Conclusion of the contract:

Between the customer / supplier and importer / exporter. During negotiations, it was agreed that the payment would be an irrevocable letter of credit.

⁶⁸ Ibid.

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2 . Opening Instructions:

The client requests his bank to open a documentary credit that must be notified without confirmation from the seller's bank. In the opening statements, the customer fills out a form specifying the documents required for the importation of the goods. The buyer's bank checks the creditworthiness of the customer as well as the signatures on the application form. It also ensures that the instructions are clear and complete.

3 . Opening:

The customer's bank issues the letter of credit and sends via the SWIFT network to the supplier's bank. The buyer then receives a copy of the sending. After receiving the credit, the supplier's bank verifies its authenticity and if it is subject to the UCP (Uniform Customs and Practice). Then, it checks if the instructions do not contain errors.

4 . Notification:

The seller's bank notifies the client that he has received a letter of credit in his favor. Control: Upon receipt of the notice, the recipient checks if the specified conditions are in accordance with what had been established during the negotiations. If the beneficiary does not agree with any clause, it must ask the buyer to change the conditions.

5 . Goods delivery:

The recipient sends the goods and prepares the documents requested in the instructions of the credit.

6 . Documents remittance:

The beneficiary shall submit the documents to the bank. The seller's bank verifies that all documents comply with what was required in the documentary credit. If errors are present, the client is no longer guaranteed to be paid.

7 . Documents delivery:

The seller's bank sends the documents to the buyer's bank and asks to be paid.

8 . Verification:

The customer's bank verifies all documents to decide on compliance. If everything is in order, the customer's bank makes payment to the supplier's bank, less any applicable fees.

9 . Buyer's bank account debit against documents:

The customer's bank debits the buyer of the amount of the documentary credit, less applicable fees and gave him all the documents. The client can clear the goods and take possession.

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10 . Payment:

The supplier's bank pays the seller less any applicable fees, There are three embodiments of the documentary credit:

- ✓ **Credit achievable through "payment"**: payment is made by the bank or deferred for a number of days.
- ✓ **Credit through the "acceptance"**: payment is made by a bill of exchange at sight or at maturity. It is included in the documents and must be drawn on the issuing bank.
- ✓ **Credit through "negotiation"**: if the payment is scheduled to expire, eg 90 days, the seller requests the bank to discount the bill to be paid in cash. The bank deducts financial costs of payment.

2.2.5. Advantages and disadvantages of foreign trade Payment methods:

The advantages and disadvantages of the methods of payments seen previously are presented in the following table:

Table 5: Advantages and disadvantages of foreign trade Payment methods

	Advantages	Disadvantages
Prepayment	<ul style="list-style-type: none"> - Eliminates risk of non-payment since the buyer is paying before receiving the goods. - Cash in advance provides the working capital the exporter needs to process the order; there's no strain on cash flow. - Inspection of goods is usually possible before the payment is made. 	<ul style="list-style-type: none"> - The goods sent can be specialized and if the importer cancels the order before the payment is made, the exporter cannot sell the goods easily. - Sometimes the exporter does not send the goods. - The documents can be wrong. - The goods are sent with a delay or to a wrong destination.
Open account	<ul style="list-style-type: none"> - Simplicity of the procedure and moderation of the costs. - Speed and flexibility. 	<ul style="list-style-type: none"> - Risk of non-payment since the buyer takes possession of the goods before paying. - By not being based on documents, it provides no guarantee to cover itself against non-payment.
Documentary collection	<ul style="list-style-type: none"> - The buyer can not withdraw the goods in customs without having previously paid his bank the amount of the invoice due to the foreign supplier. - The procedure is more flexible than documentary credit, less 	<ul style="list-style-type: none"> - The exporter has no guarantee of payment, because the customer can refuse to pay. - In the case of non-payment, the goods are immobilized despite the transport costs incurred. -The buyer can invoke many reasons

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	formal, less rigorous in terms of banking documents.	not to pay.
Documentary credit	<ul style="list-style-type: none"> - Guaranteed delivery of the goods with the quality and quantity requested and within the time allowed. - Allows obtaining more favorable commercial conditions. - Obtain payment terms from foreign exporters while financing them (documentary credits can be carried out by deferred payment or by acceptance). - Facilitates international commercial operations. 	<ul style="list-style-type: none"> - The documentary credit must be canceled or modified (with the agreement of all parties, if irrevocable). - Heavy and complex administration procedures. - Expensive instrument, especially for the confirmed documentary credit. - Payment of commissions even in case of non-use or non-execution.

Source: ABERBACHE Nassim, HARZOUNE Belaid, op.cit.p.45

Section 3: International Trade Financing Techniques

Due to the ever-increasing competition in international trade, exporters are forced, in order to win markets, to offer attractive terms to their customers, both in terms of product quality, price level, delivery times, as well as on payment terms and other commercial benefits. In this context, banks are expected to play their role in economic revival and opening the market to the outside world, offering exporters short-, medium- and long-term financing opportunities.

3.1. Short-term financing techniques

The main short-term financing techniques are as follows:⁶⁹

3.1.1. Pre-shipment finance:

in which a bank provides short-term finance to cover ongoing costs for the exporter (such as payment of suppliers, production and transport) before shipment in a similar way to traditional working capital finance but takes a security interest in the goods being shipped and receives a right to payment for those goods directly from the importer.

3.1.2. Receivables discounting:

Which involves a bank purchasing the exporter's accounts receivables at a discount and assuming risks of non-payment.

⁶⁹ « Trade finance: developments and issues » January (2014); established by the Committee on the Global Financial System; p.42

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3.1.3. Import and export loans:

Which may entail the bank advancing cash to the importer or exporter on presentation of appropriate documentation. This type of financing may also be linked to an L/C.

3.1.4. Factoring:

An alternative to bank finance in the short-term trade sector is the use of factoring companies, which continuously purchase trade receivables with a maturity of up to 180 days. This requires conclusion of a general agreement in which an exporter undertakes to regularly sell all receivables to a factoring company. In return, the exporter immediately gets the outstanding invoice amounts for a fee. This gives him more liquidity (usually up to 90% of receivables are purchased) and, provided he has entrusted the factoring company with billing arrears (dunning), eases his receivables management workload. The exporter is liable himself only for the validity of receivables, but not for the importer's ability to pay. However, the factoring company only assumes the economic risk posed by the buyer, but not the political risks.⁷⁰

3.1.5. Advantages and disadvantages of Short-term financing techniques:

The following table summarizes the advantages and disadvantages of short-term financing techniques:

Table 6: Advantages and disadvantages of short-term financing techniques

	Advantages	Disadvantages
Pre- shipment finance	<ul style="list-style-type: none">- The availability of sufficient funds allows the successful completion by the exporter of the orders placed (in particular the respect of the deadlines fixed by the buyer).- A good exploitation of this credit can favor the conquest of other markets.	<ul style="list-style-type: none">- The amount is often being ceilled.- It is not accessible to all companies.
Receivables discounting	<ul style="list-style-type: none">- It allows exporters with long-term debts to immediately dispose of funds necessary for their operation;- It improves the level of competitiveness of domestic firms by granting financial benefits to customers comparable to those of their foreign competitors.	<ul style="list-style-type: none">- Risk of non-payment;- Currency risk (if billing is in a currency other than that of the country).

⁷⁰ « *Financing foreign trade* », op.cit.p.12

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Import and export loans	<ul style="list-style-type: none"> - Currency hedging, if the currency of the advance is the billing currency. - Make available to the exporter funds up to 100% of the claim. - The implementation of this credit is very simple and is based on a minimum of formalities. - The costs of the advance are lower than those of the mobilization of claims abroad. 	<ul style="list-style-type: none"> - The commercial risk is borne by the exporter. - If the currency of the loan differs from the billing currency, the exporter always incurs the currency risk. <p>Note that this technique is not yet practiced in Algeria</p>
Factoring	<ul style="list-style-type: none"> - Immediate financing of invoices up to 100% and costs known in advance. - The recovery of their debts and the management of their client accounts; - The 100% guarantee against the risk of non-payment and currency risk. 	<ul style="list-style-type: none"> - The cost of this operation is relatively high. - The exporter may suffer commercial harm because in the event of late payment by the importer, the factoring company's concern may be less diplomatic towards the customer.

Source: ABERBACHE Nassim, HARZOUNE Belaid, op.cit.p.47

3.2. Medium and long-term financing techniques

Medium- and long-term financing allows exporters of capital equipment, which are generally expensive, to provide their customers with staggered payments that cannot be supported by their cash flow, these techniques are:⁷¹

3.2.1. Supplier credit:

With a supplier credit facility, an exporter (= supplier) grants his buyer abroad (= importer) credit without going through an intermediate bank. Granting a supplier credit facility presupposes that the exporter has a sufficiently strong balance sheet and enough liquidity to be able to wait for repayment. In addition, he has to have and employ a certain amount of resources for monitoring credit facilities and collecting payments.

3.2.2. Buyer credit:

With a buyer credit facility, the exporter's bank grants the buyer situated abroad or his bank a loan. The loan is paid out to the exporter and serviced by the importer. This is a "tied buyer credit facility", i.e. the loan is "tied" to the delivery of goods by the exporter. The advantage for the exporter is that he receives the purchase price agreed in the export contract immediately upon delivery or performance. This relieves his balance sheet and increases

⁷¹ « *Financing foreign trade* », op.cit.pp.14-15

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liquidity, and he does not have to negotiate any credit terms, something he would have had to do if he had granted his customer a supplier credit facility himself.

3.2.3. Export leasing:

When it comes to durable capital goods such as machinery, containers or aircraft, exporters sometimes make use of export leasing. A frequently encountered arrangement is one whereby the exporter sells the goods to a domestic leasing company which then leases the goods to the importer for a certain period against payment of rental. The leasing company does not normally assume any liability vis-à-vis the importer and, in return, assigns to him any warranty-against-defect claims under the contract of sale concluded with the exporter.

3.2.4. Advantages and disadvantages of the medium and long-term financing techniques:

The advantages and disadvantages of medium and long-term financing techniques are summarized in the following table as follows:

Table 7: The advantages and disadvantages of medium and long-term financing techniques

	Advantages	Disadvantages
Supplier credit	<ul style="list-style-type: none"> -The negotiation gives rise to a single contract taking over the commercial, technical and financial aspects. - The simplicity and speed of setting up credit. - The financing can relate to 100% of the contract. - Quick knowledge of the schedule and cost. - The importer has only one interlocutor, the supplier, who is also a producer, exporter and financier. 	<p>For the exporter:</p> <ul style="list-style-type: none"> - to bear the commercial and political risks if it does not cover itself with an insurance organization; - The preparation, assembly and management of the credit file are at his expense. <p>For the buyer:</p> <ul style="list-style-type: none"> - The supplier will tend to raise prices to cover costs and charges. - As the cost of the equipment and the financial service are included in the same amount of the contract; the value of the material does not always appear separately.
Buyer credit	<p>For the exporter:</p> <ul style="list-style-type: none"> - It is settled in cash, which allows it to increase its liquidity; - freed from trading and the credit load and cleared of the credit risk that is transferred to the lending bank; 	<p>For the exporter:</p> <ul style="list-style-type: none"> -Only large companies can benefit from this type of financing; - The costs being known precisely, it is limited in terms of freedom of action on the price. <p>For the buyer:</p>

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	<ul style="list-style-type: none"> - provide a competitive advantage because the buyer has several years to repay the credit; - Its balance sheet is lightened and the claims on the importer are removed. <p>For the importer:</p> <ul style="list-style-type: none"> - Benefit from payment delays. - The costs related to this technique are known accurately. 	<ul style="list-style-type: none"> -With two interlocutors instead of one, moreover double negotiation takes a lot of time; - the slowness of the operation; - A credit cost, which is often high because of commissions and insurance premiums in addition to interest on credit; - A currency risk, since he borrows in a currency other than his own.
Export leasing	<p>For the lessee:</p> <ul style="list-style-type: none"> - Obtain the financing of the assets it needs without having to draw on its equity; - Obtain, at a lower cost, this financing compared to the purchase option; - Benefit from the leasing of assets for a fixed period depending on the economic life, - Have the possibility to exchange, at the end or during the lease, the rented equipment against others more modern or more adapted to its needs; -To set the rents in the currency he wants; -To not affect the level of fixed assets in its balance sheet; -To benefit from tax advantages compared to a conventional financing credit. <p>For the supplier:</p> <ul style="list-style-type: none"> - Benefit from flexible and cash-settled financing without being exposed to the risk of unpaid bills and foreign exchange. <p>For the benefit donor:</p> <ul style="list-style-type: none"> - A guarantee on the rented property of which he retains the property until the sale; - Fiscal advantages. 	<ul style="list-style-type: none"> -The cost of leasing is very high; the rents to be paid and the residual price to be paid in the case of the call option are significant. -The complexity of editing the operation. - The lessor is exposed to various risks (legal, monetary or political) that explain the reluctance of "leasing companies". -The heavy responsibility of the lessee in case of damage caused to the rented property.

Source: ABERBACHE Nassim, HARZOUNE Belaid, op.cit.p.50

3.3. Other medium and long-term financing techniques

In addition to supplier credit, buyer credit and leasing, international operators have other

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medium and long-term financing techniques that are less used but may be better suited in certain cases.

3.3.1. Forfaiting:

A bank or a forfaiting company buys the receivables due to a company (exporter) from its business partners (importers) and, in the event of an importer's default, has no recourse to the exporter. Nevertheless, the latter continues to be liable for the validity of the claim. Unlike factoring, which requires the conclusion of a master agreement for short-term, recurring business, forfaiting covers individual transactions with short to medium term credit periods.⁷²

3.3.2. Project finance:

Project finance is often provided for large-scale projects. These are generally projects for which a legally independent and economically self-sustaining project company is set up. The bank does not assess the project initiators' credit standing, but the commercial viability of the project. Consequently, the project should be able to finance itself from the revenue it generates (cash flow), and this revenue should be sufficient to cover debt-servicing payments. As the project is independent, the financing bank has no recourse to the project sponsors (non-recourse financing) or, if so, only to a limited extent (limited recourse financing). Given the large scale of projects, several banks are usually involved in financing. The financing structure is, moreover, complex, calls for close involvement of the exporter and thus tends to be suited more to big companies and projects.⁷³

- ❖ It should be noted that these techniques are not all used in Algeria (absence of forfaiting companies, factoring ...). It should also be pointed out that the use of the "buyer credit", which was very common before, tends to decrease significantly because of the exchange risk that it generates.⁷⁴

3.3.3. Advantages and disadvantages of Other medium and long-term financing techniques:

The table summarizes the advantages and disadvantages of other medium and long-term financing techniques:

⁷² « *Financing foreign trade* », op.cit.p.26

⁷³ Ibid., p.15

⁷⁴ ABERBACHE Nassim, HARZOUNE Belaid, op.cit.p.p.52

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Table 8: the advantages and disadvantages of other medium and long-term financing techniques

	Advantages	Disadvantages
Forfaiting	<p>For the exporter:</p> <ul style="list-style-type: none"> - Full and immediate financing of the claim. - Improved cash flow by transforming a futures transaction into a cash transaction. - Easier to find other financing. - The administrative and financial tasks related to the management of the receivables are reduced or eliminated. - Suppression of the risks of non-transfer, non-payment, exchange, interest cost and political risk of the buyer's country. - Elimination of the risks of recovery of the claim abroad. - The cost of financing is known at the time of the conclusion of the purchase agreement of the receivables. <p>For the buyer:</p> <ul style="list-style-type: none"> - Benefit from payment delays. <p>For the forfaiting company :</p> <ul style="list-style-type: none"> - perceive the discounting commission and, if the exporter wishes a firm commitment to discount his claim before delivery of the goods, he would benefit from a commitment fee which covers the period until the delivery of the claim. 	<ul style="list-style-type: none"> - The operation can be slowed down or delayed because the prior agreement of the lender is essential. - apply only to first-class buyers (public operators or those benefiting from a public or bank guarantee). - expensive technique because the operation includes: <ul style="list-style-type: none"> A forfaiting commission according to the risk estimate by the lender; A refinancing cost; A commitment fee and an insurance premium. - The guarantee of some foreign banks is difficult to obtain.
Project finance	<ul style="list-style-type: none"> - Attract large debt with minimum risk. - Set up and run several projects simultaneously. - Limit or eliminate the recourse nature of the financing. - Obtain a higher degree of involvement from third parties. - Isolate the project's assets and liabilities, which enhances accounting legibility. - Lenders lend more money per currency unit asset and at lower interest rates. - More favorable working contracts may be formed by separating the operation from other activities of the sponsor. - Make the project entity the main supplier of securities 	<ul style="list-style-type: none"> - They require complex documentation. Project financings involve many participants with diverse interests. The tension between lender and sponsor about degree of recourse, between contractor and sponsor about nature of guarantees etc. often result in extensive and time-consuming negotiations, that can be quite costly; - they require additional equity outlay; - projects are new enterprises and lack history and reputation; - Sponsors run the risk of losing control over the project. <p>The lender's risk in project financing is not insignificant. This may result in higher fees</p>

Source: ABERBACHE Nassim, HARZOUNE Belaid, op.cit.p.52 /Per Sundén-Cullberg,

Thesis: «*Project financing and the Nordic gas grid* », School of Business, University of Stockholm, 1998; pp.34-35

Chapter 2: Presentation of international trade financing modalities

Conclusion

In this chapter, entitled Presentation of international trade financing modalities, we have seen the procedure of domiciliation prior to any import and export operation, as well as the payment and financing techniques most commonly used in the field of international trade. And presented the advantages and disadvantages of each of them, while emphasizing the role played by the bank in foreign trade financing operations, which is essential. In addition, the bank monitors the compliance of documents with the conditions provided and transfers funds to the beneficiary bank. It is therefore the intervention of the banking system throughout the process to financially meet the needs of economic operators.

Indeed, the Algerian trade is moving more and more towards foreign markets; this makes Algerian banks play a very important role between the intermediaries between the commercial operators in order to finance and guarantee the economic operators in order to accompany them in their activities, to satisfy their requests for financing and to minimize the risks in international transactions.

CHAPTER



III

Case study on the assessment of the contribution of the
BEA to the development of foreign trade

Chapter 3: Case study on the assessment of the contribution of the BEA to the development of foreign trade

Introduction

In order to put into practice the different payment methods of foreign trade operations, developed in the preceding chapter, we will complete it by the processing of an import operation by the documentary credit following my practical internship carried out within the BEA 042 agency in Annaba.

This chapter will be organized into three sections, the first section will be on the presentation of the BEA, and the second section will focus on a practical case study of an import transaction by the documentary credit and finally, we will present the results of the interview guide carried out at the agency level.

Section 1: Host Organization Presentation

In this section, we will present the BEA, its creation and its history as well as the various services of the agency, notably the foreign trade service

1.1. History and creation of the BEA:

La banque extérieur d'Algérie was created on October 1, 1967 (by Ordinance No. 67-204), in the form of a national corporation, the bank's headquarters is located in 42 rue des Frères Bouadou, 16005 Bir Mourad Rais, Algiers Algeria.

In 1970, all foreign banking operations carried out by Algeria's largest national companies were entrusted to BEA.

After twenty-one years of existence, the BEA became the first banking institution to become independent according to the provisions of Law No. 88-01 of 12 January 1988.

In 1989, the bank changed status to become a joint stock company while keeping the same initial purpose. Its capital was set at one (1) billion dinars.

In 1991, the capital was increased by (600) six hundred million dinars, after the dissolution of the participations, the capital remains property of the State.

BEA's capital has steadily increased in recent years, and even doubled during the period March 2000 to September 2001 after a refund made by the public treasury in custody of the debts held by the BEA.

In 2008, the Algerian foreign bank is ranked first among Maghreb banks and ranks sixth in the top 200 African banks of Jeune Afrique magazine

Chapter 3: Case study on the assessment of the contribution of the BEA to the development of foreign trade

In 2011, the BEA opens the first self-service agency in Algeria and has a registered capital of 76 billion dinars.

Said Kessasra is appointed CEO of the BEA in June 2016. He replaces Mohamed Loukal.

In January 2017, Saïd Kessasra is sacked and replaced, for an interim, by B. Semid, General Manager of Credit within the BEA.

In February 2017, the general management announces that it will open agencies in France by the end of 2017.

In February 2017, the general management announces that it will open agencies in France by the end of 2017.

In 2019, the BEA increased its share capital from 150 billion DA to 230 billion DA, this increase in capital, is part of an international development strategy.

1.2. The main objectives of the BEA:

The main purpose of the BEA is to facilitate and develop Algeria's economic relations with other countries as part of the national planning, to this end, the BEA must also provide Algerian companies with a central business information service.

The BEA also needs to help promote exports of industrialized products in different industries ranging from food industries to metal complexes.

The BEA participates in any credit insurance system or institution for foreign operations and may be responsible for managing and controlling it.

It may also be authorized, by joint decision of the Ministry of Finance and Planning and Ministry of Commerce to take foreign holdings in companies intended to promote the expansion of Algerian trade as well as national enterprise.

It can mobilize all credits including foreign trade from other public banking institutions.

In the end, it may establish or manage general stores and even make any acquisitions, leases or other movable or immovable transactions necessitated by the company's activities or social measures in favor of its personnel.

1.3. Presentations of the BEA agency 042 Annaba:

The BEA 042 branch of Annaba is located at 14 cours de la révolution Annaba, placed under the authority of an agency director and attached hierarchically to the regional direction of Annaba according to network configuration.

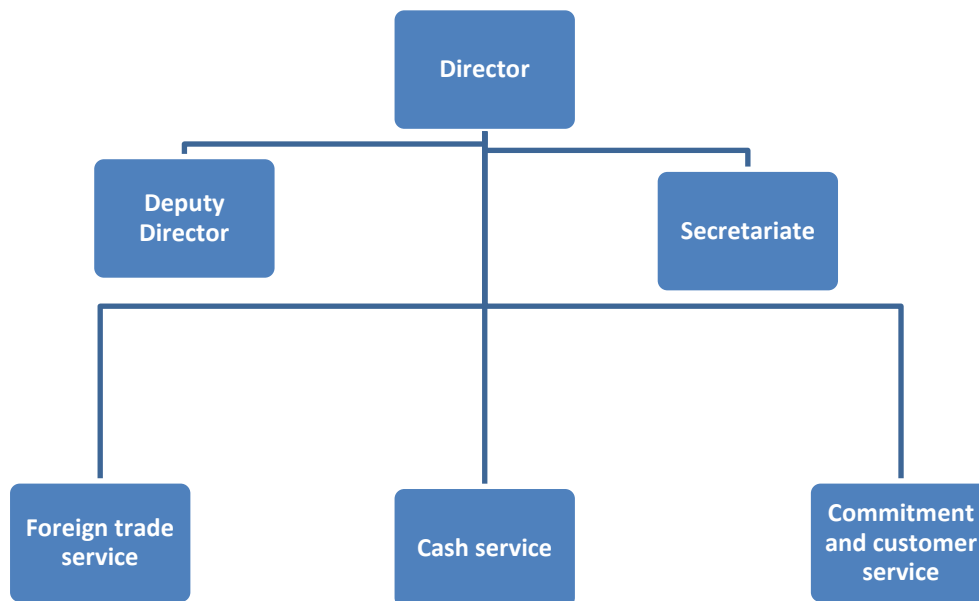
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The agency has missions to:

- ❖ Dynamically manage the commercial relationship with customers.
- ❖ To open and keep up-to-date documents constitute, analyze and manage participation credit files and SMEs / SMIs.
- ❖ Administering and accounting for customer transactions in dinars and currencies.

It consists of the following entities:

Figure 5: Organizational chart of the of the BEA agency 042 Annaba



Source: Internal document of the bank

What interests us in this study is the foreign trade service, which is organized in the following way:

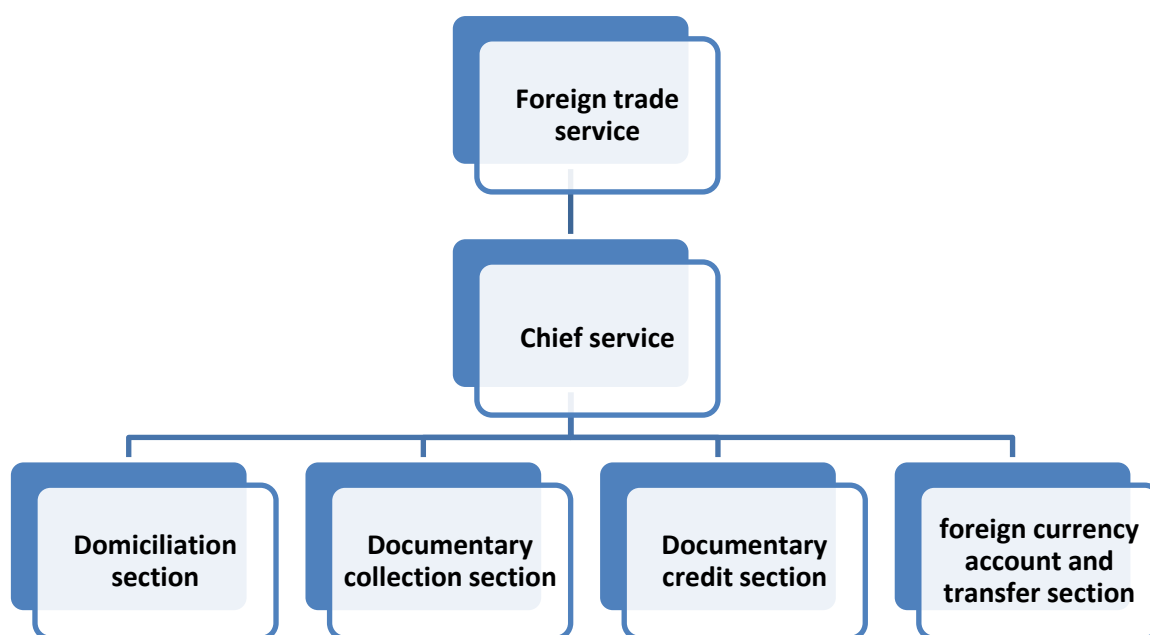
1.3.1. The organization of the foreign trade service:

The organization of the foreign trade service differs from one agency to another according to the intensity of the clientele and the volume of operations carried out, it requires them a certain specialization by workstation.

The foreign service of the agency BEA 42 of Annaba, in order to satisfy its customers is organized according to the following Organizational chart:

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Figure 6: Organizational chart of the foreign trade service of BEA agency 42 Annaba



Source: Internal document of the bank

1.3.2. Presentation of the foreign trade service:

The compartment that is constantly confronted with the needs of foreign trade customers is the foreign trade department, also known as the Foreign Service. The purpose of this service is to carry out any foreign operation or relationship in accordance with the regulations governing trade and foreign trade. The creation of the "foreign trade" service in a bank branch answers a double concern, in this case:

1.3.2.1. The complexity of relationships:

In the case of foreign commercial and financial transactions, their processing requires a perfect knowledge of the different mechanisms involved in the settlement of these transactions. In fact, the operations of this department are concerned with the commercial and / or financial relations of economic operations with their foreign counterpart.

As such, the regulation governing this type of transaction differs from those applied or other conventional operations of the bank.

1.3.2.2. The specified regulation:

The action already taken to adopt a market economy regime, on the one hand, and the requirements of international trade controls, rules and practices, on the other, which have been recognized in the field of banking operations.

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Being the service of excellence in foreign trade operations, it is important to identify and present the foreign trade service by its role, its organization, and to clarify the relations it has with other structures and institution.

1.3.3. Role of the Foreign Trade Service:

The liberalization of foreign trade in Algeria, following the opening up of its economy to the world, has resulted in a proliferation of transactions, which has involved the increase in the profitability of the bank and the service concerned precisely, and also the increasing the importance of its role. This service is responsible for:

- To domicile, monitor and clear the import and / or export files.
- Process documentary operations (documentary credit / collection).
- Ensure the transfers ordered by the client.
- Perform foreign currency exchange, conversion, withdrawal transactions.
- Develop and transmit information and statistics to the Algerian Bank as well as the records of clearance of the files.
- Open, manage and control special accounts.
- Manage contracts and monitor the implementation of financing and guarantees.

1.3.4. Relations maintained by the foreign trade service

For the purposes of its proper functioning or to meet the different regulatory provisions, the foreign Service maintains relations both internal and external to the organization to which it is attached.

1.3.4.1. Functional relationships (internal):

For the needs of its activity, the foreign trade service maintains functional relations with other services of the agency such as:

- The cash service: it is essential for the recognition of provisions in dinars, the verification of signatures and pledges of vouchers.
- The Commitment and customer service: it is essential to Follow and keep the commitments generated by documentary credits.

1.3.4.2. Hierarchical relationship:

The Foreign Trade Service hierarchically depends of the Chief Service who is responsible for:

Chapter 3: Case study on the assessment of the contribution of the BEA to the development of foreign trade

- Ensure the smooth running of the service.
- Coordinate different sections.
- Distributes tasks among his agents and ensures the quality of the work to be done.
- Delegate certain tasks to subordinates and affix the last signature on the documents.
- This service is in constant contact with the Department of Foreign Operations (DOE), which is characterized by the frequent exchange of information and documents.

1.3.4.3. External relationships:

The settlement of a foreign trade operation sometimes requires the intervention of several organizations and / or administrations. As a result, the foreign trade service has relations with other bodies external to the bank:

✓ **The Ministry of Finance:**

Especially with the Directorate of External Financing (**FINEX**). It is the main body that regulates the operations of transfers and repatriation for the sole purpose of preserving the interests of the national economy.

✓ **The Ministry of Commerce:**

Whose intervention is limited in the regulation of import and export operations in terms of physical flows (prohibited products, quotas ...).

✓ **The bank of Algeria:**

Its field of intervention is vast. First of all, it authorizes and approves accredited intermediaries. Then, it intervenes as monetary authority, while ensuring the good respect of the regulation in force. The foreign trade service must have the authorization of the Bank of Algeria for any transaction subject to the prior agreement, and reports periodically to it, by sending static statements, thus allowing it to manage the currency cash (reserve of exchange).

✓ **The customs service or the customs administration:**

Which controls the physical realization of the import and export operations, and therefore requires the cooperation of the domiciliary ticket office.

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Section 2: practical case study of an import transaction by the documentary credit

To better understand the different steps of the processing of a documentary credit, and after a theoretical study, we will follow in this section an example of a documentary credit made at the BEA 42 of Annaba.

2.1. Presentation of intervening parties:

The transaction involves the BEA's financing of an import operation; a company from Annaba signs a contract to buy bakery accessories with a French company.

Importer: EPE ESTEP SPA

Exporter: JAC SA

The issuing bank: BEA 42 Annaba

The advising bank: KOLB FRANCE

The realization of this operation is done according to several stages.

2.2. Domiciliation phase of the documentary credit

2.2.1. Opening of the domiciliation file:

The opening of a domiciliation file is carried out by the presentation of the documents by the importer "EPE ESTEP SPA" to the BEA, as follows:

- ✓ The pre-domiciliation signed by the importer (Appendix n° 1).
- ✓ The demand for domiciliation (Appendix n° 2).
- ✓ The request for bank account assignment (Appendix n° 3).
- ✓ A declaration of commitment (Appendix n° 4):

For the imports intended for the needs of the exploitation, a letter of commitment of the operator certifying that the merchandise to be imported is not intended for the resale in the state in four (04) copies, of which two are addressed respectively to the customs and taxes, one remains to the customers and the other will be kept in the file.

- ✓ Copy of the register of commerce certified by the CNRC (Appendix n° 5):

It is a document indicating the commercial activity of the physical or moral enterprise.

- ✓ Tax Identification Number (NIF) (Appendix n° 6):

A tax identification number is required by the customs services for the clearance of the goods.

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- ✓ Pro forma invoice.
- ✓ Tax certificate (extrait de rôle) :

It is a document that designates the non-indebtedness with the tax services.

- ✓ Parafiscal attestation.

At the BEA's foreign trade service, the banker responsible for the verification of the domiciliation file must check the conformity of the documents according to foreign exchange and foreign trade regulations. The banker before accepting the opening of this file must ensure that the client is a holder of a current account with the bank.

After the verification of these documents, the banker in charge sends these documents to the chief service, who will find that the documents are compliant to perform the operation of importing bakery accessories. Therefore, the latter gives a favorable opinion and gives the documents to the agent for the assignment of a direct domiciliation number.

The domiciliation number is a rectangle composed of 06 boxes to fill indicating from left to right:

- The domiciliation counter number composed of: Wilaya code, the code of approval and code of the domiciliation counter.
- The year of the operation.
- The trimester of the opening of file of domiciliation.
- The nature of the contract.
- The chronological serial number of open domiciliation files.
- The billing currency.

Figure 7: The domiciliation number

N ° of domiciliation window	Year	Trimester	Nature of the operation	Chronological order number	Codification of the currency
230301	2018	3	10	00003	EUR

Source: internal document of the bank

After the assignment of the domiciliation number, the banker must give his client EPE ESTEP SPA copies of the domiciled pro-forma invoice.

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2.2.2. Domiciliation file management:

Once the documents are together, the banker will proceed:

- ✓ The opening of a control sheet import model DI (Appendix n° 7).
- ✓ Recording: (Appendix n° 8)

Debit: customer account: 2618 dzd

Credit: domiciliation commission: 2200 dzd

Credit: VAT collected (19%): 418 dzd

- ✓ File clearance: In the domiciliation file clearance or the three documents (commercial, customs, financial) have same value.

2.3. the establishment of the documentary credit

As previously stated at the conclusion of the contract between the importer "EPE ESTEP SPA" and its foreign supplier "JAC SA" the payment is made by documentary credit. Then, the progress of this operation is carried out by the following steps:

2.3.1. The opening and treatment of the documentary credit:

In terms of the contract concluded between the importer and the exporter, the latter required to be paid by irrevocable and confirmed documentary credit payable at sight.

The importer asks his bank to open a documentary credit in favor of the exporter by specifying the nature of the documents he will have to submit.

The customer with an account at the BEA must present:

- ✓ 03 Domiciled commercial invoices (or pro forma) representing proof of this contract.
- ✓ A demand for the opening of a documentary credit (Appendix n° 9) that the importer must fill in 3 copies in the presence of his banker for possible corrections and which contains the following elements:

Importer: EPE ESTEP SPA

Exporter: JAC SA

The issuing bank: BEA 42 Annaba

The advising bank: KOLB FRANCE

On June 7, 2018, the importer signed the contract with the exporter for:

Chapter 3: Case study on the assessment of the contribution of the BEA to the development of foreign trade

Merchandise of nature: bakery accessories that must be delivered no later than October 11, 2018

The amount of the goods is: 152124.80 EUR

Incoterm used: CFR port of Algiers, incoterm 2010

Boarding place: French port

Deadline for boarding: 20/09/2018

Place of destination: Algiers port

Method of payment: payment at sight by documentary credit that is irrecoverable and confirmed.

Partial expeditions: prohibited.

Transshipment: prohibited.

- The documents required by the supplier are:

- Copy of certificate of origin.
- Copy of certificate of conformity.
- Copy of warranty certificate.
- Certificate of packing list.
- Complete bill of lading set at the order of the BEA.
- Commercial invoice in 04 copies.
- Copy EUR.

- The period of presentation of documents: within 21 days after the date of shipment.

- The insurance covered by the client.

Fees and commissions: all fees and commissions outside Algeria are the responsibility of the beneficiary (the exporter)

- Currency risk: is supported by the BEA

After the audit, the banker must inquire about the solvency of client to decide on the financing agreement; the banker constitutes a total provision on the customer request, knowing that the latter accuses the receipt of a copy for him and another for the bank, so he transcribes the instructions of the client on his request for opening the documentary credit.

Once the documentary credit is opened, it will be registered on an import opening register which is annual.

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2.3.2. The issuance of the documentary credit:

The issuance of the documentary credit is generally done by telex or by Swift, which is a reliable and fast interbank network. In this case it was done by Swift.

The issuance of the documentary credit is made by the BEA to the DOE (direction of the foreign operations) which receives the file of opening and checks the conformity of the documents, then the latter is responsible for the transmission by Swift to the correspondent bank which to his turn sends the BEA a confirmation notice, while informing his client of the opening of the documentary credit. On Swift (Appendix n° 10) one must mention the following data:

- ✓ Name and address of the issuing bank: BEA (agency 42 Annaba), 14 cours de la révolution Annaba;
- ✓ Message type MT 700 issue of a documentary credit;
- ✓ The receiver of the message: DOE;
- ✓ Form of the documentary credit: irrevocable and confirmed;
- ✓ Documentary credit number : 042ICD0000618099;
- ✓ Issuing date: 04/09/2018;
- ✓ Importer: EPE ESTEP SPA, Annaba;
- ✓ Beneficiary: JAC SA, France;
- ✓ Currency Code and Amount: 152124.80. EUR
- ✓ Name and address of the confirming bank: KOLB France;
- ✓ Destination of the port of Algiers;
- ✓ Date of dispatch: 20/09/2018.

Note: Any changes to the documentary credit shall be remunerated in respect of commission and recovery of the costs of the telex, VAT and the costs of additional commitments.

2.3.3. The realization of the documentary credit

After the notification and the confirmation of the opening of the documentary credit, the phase of physical realization intervenes and will be closed by the financial realization.

2.3.3.1. The physical realization:

The supplier prepares the goods and dispatches them by the ship (.....) from the French port to the port of Algiers, and delivers the documents required by his client to his bank (KOLB France) and which are:

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- Original bill of lading made out to BEA,
- Original commercial invoice in 05 signed and sealed copies.
- Other original documents are sent directly to the client by DHL-fold. The latter comes to the bank to do the necessary to accompany the customs clearance phase of his goods.

The banker verifies the documents in compliance with the opening SWIFT (MT 700), and postpones the posting of the final invoices, and endorsement of the bill of lading to the order of the client, requiring a possible withdrawal of reserve for the realization and payment of documents negotiated by the bank.

2.3.3.2. Financial realization:

This phase concerns the financial settlement of the documentary credit, after the documents received by the international direction are deemed to comply with the opening conditions; the correspondent bank proceeds to the settlement of the beneficiary, placing a call for funds to the BADR, the latter proceed in turn to the verification of documents, and credits the correspondent's account to a value date granted by the Bank of Algeria.

The Foreign Trade service receives the documents, with a notice of final settlement.

Finally, he proceeds to restitution of the provision in the customer's current account with the value date of payment and proceeds to the definitive credit of the actual amount of the settlement of the goods.

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Section 3: Analysis of the interview guide's results

In this fact, I will try to present the results of my investigation at the BEA 42 agency in Annaba, in order to verify our hypothesis concerning the contribution of the BEA in the financing of foreign trade in Algeria.

3.1. Questionnaire and sample presentation

The organization of this questionnaire reflects its concerns. It consists of three parts, the first part contains questions addressed to the agency, which hosted me during my practical internship to determine the date of creation of this agency and its location (presentation of the agency), the second part concerns on issues seeking to analyze the impact of liberalization of the banking system on the development of foreign trade, the third part represents the subject of the problematic devoted to questions concerning the role of the BEA in the financing of foreign trade.

This interview guide was conducted during my practical internship, at BEA 42 in Annaba, which is based on a sample of three persons : the director of the agency, the deputy director and the chief service of the foreign trade service. But unfortunately, they did not all answer my questionnaire; just two people answered who are the deputy director and the chief service, who received my questionnaire.

3.2. The results of the interview guide:

In this part, we will analyze and present the results obtained from the questionnaire. Before seeing the main axes of this survey, we begin, first, with the questions concerning the creation date of the agency BEA 42 Annaba, the choice of location of this agency and the number of staff in the latter more specifically in the foreign trade service.

3.2.1. Presentation of the agency:

- **The date of creation of the agency, the location and of the agency**

According to the results of the survey, the agency BEA 42 Annaba is located at 14 cours de la révolution Annaba, that was chosen in relation to the decision of general direction of the BEA in Algiers, in order to get closer to the customers that are located in the industrial zone, And which is composed of several related activities with external trades.

- **The number of the staff in the agency**

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According to the deputy director's response on the questionnaire, the number of staff in the agency is thirty-six (36), with regard to the foreign trade department at the agency, there are only three (03) people who take care of the service, and who deal with foreign trade operations.

3.2.2. The impact of the liberalization of the banking system on the development of foreign trade

- **The need for the establishment of a banking system in foreign trade**

According to the answers on the questionnaire, the need for the establishment of a banking system in foreign trade is:

- Facilitate and supervise imports and exports within a well-defined regulatory framework.
- Join the WTO in the context of uniform rules and customs in the context of foreign trade.

- **The impact of the 1990 banking reform on banking activity**

According to the chief service's response on the questionnaire with regard to the impact of the banking reform of 1990 on the banking activity, it is considered favorable, since it gave more autonomy to the banks and to the liberalization of trade. This reform has allowed foreign banks to set up in Algeria

- **The benefits of BEA compared to another local bank**

According to the answers on the questionnaire, the advantages are:

- Concern for the quality of services offered to clients;
- Provision of advice and guidance;
- The implementation of several products and services to customers to make the bank easier in the daily management of customers on their accounts and their various operations.

3.2.3. The role of the BEA in the financing of foreign trade:

According to the Deputy Director and the chief service's responses on the questionnaire, I deduced that:

- The most financed sector by the agency BEA 42 Annaba, according to the results of the questionnaire, is the sector of Industry and the foreign trade considering the importance of the companies which are located in the industrial zone.

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- The type of clientele most financed by the agency in the context of foreign trade is represented by importers thanks to the large number of customers in the region; the majority are importing SMEs in the agri-food sector.
- The conditions required by the agency to finance the clientele are mainly:
 - Have an activity of at least 02 years;
 - Have a real tax system (real accounting)
 - Tax update
 - The means of payment proposed by the agency to its customers to carry out their exchanges are the documentary credit, the documentary collection and the wire transfer.
 - Among the risks inherent to the bank, according to the survey results, there is a difference in the exchange rate risk which represents a major risk for the bank itself, for the importer or the exporter, and for the inherent risks. To these, one also finds the commercial risk and the risk of non-payment.
 - With regard to the specific valuation methods used to measure risks, BEA declares that it has its latest and that they are:
 - In-depth financial analysis of companies;
 - Refer to the prudential rules (Cooke ration - provisions on doubtful debt ...)
 - Compliance with the internal regulations and regulations of the Bank of Algeria;
 - Business rating system (client).
 - The guarantees required by BEA to its customers:
 - Joint and several guarantees of the managers and associates;
 - Material pledge and goodwill;
 - Mortgage of 1st RANK.
 - Among the means of coverage of risks proposed by this agency, we find:
 - Serving guarantees;
 - Provisions recognized on account;
 - Bank seizures and judicial remedy (bailiff).

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- The number of foreign trade files financed by the agency BEA 42 Annaba is increasing for the year 2019 and the last 3 years, with the financing of 100% for imports, by which the majority of the customers in particular the active industrialists in sectors dependent on the outside for the import of raw materials and production equipment, in fact, the local production of raw materials is insufficient or non-existent for some sectors. For the next 3 years a probability of having a regression in the financing of foreign trade operations following the financial crisis affecting the country.

Conclusion

In order for banks to succeed in the field of financing development of international trade operations, and particularly the BEA, several techniques and means of settlement have been implemented by the latter in order to conserve and protect the properties of the contracting parties.

Indeed, this study on documentary credit has allowed me to understand the use of this means of settlement, which remains a positive factor in the development of international trade; this instrument takes advantage of the evolution of international exchange to facilitate the rapid settlement of operations by means of control that would further involve the international banking community.

As a last point, the questionnaire that I carried out within the Agency BEA 42 Annaba, allowed me to learn about the bank and its intervention in the financing of foreign trade operations in Algeria.

General conclusion

Foreign trade is a major factor in the development of any economy, which explains why the volume of trade in the world is growing. For this purpose, companies are obliged to access foreign markets in order to be more competitive.

This study has attempted to provide some answers to the purpose of my work, which is to study the contribution of the BEA Bank to the financing of foreign trade operations in Algeria. I focused my answer on the problematic and on the following points: the need to make use of the banking system in foreign trade operations, the different means of financing that are appropriate in foreign trade operations and finally the procedure of realization an import transaction by documentary credit.

In the first place, I noted a great divergence from the independence until 1990 by the easing more and more of the control of the exchanges and the foreign trade, and then, the end of the monopoly of the State on the exercise foreign trade operations. The change occurred in 1990, after the promulgation of Law N ° 90/10 of 14/04/1990 on money and credit and the adoption of the market economy. During this period, the efforts of the public authorities were made to modernize the national banking sector by authorizing the creation of private banks and the installation of foreign banks in Algeria to improve the foreign trade component.

Secondly, I tried to see how banks intervene in international trade through their financing techniques and payment methods, to overcome the various obstacles encountered by customers. The techniques used are those laid down-in general-by the ICC, medium and long-term financing techniques are applied to ensure external commercial operations.

Thirdly, following my internship with the BEA 42 Annaba agency, I found that, given the volume of imports, documentary credit is the most used technique for financing imports thanks to its advantages such as that it is safer and more secure. Added to this, a field study was conducted by a questionnaire with the managers of the agency, which allowed me to describe in a concrete way the important role of the BEA bank in the financing of foreign trade operations in Algeria, and the importance of the documentary credit that remains today the most recommended for international settlements, which means the confirmation of the **hypothesis N °01.**

General conclusion

Based on the analysis of the results obtained from the survey and the answers provided by the managers of the agency, we are in a position to affirm the **hypothesis N ° 02**, indeed, the establishment of a banking system is conducive to the development of foreign trade because it facilitates and controls imports and exports in a well-defined regulatory framework. And following the analysis of the results we can advance this:

- The means of financing that are applied in foreign trade operations are documentary credit, documentary collection and bank transfer.
- Among the risks faced by traders in their international trade is currency risk, which represents a major risk for the bank itself, for the importer or exporter, and those inherent in them, there is also the commercial risk and the risk of non-payment.

Currently and with banking internationalization, openness to the market economy and foreign financial institution, another context will emerge, the Algerian banking system must be competitive and Algerian banks will have to keep their market share, to be more efficient and more competitive.

They will also have to evolve their techniques and procedures and offer a whole range of new products. All this will be possible only through the development of their network, a reorganization of their structures, a modernization of their procedures, a better qualification of their staff, a more professional behavior, without forgetting of course the quality of service and the improvement customer welcome. Thus, the need for a market-based approach can serve as a basis for a secure and efficient financing of foreign trade operations while taking charge of exchange control for the purpose of repressing foreign exchange offenses.

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Appendices



Appendix 01

Demande de Domiciliation Bancaire

Type de la domiciliation : IMPORTATION	Numéro de la domiciliation :
Nom ou Raison Sociale : EPE EST EQUIPEMENTS PROFESSION	Capital Social : 100000000
Nom du Gérant :	N_téléphone :
EMAIL :	Compte Bancaire:
Adresse: BOULEVARD DE L'AFRIQUE, BP 31 OUED KOUBA. ANNABA	Agence: ANNABA REVOLUTION

Messieurs, Mesdames,

Conformément aux dispositions réglementaire en vigueur, notamment celles édictées par le Règlement du 07/01 DU 03/02/2007, relatif aux règles applicables de transactions courantes avec l'étranger, nous vous demandons de bien vouloir procéder à la domiciliation de l'opération cités-ci après :

Nature de la Marchandise/ Bien ou Service : ACCESSOIRES DE BOULANGERIE

Origine de la Marchandise : FRANCE

Facture Proforma N°:4510

Date de Facture°:2018-06-07

Finalité Economique: FONCTIONNMENT

Fournisseur (Non de la Société Etrangère): JAC S.A

Adresse du Fournisseur : 3, RUE DU LIEUTENANT DIDIER F-52200 SAINT-GEOSMES . FRANCE

Téléphone du Fournisseur : +33(0)325660020

Montant : 0000152124.80

Type Devise: EUR

Code Douanier / Nature Exacte du Service :

Mode paiement: CREDIT DOCUMENTAIRE

Incoterm : CFR

N° du Registre de Commerce :

N° Licence d'importation :

REF Agrément d'exercice d'activité:

N° D'identification Fiscale(NIF):

N° D'identification Statistique (NIN):

Adresse du Bureau de rattachement des impots : RCD OUED EDHED. ANNABA

Aussi, Nous nous dégageons la Banque Extérieure d'Algérie de toute responsabilité pouvant résulter de la non réalisation de cette opération.

Nom, Cachet et Signature du gérant :





بنك الجزائر الخارجي
Banque Extérieure d'Algérie

Medames, Messieurs :

Nous vous prions de bien vouloir vous présenter à nos guichets le : **28/08/2018 à 09:15** munis des documents suivants:

- La demande de domiciliation model en vigueur, dument renseignée et signée par le client importateur ou le gérant dument mandaté.
- La facture pro forma ou contrat commercial ou autres documents prévus par le règlement 07/01 du 23/02/2007.
- L'attestation fiscale et parafiscale.
- L'attestation de conformité pour les produits destinés à la revente en l'état , délivrée par les services du Ministère du Commerce .
- La quittance de la taxe de domiciliation pour les opérations de biens destinés à la revente en l'état,délivrée par la direction des impôts de wilaya/recette des impôts.
- L'autorisation ou visa technique délivré par les Ministeres concernés pour l'importation de certains produits réglementés.
- L'attestation de transfert de fonds bancaires et paiement de la tax de 3% pour les opérations d'importation de service, délivrée par la direction des impôts territorialement compétente.
- Le bilan et le tableau des comptes de resultats de l'entreprise tels que declarés à l'administration fiscale (bilan fiscal).
- Pour les importations destinées aux besoins de l'exploitation: une lettre d'engagement de l'opérateur certifiant que la marchandise à importer ne sera pas destinée à la revente en l'état.

Siège Social:11 Boulevard Colonel Amirouche- Alger
BP 323 Alger Gare - R.C.0011452 B 00
Spa au Capital de 100 000 000 000 DA

BEA
La Banque à la Hauteur de
Vos Aspirations.

Appendice 02

RAISON SOCIAL : Est Equipement Professionnels « ESTEP » DATE: 17/06/2018

DRESSE : Boulevard de l'Afrique Annaba -BP 31Oued Kouba

PROTE N° : 00200042042220016140

Aut n° = 131 / 2018
d = 6 / 08 / 2018
le 30 / 09 / 2018

Mlle M. CHARA
Directrice Agence
BEA 42

A L'ATTENTION DE LA DIRECTION
DE LA BEA AGENCE 42

OBJET : DEMANDE DE DOMICILIATION

ROFORMA N° 4510 du 28/05/2018.

DEVISE : 152 124.80 Euros EUROS FAVEUR : JAC S.A.

MONSIEUR ;

Conformément au règlement 07/01 du 03/02/07 article 29, nous avons l'honneur de vous présenter la facture d'importation cadre L/C citée en objet.

Nous vous saurions gré de bien vouloir réserver un traitement dans les meilleurs délais.

Veuillez agréer, Monsieur, l'expression de nos salutations les meilleures.

Mme BEA...
Chargée

Le Président Directeur Général

DEMANDE D'IMPUTATION BANCAIRE

NOM ET RAISON SOCIALE DE L'IMPORTATEUR : « EPE ESTEP SPA »
ADRESSE : « BOULEVARD DE L'AFRIQUE BP 31 OUED KOUBA ANNABA »
CAPITAL SOCIAL : 100 000 000.00DA
NOM ET PRENOM DU GERANT :

N° COMPTE :

ORIGINE DE LA MARCHANDISE :FRANCE.....

PROVENANCE : ...FRANCE.....

DESTINATION DE LA MARCHANDISE : Matière Première ; fonctionnement.

N° ET LA DATE DE LA FACTURE PROFORMA : 4510 du 28/05/2018.

NOM DU FOURNISSEUR : ... « JAC S.A. ».

DATE PROBABLE DE REGLEMENT :

MODE DE PAIEMENT : Lettre de crédit irrévocable et confirmé

NATURE DU CONTRAT : C&F Port Alger.Incoterms 2010

VENTILATION PAR POSITIONS TARIFAIRES.

tarif douanier	Produit Importe	Devise
8417202000	KIT DIVISEUSE HYDRAULIQUE QTS 20	152 124.80 Euros
8417900000	KIT FACONNEUSE VERTICAL UNIC QTS 20	
8411981990	KIT DIVISEUSE HYDRAULIQUE STANDART QTS 4.	
8411981990	ENC GRILLE 005. QTS 4	
8411981990	BASE GRILLE 003. QTS 4	
8411981990	GRILLE TEFLON 48 QTS 4.	
8411981990	KIT ROULEUSE A CROISSANTS QTS 4.	

Adresse et lieu d'attachement des impôts : Annaba.

N°D'identification fiscale :

N°D'identification statistique (NIS):

N°D'IMMATRICULATION AU REGISTRE DE COMMERCE ::

Code activité : 112005.

NB :

Les renseignements sont communiqués à la banque domiciliaire sous l'entière responsabilité de l'importateur.

Annaba le 28/08/2018

Appendix 04

ENGAGEMENT

Je soussigné, **Monsieur**
représentant légal de l'Entreprise EPE ESTE SPA.

Activité : **Production et commercialisation Four de
Boulangerie**

Adresse : **Boulevard de l'Afrique Annaba – BP 31 Oued
Kouba**

NIF :

Code d'Activité : **112005.**

Je m'engage au nom de la société à destiner les
produits importés relatifs à la facture proforma N° : _____
du 16/05/2018 montant : 152 124.80 euros

Fournisseur : **JAC SA.**

Exclusivement au besoin de l'exploitation de
l'entreprise et de ce fait, je m'interdis de vendre les
produits en question en l'état.

En outre, j'atteste que les quantités importées
correspondent aux capacités de l'entreprise.

2018 3 10 0003 EUR

Annaba le : 28/08/2018



Appendix 05

مستخرج السجل التجاري
معمل
شخص معنوي

رقم التسجيل: 09/12/2010
تاريخ التسجيل في السجل التجاري: 09/12/2010

عقوبات التي يتعرض لها الخاضع للتقيد في حالة مخالفة أحكام القانون رقم 08 المؤرخ في 14 غشت سنة 2004 والمتعلق بشروط ممارسة الأنشطة التجارية.

لأحكام المواد 31، 32، 33، 34، 35، 36، 37، 38، 39، 40، و41 من القانون المذكور أعلاه، يعاقب بغرامة من 5000000 دج و/أو الحبس من ستة (6) أشهر إلى ستة (1) كل من:

- يمارس نشاطا تجاريا قارا أو غير قار دون التسجيل في السجل التجاري؛
- يخلي بتصرّيات غير صحيحة أو يخلي بتعلّيمات غير كاملة بهدف التسجيل في السجل التجاري؛
- يمارس نشاطا تجاريا قارا دون جواز معمل تجاري؛
- يمارس نشاطا أو مهنة مفتقة خاضعة للتسجيل في السجل التجاري دون تقديم الرخصة أو الإ اعتماد المطلبين؛
- يمارس تجارة خارجة عن **مجال النشاط التجاري**؛
- لم يشهر البيانات القانونية المنصوص عليها في المواد 11، 12، 14، و15 من القانون المذكور أعلاه؛
- يقلد أو يزور مستخرج السجل التجاري أو الوثائق المرتبطة به؛
- لم يعالج بيانات مستخرج السجل التجاري في الأجال القانونية؛
- يفتح وكالة لممارسة نشاط تجاري باسم صاحب السجل التجاري باستثناء الزوج، الأصول والفروع من الدرجة الأولى.

لا حظت: [Redacted]

" لا يعفي التسجيل في السجل التجاري التاجر من الإلتزامات التي تقع على عاتقه خلال ممارسة أنشطته، لا سيما تكون هذه النشاطات موضع تنظيم خاص".

إمضاء الخاضع للتسجيل
أو ممثله الشرعي

الهيئة الوطنية للمحامين
المجلس الوطني للسجل التجاري
ولاية مملكة

التسلسلي: 034499

رمز أو رموز النشاط	قطاع النشاط
406301	استيراد وتصدير مواد التجميل و مواد النظافة الجسدية
410301	استيراد وتصدير مواد التنظيف من كل المواد
406302	استيراد وتصدير المواد الأولية و الزيوت الأساسية الموجهة لصناعة مواد التجميل و العطر و الطاقة الجسدية
409011	استيراد و تصدير المصنوعات الزجاجية، الأواني، أدوات منزلية
210469604	معاون المطبخ
410313	استيراد و تصدير العتاد و المواد المرتبطة بميدان الخردوات، المعاقير و الأدوات المنزلية و كل أدوات النظافة و الصيانة المنزلية و المهنية
405105	استيراد و تصدير كل المعدات للأشغال العمومية و البناء، به
408201	في ذلك قطع الغيار و التواقيع
408101	استيراد و تصدير الألبسة و لواحق الملابس
405103	استيراد و تصدير المعدات و المواد المرتبطة بالميدان الكهربومنزلي
405205	استيراد و تصدير المعدات، قطع الغيار و لواحق المرتبطة بميدان الميكانيك
405102	استيراد و تصدير الإضاءة، الخيوط و الأسلاك
410334	استيراد و تصدير الأحدث
408301	استيراد و تصدير الألبسة المستعملة و كل الرقائذ
407101	استيراد و تصدير الدراجات و الدراجات القارية
407001	استيراد و تصدير المعدات و المواد المرتبطة بميدان الإعلام الألي و المكتبي
409002	استيراد و تصدير الخشب، القابض و منتجات الحفاه و السداد
408407	استيراد و تصدير كل المعدات المرتبطة بقطاع البناء و الأشغال العمومية
	استيراد و تصدير كل التجهيزات، الآلات و الأدوات الصحية الخزف و مواد أخرى ، أدوات للتنظيف و الرصاصة من كل التجهيزات المرتبطة بالميدان الكهربائي و الإلكتروني

عنوان الشركة أو تسميتها : فلويد ملارك للاستيراد و التصدير.....

الشكل القانوني : المؤسسة ذات الشخص الوحيد و ذات المسؤولية المحدودة.....

عنوان مقر الشركة : تجرنة البرادعية - النوي.....

ولاية التواجد : عنابة.....

مبلغ رأسمال الشركة : 100,000,000 د.ج.....

تاريخ بداية النشاط : 19/05/2010.....

ملكية القاعدة التجارية : إنشاء.....

ملكية المحل التجاري : [Redacted].....

عدد المؤسسات الثانوية : [Redacted].....

الممثل أو الممثلون الشرعيون

الجنسية	الصفة	العنوان	تاريخ و مكان الميلاد	الإسم و اللقب
جزائرية	مدير	عنابة	19/05/1968	[Redacted]

الوطني للسجل التجاري
ولاية عنابة

Appendix 06

جمهورية مصر العربية
DIRECTION GENERALE DES IMPOTS

جمهورية مصر العربية
DIRECTION GENERALE DES IMPOTS

Carte d'Identification Fiscale

NIF: 00102303650

Sigle: GLOBAL MARCK IMPORT EXPORT

Raison Sociale: EURL GLOBAL MARCK IMPORT EXPORT

FICHE DE CONTROLE (1)

Instruction n° 893

ANNEXE II

Modèle F. DI

Appendice 07

Intermédiaire Agréé

BANQUE EXTERIEURE D'ALGERIE
Agence :

Numéro du dossier
(précédé de la lettre indicative de l'année)

230301-2019-2-10.00005-EVN

DATES

1° Date d'ouverture du dossier :

2° Date de vérification du droit au maintien de la couverture de change :
(6 mois après l'ouverture)

3° Date de l'Interventaire du dossier :
(8 mois après l'ouverture)

4° Date d'établissement du "Bilan" :
(9 mois après l'ouverture)

5° Date de décision de la banque :
(10 mois après l'ouverture)

Numéro de guichet domiciliataire

Dossier de domiciliation
D I
Importation à délai normal

Références diverses concernant l'importateur

Jouissance NR profon

Nom et adresse de l'importateur
SPA ESTER

PIECES JUSTIFICATIVES PRESENTEES POUR L'OUVERTURE DU DOSSIER

CONTRAT COMMERCIAL

ENAG - ULC - Réghaia

DATE du contrat	REFERENCE (Pays d'origine des marchandises nature du contrat commercial)	MONTANT PREVU		NATURE DE LA MARCHANDISE
		En devises	En D.A. (2)	
<i>date de profon</i>	<i>CFR E</i>	<i>EUR /</i>		<i>PDR pièce de change</i>

**LICENCE D'IMPORTATION AC
ATTESTATION D'IMPORTATION AV**

Rayer soit les deux mentions (importations dispensées de titre) soit la mention inutile.

DATE de délivrance	NUMEROS	MONTANT AUTORISE		DATE DE LA PEREMPTION DU TITRE
		En devises	En D.A. (2)	

OBSERVATIONS GENERALES

Regler par livre de crédit

Appendix 08

0422200161-40 3 Septembre 2018 a 12:17

Agence ...N°:cc00142 ANNABA 042
Devise DZD DINAR ALGERIEN
Type 001 DOM IMPORT (DI)
Guichetier ..: A107

Le :
S.P.A E S T E P
BD DE L'AFRIQUE BP 31 OUED
KOUBA ANNABA
23003 ANNABA OUED KOUBA
ALGERIE

REF. AUTORITE ..
Echeance 03/09/2019
Apurement
Terme de vente : COUT ET FRET
Code douanier ..: Autresafours de boulangerie, d

Correspondant ..: - JAC S.A
3 RUE DU LIEUTENANT DIDIER
F-52200 SAINTS GEOSMES

Pays de provenanc: 409 FRANCE

Montant marchandise: 152.124,80 EUR
Montant affretement: 0,00 EUR
Montant Total 152.124,80 EUR Tx change: 137,6381000

COMMISSION DOMIC: 2.200,00 DZD
Taxe 418,00 DZD
Nous debiterons votre compte No 0422200161-40 le 03/09/2018
selon vos instructions du 03/09/2018 de 2618,00 DZD
Date de valeur : 02/09/2018

Solde 0,00
Disponble 0,00
Autorisation : 0,00 au
Desaccords ...: NAUT VETR CQPP

DEROGATION DEMANDEE 900

Appendix 09

ANNEXE N° 01
(INSTRUCTION N° 25/VOG DU 28 DEC. 2010)

Donneur d'Ordre : EST EQUIPEMENTS PROFETIONNELS « ESTEP SPA »
Adresse : Six Boulevard de L'Afrique Bp31 ouesd Kouba Annaba
A LA BANQUE EXTERIEURE D'ALGERIE
AGENCE DE : Annaba 42.

Objet : DEMANDE D'OUVERTURE DE CREDIT DOCUMENTAIRE A L'IMPORTATION.

Par le débit de mon compte N° « _____ » nous vous demandons de bien vouloir procéder à l'ouverture d'un Crédit Documentaire suivant les termes et conditions ci-après:

FORME DU CREDIT:

- Irrevocable ET Confirmé A VUE.

DATE ET LIEU DE VALIDITE: 11/10/2018

DONNEUR D'ORDRE: EST EQUIPEMENTS PROFETIONNELS « ESTEP SPA »

Adresse : Six Boulevard de L'Afrique Bp31 ouesd Kouba Annaba

BENEFICIAIRE: JAC SA.

Adresse : 3 Rue Du Lieutenant Didier F-52200 Saint -Geosmes France.

Tél : _____ fax : _____

MONTANT EN CHIFFRES : 152 124 .80 EUR

MONTANT EN LETTRES : Cent Cinquante Deux Milles Cent Vingt Quatre Euros.

- La partie qui supportera les frais de gestion et confirmation en algerie sont a la charge de donneur d'ordre : EPE ESTEP SPA.
- La partie supporterales frais de gestion et confirmation hors algerie sont a la charge fournisseur JAC sa

NATURE DU CONTRAT (CF INCOTERMS) CFR PORT ALGER.

BANQUE DU BENEFICIAIRE: KOLB IBAN

KOLB FRANCE

MODE DE REALISATION :

- PAYABLE A VUE.

EXPEDITIONS PARTIELLES:

- INTERDITES

TRANSBORDEMENTS:

- INTERDITS

LIEU D'EMBARQUEMENT: PORT FRANCAIS

LIEU DE DESTINATION : PORT D'ALGER

DESCRIPTION DES MARCHANDISES: - KIT DIVISEUSE HYDRAULIQUE QTS 20

- KIT FACONNEUSE VERTICAL UNIC QTS 20

- KIT DIVISEUSE HYDRAULIQUE STANDART QTS 4.

- ENC GRILLE 005. QTS 4

- BASE GRILLE 003. QTS 4

-GRILLE TEFLON 48 QTS 4.

- KIT ROULEUSE A CROISSANTS QTS 4.

SUIVANT FACTURE PROFORMA N ° 4510 DU 28/05/2018

SUIVANT CONTRAT DUN°

DOCUMENTS EXIGES :

- 6 Factures commerciales originales et signées par JAC SA.
- 3/3 Connaissancement original on board à l'ordre de BEA 42 notify ESTEP fret payé.
- Originale liste de colisage établie et signée par JAC SA.
- 1 copie EXA.
- 1 EUR1 original signé par les services des douanes italiennes.
- 1 copie Original Certificat d'origine (Origine France) délivré par la chambre de commerce Française.
- 1 copie Originale Certificat de contrôle de qualité établie et signé par JAC SA.
- 1 copie Originale Certificat de conformité établie et signé par JAC SA.

De convention expresse les documents qui seront levés sont affectés par nous à titre de gage et de nantissement à la bonne fin des avances qui résulteront de votre paiement ou acceptation ainsi qu'au remboursement de toutes sommes dont nous serons débiteurs envers la Banque Extérieure d'Algerie pour quelque cause que ce soit.

L'utilisation du crédit par acceptation ou par mobilisation de crédit Extérieur n'e fait pas obstacle à votre demande de reconstitution de marge avant l'échéance des traites ou de celles du crédit Extérieur mobilisé si le prix de la marchandise vient à baisser au dessous du montant total des traites acceptées ou du crédit mobilisé.

Nous nous engageons à vous rembourser le montant du / des paiement(s) exécuté(s) en vertu de ce crédit documentaire, déduction faite de la provision constituée plus votre commission et frais accessoires ainsi que ceux de votre correspondant, le cas échéant et ce quelque soit l'issue de l'affaire pour laquelle vous aurez effectué le paiement.

Nous nous engageons, si l'assurance est signée par nous, à remettre un avenant à votre profit aussitôt que nous connaissons de manière certaine l'embarquement.

Cette opération est soumise aux Règles et Usances Uniformes relatives aux Crédits documentaires approuvées par la chambre de commerce internationale et actuellement en vigueur sous réserve de l'application des Régies et usages propres aux pays Où l'opération se déroulera et qui n'auraient pas adopté les Règles et usances uniformes

Appendix 10

Report Header

Application: Alliance Message Management
Report type: Instance Search - Detailed Report
Operator:
Alliance Server Instance: init
Date - Time: 2018/09/05 11:10:37

*F1 - Verification
F2 autorisation*

Report Content

Reprint From MFA-0000-000000

Instance Type and Transmission

Notification

(Transmission) of Original sent to SWIFT (ACK)

Network Delivery Status: Network Ack

Priority/Delivery : Normal
Message Input Reference : 1009 180905BEXADZALA0424652835806

Message Header

Swift Input: FIN 700 Emission d'un credit docum
Sender: BEXADZAL042
BANQUE EXTERIEURE D'ALGERIE
(AGENCE ANNABA REVOLUTION)
ANNABA 42 DZ
Receiver: BEXADZALDOE
BANQUE EXTERIEURE D'ALGERIE
(DIRECTION DES OPERATIONS AVEC L'ETRANGER -
DEPARTEMENT L/C ET NOSTRO)
ALGIERS DZ
MUR: CREDOC

Message Text

F27: Séquence des totaux
Number: Numéro: 1/
Total: 1
F40A: Forme de crédit documentaire
IRREVOCABLE
F20: Numéro du crédit documentaire
F31C: Date d'émission
180904 2018 Sep 04
F40E: Règles d'application
ApplicableRules: Règles applicables: UCP LATEST
VERSION
F31D: Date et lieu de l'expiration

Interview guide

This questionnaire is addressed to the staff of the foreign trade service and is designed to assist in the preparation of a Master's thesis on the contribution of Algerian banks to the development of foreign trade.

The information you will provide to this questionnaire will be completely confidential, will be treated only anonymously and will only be used for scientific purposes.

➤ **Presentation of the agency:**

1-When was the agency created?

.....

2- Would you indicate the location of the agency?

.....

3-The location of the agency was chosen according to:

- The decision of the general direction
- The importance of the clientel
- The existence of concurrents
- Other

.....

.....

4- What is the number of staff in your agency?

.....

5- Please specify the number of staff in the foreign trade service?

.....

➤ **The impact of the liberalization of the banking system on the development of foreign trade:**

1- What is the need for the establishment of a banking system in foreign trade?

.....

.....



.....
.....
.....

2- The banking reform of 1990, is it favorable for the banking activity?

- Yes
- No

Why?

.....
.....
.....

4- What are the benefits of BEA compared to another local bank?

.....
.....
.....
.....

➤ **Le rôle de la BEA dans le financement du commerce extérieur :**

1- Which sector is the most financed by your agency ?

- Industry
- Agriculture
- Foreign trade
- Other

.....
.....

2-What is the type of clientele most financed by your agency in the context of foreign trade?

- Importer



• Exporter

• Both

3- What are the conditions required by your agency to finance customers in a foreign trade operation?

.....
.....

4- What are the means of payment proposed by your agency to the customers to carry out their exchanges?

• Documentary credit

• Documentary collection

• Bank transfer

If there are others make sure you specify them?

.....
.....

5- What are the risks inherent to the bank?

• Currency risk

• Credit risk

• Insolvency risk

• Non

6- What are the risks inherent to the importer? Justify?

• Commercial risk

• Production risk

• Currency risk

• Non

.....

.....
.....
.....

7- What are the risks inherent to the exporter? Justify?

- Non-payment risk
- Commercial risk
- Currency risk
- Non

.....
.....
.....
.....

8- Does your agency have specific assessment methods to measure risks?

- Yes
- No
- I don't know

If yes, what are they ?

.....
.....
.....
.....

9- What guarantees does the BEA require from its customers?

.....
.....
.....
.....



10- What are the means of risk coverage proposed by your agency??

.....

.....

.....

.....

11- What is the number of files financed for your agency in the context of foreign trade for the last 3 years and for the next 3 years? and the percentage of imports?

Evolution	Progression	the part of importations in %	Regression	the part of importations in %	Stagnation	the part of importations in %
For 2019						
For the last 3 years						
For the 3next years						

Justify for each answer?

.....

.....

.....

.....

.....

.....

