

Industrial policies in Algeria: what place for SMEs?

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ABSTRACT

This article studies the place of SMEs (Small and Medium-sized Enterprises) in the Algerian economy: their evolution as well as their contribution to employment and national wealth. We wish to examine the place of these entities in the various economic policies adopted by Algeria since its independence until the implementation of the new industrial strategy (NIS) in 2006.

At the end, we will focus on the NIS which has given a special place to the SME, given that it constitutes the spearhead of our economy, to try to evaluate it by comparing its objectives with the results of their achievements, 15 years after its establishment. The study of the three indicators which constitute the main features of this strategy, namely: share of industry in GDP(Gross Domestic Product), flow of FDI (Foeign Direct Investment) and innovation, has shown its failure at all levels.

1. Introduction

Small and medium-sized enterprises are the most common form of business organization due to their dynamics and flexibility, in both advanced and emerging economies. Their growth potential was underestimated for longtime. It was until the 1970s and 1980s that their leading role was highlighted. The economic crisis of the 1970s, caused by the first oil shock (1973) - which put oil importing countries in difficulty - confirmed the importance of the SME (Small and Medium-sized Enterprises) as a flexible form of organization, more resistant to external shocks than large companies and multinationals (Amarouche, 2010).

Industrialized countries have focused their efforts on supporting SMEs and mid-size companies according to their place in the economy as a source of innovation, job creation and growth. As a result of this attention, the contribution of SMEs to the creation of wealth and employment is only increasing. Today, they represent on average 95% of economic entities and between 60% and 80% of total employment in OECD (The Organization for Economic Co-operation and Development) countries. For example, French SMEs occupy 45,7 % of salaried employment and generate 40,3% of added value in 2018 (CEDEF, 2019). In Germany, they contribute 45% of taxable turnover, account for 57% of the GNP (Gross National Product) of all companies and employ 70% of the employed population.

In Algeria, SMEs also represent a large part of the business fabric. In 2019, the country had 1.19 million SMEs, the majority are in services and construction. Their contribution to the economy has continued to increase since the 2000s, particularly with the promulgation of the 2001 orientation law on SMEs. They generate 21% of total employment and contribute approximately 86% of added value excluding hydrocarbons in 2016. Despite new business start-ups, particularly within the framework of the various public support schemes for young entrepreneurs (National Agency for the Support of Youth Employment - ANSEJ; National Investment Development Agency - ANDI; National Microcredit Management Agency - ANGEM), Algeria still shows a shortfall in terms of the number of companies to achieve the country's economic take-off (Si Lakhal, Korichi and Gaboussa, 2013).

At the beginning, the role of these entities was marginalized in favor of the big companies, in particular during the

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period of administered economy. It was not until the 1990s that SMEs took up space in Algerian economic policy. The new industrial strategy (NIS) put in place in 2006 was promising for these companies and for the economy in general, however, the results of the last 15 years show that the initial objectives are far from being achieved by this strategy. The study is organized as follows:

- In the first section, we will examine the place of SMEs in the national economy by referring to statistics from the NSO (national statistics office) and the Ministry of SMEs.
- In the second section, we will analyze the industrial policies adopted by Algeria since 1962.
- In the third section, we will provide an assessment of the new industrial strategy.

In conclusion, we will try to rule on the nature of the difficulties of the Algerian economy in bringing about a productive system based on a fabric of industrial SMEs capable of allowing development and diversification of the country's economy.

2. The place of SMEs in the Algerian economy:

The economic opening of Algeria in 1989 and the entry of the new investment code (1993), reinforced by public measures relating to the development of investments and SMEs in 2001, strongly stimulated the development of the private sector and SMEs in particular.

2.1. A substantial but insufficient development in the number of SMEs over the past 20 years.

The evolution of wealth-producing entities shows continuous momentum, judging by the number of business creations over the past twenty years. According to the results of the first economic census (2011), 76.6% of existing companies in Algeria were created from the year 2000. (Table1)

Table n ° 1: creation of companies in Algeria 1980-2011

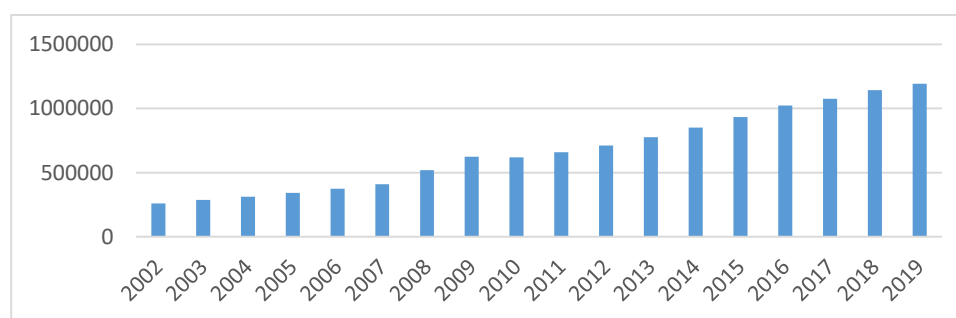
Before 1980	1980-1989	1990-1999	2000-2011
2,2%	4,2%	17%	76,6%

Economic census, NSO, 2011

As shown in the graph below (Figure1), the number of private SMEs increased from 261,075 in 2002 to 1,193,339 in 2019. In the space of 17 years, the number of these companies has therefore almost quadrupled.

Between 2002 and 2016, the annual creation average was 54,368 SMEs. The country seems to encourage entrepreneurs but the number of new creations remains well below the annual international average. For example, Turkey registers on average some 334,668 SMEs per year (Uyarci, 2014), while in France no less than 500,000 SMEs are created each year. (INSEE, 2019).

Figure 1: Evolution of private SMEs in number from 2002 to 2019:



Elaborated from data from the statistical bulletins of the Ministry of SMEs.

The increase in the population of private SMEs recorded since 2002 can be attributed, on the one hand, to the sharp increase in the number of project promoters following the opening up of the national economy and the encouragement

by the authorities of the private investment; on the other hand, the creation of the three aforementioned investment promotion agencies (ANDI, ANSEJ and ANGEM).

Algerian SMEs are mostly very small: the average number of employees per SME is less than 03. In 2019, very small businesses, also called micro enterprises, represented 97% of the total of existing companies. Small companies, for their part, made up 2.6% of the fabric of companies and medium-sized companies hardly exceeded 0.4% (see table 2).

The preponderant weight of SMEs in the economy is not unique to the Algerian economy. However, the weight of very small businesses is proportionally greater in Algeria compared to industrialized countries where their average share in the fabric of companies is 91.8%, and compared to neighboring countries such as Morocco, where they do not represent more than 69.2% of companies. The table below (Table 2) provides a synthetic view of the situation described above.

Table 2: Distribution of companies by size in 2019 :

	Number of companies in Algeria (in thousands)	Size distribution in Algeria (%)	Size distribution in Morocco (%)	Size distribution in EU (%)
very small enterprises	1.157	97,0	69,2	91,8
small enterprises	31	2,6	30,8*	6,9
medium enterprises	4	0,4		1,1

Data taken from the SME statistical bulletin n° 30; Eurostat and High Commission for Planning of Morocco.

* this figure includes small and medium-sized enterprises.

More than 95% of Algerian SMEs have the status of EURL (one-person company) or SARL (limited liability company). But the two forms are managed on a family world - namely an owner (unique in the case of EURL) surrounded by collaborators from the family circle. This configuration often hinders the growth of SMEs due to the non-use of modern management methods and the lack of recourse to external advice and expertise (French Embassy in Algeria, 2012).

2.2. A low creation rate, insufficient density and geographically unbalanced.

Another indicator can tell us about the situation of SMEs and its evolution: it is the ratio of creations / number of inhabitants. Algeria had a creation rate of 1.35 SMEs / 1000 inhabitants in 2019. This rate shows a clear insufficiency compared to developed countries such as France which records 8.3 creations per 1000 inhabitants the same year, Morocco which records 2.6 SMEs / 1000 inhabitants in 2018 or Turkey, which recorded an average creation rate of 4.2/1000 inhabitants. In other words, the country is not creating enough businesses to achieve a level of self-sustaining development.

The authorities' stated target of reaching 2 million businesses in 2014 has not been achieved. The cumbersome procedures for starting a business are a hindrance for new entrepreneurs. This is clearly shown on reading the comparative table below which traces the status of three indicators related to the administrative procedures for setting up a business.(Table 3)

Table 3: business creation.

Indicator	Algeria	MENA region	OECD
Number of procedures	13	8,0	4,8
Time (in days)	22	18,9	9,2
Cost (% of income per capita)	11	28,1	3,4

World Bank, 2015.

The number of procedures required to start a new business in Algeria is almost three times higher than in OECD countries. The creation time of 22 days is longer than that of OECD countries (10 days). As for the cost of creation, it is three times higher than in these countries. (Donsimoni, 2015)

In addition to these problems, there is the problem of the geographical distribution of SMEs: the northern regions account for 69% of companies in this category, the highlands 22% and the great south only 9% of all SMEs. It is not surprising in these conditions that the regions of the highlands and the south of the country experience relatively low economic activity, which leads to high unemployment rates. The causes of spatial disparity are not only geographic and physical but also economic and institutional: the economic environment and the lack of necessary infrastructure in small towns are an obstacle to creation and development of business growth (Lall and Mahgoub, 2019)

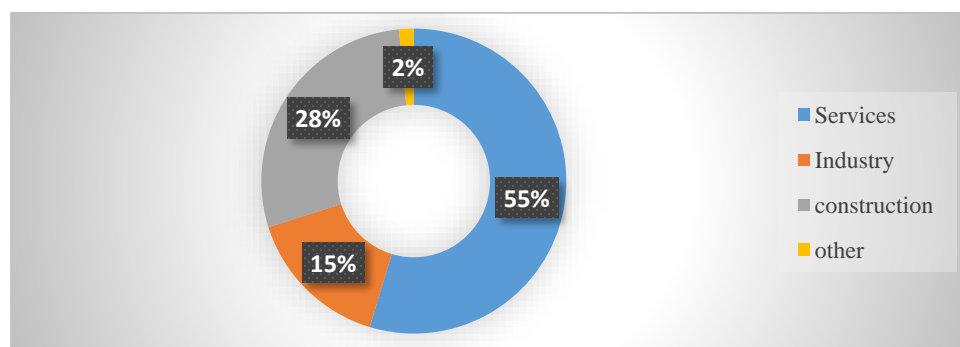
The country is therefore called upon to strengthen its business park in order to get out of the present situation, which is characterized by the preponderance of the oil sector, and to promote the economic and industrial development of interior regions which do not necessarily have 'basic infrastructure required for investment.

2.3. A breakdown of SMEs by business sector unfavorable to industry.

Since the opening of the national economy to private investors at the end of the 1980s, the SME sector has remained largely dominated by services and construction activities. The financial windfall, which benefited the country during the years 2000-2014, did not really allow a diversification of economic activity: service activities predominate, followed by the Building and construction sector.

While services experienced an increase of 9 percentage points in the sectoral structure of SMEs from 46% in 2002 to 55% in 2019, industry fell by 7 points from 22% in 2002 to 15% in 2019. The graph below shows the distribution of these entities by sector of activity. (Figure2)

Figure 2: Breakdown of SMEs by business sector in 2019:



Developed from data from the statistical bulletin of the Ministry of SMEs n° 36.

The large public infrastructure projects initiated in the 2000s have instead directed a large number of private companies to the subcontracting of construction services and projects; this is because of the low capital and technical knowledge required for such activities in a situation of low incomes of project leaders and technical training likely to encourage them to greater professional ambitions. These small structures are, in fact, heavily dependent on public spending. Their number has certainly more than tripled over the period 2002 – 2019 but their size and their contribution in terms of wealth creation remains low. The economic downturn, with the fall in oil prices from 2014, has resulted in the disappearance of thousands of them.

The other structural weakness of the Algerian economy, and of the private SME sector in particular, concerns industrial activity, the weight of which remains relatively low compared to economies of a similar level.

In 2019, industrial SMEs represented only 15% of the stock of companies (legal entities), far below the 55% of companies operating in services and 28% of the construction sector. The country is sorely lacking in industrial SMEs: between 2002 and 2016, they recorded on average only 5.5% growth while service and construction companies evolve with an average annual growth rate of 9.3% and 8.6% respectively. (Table 4)

Table 4: Structure in 2019 and average annual growth rate of SMEs by sector

	Structure in 2019 (%)	growth (%) 2002-2016
Industry	15	5,5
construction	28	8,6
Services	55	9,3
Total SMEs	100	8,3

Calculated by us from the statistical bulletins of the SME.

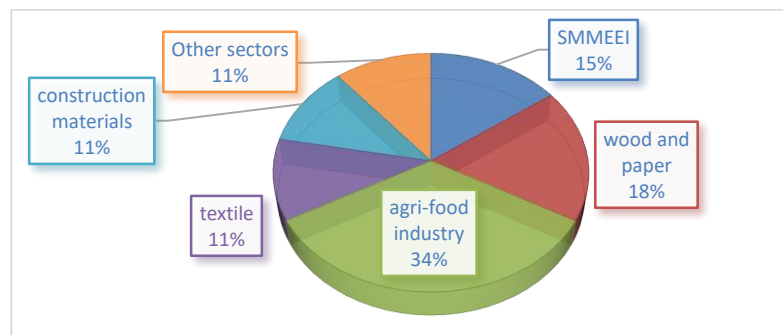
In an attempt to remedy this situation and strengthen the potential of their production, the public authorities have implemented a new industrial strategy (NIS) starting in 2006. This is characterized by:

- The upgrading and modernization of SMEs / SMIs in terms of technology, management and human resources;
- The granting of facilitations on the national market;
- The creation of support and investment promotion structures.

The new strategy targets agrifood, mechanical, electromechanical, electricity, petrochemical, organic chemistry and pharmaceutical industries. It also includes the fishing and tourism sectors, hitherto neglected by policies in favor of investment. Since the adoption of this strategy, there has been a positive change in the annual growth rate of industrial SMEs, especially over the period (2010 - 2013) when it went from 4% to 8%. From 2014, the annual growth rate stabilizes around 7% and approaches the annual growth rate of all SMEs.

SMIs are equipped with real production equipment which allows them to be more stable and more resilient compared to service or construction companies which are considered to be very volatile entities and sensitive to the cyclical effects of the economy. However, we are witnessing a high mortality in certain activities, particularly in the "agro-food industry" which represents 34% of industrial SMEs delisted in 2016, and "wood and paper industries" with a share of 18%. As for the SMMEEI (steel, metallurgical, mechanical, electronic and electrical industries), they represent 15% of SMEs. This phenomenon can be partly explained by a lack of maturity in the launch of projects and a lack of competitiveness. (Figure 3)

Figure 3: Breakdown of industrial SMEs delisted by branch of activity in 2016:

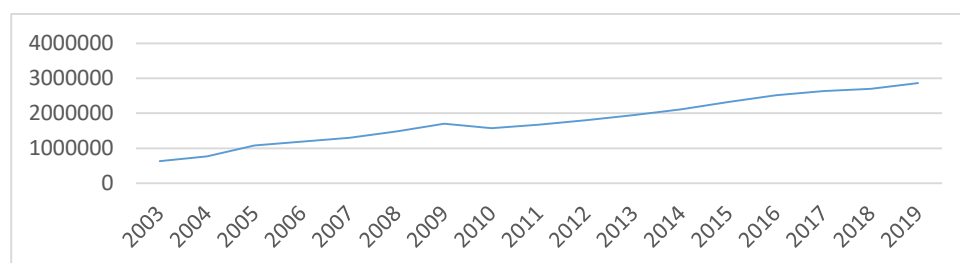


Elaborated from data from statistical bulletin n ° 30

2.4. SMEs and job creation.

Since the 2000s, employment created by SMEs has increased significantly. Between 2003 and 2019 the number of jobs created almost quadrupled, from some 630,237 to more than 2.8 million, an increase of more than 300% over the period. The graph below shows this clearly. (Figure 4)

Figure 4: Evolution of employment in SMEs



Based on data from the Ministry of SMEs.

The increase in the number of businesses is undoubtedly having a positive impact on the Algerian labor market even though the unemployment rate remains very high (nearly 12% in 2017). However, according to the data for 2015, salaried employment in SMEs constitutes only 21% of the total salaried employment in Algeria, or some 2,327,000 positions for an overall salaried employment estimated at 10,594,000 (NSO, 2015). Due to their small size and their concentration in the tertiary sectors (trade and transport), the capacity of these entities to generate new jobs remains limited. Direct consequences, the State remains the first employer in the country.

2.5. The contribution of SMEs to overall added value:

GDP is the sum of the added values produced by all resident economic agents over one year. Its annual growth in (%) reflects the increase or decrease in the level of economic activity. In Algeria, the average economic growth over the period 2001-2014 is 3.6%. It is unstable growth that relies almost exclusively on public spending and hydrocarbons.

Table 5: share of the private sector in non-hydrocarbon GDP (in billion DA).

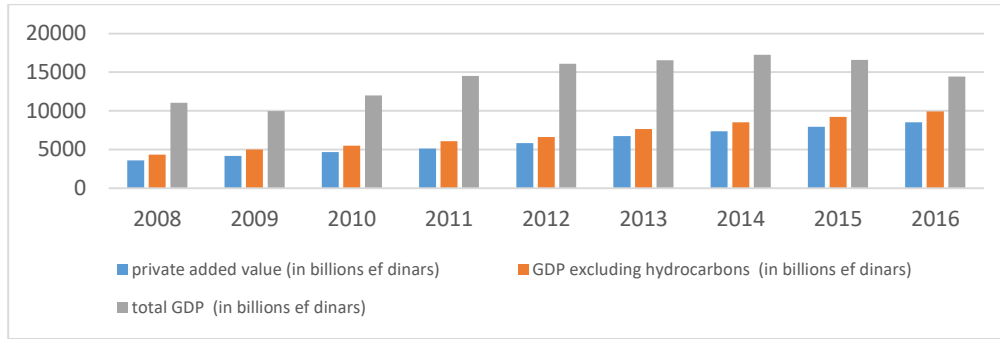
	2008	2009	2010	2011	2012	2013	2014	2015	2016
Private added value	3.574	4.162	4.681	5.137	5.813	6.741	7.338	7.924	8.529
GDP excluding hydrocarbons	4.335	4.979	5.509	6.061	6.606	7.634	8.526	9.238	9.944
Total GDP	11.043	9.968	11.991	14.526	16.115	16.569	17.242	16.591	14.455
Private share/ GDP excluding hydrocarbons	82%	84%	85%	85%	88%	88%	86%	86%	86%
Private share/ GDP	32%	42%	39%	35%	36%	41%	43%	48%	59%

Produced by the authors using NSO data. <https://www.ons.dz/spip.php?rubrique310>

In 2016, the share of the added value of the private sector was 86% of non-hydrocarbon GDP, with 8 529 billion DA. This contribution, which was only 82% in 2008, has increased by 04 points after 08 years. The private sector, made up of 99% of SMEs, is the main creator of non-hydrocarbon wealth in Algeria; the share of the public sector, which has been declining for years, not exceeding 15% in 2016.

If we look at the total GDP, the share of the private sector constitutes 59% in 2016, a clear increase compared to 2008, when it represented only 32% of the total wealth produced (Table 5). This situation certainly reflects the development of the private sector in terms of the creation of SMEs and their increased contribution to the creation of national wealth, but the growing share of the private sector in total GDP, which almost doubled between 2008 and 2016, is instead attributed to slow GDP growth even to the good performance of the private sector. Algerian GDP has been slowing down since 2008, the year of the onset of the global financial crisis. The situation has worsened since 2014 as it has experienced a remarkable decline following the collapse of oil prices on the world market.(Figure5)

Figure 5: Evolution of private added value, GDP and GDP excluding hydrocarbons between 2008 and 2016:



3. Algeria's industrial policies:

Despite the industrialization efforts undertaken since independence, Algeria has not been able to catch up with its economic and industrial backwardness compared to the countries of old industrialization. Indeed, the long period of colonization (132 years), followed by decades of controversial economic policies, did not promote industrial development. Today, industry contributes only 5% to nonhydrocarbon GDP.

To identify the realities of industrial SMEs, we briefly revisit the Algerian industrial experience which has known three main phases.

3.1. The period of public industrial mega-investments (1962-1985).

This phase is characterized by large public industrial investments based on the industrial catching-up strategy known as “industrializing industries” which has seen the birth of large national companies such as: SONATRACH, SONACOME, SNS etc. All of these companies were state-run and required large amounts of capital but also systematic recourse to foreign expertise in production and maintenance operations. During the two decades of state economy, the private sector, confined to a few industrial activities with low technological potential, was underdeveloped.

This industrial catch-up strategy, based on large public industrial complexes, has not been accompanied by a capital goods industry in the machine tool and engine sectors of various categories. Subsequent financial difficulties led to overinvestment in hydrocarbons and underinvestment in heavy and light industries. In the end, the large public enterprises failed to generate surpluses capable of generating the substitute capital that could give them a certain degree of autonomy. Their main source of financing was oil rent (up to 25%) and external credits (up to 75%) (Benabdellah, 1999). The massive indebtedness of Algeria which resulted from it in the early 1980s, followed by the oil shock of 1986 which led to a sharp drop in foreign exchange receipts, put an end to the ambition to industrialize the national economy and have recorded the failure of the industrializing industries model. From the end of the 1980s, the many successive governments sought - without really succeeding - to transform this state economy, whose management was highly centralized, into an open market economy, based on private initiative and the freedom to undertake.

3.2. The transition phase: from the administered economy to the liberalized market economy (1986-2006).

This phase was characterized by radical reforms that led to economic opening. It was also characterized by a high volume of external debt (more than 40 billion dollars) with which the government before the reforms wanted to meet investment and consumption needs. The year 1986 and the fall in the price of oil from \$ 30 to \$ 10 per barrel marked the start of a multidimensional crisis that led to a decade of violence and destruction that hit the existing industrial fabric hard. All the economic indicators were in the red: balance of payments deficit, drop in GDP by 2.2%, increase in the unemployment rate from 8% to 24.4% in 1993, etc. The country found itself in default early in the 1990s and the public authorities had no choice but to resort to the debt rescheduling procedure under the aegis of the IMF (International Monetary Fund). The structural adjustment program that accompanied this aid, preceded by macroeconomic stabilization measures, led to cuts in public spending, the privatization of public enterprises, the reduction of staff in the civil service and the dismantling of customs tariffs. . It is under these conditions that the country experienced an economic opening with perverse effects on the young and fragile national industry: between 1993 and 1998, more than 400,000 workers were made redundant and the unemployment rate rose from 27% to 33% while productive investment

has halved; its share in the GDP being only 7%. The industrial sector stagnated throughout the decade and until the mid-2000s (Chignier, 2009).

The weak performances of the national industrial sector are structural and stem mainly from the difficulty to organize a productive sector other than hydrocarbons. Political speeches do not seem to have been accompanied by a desire to get the country out of all oil that has characterized it since independence. A study carried out by the National Statistics Office (2005) attributes these industrial underperformances to the following elements:

- The under-utilization of production capacities;
- The dysfunction of the productive apparatus and the temporary stoppages of activities lasting up to one month;
- The shortage of supply of raw materials;
- Electrical failures;
- Degradation of production equipment.

At the end of the era of the managed economy, the state seemed to withdraw from the industrial sector; a disengagement which was manifested by several actions:

- The restructuring policy of public enterprises following the adoption of the structural adjustment program which, despite the financial consolidation of companies which had preceded it, resulted in a form of public renunciation of industrial choices;
- The encouragement of FDI (foreign direct investments) through the relaxation of the legislation and the simplification of the procedures necessary for foreign investment in Algeria.
- The continued privatization of public enterprises;
- The establishment of a policy to promote SME-SMI (Small and Medium Industry). (Bouyacoub, 2001)

In a nutshell, this period can be described as a period of abandonment of the industry in favor of the oil industry for the public sector, services and construction for the private sector.

3.3. The new industrial strategy:

From the end of 1988, the Algerian state therefore attempted to liberalize many sectors of the economy in order to disengage to make room for private actors. Almost three decades later, the economy is not entirely liberalized, in particular because the state remains the main provider of foreign exchange. The voluntarist discourse of the public authorities is not followed by sufficient concrete actions to transform the administered economy into a market economy: the administration always represents a brake for private investors in the industrial sector. The banking system remains among the worst performing in the entire MENA (Middle East and North Africa) region.

It was not until 2006 that government decisions began to reverse this trend and to consider a new industrial strategy to counter the looming deindustrialization, a strategy that aimed at "endogenous growth" driven mainly by the national industrial sector (Boukhdouni, 2014). The participants in the development of this new industrial policy agreed on the need to place the SME-SMI at the heart of the development project. Subcontracting activities, while targeting the most productive sectors, were to be the spearhead of this industrial policy ambition. This action was reflected in the merger (2007) between the Ministry of Industry and that of Participation and Investment Promotion under the same structure, namely the Ministry of Industry and Investment Promotion (MIIP) .

The outlines of the new industrial strategy have been drawn and certain promising sectors have been identified: agrifood, mechanics, electromechanics, electricity, petrochemicals, chemicals and pharmacy... Integrated industrial activity zones were to be created in order to achieve synergy effects between heavy and light industries. Some metropolises are also designated to host industrial clusters: Algiers, Oran, Annaba, Tizi-Ouzou, Sétif, Constantine ... However, the effective implementation of this NSI was not completed in the field and the speeches delivered during these National Industry Assises remained a project, on paper, for a few years. (Chignier, 2009).

The financial improvement that the country experienced from the 2000s onwards, thanks to the rise in oil prices, allowed the rulers to delay the necessary structural reforms. Of course, the country succeeded in eliminating its external debt and building up foreign exchange reserves to finance consumption and investment needs (\$ 189 billion in 2014), but the economy remained dependent on oil, a major importer of equipment goods and consumer goods, the imports of which have been organized in the form of private monopolies or quasi-monopolies. The industrialization project long advocated by politicians was no longer a priority. The various governments were content, as usual, to manage the oil rent. Public spending has almost doubled in the space of 20 years: social housing programs, east-west highway, airports, dams etc. were the main projects. In total, for lack of rigorous management, nearly a trillion dollars, the product of twenty years of hydrocarbon exports, were spent without succeeding in creating an industrial base capable of meeting the needs of Algerian society and to replace imports.

4. Assessment of the new industrial strategy (NIS):

Ten years after its establishment, we note that the NSI has failed to achieve its main objectives, which are:

- Increasing the contribution of industry to the national wealth produced;
- Encouragement of foreign direct investment;
- Promotion of innovation in SMEs.

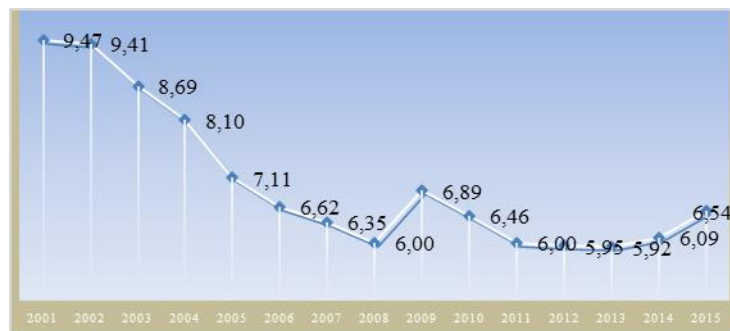
We will try to assess the NSI through the three points mentioned above.

4.1. Evolution of the share of industrial added value:

While the five-year plan (2010/2014) provided for an increase in the share of industry in GDP to reach 10% in 2014, the contribution of this sector to national added value has declined or stagnated since 2001, to represent around 6% in 2015.

The following graph summarizes in figures the continued decline in the share of industry in overall value added.

Figure 6: Evolution of the share of industry in GDP in (%)

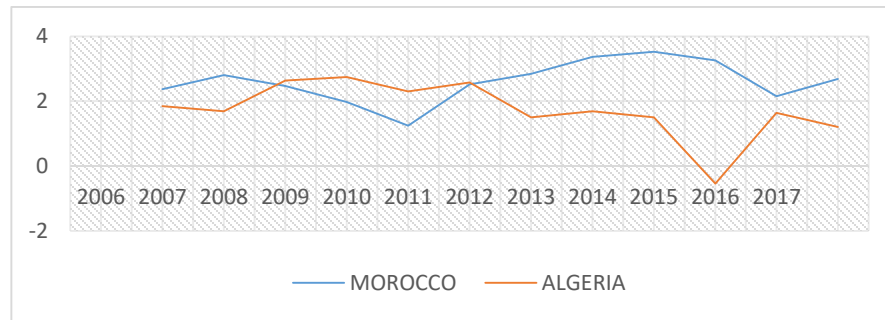


Developed by us using data from the ONS.

4.2. Evolution of foreign direct investments .

Foreign direct investments (FDI) which could have played the role of lever for industrialization (by subcontracting part of their activities to local SMEs) and the integration of the national economy into globalization have experienced, given the business climate unfavorable, a strong downward trend from 2006 to 2017. Their amount fell from \$ 1,841 million in 2006 to some \$ 1,200 million in 2017, a nominal decline of around 34% over a decade. This situation contrasts sharply with that of Morocco as shown in the graph below.

Figure 7: Evolution of FDI in Algeria and Morocco *



* Net inflow in billions of current US dollars, Source: World Bank, 2018, <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD>

4.3. Innovation.

Innovation, which is the engine of technical progress and productivity gains for industrial SMEs, has not escaped the constraints weighing on productive investment. The country registers barely a hundred patents each year, far behind Morocco which has 235 patents annually, or Turkey which has no less than 3,000 patents filed each year.

Table 6: Evolution of patent applications between 2010 and 2016

year	Algeria	Morocco	Turkey
2010	76	152	3 464
2011	94	169	4 258
2012	119	197	4 833
2013	118	316	4 769
2014	94	355	5 170
2015	89	224	5 799
2016	106	237	6 740

World Intellectual Property Organization WIPO, 2017. https://www.wipo.int/ipstats/en/office_stats_reports.html

This lack of innovation doubly penalizes Algerian companies and particularly small and medium-sized industries: they lose their competitiveness in the face of competition from imported foreign products, often of better quality, and their growth capacities allowing them to reach an intermediate size likely to position itself in foreign markets. This situation is the direct consequence of the lack of industrial SMEs which could have constituted a potential for the development of mid-sized companies capable of creating added value, spreading subcontracting activities locally and tackling foreign markets.

5. Conclusion

At the end of this study, it appears that the situation of the industrial sector has recorded a continuous decline since the mid-1980s. Due to a lack of coherence in economic policies, development priorities are not always the same depending on the governments and the region and economic conditions of the country. It does not yet have a real industrial project and the various state measures in favor of SMEs and industry cannot be enough to put in place an industrial strategy capable of bringing out industrial champions. The various support systems for business creation have certainly enabled the increase in the number of SMEs, but they have not succeeded in creating a productive apparatus, in building a supply-side economy capable of supplanting networks of importation whose latest political events have shown their involvement in large-scale corruption. As it stands, and in view of the balance sheets they present, these organizations are more social mechanisms for redistributing part of the oil rent in the form of micro-projects, than real instruments of economic policy. The industrial base, which is sorely lacking in ambition, is unlikely to bring about structural transformations of the national economy and initiate the start of an all-oil exit. It should also be noted that the majority

of companies created within the framework of these mechanisms remain very fragile, the companies being generally small in size and without ambition for growth. Algeria is sorely lacking in industrial enterprises, large, medium and small, capable of making a qualitative leap in growth and development. The low weight of industrial SMEs in the economic fabric is a serious handicap for any new strategy that fits into this perspective. The inability of the New Industrial Strategy to achieve its objectives is only one face of the structural fragility of Algerian industry, the success of this or any other strategy within this framework will require, first of all, sanitation of the business environment.

The transition from the administered economy to the market economy has not been without consequences for the Algerian economy. The popular movement called "Hirak" of February 22, 2019, whose main demand was the fight against corruption, revealed the extent of this phenomenon: corruption, initiated mainly by private actors, which has spread to several sectors and which cost the Algerian economy billions of dollars. Thus, the automobile assembly affair which cost 128 billion DA to the public treasury (APS, 2020); the overbilling of imports of consumer goods and equipment which reached 130 billion DA over 15 years (Lalmas, 2019); the East-West highway scandal which cost \$ 20 billion for results below international standards (Sereni, 2019) etc. Are they clear proof of the failure of the industrial strategy announced with great fanfare in 2006. Corruption and mismanagement have weakened the Algerian economy, hampered the growth of the private sector and discouraged foreign investors. This situation does not seem to be able to last due both to the not very optimistic outlook in terms of foreign exchange receipts and to the transposition of the Hirak from the political sphere to the economic sphere, as demonstrated by the demonstrations on the occasion of the adoption of the new law on hydrocarbons or the announcement of the new President of the Republic to relaunch the exploration of shale gas. It is certain in any case that the situation of SMEs - and more particularly industrial SMEs - cannot improve without the political and economic environment becoming favorable.

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