

Border trade and local products' marketing: the impact on local development – the National Exhibition of Border Trade in Eloued state, Algeria, as a case study –

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Summary: This study aims at checking border trade impact on local development through local products' marketing in border countries. This has been done through using the factorial analytical model survey, which has been distributed on the exhibiting companies' representatives at the National Exhibition of Border Trade in Eloued state.

The analysis results have demonstrated that the response level of local products' marketing for the border trade transactions is weak, as well as the local development response. This refers to a number of neighboring countries' recent political circumstances.

Keywords: Border trade, local products, local development.

Jel Classification Codes : F13; P42 ; O12.

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I-Introduction:

Barter trade plays a significant role in improving development in border regions, if it's carried out, according to the modern economic and commercial ways' conditions. Considering the importance of the relationship between barter trade, which is one of border trade forms distinguishing border regions, especially the southern ones, and its effects on development in those regions. It is considered as a bet and a strategical challenge, which currently faces the Algerian state. So, the relationship between border trade and local development, through local products' marketing metric, has to be checked.

The main hypothesis: there's no relationship with a statistical significance between border trade and local products' marketing impact on local development.

I.1. Definition of border trade:

It's economically defined as the potential exchangeable barter of goods with other goods between neighboring regions of two countries like the exchange for achieving sufficiency in the societies' every day needs (Mohammed, 2015).

Border trade has a great significance, especially in the Algerian borders with Mali and Niger. It plays a significant role in regulating work in the field of limited exchange of goods for the sake of fighting smuggling through organizing customs houses and enabling the regulations of specifications and quality. It also represents a significant indicator of countries' relationships stability.

Border trade regulations consist in:

In terms of being international and regional, it signifies the movement of goods, services, capitals and people. They're economic relationships differing from one country to another, due to the difference in the relative specificities of each country. For a successful border trade, each border state's population, ingredients and basics regulating this trade, including commitment to foreign trade ministry and banking system policies and plans to properly carry out this trade, should be addressed with making sure that import and export measurements are identical to the necessary documents for broking.

For the sake of easing commercial exchanges between Algeria and its southern neighboring countries, which are Mali and Niger that have common habits since ancient time through the commercial and cultural exchange between these regions' population, the public authorities looked for supervising and organizing these traditional exchanges so that they would be more effective in developing these regions and easing the positive interaction between these regions' peoples. So, barter trade was the best means in this course.

Border trade form:

Border trade is defined as it's a kind of foreign trade in which goods are exported in return to import goods of the same value. However, it isn't subjected to banking measurements like opening credit letters of neither exported nor imported goods. Border trade is only transacted with national currencies. It's a trade of import and export, and it's practiced through customs houses only. It's called border trade, whenever the following procedures are fulfilled: (Ibrahim Mohammed, 2015)

-The trader is recorder as border trader within exporters and importers' registry with mentioning the concerned state, according to the commercial registry law.

- Following strictly the determined protocols and the overall objectives signed among the border states and ministry of trade. These protocols have to be renewed annually or as it's agreed upon in the previous year.

- Determining the exported and imported goods by the ministry of trade in the concerned state for the sake of controlling the good fulfillment and imposing the required control over goods' movement.

- Border trade is a limited commercial activity among the common individuals and groups between two countries for meeting local needs with exchangeable goods. This activity becomes

legal and economic through the official bodies for achieving several objectives including fighting illegal trade and prospering the commercial movement, which would lead to the social, economic and security stability in these regions.

Since Algeria has a long border stretch with several countries, and some of them witness internal political, security, social and economic crises, which negatively influence the border regions, especially Mali and Libia. Thus, barter trade has a strategic significant dimension consisting in achieving these regions' economic, social, political and security development, besides consolidating the economic cooperation between Algeria and its neighboring countries, since it forms mutual investment opportunities.

I. 2. Literary review:

(Mohammed, 2015) This study aims at identifying trade volume between Blue Nile state and Ethiopia and clarifying the imported and exported goods. It also demonstrates the results of exercising preferential trade rather than border trade. The results have shown that trade volume is weak; the balance of trade is in favor of Ethiopia. exercising preferential trade rather than border trade didn't change the trade form.

(Caroline Manjokoto & DickRanga, 2017) This study objective is to evaluate the labor women opportunities and challenges in unofficial border trade in Zimbabwe throughout a long economic crisis. The results have demonstrated that most of women are middle-aged spinsters working for survival. They're unofficially working because of jobs scarcity and the economic crisis. They sold clothes, blankets, electrical devices and spare parts. They faced a harsh competition, since most of inhabitants were exercising the same activity. As a preventive procedure and for the sake of reviving the internal industry, the government abolished this trade, but people increasingly protested. So, the governmental decision was suspended, and this trade continued.

(Kharouf Mounir et al, 2018) The study aims at showing the border stretch role in developing various sectors in various countries and the way of benefiting from empty spaces to make joint projects. It asserts that border trade and economics cooperation play a significant role in border regions' development and in the preparation of a helping environment to the infrastructure like markets, transportation and various social sectors. Besides, the joint cooperation in borders between countries generates an economic development, an overall stable security and a development in international relations as well. This includes free zones and industrial cities. Border regions' development increases the technological development through benefitting from neighboring countries' experiences, and it eliminates from security tensions between them.

(ELLada A., 2019) This study aims at analyzing border trade of Volvo Grad and the republic of Kazakhstan region throughout the period of 2015-2017 with considering it as an international form of economic relationship. It demonstrates that the most important exchanged goods are the chemical organic compounds, aluminum and cotton. It also shows that there's a remarkable difference between imports and exports in Volvo Grad region in 2015. Despite the change in 2017, there was a positive joint cooperation programs between the two regions.

II– The applied study:

For the sake of checking the relationship between border trade and local products' marketing impact on local development, the following model has been designed:

The main hypothesis has been derived from the general model as follows: there's no relationship with a statistical significance between border trade and local products' marketing impact on local development.

The subsidiary hypotheses:

A. there's no relationship with a statistical significance between border trade and local development.

B. there's no relationship with a statistical significance between local products and local development.

II .2.Method and tools:

- The study population: it consists of all the exhibiting companies in the National Exhibition for Border Trade in Eloued state.
- The study sample: it consists in the exhibiting companies' representatives in the National Exhibition for Border Trade in Al-wadi state. A random sample has been chosen. It consists of 57 individuals on whom 57 surveys have been distributed. Valid 57 surveys for analysis have been restored with a proportion of 90%.
- Discussing and analyzing the survey results: for the sake of analyzing the collected data, where the study took place, Jamovi v1.8.1, SPSS v26 and Excel 2016 have been used. Data has been dumped and transformed from the qualitative form into quantitative form. So, the following results have been attained:

II.3. The study sample analysis:

The study sample is characterized with the following features:

The above table shows that the age group from 30 to 40 years old is more present in the Exhibition with a proportion of 35.1 with a number of 20 exhibitors. The age group of less than 30 years old ranks 2nd with a proportion of 15.8% with a number of 9 exhibitors. Other age groups come with various proportions. So, the major proportion is of adults, which interprets that most of them are experts in this field. We also observe that most of the sample individuals have got university diplomas, and they're 38 exhibitors with a proportion of 66.7%. 10 exhibitors with professional certificates with a proportion of 17.5%. Most of exhibitors have professional experience of more than 20 years with a number of 15 exhibitors with a proportion of 26.3%. The exhibitors, who have professional experience of 10-15 years, are 13 exhibitors with a proportion of 22.8%.

The survey reliability and constancy:

Depending on Alpha Cronbach's Total Constancy Coefficient, the following results have been attained:

The above table indicates that Alpha coefficient of the survey is generally high with 0.673, which is an accepted positive value indicating the survey paragraphs' accordance; whenever Alpha coefficient is approximate to 1, it indicates a high constancy. The reliability coefficient has reached 0.820, which is a high positive value indicating the distributed survey reliability. Thus, the study tool, in general, has high reliability and constancy coefficient, which avails it the achievement of the study objectives and the potential of its results constancy.

Analyzing the factorial analysis results:

Since the distributed survey is in the form of uncategorized expressions, and for the sake of determining border trade, local products' marketing and local development axes and reordering the paragraphs, according to importance, we've used the exploratory factorial analysis with the use of Jamovi v1.8.1. The following results have been attained:

The above table clarifies that the survey has been divided into three main axes. The first one is related to border trade. The second one is about local development. The third one is concerned with local products' marketing. The first seven expressions are more expressive about the first axe variables, which is related to border trade between Algeria and neighboring countries. The expressions from eight to eleven are about the axe of local development for border regions. The expressions from twelve to fourteen are concerned with the axe of local products' marketing to neighboring and foreign countries. So, they're the more interpreting and clarifying expressions related to the mentioned axe, according to the studied sample. The table also shows the studied sample trend towards the importance and the position of every dimension, which is clarified through the following table:

III- Examining the study hypotheses and analyzing and discussing the results:

- For studying the role played by local products' marketing and border trade in local development and analyzing the results, the sample data has been studied to get several results through which we examine the study hypotheses as follows:

The main hypothesis: it provides for:

- **H0:** there's no relationship with a statistical significance between border trade and local products' marketing on local development.
- **H1:** there's a relationship with a statistical significance between border trade and local products' marketing on local development.
- For checking this hypothesis validity, we've analyzed the relationship between border trade and local products' marketing variables and their impact on local development through linear regression equation with the use of Jamovi v1.8.1. The following results have been attained, and they're demonstrated in the table below:

According to the table above, we observe that the correlation coefficient between the independent and dependent variables has reached 9.26%. The coefficient of determination is equal to 0.857 in the level of less than 5%. This means that border trade variable and local products' marketing interpret local development with 0.857%, and the rest proportion is for other variables interpreting local development. So, there's a positive relationship between border trade and local products' marketing on local development, but it's so weak due to the unavailability of the favorable climate for more enablement of border trade. The local products haven't yet achieved a competitive advantage making them able to break out foreign markets.

Thus, we accept the alternate hypothesis, which provides for: there's a relationship between border trade and local products' marketing on local development.

- **Examining the first hypothesis: it provides for:**
- **H0:** there's no relationship with a statistical significance between border trade and local development.
- **H1:** there's a relationship with a statistical significance between border trade and local development.
- For checking this hypothesis validity, we've analyzed the relationship between local development and border trade variables through linear regression equation with the use of Jamovi v1.8.1. The following results have been attained, and they're demonstrated in the table below:

According to the table above, we observe that the correlation coefficient between the independent and dependent variables has reached 6.7%. The coefficient of determination is equal to 0.447%. This means that border trade variable interprets local development with the proportion of 0.447% in the level of less than 5%, which is so weak proportion, but it's a positive value. This indicates that there's a relationship between border trade and local development variables.

Thus, we accept the alternate hypothesis providing for: there's a statistical significance between border trade and local development.

Examining the 2nd hypothesis: it provides for:

- **H0:** there's no relationship with a statistical significance between local products and local development.
- **H1:** there's a statistical significance between local products and local development.

For checking this hypothesis validity, we've analyzed the relationship between local products and local development variables through the simple linear regression equation with the use of Jamovi v1.8.1. The following results have been attained, and they're demonstrated in the table below:

According to the table above, we observe that the correlation coefficient between the independent and dependent variables has reached 8.35%. The coefficient of determination is equal to 0.67% in the level of less than 5%. This means that local products interpret local development with a proportion of 0.67%, which indicates that there's a relationship between local products' marketing and local development variables. However, this relationship is so weak due to not focusing on developing border regions and its importance in local products' marketing to neighboring countries.

Thus, we accept the alternate hypothesis providing for: there's a statistical significance between local products and local development.

IV-Conclusion:

In the light of economy globalization and openness to the external world, international trade becomes one of development tools, which avails better work opportunities, eliminating poverty and increasing the available economic opportunities for its direct contribution to improve the potential of local products' reaching to world markets and participation in the international trade system.

Border trade represents a similar concept to international trade activities. In terms of trade, they're interconnected with goods and products shipment from one country to another for selling them in neighboring markets so that consumers can obtain more goods with less cost through specialization and exchange. Border trade also enables the use of scarce resources with higher efficiency through focusing on relative advantages. This trade movement relieves the local economy through opening markets of new goods and services and availing several employment opportunities in various fields, which influences various sectors like ports, loading and unloading companies, transportation, trade chambers, banks A set of results have been attained, and they're summarized as follows:

The theoretical study results:

- Border trade is the possible exchangeable barter of goods with other ones between neighboring regions of two neighboring countries.
- Border trade plays a significant role in controlling work in the field of limited exchange of goods to stop smuggling through organizing customs houses and the enablement of specifications and quality regulations. It represents a significant indicator of countries relations' stability.
- Internal transportation includes time and cost related to transport the exported shipment from hangar to the more used port or borders in economy. Procedures, time and cost are linked to the eventual transportation, and any latencies in traffic and inspections from traffic police and the elapsed time in loading and unloading in hangar or in borders. In case of border trade, internal transportation includes time and cost starting from shipment loading to the arrival to land borders of this economy; the processes of inspection and unloading decrease in check points and customs.

The applied study results:

Local products' marketing directly influences local development of border regions, but with weak proportions.

- Border trade weakly influences local development of border regions.
- The relationship between border trade, local products' marketing and local development variables is estimated with $R=0.0926$, and the coefficient of determination ($R^2=0.00857$), which means that border trade and local products' marketing impact on local development is with a weak proportion due to one of these things:
- The unstable political situations of neighboring countries and the confinement situation due to Corona pandemic, which caused a diminish in trade movement.

Recommendations:

On the basis of the aforementioned results, the following recommendations can be formulated as follows:

- Fostering products' increasing and variation, which intern increases the source size, which certainly increases the impact of these products' marketing to border countries on local development.
- The variation of the field of practices and productive activities done by enterprises, in the course of increasing local production, for making a balanced local development.
- The necessity of working on increasing the local products' quality and competitiveness on the international level.
- Local enterprises have to reconsider their adopted policies and marketing plans and to look after marketing programs and activities for defining their products with neighboring countries' consumers.
- The exporting or importing company asks for shipment company or a customs broker's help, or both of them, and pay for the provided services through paying all the costs of internal transportation, customs broking, the compulsory examination and inspection by customs and other bodies, handling actions in ports or in borders, compliance fees and requirements and other costs to bank. (International Bank)
- Policies' makers and those who are concerned with trade management have to make deep analysis to the status-quo. They've to make a study about release time, which has been introduced by World Customs Organization as a method for a good practice. There should be also a model for making this analysis for knowing the problem faces, roles and liabilities in the process of broking. (UNO 2023)

- Appendices:

II .1.The study model:

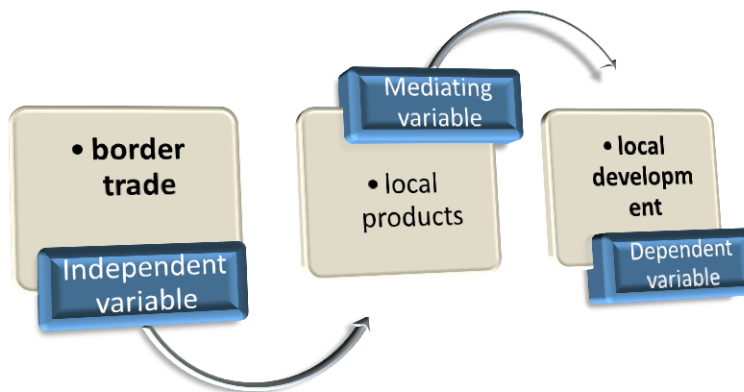


Table 1: The study sample general characteristics

	Variables	Frequency	Percentage
Age	Less than 30 years old	09	15.8%
	30-40 years old	20	35.1%
	40-50 years old	16	28.1%
	More than 50 years old	12	21.1%
Educational level	With no diploma	02	3.5%
	Secondary school certificate	07	3.12%
	Professional certificate	10	5.17%
	University diploma	38	7.66%
Professional experience	Less than 5 years	11	19.3%
	5-10 years	08	14.0%
	10-15 years	13	22.8%
	15-20 years	10	17.5%
Job	More than 20 years	15	26.3%
	Financial manager	1	1.8%
	Accountant	08	14.0%
	Other job	46	80.7%
Total		57	100%

Source: prepared by the researchers depending on SPSS v26 results

Table 2: The total constancy coefficient

	Number of paragraphs	Alpha Cronbach’s Total Constancy Coefficient	Reliability coefficient
The total number of the survey paragraphs	14	0.673	0.820

Source: prepared by the researchers depending on SP

Table 3: Dividing and reordering the survey paragraphs

		Factors			Uniqueness
		1	2	3	
01	Border crossings works on easing border trade procedures	0.849			0.277
02	The enterprise works on developing the product to keep in pace with development	0.720			0.433
03	The Algerian government works on fostering border trade with neighboring countries	0.663			0.366
04	Border trade with neighboring countries helps for our products marketing and achieving profits	0.525			0.640
05	Our enterprise works effortfully of products marketing through border regions	0.488			0.548
06	The enterprises work on increasing production to influence positively the balance of payments so that achieving local development	0.436			0.694
07	The enterprise works on introducing products in neighboring countries' markets	0.423			0.737
08	When we look after local development, it's necessary to look after environment through using environmentally friendly technology		0.753		0.424
09	Local development looks for promoting the economic activities, according to each region's nature		0.666		0.502
10	Local development aims at increasing the economic wealth and integrating all the local productive enterprises in the economic activity		0.610		0.623
11	Local development has to become a national issue in which, not only state and elite people, but all society has to participate		0.420		0.707
12	The potential of some products' marketing to neighboring countries throughout excess consumption seasons			0.767	0.377
13	Our enterprise looks after the product's external form to achieve a competitive advantage			0.689	0.419
14	Exhibitions work appropriately on introducing and marketing our products			0.566	0.607

Note. "varimax" rotation was used

Source: prepared by researchers depending on Jamovi v1.8.1 results

Table 4: The axes' names and the number of expressions, according to Jamovi v.1.8.1 division

The axes' names	Border trade	Local development	Local products' marketing
Number of expressions	07	04	04

Source: prepared by the researchers depending on the 3rd table results.

Table 5: The results of analyzing the simple regression of the impact of border trade and local products' marketing on local development

	The dependent variable (local development)	
The independent variable (border trade and local products' marketing)	R	R ²
	0.0926	0.00857

Source: prepared by the researchers depending on Jamovi v1.8.1 results

Table 6: the results of analyzing the simple regression of the impact of border trade on local development

	The dependent variable (local development)	
The independent variable (border trade)	R	R ²
	0.0668	0.00447

Source: prepared by the researchers depending on Jamovi v1.8.1 results

Table 7: The results of analyzing the simple regression for the impact of local products on local development

	The dependent variable (local development)	
The independent variable (local products' marketing)	R	R ²
	0.0835	0.00697

Source: prepared by the researchers depending on Jamovi v1.8.1 results

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