Industrial handling and the bet on embodying the new industrial strategy in light of the trend for the new economic model 2030 towards economic diversification

Guemoula Bachir [1,*] , Bencheikh Toufik [2].

[1] université 8 Mai 1945 Guelma, (algeria).

[2] université 8 Mai 1945 Guelma, (algeria).

المناولة الصناعية ورهان تجسيد الاستراتيجية الصناعية الجديدة في ظل التوجه للنموذج الإقتصادي الجديد 2030 نحو التنويع الاقتصادي

البشير قمولة[1] *، بن الشيخ توفيق[2].

[1] جامعة 8 ماي 1945 قالمة, الجزائر.

[2] جامعة 8 ماي 1945 قالمة, الجزائر.

Received: 18/ 05/2024 **Accepted:** 01/ 07/2024 **Published:** 19/ 07 /2024

Summary: This study aims to shed light on the state of Algeria's industrial sector and assess its economic contribution before the oil shock. It provides a forward-looking perspective within the context of new growth model policies and industrial strategies designed to diversify the economic structure and reduce dependence on a rentier economy. We employed an analytical approach to examine key milestones in the national economy and the anticipated future role of the industrial sector. The study concludes that the industrial sector faces significant structural challenges. It underscores the necessity of effectively implementing policies on the ground—moving beyond mere rhetoric and slogans—to achieve sustainable development.

Keywords: industrial sector, industrial handling, new growth model, rentier economy, sustainable development.

Jel Classification Codes : L52, L09, F12.

ملخص: تهدف هذه الدراسة إلى تسليط الضوء على حالة القطاع الصناعي في الجزائر وتقييم مساهمته في الاقتصاد قبل صدمة النفط. وتقدم منظورًا مستقبليًا في إطار سياسات النمو الجديدة والاستراتيجيات الصناعية التي تهدف إلى تنويع الهيكل الاقتصادي والابتعاد عن الاقتصاد الريعي. تم استخدام نهج تحليلي لفحص المحطات الرئيسية في الاقتصاد الوطني والدور المتوقع للقطاع الصناعي في المستقبل.تخلص الدراسة إلى أن القطاع الصناعي يواجه تحديات هيكلية كبيرة، وتؤكد على ضرورة تنفيذ السياسات بشكل فعال على أرض الواقع، بعيدًا عن مجرد الشعارات والخطب، لتحقيق التنمية المستدامة.

الكلمات المفتاح : القطاع الصناعي، المناولة الصناعية، نموذج النمو الجديد، الإقتصاد الريعي، تنمية مستدامة.

تصنيف JEL : F12, L52, L09

* Corresponding author, e-mail: guemoula.bachir@univ-guelma.dz.

I- Introduction:

Industrial subcontracting has become a feature of modern economies, where its importance lies in its dynamic role in creating and building complementary relationships between industrial activity units to develop the industrial sector in countries. This, in turn, enhances competitiveness in the local market and the ability to enter foreign markets, ultimately aiding in the development of various sectors within a single country. Algeria has embarked on a path of reform by adopting policies to move beyond a rentier economy model and embrace a new growth model that aims to diversify the national economy, with a focus on the industrial sector. This approach addresses a series of challenges that require effective, swift, and rational decisions, guided by a wise forward-looking perspective to achieve sustainable development.

Study Problem: Based on the aforementioned points, we pose the following problem: To what extent can industrial contracting within the framework of industrial subcontracting develop the industrial sector to move beyond a rentier economy in light of the new economic model?

Research Objectives:

Through this research paper, we aim to achieve the following objectives:

- Clarify the concept of industrial subcontracting.
- Highlight the competitive status of the Algerian economy on an international level.
- Explain the reasons for developing the industrial sector and adopting a diversification model after the oil shock of 2013-2018.

Research Methodology:

To answer the aforementioned problem, the descriptive-analytical method, which aligns with the nature of the topic, was adopted to enrich the conceptual aspect related to the study's themes.

Study Structure:

- The conceptual framework of industrial subcontracting.
- An overview of the competitive status of the Algerian economy on an international level.
- Reasons for developing the industrial sector and adopting a diversification model after the oil shock of 2013-2018.

Previous Studies:

- Fateh Hrakati, Attallah Boudir, Nashat Elwakil, 2018, "The Industrial Sector as a Development Alternative Beyond Hydrocarbons": This study aimed to analyze the reality of the Algerian industrial sector and its role in economic indicators. The study concluded that the industrial sector did not achieve the set goals due to structural imbalances and ineffective application of developmental policies.
- Ghadaoui Mammer, Salman Friha, 2021, "Evaluating the Competitiveness of Algerian Industrial Exports, the Problems They Face, and Ways to Promote Them": This study aimed to

assess the competitive status of the sector, concluding that it remains in a critical condition, unable to compete globally or regionally, due to various obstacles that negatively impact Algeria's competitive climate.

- Yakoubn Saliha, 2021, "The Reality of the Industrial Sector in Algeria in Light of the New Economic Model": This study aimed to shed light on the reality of the industrial sector and the main obstacles it faces as Algeria strives for a radical change in its economic structure by 2030 under the new growth model. The study concluded that the contribution of the Algerian industry outside hydrocarbons to the GDP is weak, necessitating the development and restructuring of the sector to be a true alternative to the rentier economy.

1. Conceptual framework for industrial handling

1.1 Definition of Industrial Subcontracting

Definition by the United Nations Industrial Development Organization (UNIDO): Subcontracting is an agreement through which an employer assigns one or several companies to produce parts, components, or provide some complementary industrial services necessary to complete the final product for the commissioning company. This leads industrial subcontractors to carry out activities under the terms of the commissioning company, allowing them to reach higher levels of specialization in specific fields and sectors. (Alaoui, 2010, p. 47)

Definition by the Arab Industrial Development and Mining Organization (AIDMO): Subcontracting is any contractual relationship concluded for a limited or unlimited period between two or more parties at various stages of production under a set of binding conditions for the mutual interests of the contracting parties. (Ben Mansour and Saidi, 2017, p. 379)

Definition by Law 02-17: According to the new directive law, a small and medium enterprise (SME) is defined as any production of goods and services enterprise, regardless of its legal nature, employing between 1 and 250 people, with an annual turnover not exceeding 4 billion Algerian Dinars or an annual balance sheet total not exceeding 1 billion Algerian Dinars, and meeting the independence criterion as specified in point three above. (Official Gazette of the Algerian Republic, 2017, p. 04)

Definition by the National Center for Subcontracting: Industrial subcontracting is the activity through which a product is manufactured on behalf of commissioning companies according to the technical specifications they define and in accordance with the desired outcome. (Tarchi, 2015, p. 09)

1.2 Importance of Industrial Subcontracting (Bouktir, 2016, p. 274)

For the commissioning company:

- The commissioning company does not bear variable costs and is not burdened with the cost of operation or purchasing machinery and equipment, aiming to reduce prices and achieve a competitive position.

- High flexibility as industrial subcontracting allows the commissioning company to direct activities vertically.
- It contributes to the division of tasks.

For the subcontracting company:

- Producing contracted items at a lower cost and higher quality than if produced within the parent company.
- Optimal utilization of available capacities and upgrading industrial units, maximizing their ability to export products and face competition in local and international markets.
- The industrial subcontracting system helps deepen the position of local production and replace imports with local products.

1.3 Motivations for Resorting to Industrial Subcontracting (Qelesh and Matai, 2021, p. 416)

Economic Motivation:

- Subcontracting is a factor that helps adapt to continuous changes and developments.
- Avoiding some risks, particularly related to quality, as the commissioning company can impose its conditions within the framework of a contract with the subcontracting company, which would be more costly to enforce within its internal units.
- Reducing storage costs.

Technological Motivation: Industrial subcontracting represents a qualitative leap in technological and technical progress, as large companies transfer their skills to small and medium enterprises, which in turn utilize them, helping to develop the entire industrial fabric.

Strategic Motivation: Subcontracting should not be seen merely as a temporary measure to cover an emergency but as a strategic approach adopted by major companies for growth, market penetration, product diversification, etc.

2. An Overview of the Competitive Status of the Algerian Economy on the International Level

In this section, we will provide a brief overview of the national economy's competitive status by referring to a key indicator, the Global Competitiveness Index, through which we will evaluate Algeria's competitiveness on the international level.

2.1 Algeria's Position in the Global Competitiveness Index

Algeria is now included in international competitiveness reports and other indices issued by various organizations after being excluded alongside many developing and Arab countries. This report is published by the World Economic Forum, also known as the Davos Forum. This index has become an effective measure of countries' competitiveness and a tool to examine the strengths and weaknesses of their business environments and economies (Ghadaoui and Friha, 2021, p. 416). The following table shows the rankings achieved by Algeria during the period from 2007 to 2014.

Table (01): Algeria's classification according to the Global Competitiveness Report for the period 2007-2015

year	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
Ranking	140/87	144/79	148/100	144/110	142/87	139/86	133/83	134/99	131/81
change	10.13	21-	9.09-	26.44	1.16	3.61	16.16-	22.22	5.19

Source: (Ghadaoui and Friha, 2021, p. 416)

The report attributed Algeria's decline in global competitiveness rankings to its very poor scoring in general economic management and the efficiency of public institutions. The Davos Forum also noted the weakness of the private sector, the lack of attention to research and creative culture, the instability of the general economic environment, budget deficits, and weak property rights protection, which is a key indicator in measuring global competitiveness. Additionally, the indicators of the business climate are characterized by significant weaknesses, and the country's economic infrastructure is also fragile and weak. The state of the transport sector in Algeria is deteriorating as well. The World Economic Forum emphasized that the main sectors, which are supposed to determine the level of competitiveness, suffer from several obstacles and difficulties that have negatively impacted the competitive environment in Algeria, placing it at the bottom of the list. The following table shows Algeria's ranking according to the main factors and indicators identified by the World Economic Forum.

Table (02): Algeria's classification according to the Global Competitiveness Report for the period 2009-2014

year	2009		2010		2011		2012		2013		2014	
Key factors	Rank	scoring	Rank	scoring	Rank	scoring	Rank	scoring	Rank	scoring	Rank	scoring
Change basic requirements	61	4.4	80	4.3	75	4.4	89	4.2	92	4.3	65	4.6
Institutions index	115	3.2	98	3.5	127	3.1	141	2.7	135	3.0	101	3.4
Infrastructure index	99	2.9	87	3.5	93	3.4	100	3.2	106	3.1	106	3.1
Macroeconomic index	2	6.4	57	4.8	19	5.7	23	5.7	34	5.5	11	6.4
Health and education index	77	5.3	77	5.6	82	5.5	93	5.4	92	5.4	81	5.6
Efficiency enhancers	117	3.3	107	3.5	122	3.4	136	3.1	133	3.2	125	3.3
Higher education index	102	3.3	98	3.6	101	3.5	108	3.4	101	3.5	98	3.7
Commodity market efficiency index	126	3.4	126	3.6	134	3.4	143	3.0	142	3.2	136	3.5
Labor market efficiency index	127	3.5	123	3.7	137	3.4	144	2.8	147	2.9	139	3.1
Financial market development index	132	2.8	135	2.8	137	2.6	142	2.4	143	2.6	137	2.7
Technology readiness index	123	2.6	106	3.0	120	2.8	133	2.6	136	2.5	129	2.6
Market volume index	51	4.3	50	4.3	47	4.3	49	4.3	48	4.4	47	4.4
Factors for the	122	2.9	108	3.0	136	2.7	144	2.3	143	2.6	133	2.9

development of creativity and innovation												
Business environment development index	128	3.1	108	3.3	135	2.9	144	2.5	144	2.9	131	3.2
Innovation Index	114	2.6	107	2.8	132	2.4	141	2.1	141	2.4	128	2.6

Source: (Ghadaoui and Friha, 2021, p. 416)

The table shows that Algeria experienced a decline of 14 places in the basic requirements factors between 2009 and 2011. This decline was due to setbacks in most of the components of this group. However, in recent years, there has been a significant improvement in various fundamental indicators, with a progress of 24 places between 2012 and 2014. Regarding the efficiency enhancers group, Algeria dropped by 5 places between 2009 and 2011, with the best ranking in 2010, reaching 107th place with a score of 3.5 out of 7.

In 2011, Algeria ranked 122nd, dropping by 14 places to 136th in 2012. This decline was due to Algeria's economy relying entirely on efficiency and effective use of resources rather than just the availability of natural resources and good infrastructure. Despite this, Algeria improved its ranking by 11 places in 2014 compared to 2012. As for the innovation and sophistication factors, Algeria achieved its best ranking in 2010, reaching 108th place with a score of 3 out of 7. However, it dropped 8 places, ranking last, 144th out of 144 countries in the report, attributed to changes in the sub-indicators.

2.2 Evolution of Algeria's Export Composition During the Period 2007-2014

By studying the growth rates of Algerian exports over a specific period, we can assess the competitiveness of our national exports. The following table shows the contribution of exported goods to the total export volume during the period from 2007 to 2014.

Table (03): Commodity Composition of Exports During the Period 2007-2014*Unit: Million USD*

year	Statement	Energy and fuels	Food	raw materials	Semi-finished materials	Industrial equipment	Consumer Goods	the total	Exports outside of fuel
2007	The value	58831	88	169	993	47	35	60163	1332
	%	97.79	0.15	0.28	1.65	0.08	0.06	/	2.21
2008	The value	77361	119	334	1384	68	32	79298	1937
	%	97.56	0.15	0.42	1.75	0.09	0.04	/	2.44
2009	The value	44128	113	170	692	42	49	45194	1066
	%	97.64	0.25	0.38	1.53	0.09	0.11	/	2.36
2010	The value	55527	315	94	1056	31	30	57053	1526
	%	97.33	0.55	0.16	1.85	0.05	0.05	/	2.67
2011	The value	71427	355	161	1496	35	15	73489	2062
	%	97.19	0.48	0.22	2.04	0.05	0.02	/	2.81
2012	The value	69804	315	168	1527	33	19	71866	2062
	%	97.13	0.44	0.23	2.12	0.05	0.03	/	2081
2013	The value	62960	402	109	1458	28	17	64974	2014
	%	96.90	0.62	0.17	2.24	0.04	0.03	/	3.10
2014	The value	60304	323	110	2121	17	11	62886	2582
	%	95.89	0.51	0.17	3.37	0.03	0.02	/	4.11

Source: (Ghadaoui and Friha, 2021, p. 418)

Observations from the Table

From the table above, it is observed that the structure of Algerian exports during the period 2007-2014 was predominantly composed of hydrocarbons, accounting for about 97%. The value of these exports was USD 60.163 million in 2007 and USD 79.298 million in 2008. However, there was a decline in 2009 to USD 45.194 million due to the crisis that impacted oil prices. The value rose again in the years 2010 and 2011 to USD 57.053 million and USD 73.489 million, respectively, before dropping to USD 62.886 million in 2014.

Looking at other exported products aside from hydrocarbons, their value was USD 1.332 million in 2007 and increased to USD 1.937 million in 2008, continuing to rise until reaching USD 2.582 million in 2014. From this data, several observations can be made:

- The competitiveness of the national economy in terms of exports is weak, considering the low export rates outside the hydrocarbons sector.
- There is a lack of dynamism in economic activities related to production outside the hydrocarbons sector.
- Comparing the non-hydrocarbon export revenue to the total export revenue of Algeria reveals that it remains very low, ranging between 2.21% and 4.11%, with the highest percentage recorded in 2014.
- Focusing on non-hydrocarbon exports, there is a lack of a robust industrial fabric that meets both national market requirements and international market demands. Therefore, it is essential to emphasize this crucial sector to keep pace with economic openness.

2.3. Challenges Facing the Promotion of Industrial Exports in Algeria

The Algerian industrial sector faces numerous challenges that hinder its diversification, the enhancement of its products, and their access to international markets. Some of the main challenges include: (Ben Sahha, 2011, p. 75)

- **Weak Industrial Production:** The contribution of the manufacturing industry to the Gross Domestic Product (GDP) remains modest, not exceeding 13%. It ranks third or fourth after agriculture, strategic industries, and the services and trade sector. In addition to this quantitative weakness, the sector has not been able to produce strategic goods that would allow it to occupy a significant position in the international market, particularly in industries that have been pursued for a long time since the start of the development process. It has failed to specialize in these industries or produce them in large quantities with superior quality and advanced tastes. Instead, the development of these industries has been confined to the prevailing consumption in the local market, focusing inward and imposing itself on consumers under the influence of advertising.
- **Weak Performance and Low Industrial Productivity:** Measuring productivity is crucial as it is a fundamental measure of performance results—such as production quantities, added value, profit, etc.—and a vital tool for rationalizing decisions at both the enterprise and national

economy levels. Productivity is the ratio between the output produced during a specific period and the inputs used to achieve these outputs. Algerian industry generally, like in many developing countries, is characterized by weak performance and low productivity of all production factors, indicating weak total productivity.

- **Protection and Weak Competitiveness:** Algerian industry developed within an environment of absolute or near-absolute protection, mainly to meet local demand under previous industrial policies. Working in such conditions for a relatively long time has made it adapt to the internal market regarding production quality and consumer preferences. Additionally, it has been unable to compete with any other product even in the local market, leading to a lack of interest in product development and quality improvement. It has also lost the ability to engage with external markets and understand their nature. Consequently, the results of this protectionist policy were more negative than positive, leading the sector to:
  - Low quality of produced goods,
  - High production costs,
  - An economic and administrative mechanism characterized primarily by bureaucracy,
  - Low efficiency and expertise in dealing with market laws and changes.
- **Dependency on External Markets:** The industrial policy adopted by Algeria since the start of the development process, especially regarding established industries, has increased the volume of imports and made the industry heavily reliant on the global market for securing raw materials, equipment, and foreign assistance, as well as renewing and developing its production technology. This dependency has exacerbated problems in dealing with market fluctuations, prices, and often unfair conditions.
- **Lack of Flexibility in the Production System:** The production system must be flexible enough to increase output in response to rising demand and adapt to changes and developments in production methods or product structure and quality by making necessary adjustments. This requires using modern and flexible technology that can produce more than one product of different types and models. The Algerian industry lacks this flexibility, characterized by the use of old, slow, and inflexible technology, posing an obstacle to the industrial sector's transition to an export-oriented industrial strategy. This transition requires a flexible production system capable of handling all transformations. (Yaakoubine, 2021, p. 35)

3. Reasons for Developing the Industrial Sector and Adopting a Diversification Model after the Oil Shock of 2013-2018

During the period 2013-2018, the Algerian economy experienced a series of crises resulting from a combination of internal and external factors that ultimately led to a decline in all economic indicators. There was a continuous decline in oil production levels since 2006, exacerbated by the terrorist attack on January 16, 2013, in Tiguentourine, In Amenas, in the Illizi province, and its aftermath, including the hostage liberation operation. This incident was one of the reasons foreign companies left Algeria and were unwilling to participate in international tenders, with four international exploration tenders failing by the end of October 2014. Supply and demand factors played a more significant role than demand factors in the 50% drop in oil prices during the second half of 2014. Additionally, the discovery of shale gas and North America's announcement of its near self-sufficiency and plans for export contributed to the crisis. This coincided with the economic downturn affecting most emerging countries, such as China and India, along with the worsening global crisis, leading to a severe contraction in the European Union, Japan, and other countries. At that time, the global oil supply exceeded demand by more than two million barrels per day. The following table shows the evolution of crude oil prices in global markets during this period. (Toumi, 2019, p. 439)

Table (04): Evolution of Crude Oil Prices in Global Markets for the Period 2013-2018

year	2013	2014	2015	2016	2017	2018	2019	2020
barrel $	108.7	53	52.8	44.8	50.8	50	55	55

Source: (Toumi, 2019, p. 439)

3.1. Objectives of Algeria's Economic Diversification Model to Reduce Dependence on the Hydrocarbons Sector:

The new growth and economic diversification model of Algeria, initiated in 2016, aims to achieve the following economic goals: (El Abed & Lousif, 2019, p. 13)

- Diversify the national economy,
- Double the share of manufacturing value added to 10% of GDP by 2030,
- Modernize the agricultural sector to achieve food security and diversify exports,
- Achieve energy transition,
- Diversify exports and reduce imports.

3.2. Measures to Develop the Industrial Sector within the New Economic Growth Model:

To crown the key pillars of economic diversification and achieve the model's goals, several measures and strategies have been proposed, summarized into six strategies: (Yaakoubene, 2021, pp. 42-43)

- **Improving Investment Financing:** To achieve Vision 2030, a quick evaluation of private investment outside hydrocarbons is needed through a swift review of the national investment system in public equipment, rapid reform of the banking system, and quick development of the capital market, among other measures.
- **Industrial Policy and Diversification:** The new economic model states that the goal of economic diversification is to move away from rentier dependence. Concerning the industrial strategy, the model emphasizes the need to support sectors where Algeria has competitive advantages, particularly agriculture, fish farming, mining, and hydrocarbons. The aim is to stop exporting raw resources within 5 to 7 years and increase the share of value-added in Algeria, which involves plans to revive petrochemicals and develop phosphates, along with supporting the development of industrial activities in sectors with significant long-term income elasticity

to position Algeria's production system in key sectors with current and future international competition.

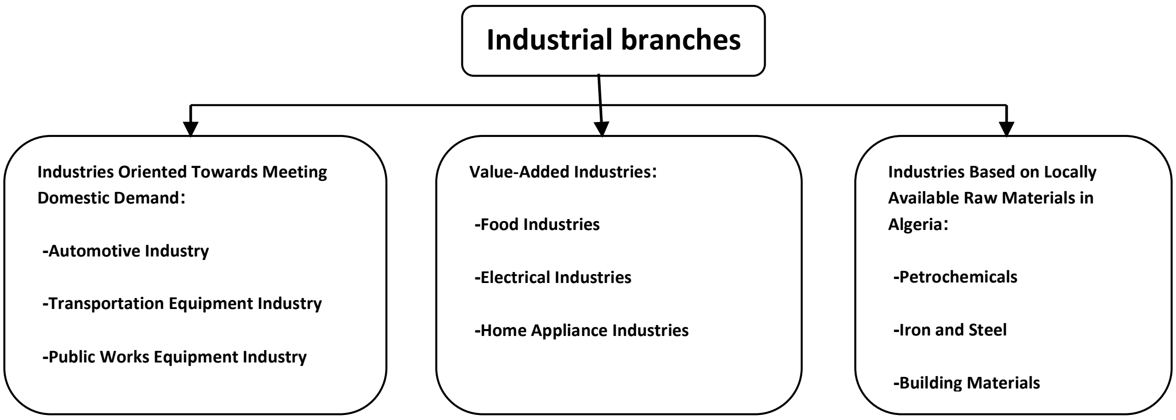
- **Enhancing Industrial Development by Reorganizing and Integrating Industrial Land:** Diversification necessarily involves defining plans for the location of industrial activities on national land within the framework of the national land use plan according to the needs of the local and national economy and the country's industrial policy.
- **Ensuring Energy Security and Diversifying Energy Resources:** Algeria's distinct potential lies in its inexhaustible raw energy sources such as solar, wind, and hydro energy. However, the successful utilization of these energies requires a comprehensive forward-looking vision. Under technological constraints, Algeria does not have sufficient capabilities, and under financial constraints, it lacks the investment capacity alongside the current public expenditure path. Among the objectives of the national economic diversification model is the optimal exploitation of resources, which entails a transition to a green economy.
- **Governance of the New Growth Model:** The success of the new economic model requires dynamic measures to deepen cooperation between public authorities and institutions, encourage technological innovation, and establish a national investment system in public equipment that ensures cost reduction and timely execution.

3.3. Pillars of Algeria's New Industrial Strategy:

Algeria has adopted several strategies to develop the industrial sector, especially after the oil shock. The main strategies include:

- **Identifying Key Industrial Branches and Regions:** These branches and regions can create a competitive industry capable of facing competition in international markets. Three industrial branches where the national industry has a competitive advantage have been identified, as shown in the following diagram:

Figure (01): Industrial Sectors in Which National Industry Has a Competitive Advantage



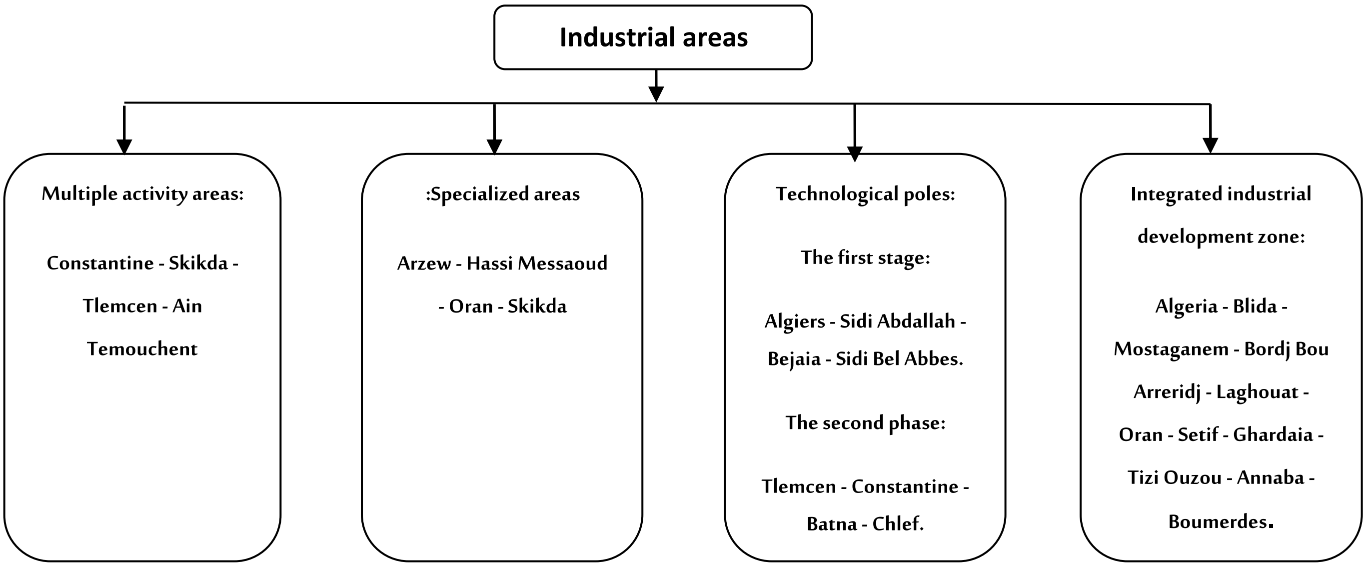
Source: (Harakati, Abadir, & Al-Wakeel, 2018, p. 323)

The sectors targeted for promotion were selected through several stages:

- Identification of sectors with high growth potential supported by the international market.
- Analysis of the competitiveness of the identified sectors.
- Evaluation of the strengths and weaknesses of the targeted sectors, as well as the threats and opportunities in the international market.

The goal of identifying these sectors was to add value to natural resources while developing industries and to avoid relying solely on exporting crude oil in the future. In terms of geographic distribution, four types of industrial areas were designated, considering several factors in determining their locations, including the availability of infrastructure, land, proximity to universities, and types of available training. However, the spread of these industrial areas has been criticized for neglecting the southern regions, as illustrated in the following figure:

Figure (02): Industrial areas where the national industry has a competitive advantage



Source: (Harkati, Abadir, & Al-Wakeel, 2018, p. 324)

- Encouraging investment in the industrial sector: In this context, and in order to diversify national industrial production and attract foreign direct investment as mechanisms that significantly contribute to the development of the industrial sector and other economic sectors, several decrees and laws have been issued to revitalize the industrial sector and improve the investment climate within the framework of a new industrial policy based on small and medium-sized enterprises.
- Import Ban: The government has approved fiscal and regulatory measures to control imports and protect domestic products. Starting from January 2008, the government decided to ban the import of around 851 items, including raw materials such as plastics, aluminum, fruits, vegetables, cheeses, meats, mineral water, confectionery, chocolates, cement, and other materials. Additionally, a consumption tax was imposed on 36 imported products, and customs duties were increased on 129 imported products, all aiming to protect local products.
- Institutional Rehabilitation: The program includes the following:

- Rehabilitating industrial areas and activity zones, enhancing activity clusters, bringing them closer together, linking them to research centers, and supporting interaction and cooperation between various industry-related entities.
- Institutional rehabilitation, enhancing innovation, developing human resources, and upgrading foreign direct investment and industrial investment.
- Developing the banking system to keep pace with the requirements of the new stage, considering the significant role played by the banking system in the overall economic development and the industrial sector in particular. Algeria has implemented several reforms to develop it, including reducing state control over the Algerian banking market, diversifying bank financing beyond foreign trade, and improving payment systems and addressing liquidity surplus issues in Algerian banks.

- Opportunities for the Success of Algeria's Economic Diversification Model to Overcome Dependence on the Petroleum Sector:
    - There are several possible scenarios for the national economic diversification model, summarized as follows:
        - The First Scenario: The possibility of the success of the national economic diversification model depends on several factors:
            - Rethinking the growth model to transition from a distribution-based model to a wealth-based model, emphasizing effective partnerships between the public and private sectors to increase exports of economically viable and sustainable value-added goods.
            - Diversifying the economy by integrating all stagnant sectors.
            - Building bridges between scientific research and production.
            - Reevaluating the budgeting process by prioritizing sectors that produce wealth.
            - Rethinking policy-making by relying on the concept of proactive vigilance based on sound statistical information.
            - The necessity of having an independent central bank to curb inflation and not only focus on creating and injecting money into the economy but also allow the state to fund itself from financial markets and local and foreign investors.
        - The Second Scenario: The rapid transition of the national economy towards the national economic diversification model. According to American economist Alvin Toffler, with the beginning of the twenty-first century, economies will be classified according to their speed rather than their model.

Algeria's national economy will either be able to achieve the required speed or move in the opposite direction.

- The Third Scenario: The impact of internal protests on the success of the national economic diversification model. The increase in the frequency of internal protests will affect the regime change and opposition to economic and living conditions, which may lead to an economic crisis alongside social and political effects, negatively impacting the national economic diversification model. To avoid these negative scenarios, it is imperative for the state, with all its institutions, to continue implementing this model on sound bases and an objective proactive vision that aligns with the available resources while working simultaneously to enforce laws combating corruption.

Conclusion:

The reality of the industrial sector reflects a growth in the imports of the public industrial sector and a decrease in its exports. However, the state began to encourage the private industrial sector and gave it a significant role, breaking the monopoly of the public sector on the market and introducing it into competition it was not initially prepared for. This led to some initial problems, but it started to improve its competitiveness and develop its working mechanisms in line with the changing competition conditions. However, it is evident that the industrial sector, in general, suffers from several problems due to increased market competition domestically and globally, revealing some discouraging negatives, such as:

- Some institutions ceasing production and deliberately reducing the utilization level of available production capacities.
- Constant demands for protection of local production by some producers.

Recommendations:

1. Taking practical measures aimed at upgrading and qualifying the industrial sector to become competitive in global markets.
2. Implementing reforms and adopting effective economic policies to upgrade exports outside the petroleum sector and thus eliminate Algeria's dependence on the petroleum sector.
3. Encouraging financial institutions to develop new banking products to support productive and industrial activities, along with promoting industrial investments.

Referrals and references:

Djabar Boukheir. (2016). Subcontracting as a Strategic Option for Small and Medium Enterprises. Economic Development Journal (02).

Saliha Yaakouben. (2021). The Reality of the Industrial Sector in Algeria under the New Economic Model. Laboratory of Economic Sciences and Management.

Abdelrahman Toumi. (2019). Algeria Between Two Attempts for Development: Conditions for Success and Reasons for Failure. Journal of Economics and Administrative Sciences, 25.

Abdallah Qelsh, and Abdelkader Matai. (2021). The Competitive Importance of Industrial Subcontracting and its Impact on Competition: An Analytical Study. In Laboratory of Economic Sciences and Management (Ed.). University of Chlef.

Fatima Aloui. (2010). Industrial Subcontracting as a Strategic Option for Small and Medium Enterprises. Algeria.

Fateh Harkati, Atta Allah Abadir, Nashaat Al Wakeel. (2018). The Industrial Sector as a Developmental Alternative outside Hydrocarbons. The Scientific Journal of Commercial Research and Studies, Volume 32, Issue 02, (329).

Lazhar El Abed, and Ammar Lousif. (2019). The Algerian Economy Diversification Model to Move Away from Hydrocarbon Dependency: A Forward-Looking Vision. Journal of Human Sciences (52).

Lylia Ben Mansour, and Wafa Saidi. (2017). Ways to Promote Industrial Subcontracting in Algeria in Light of the Experiences of Developed Countries. Journal of Industrial Economics (12).

Algerian Journal. Journal of Social and Human Studies Academy (13).

Maamer Ghadaouia, and Salman Freha. (2021). Evaluation of the Competitiveness of Algerian Industrial Exports and the Challenges They Face: An Analytical Study. In Laboratory of Economic Sciences and Management (Ed.). University of Khemis Miliana.

Mustapha Ben Saha. (2011). The Impact of Non-Oil Exports Development on Economic Growth in Algeria. Ghardaia, Faculty of Economic and Commercial Sciences and Management Sciences, Master's Thesis, Algeria.

How to cite this article by the APA method:

Guemoula Bachir and Bencheikh Toufik, (2024). Industrial handling and the bet on embodying the new industrial strategy in light of the trend for the new economic model 2030 towards economic diversification, Roa Iktissadia Review, Algeria: University of Eloued.14 (01), 157-170.