

# The Role Of Economic Diplomacy In Achieving Economic Takeoff: The Case Of Qatari Liquefied Natural Gas (LNG) Diplomacy As A Model, With An Analysis Of Algeria's Situation Under The Economic Recovery Program 2020-2030

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## ARTICLE INFO

## ABSTRACT

**Received: 30/09/2024;** In recent times, the world has witnessed only a few cases similar to Qatar's

**Accepted: 18/10/2024;** economic rise. This rise was not an inevitable outcome of its abundant carbon

**Published: 30/10/2024** resources, nor was it a mere coincidence. Many countries have had resources but failed to achieve development and prosperity. In Qatar, however, the successful development of its hydrocarbon resources was the result of wise and committed national leadership, as well as strong, productive relationships with international partners.

Since the late 1990s, Qatar has sought to strengthen its positive relationships with countries around the world, building massive investments in many of them. Regional balances within the Gulf Cooperation Council (GCC) influenced these investments in the past, creating the illusion of "economic integration." However, after the Gulf Crisis, these investments emerged as a form of soft power that Qatar was able to skillfully leverage.

This study aims to shed light on Qatar's developmental experience and its achievement of economic takeoff by first discussing general concepts of economic takeoff, its main stages, and distinctive features. Then, it highlights the qualifications and resources that Qatar possesses. The aim is to analyse the positive outcomes Qatar has achieved after reviewing the key measures and policies it implemented to achieve economic takeoff, particularly through economic diplomacy. The study will also provide a brief overview of Algeria's experience and how it could benefit from Qatar's experience within the framework of its economic recovery program.

**Keywords:** Economic diplomacy, economic takeoff, Qatari gas diplomacy, economic recovery program.

**JEL Classification:** F15, H60, G20.

## 1. Introduction:

Since the late 1990s, Qatar has actively worked to enhance its positive relations with countries worldwide, successfully building massive investments across numerous nations. Previously, these investments were subject to regional balances within the Gulf Cooperation Council (GCC), under the illusion of "economic

integration." However, after the Gulf crisis, these investments emerged as a form of soft power that Qatar skilfully employed. Any aggression towards Qatar would not affect it alone, but also the interests of countries tied to it through agreements, alliances, and partnerships. Moreover, during this unprecedented crisis, Doha's commitment to honoring contracts and agreements reassured investors, who monitored the political situation and saw that Qatar effectively found alternatives to the blockading countries. Qatar also developed its infrastructure and updated its legislative framework, making it an attractive environment for investment. This positive global perception was reinforced by diplomatic visits by the Qatari leadership, with each visit resulting in agreements and partnerships. These efforts even evolved into a phenomenon of "strategic dialogue," indicating long-term cooperation and alliances in multiple fields.

Qatar initiated strategic dialogues with the United States, China, Japan, and other nations, in addition to participating in investment forums and business councils such as the Qatari-German, Qatari-British, Qatari-Pakistani, and Qatari-Russian investment forums, among others. Observing this economic diplomacy provides insights into Qatar's future. Initially, Qatari diplomacy aimed to find urgent solutions to the blockade. Politically, it broke the siege imposed by land, sea, and air, and thwarted the Gulf Crisis Quartet's efforts to influence other nations to cut diplomatic ties with Doha. Some countries, like Senegal, even reversed their decision to withdraw their ambassadors under pressure from the blocking nations and returned to Doha. This was one of the initial goals of Qatari diplomacy, which also succeeded in quickly finding alternatives for the Qatari market. As a result, the growth rate reached 2.8% by the end of 2018, and Qatar remained one of the richest countries globally, despite the blockade.

Despite achieving these urgent goals, Qatar still has long-term objectives to establish itself as a soft power in the global economy, largely due to its successful economic diplomacy. This general overview of Qatari diplomacy requires detailed studies on the nature of Qatar's agreements during the Gulf crisis and their potential impact on the national economy.

This study aims to shed light on Qatar's developmental experience and its achievement of economic takeoff by first exploring general concepts of economic takeoff, its main stages, and key characteristics. Then, it examines the qualifications and resources Qatar possesses, with the goal of analysing the positive outcomes achieved through the main measures and policies implemented to reach economic takeoff, particularly through economic diplomacy. The study also provides an overview of Algeria's experience and how it might benefit from Qatar's model in the context of its own economic recovery program.

### **1.1 Research Question:**

To uncover the truth behind this, the central research question of the study is:

To what extent has Qatar achieved economic takeoff through its strategy of economic diplomacy (specifically liquefied natural gas diplomacy)? And how can Algeria benefit from this in light of its economic recovery program?

Sub-questions:

- How effective is economic diplomacy in supporting economic growth rates?
- What is the relationship between economic diplomacy and economic takeoff from a theoretical perspective?
- To what extent can modern economic diplomacy approaches contribute to economic takeoff?

### **1-2 Hypothesis:**

Based on the question above, the following hypothesis can be formulated:

Economic diplomacy plays a significant role in realizing economic aspirations through various avenues, particularly by influencing trade margins. It has proven effective in enhancing the volume of internationally traded goods, making it a key tool for achieving desired growth rates.

Algeria, through its 2020–2030 economic recovery plan, has sought to achieve economic takeoff. One of the plan's key elements is the promotion of economic diplomacy, which Algeria has relied on as a mechanism to accelerate growth and increase its rates.

### **1-3 Study Objectives:**

The objectives of this study include conducting an objective evaluation of Qatar's and Algeria's success in diversifying their economies, moving away from total reliance on the hydrocarbon sector, and achieving economic takeoff and sustainable growth.

The study aims to achieve the following objectives:

- Understand the various theoretical interpretations of the relationship between economic diplomacy and achieving the conditions for economic takeoff.

- Highlight the importance of modern Qatari economic diplomacy in achieving economic takeoff, using Qatari liquefied natural gas diplomacy as a case study.
- Highlight the significance of modern Algerian economic diplomacy in achieving economic takeoff through the implementation of the 2020–2030 economic recovery plan, particularly in light of strategic adjustments made to strengthen economic diplomacy at both the local and global levels.

#### **1.4- Research Themes:**

1. Concepts and Components of Economic Diplomacy.
2. Key Concepts on Economic Takeoff
3. Qatar's Liquefied Natural Gas Diplomacy as a Model
4. Evaluation of the Role of Economic Diplomacy in Achieving Economic Takeoff in Algeria (2020-2030)

#### **1-5- Previous Studies:**

##### **Selwyn Jurre Vincent Moons, Heterogeneous Effects of Economic Diplomacy: Instruments, Determinants and Developments (2017)**

This study aims to investigate the impact of economic diplomacy on international economic flows using a gravity model with independent variables represented by distance, GDP of the exporting and importing countries, populations of the exporting and importing countries, common language, common borders, area, colonial relationship, currency union, free trade agreements, number of diplomatic missions, embassies, and consulates on the dependent variables represented by both foreign trade and foreign direct investment for a sample of 60 countries for the year 2006 regarding foreign trade, and for the years 2006 and 2012 regarding foreign direct investment. The researcher reached the following conclusions that can serve the economic policy of countries:

- Economic diplomacy plays an important role in bilateral relations due to the benefits it provides for both developed and developing countries, as economic diplomacy works to reduce barriers to access international markets and enhances trust;
- The network of diplomatic representation is an effective tool for increasing trade relations, and thus economic diplomacy can be used to diversify exports, which is particularly important for developing countries;
- The effects of economic diplomacy on bilateral trade and investment are more evident when directed toward culturally and institutionally different markets.

##### **Study by S.J.V. Moons & Remco Boer, Economic Diplomacy Product Characteristics and Level of Development (2014)**

S.J.V. Moons and Remco Boer analyzed whether the impact of the diplomatic network on foreign trade in low-income countries differs from that in high-income countries based on the exports of 63 countries for homogeneous and non-homogeneous goods in 2006, using gravity equations that include the following variables: bilateral exports of the two countries as a dependent variable, distance, national income of the two countries, population size, area, commodity prices, diplomatic missions, language, and common borders as independent variables for high-income countries and then for low-income countries. They concluded that:

- Economic diplomacy has a slight positive impact on the trade of homogeneous goods and a significant positive impact on the trade of non-homogeneous goods.
- Economic diplomacy has a slight positive impact on trade between North-North and South-South countries.
- Economic diplomacy adds greater value when low-income countries export non-homogeneous goods to high-income countries, with a lesser effect on homogeneous goods.
- Economic diplomacy has a significant positive impact on trade between high-income countries and low-income countries.

##### **Study by Selwyn J.V. Moons & Peter A.G. van Bergeijk, A Meta-Analysis of Economic Diplomacy and Its Effect on International Economic Flows (2013)**

The meta-analysis combines several studies with similar designs and examines the consistency and contradictions in their results using 29 studies on the subject of economic diplomacy represented by embassies, consulates, investment and export promotion offices, business visits, and government visits from 1986 to 2011. The results indicate:

The meta-regression shows that the significance of the economic diplomacy coefficient is more evident when studies use embassies as an explanatory variable compared to studies that use consulates, commercial missions, government visits, and export promotion agencies if the dependent variable is exports.

## **2. Concept and Components of Economic Diplomacy**

Economic diplomacy has evolved beyond traditional definitions that confined it to mere communication, organizing relationships, and gathering information. It has become a significant factor in shaping political, economic, and social choices, both internally and externally, establishing relationships among states based on new priorities and goals. This evolution aims to safeguard each state's interests while promoting equality and

growth, transcending the idea that relation between nations—whether small, medium, or large—depend solely on political or military considerations. Today, these relationships are primarily directed by economic considerations.

## **2-1- Concept of Economic Diplomacy**

### **2-1-1- Origin of Diplomacy**

The term "diplomacy" has Greek roots, derived from the verb "diplō," meaning to fold or bend. Originally, authorities or rulers issued "diploma," or folded official documents, for formal occasions, bestowing special privileges on their bearers during diplomatic missions.

The term was utilized in the 17th century for official documents and the methods of preserving them, translating, and decoding them through what is known as archivists. The individual performing this diplomatic work was termed a "diplomat," and by the end of the 18th century, diplomacy had become recognized as the management of international relations.

### **2-1-2- Definitions of Diplomacy**

- Maawiya ibn Abi Sufyan defined diplomacy as: "If there were a hair between me and the people, it would not be cut; if they loosen it, I would tighten it, and if they tighten it, I would loosen it."
- Ernest Satow defined diplomacy as "the use of intelligence and tact in managing official relations between independent governments."
- Charles Calvo described diplomacy as "the science of the relationships between states, stemming from mutual interests and principles of public international law and the texts of treaties and agreements."
- Dr. Samouhi described diplomacy as "a collection of rules, norms, and international principles that concern the organization of relations between states and international organizations, the principles to be followed in applying international law, reconciling conflicting national interests, and the art of conducting negotiations, meetings, international conferences, and forming treaties and agreements."
- Dr. Adnan Al-Bakri defined diplomacy as "the political process used by a state to implement its foreign policy in its dealings with other states and international individuals, managing its official relationships within the international system."

## **2-2- Definition of Economic Diplomacy**

Economic diplomacy emerged as a concept during the Great Depression in the United States and gradually gained a broader role after World War II, reaching its current status as an umbrella for diplomatic activities related to economic aspects conducted by various official and unofficial diplomatic parties. Economic diplomacy is defined as "the total external economic activities of a country's government and business sector."

Moroccan economist Zafir Amin defines economic diplomacy as "the use of the diplomatic apparatus to serve the country's international and national competitiveness to achieve economic growth and development and to enhance economic power."

It is characterized as "the use of international legal persons through diplomatic methods and means, along with economic, commercial, financial, and technical policies to achieve its goals, providing guarantees to secure external economic interests and promote national economic development" (Polgár, 2014).

Economic diplomacy is thus an international activity that can be bilateral or multilateral, where international parties (such as states, blocs, or organizations) utilize their economic capabilities to exert political or economic influence or leverage their political power to achieve economic benefits. This can be achieved through either equitable or inequitable mechanisms, resulting in treaties or agreements that contribute to achieving various goals. Key players in economic diplomacy include government entities, non-governmental organizations, economic and commercial institutions, and business leaders, all of whom play crucial roles in the formulation and execution of economic diplomatic strategies.

## **2-1- Elements of Economic Diplomacy**

Economic diplomacy consists of three main elements:

1. Utilizing Political Influence and Relationships: This involves leveraging political influence and relationships to enhance or influence international trade and investment, improve market performance, and reduce costs and risks associated with cross-border transactions.
2. Utilizing Economic Assets and Relationships: This element focuses on using economic assets and relationships to increase and enhance mutual benefits from cooperation and politically stable relations, thereby improving economic security. Structural policies and bilateral trade and investment agreements achieve this.

3. Promoting a Healthy Political Climate: Economic diplomacy seeks to facilitate and achieve goals through multilateral negotiations, particularly in supranational organizations such as the World Trade Organization (WTO) and the Organisation for Economic Co-operation and Development (OECD).

## **2-2- Levels of Economic Diplomacy**

The levels of economic diplomacy vary according to the number of parties involved in the legal work. Economic diplomacy can be classified into bilateral, regional, collective, or multilateral levels.

### **A. Bilateral Economic Diplomacy**

Bilateral diplomacy continues to be a major part of economic diplomacy. This may involve financial transactions between two countries, official trade, investment treaties, or other issues affecting economic relations. Bilateral economic diplomacy remains the simplest technique for clarifying the results of economic cooperation, as it is aligned with the national interests of the parties when discussed and scrutinized. However, a significant downside to this form of diplomacy is that it often favors the stronger party in negotiations, allowing them to easily exploit the weaker party. In agreements between a developed country and a developing country, there are economic disparities, and international bargaining tends to favor the country that can impose conditions that align with its interests, typically the developed country. Conversely, the stronger party may compel the weaker country to concede some advantages and privileges, resulting in "unequal treaties" or "coercive treaties" (SAPIN, 2011).

On the positive side, bilateral agreements significantly contribute to strengthening more complex agreements made at the regional or global level. Additionally, bilateral economic diplomacy plays a crucial role in establishing the regional or multilateral rules that can be applied in similar cases. For example, the rules governing economic disputes between the United States and Japan can be referred to in disputes involving other countries.

### **B. : Regional Economic Diplomacy**

The regional dimension of economic diplomacy is of increasing importance. Although economic agreements at this level are often politically motivated, they rapidly provide access to numerous adjacent open markets. A state allows for national economic activity freedom when it is within the framework of a regional bloc, typically involving geographically proximate countries with similar levels of economic development and political priorities. For businesses, entering regional markets is often an alternative to accessing global markets, especially when capabilities are limited, marking the beginning of competitive pathways.

Furthermore, regional agreements can empower member states in international negotiations, significantly influencing their capacity to open international markets. Regardless of the motivation behind forming regional agreements, a primary incentive is often to foster growth in national industries through enhanced competition among neighboring countries, thereby enabling trade within free regional markets.

### **C. : Collective Economic Diplomacy**

The collective level of economic diplomacy garners less attention from states compared to regional or multilateral economic diplomacy. In collective economic diplomacy, geographical proximity is not the sole criterion for gathering. Countries pursuing similar economic policies or possessing comparable economic levels may engage in collective diplomacy, exemplified by organizations like the Organisation for Economic Co-operation and Development (OECD), the G7, the G8, and the Commonwealth, among other international economic groupings. This level of collective economic diplomacy achieves two significant goals.

The first goal is that the participating parties provide a forum for the national governments of the member states to seek solutions and achieve consensus on a specific economic objective, whether local or international, through voluntary cooperation among these governments (Vasilcovschi, 2005).

The second goal is to enable governments with similar economic orientations to develop an agreed-upon reality, allowing them to advance in broader multilateral arenas. For example, the OECD served as a preparatory forum for many topics, such as the General Agreement on Trade in Services and agricultural agreements within the framework of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO).

### **D. Multilateral Economic Diplomacy**

Multilateral economic diplomacy is evolving to encompass the economies of all countries, making consensus within its framework challenging and difficult to achieve. It aims to integrate multiple systems to work within a coordinated framework, such as those established by the World Trade Organization, the International Monetary Fund, the World Bank, and the economic activities of the United Nations, along with numerous specialized economic organizations.



It is important to note that multilateral economic diplomacy has contributed to establishing many legal rules governing international economic relations, particularly in the 1990s, with significant progress made in trade and environmental contexts through dispute resolution mechanisms within the WTO and the 1982 United Nations Convention on the Law of the Sea. However, this level of diplomacy has revealed numerous conflicts on the international stage between governmental and non-governmental organizations, as well as between developed (North) and developing (South) countries. The latter often complain that multilateral diplomacy places them in a weak position within the global economy. Furthermore, developed countries use increasing violations of international rules (such as human rights, child labor, and social working conditions) by developing countries as justification for denying access to their markets for products from those developing countries.

Despite the economic benefits realized through multilateral diplomacy that encourages countries to participate, the associated economic risks are substantial due to the interlinking of markets, which allows crises to spread to other nations (Firouz Mezyani, 2019).

### 3- Key Concepts of Economic Takeoff

The economic lexicon defines the concept of economic takeoff based on Rostow's theory. Rostow used the term in his theory of economic development, which he divided into five stages. The takeoff stage is characterized by the defeat of forces resisting progress, where the average individual output begins to increase, bringing with it radical changes in productivity methods carried out by a segment of society distinguished by determination and a spirit of renewal and innovation.

Therefore, the credit for analyzing and elucidating this concept goes to the economic historian at Cambridge University, Walt Rostow, in his book "Stages of Economic Growth," in which he considered development to be a "inevitable phenomenon" that countries go through in phases, with the only difference being that some countries began earlier than others in the linear context of development.

#### 3-1- Concept of Economic Takeoff

Economic takeoff is a term introduced by the American economist **Walt Rostow**, who states that: "Takeoff is the critical stage in the growth of an economy" (Walt Rostow, 1960). It is also defined as: "Economic takeoff is a phase in the development of the economy characterized by the emergence of spontaneous economic growth" (Walt Rostow, 1960).

Thus, we can consider economic takeoff as the beginning of "self-sustaining growth." The third phase of Rostow's framework, which includes traditional society, the prerequisites for takeoff, the actual takeoff (within a generation), the march toward maturity, and the age of mass consumption, is what distinguishes economic takeoff.

#### 3-2- Prerequisites for Economic Takeoff

Studies of economic history have recorded the prerequisites, also known as the basic requirements for takeoff, which are the focus of Rostow's framework. These have had a significant impact on the developmental trajectory of many countries and can be summarized in the following points:

- **National Drivers: These include collective events within society that have an economic resonance, such as the "Agricultural Revolution," which produces a surplus of consumer goods.**
- **Social, Technical, and Scientific Transformations.**
- **Establishment of Non-Profit Infrastructure:** Particularly through public sector investments.

#### 3-3- Characteristics of Economic Takeoff

- Economic takeoff is an interactive process, not a natural growth stage that occurs simply from the availability of certain conditions; the interaction of these factors constitutes the launch point for self-renewing development.
- Economic takeoff is an integrated process involving multiple factors that create a qualitative leap in an underdeveloped economy.
- Economic takeoff can be repeated for a developing country that has previously achieved economic takeoff; if unfavorable conditions (wars, destruction, natural disasters) arise, it may lose the benefits of that takeoff and need to restart the process for another economic takeoff.
- Economic takeoff is not an end in itself but is viewed as the starting point for achieving the desired goal of continuous, self-renewing development. Therefore, it requires consideration of broader variables in the long term to ensure the sustainability of the post-takeoff phase and the viability of this economic takeoff (Al-Rahman, 2013).

### 3-4- Main Determinants of Economic Takeoff

- **Governance:** Relates to management decisions that shape activity expectations and verify performance. Good governance aids economic takeoff and stimulates diversification.
- **Natural Resources:** These are among the most important determinants of economic takeoff, as they are involved in the production of exported goods. However, the well-being of a community is not determined solely by the availability of resources but by their optimal and efficient exploitation.
- **Institutional Quality and Human Resources:** The quality of a state's institutions affects economic development. Various studies have shown that many countries suffering from the "Dutch Disease" (resource curse) often experience corruption, poor governance, and high rates of civil wars, which negatively impact economic development (Sadiq, 2020).
- **Private Sector:** The private sector plays an important role in economic takeoff through investments in research and the development of new activities. Therefore, it is essential for governments to be aware of the needs of this sector, such as improving the business performance environment and establishing constructive partnerships aimed at raising long-term growth rates (Rafiqa, 2020).

### 4- Qatari LNG Diplomacy as a Model

Looking at Qatari economic diplomacy reveals that it has undergone significant development stages. Since the late 1990s, Qatar has sought to positively enhance its relations with the outside world and has managed to build substantial investments in many countries. These investments were previously subjected to regional balances with Qatar's neighbors in the Gulf Cooperation Council under the illusion of "economic integration." However, following the Gulf crisis, these investments emerged as a soft power that Qatar has been able to employ effectively. Any aggression would not only target Qatar but also the interests of countries worldwide that have ties with Qatar through relations, agreements, and alliances.

On another front, Doha has demonstrated that by honoring contracts and agreements during this unprecedented crisis, it has instilled confidence among investors who observed the political situation after the crisis and found that Qatar was able to find alternatives to the blockading countries. According to statistics from "Oil Price," Qatar currently possesses the third-largest proven natural gas reserves in the world, following Russia and Iran, with a total volume of nearly 24.7 trillion cubic meters. Qatar is increasingly betting on expanding liquefied natural gas production, specifically by investing additional funds to create new liquefaction plants and expand the North Field. This would raise its liquefied natural gas production capacity from 81.2 million tons annually, as was the case in 2023, to around 126 million tons by 2026.

The Qatari public budget benefited significantly from the rise in gas prices during 2022, coinciding with the outbreak of the war in Ukraine and the disruption of Russian gas supplies to Europe. The Qatari budget achieved a surplus of approximately 23.7 billion USD in that year, according to figures from the Qatari Ministry of Finance, marking a record increase of about 5462% compared to the surplus of the previous year, which did not exceed 426 million USD.

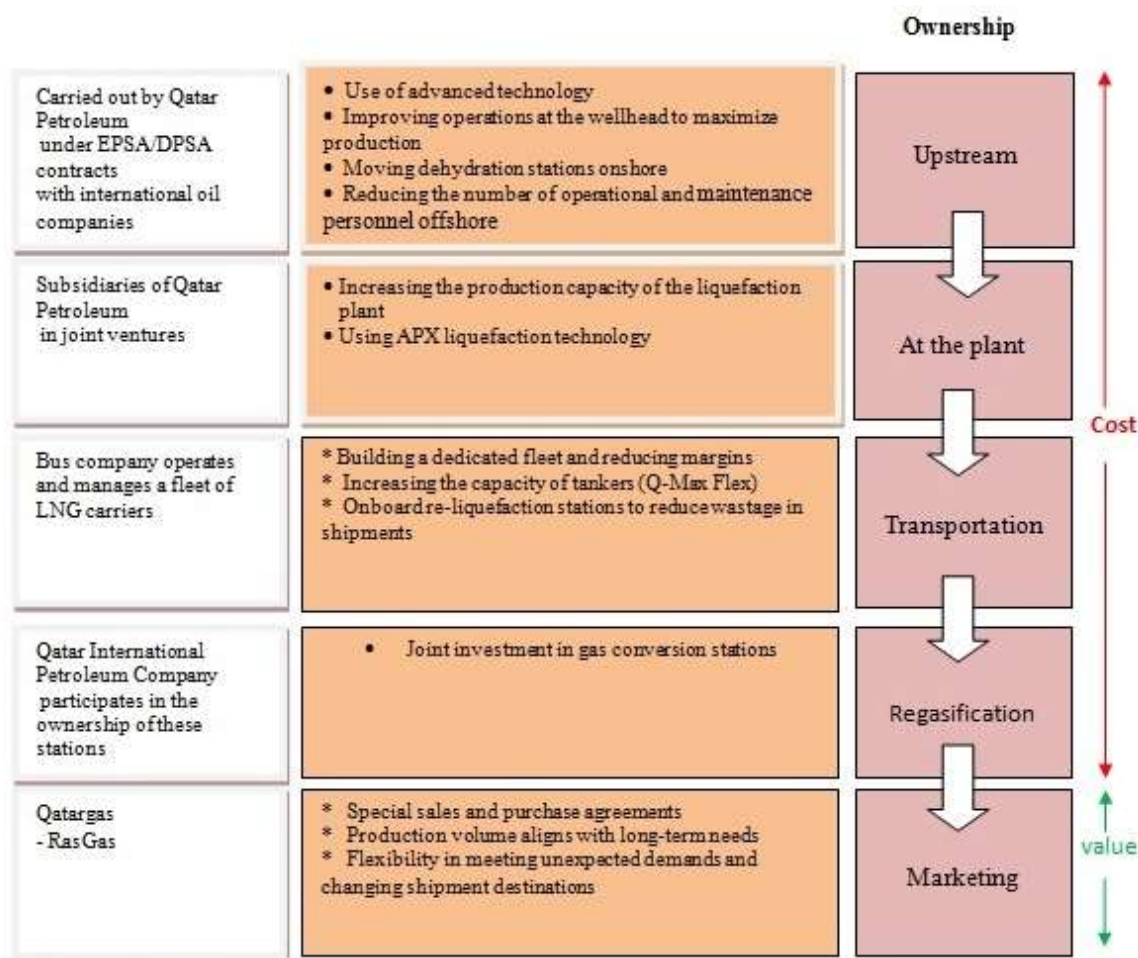
In 2022, the Qatari economy also benefited from hosting the World Cup, which Qatar anticipated would yield direct and future returns amounting to approximately 17 billion USD, according to estimates by Nasser Al-Khater, CEO of the FIFA World Cup Qatar 2022. Estimates from Diar Real Estate, the real estate investment arm of the Qatar Investment Authority, indicate that Qatar spent over 200 billion USD in the preceding years in anticipation of the World Cup. The aim was to build the Doha Metro, Lusail City, expand Doha Airport, construct Hamad Port, and redevelop the downtown area of Doha, in addition to developing free economic zones.

Despite the enormity of this amount relative to the nature of the event, it was clear that all these projects were designed to integrate with Qatar's "2030 Vision," which aimed to develop Qatari infrastructure in the long term and align it with Qatar's ambition to become a significant political hub.

#### 4-1- The Integrated Model of Natural Gas in Qatar

The Qatari model for liquefied natural gas is unique. It encompasses not only the management of gas reserves and production and liquefaction plants but also the development of shipping and receiving facilities that align with the project's scope.

Thus, this model bridges the gap between the gas field and customers in ways that ensure reliable, flexible, and cost-effective supply. It provides the necessary responsiveness to take advantage of price differentials between regional markets and to meet unexpected customer needs. This responsiveness and adaptability are only feasible given the financial and technical strength associated with the resources and leadership present in Qatar and its commercial partners. The essential elements of this model are summarized in Figure 01.



Note: (EPSAS/DPSAS): Exploration and Production Sharing Agreements / Development and Production Sharing Agreements.

Source: Basic data taken from Qatar Petroleum and its other companies.

**Source:** I. Ibrahim, 2005. Qatar's Global Strategy for Liquefied Natural Gas: Qatar's Role and Changes in the LNG Business.

#### 4.2- From the COVID-19 Crisis to a Distinct Position in Energy

In 2020, Qatar faced rapid and sudden declines in global gas and oil prices due to the outbreak of the COVID-19 pandemic, which resulted in major economies imposing restrictions on their economic sectors. Consequently, Qatar experienced an economic contraction of 3.6% that year, reducing its Gross Domestic Product (GDP) (at current prices) from \$176.37 billion in 2019 to \$144.41 billion in 2020. However, the Qatari economy quickly rebounded in 2021, achieving a growth rate of approximately 1.6%, as reported by the International Monetary Fund, thanks to the gradual recovery of energy prices alongside the lifting of restrictions imposed during the pandemic.

In the following year, 2022, Qatar saw a significant leap in its GDP. This was a result of the repercussions of the Russia-Ukraine war, which led to rising LNG prices and increased demand for it. Since the onset of the war, European countries have turned their attention to Qatari LNG to compensate for the disruption of Russian gas supplies. Similarly, China also focused on Qatari LNG, as its need for energy sources grew after it lifted its "zero COVID" policy and relaxed restrictions on its industrial sectors. For this reason, Qatar witnessed a surge in demand for its LNG production between 2022 and 2023, which was reflected in the volume of contracts recently signed by QatarEnergy.

In October 2022, QatarEnergy signed a 15-year agreement with ConocoPhillips to supply LNG to Germany starting in 2026. This deal came just days after QatarEnergy signed another contract to supply LNG to China's Sinopec for 27 years. Both agreements are expected to secure sales of production from the North Field in Qatar, following the expansion process that Qatar has been undertaking since 2021. Qatar anticipates increasing its annual LNG production by about 49 million tons upon completing the North Field expansion project in 2027, making this expansion the largest investment project seen globally in the LNG sector.



French company Total has also entered the competitive fray to benefit from Qatari gas after being selected by Qatar in September 2022 to be a partner in the expansion project of the southern section of the North Field with a 9.375% stake. This deal followed Total's acquisition of a stake of nearly 6.25% in the expansion project of the eastern part of the North Field in June 2022, under a contract that will last until 2054. This development has turned Total into a strategic partner for Qatar in gas extraction and LNG production.

As part of the Western race for Qatari gas, Shell has also joined as a partner in the expansion project of the southern section of the North Field, with a stake of around 9.375%. It is noteworthy that foreign companies will retain a stake not exceeding 25% in this expansion project, while QatarEnergy will hold the remaining share.

**Table 1:** International Consensus Forecasts for the State of Qatar 2021-2022

	Annual Change Rate				Percentage of Gross Domestic Product (GDP)			
	Gross Domestic Product (GDP)		Inflation		Budget		Current Account	
	2021	2022	2021	2022	2021	2022	2021	2022
<input type="checkbox"/> Economic Intelligence Unit (EIU)	2.9	4.5	1.2	3.0	1.9	5.6	6.5	8.4
<input type="checkbox"/> International Monetary Fund (IMF)	1.9	4.0	2.5	3.2	2.8	5.7	8.2	11.6
<input type="checkbox"/> Standard Chartered	3.0	3.3	0.5	1.5			4.1	0.5
<input type="checkbox"/> Fitch Ratings	1.6	2.5	1.3	1.8			3.5	1.3
<input type="checkbox"/> Citi Group	3.0	4.2	1.8	2.2	2.6	4.5	5.0	5.4
<input type="checkbox"/> HSBC	2.4	4.1	3.1	2.6	2.9	3.5	5.8	6.4
<input type="checkbox"/> BNP Paribas	3.2	3.6					7.0	5.9
<input type="checkbox"/> Kuwait National Bank	3.3	2.7	3.9	1.2				
<input type="checkbox"/> Fitch Solutions	3.8	4.1	1.4	2.8	4.0	6.1	3.3	4.1
<input type="checkbox"/> World Bank (WB)	3.0	4.1	1.0	3.0	-2.3	2.7	1.7	2.7
<input type="checkbox"/> Oxford Economics	2.5	3.7	1.8	2.5	5.4	5.6	9.8	8.9
<input type="checkbox"/> Moody's Analytics	2.3	3.5	1.7	2.5	0.4	-0.9	8.9	9.5
<input type="checkbox"/> JPMorgan (JP Morgan)	2.9	4.4	1.6	2.2			6.5	5.9
<input type="checkbox"/> International Finance Institute (IIF)	3.1	3.8	1.1	2.1	2.1	2.4	5.6	1.8
Average	2.8	3.7	1.6	2.4	2.2	3.9	5.8	5.6
Median	3.0	3.9	1.4	2.5	2.6	4.5	5.8	5.9
Highest	3.8	4.5	3.9	3.2	5.4	6.1	9.8	11.6
Lowest	1.6	2.5	0.5	1.2	-2.3	-0.9	1.7	0.5
Standard Deviation	0.6	0.6	0.8	0.6	2.1	2.1	2.2	3.3
Coefficient of Variation (Points)	0.2	0.2	0.5	0.2	0.9	0.5	0.4	0.6

**Source:** Latest report issued by FocusEconomics, International Finance Institute, International Monetary Fund, World Bank 2022

As a result of all these developments, Qatar was able to increase its liquefied natural gas (LNG) exports to around 81.2 million tons during the year 2022, marking a 5.4% increase compared to the previous year. This made Qatar the world's leading producer and seller of this material. Qatar achieved an increase in oil and gas sales to about 16.29 billion USD during the last quarter of 2022, compared to 12.28 billion USD during the same period of the previous year, reflecting a 33% rise between the two periods. This specifically explains the increase in the economic growth rate in 2022 to about 4.2%, with the gross domestic product (GDP) reaching 225.48 billion USD afterward.

The Qatari authorities aim to increase their LNG production by 54% by 2027 through signing long-term contracts that ensure the sale of their future production.

#### 4-3 Sovereignty of Qatari Gas and Oil

The Qatari economy still primarily relies on gas and oil extraction activities, which grew by 43% in the last quarter of 2022 compared to the previous year, raising their contribution to GDP to about 41%. In the same

year, the contribution of real estate activities to GDP rose by 18%, while the contribution of construction activities increased by 9%, bringing the share of the construction and real estate sectors in GDP to around 17% (distributed between 12% for the construction sector and 5% for real estate activities).

The construction boom and real estate activities in 2022 were driven by preparations leading up to the World Cup, including those related to infrastructure expansion and real estate trade and investment.

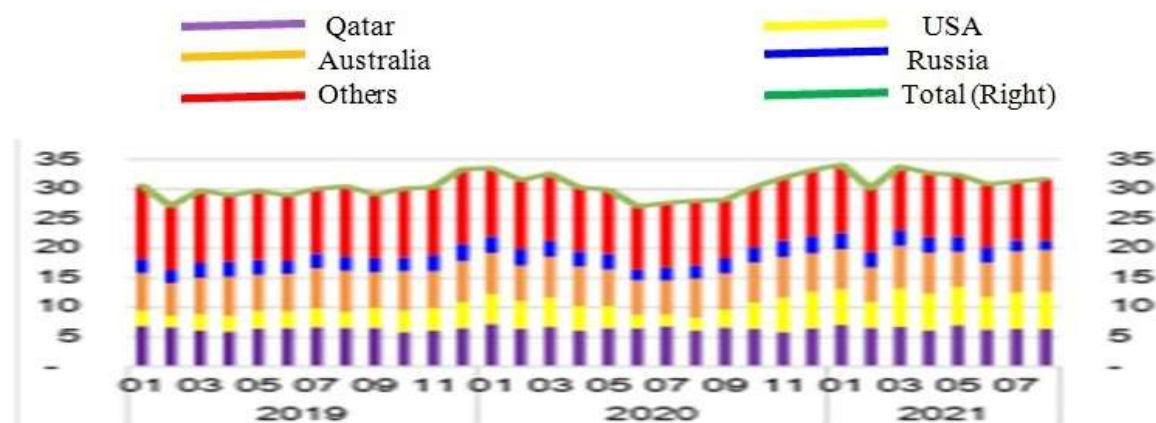
It is evident that Qatar has managed to develop the manufacturing sector over the past few years, which now constitutes about 8.5% of GDP. The growth of this sector was driven by the significant expansion in food industries during the years following the blockade of Qatar.

During the blockade, the Qatari government paid special attention to developing and supporting the food industries sector as part of its efforts to achieve food security. For this reason, in the first two years of that crisis, the self-sufficiency rate for milk and cheese production increased from 27% to 106%, and for poultry production from 49% to 123%. During the same period, investment in the food industries sector rose by approximately 126%.

At the same time, Qatar's strong competitive edge in petrochemical industries contributed to the growth of the manufacturing sector, thanks to its abundant gas and oil reserves and the availability of financial surpluses for investment in this sector. The industries in which Qatar excels in this field include polymers, plastics, olefins, polyethylene, and others.

However, aside from the notable progress in food and petrochemical industries, the shares of economic activities in GDP do not indicate significant Qatari successes in terms of economic diversification, as planned by the authorities for many years. The Qatari economy does not appear to have developed other significant productive sectors, nor has the expansion of the petrochemical sector moved beyond its close reliance on oil and gas supply chains.

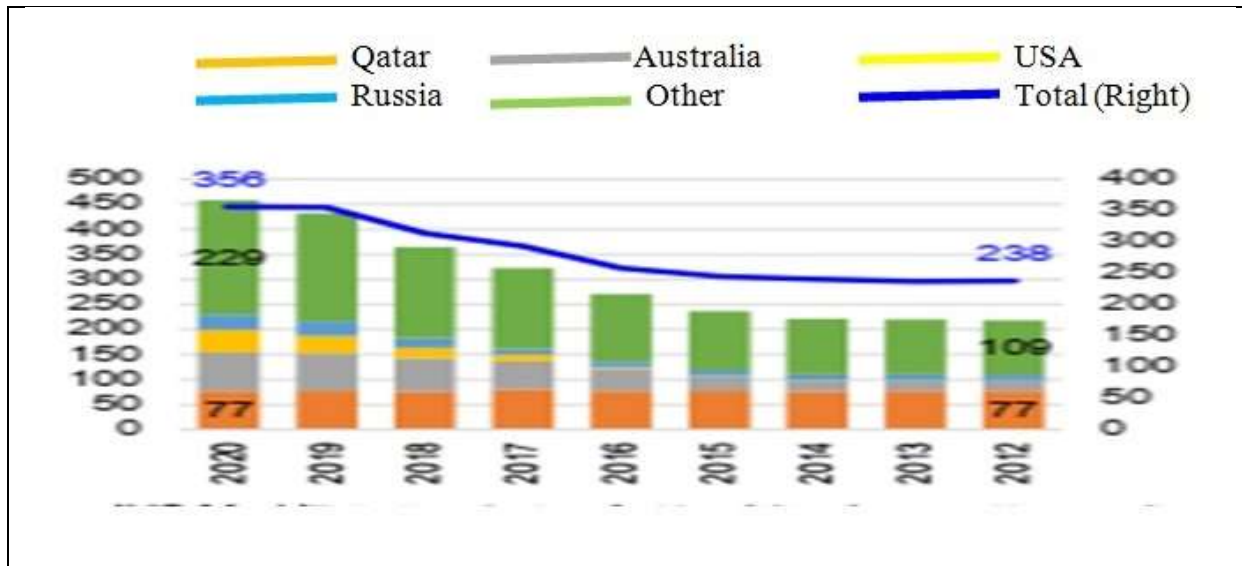
**Figure 02:** (Natural Gas Exports by Major Producers (Million Tons per Month))



#### 4.4 - Development of International Trade in Liquefied Natural Gas (Million Metric Tons)

According to the annual statistical report by British Petroleum (BP) for 2021, Qatar's natural gas reserves are approximately 24.7 trillion cubic meters (equivalent to 18.4 billion metric tons), representing about 12.5% of the world's proven gas reserves at the end of the year.

Qatar's LNG exports competed with Australia for the top position in 2020, even though Qatar ranked second. Therefore, it is expected that Qatar will achieve a prominent position as the largest exporter by 2026 when production from the North Field gas project begins, which will gradually increase annual LNG exports from the current 77 million metric tons to 110 million metric tons, eventually reaching 126 million metric tons by the end of 2027.



#### 4-5- Global Competitiveness and Economic Performance

In 2023, Qatar managed to advance to the 12th position, compared to 18th place last year, in the Global Competitiveness Report published by the International Institute for Management Development. This assessment is based on 336 criteria and indicators to measure the performance and competitiveness of local economies across 64 countries. It also relies on surveys that include a sample of company executives and business leaders regarding the business, economic environment, regulations, and local laws.

In the details of the evaluation, Qatar achieved an excellent result in the economic performance pillar, ranking fifth internationally in this area. It ranked fourth in the government efficiency pillar and 12th in the business efficiency pillar. Regarding infrastructure, Qatar ranked 33rd.

Qatar's advancement in the overall ranking was due to improvements in a set of indicators, including low unemployment rates, maintaining good population growth rates, and low income and consumption tax levels. According to the surveys from the Global Competitiveness Report, Qatar also maintained its strong results in government policy adaptability to economic changes, government subsidy tools, and central bank policy in 2023. It excelled in the quality of banking services, air transport quality, use and analysis of big data, and the non-obstruction of environmental laws to business competitiveness, in addition to electricity prices for industrial customers [Afesorbor, 2016].

#### 4-6- Path of Development of Trade Policies and Foreign Investment in Qatar

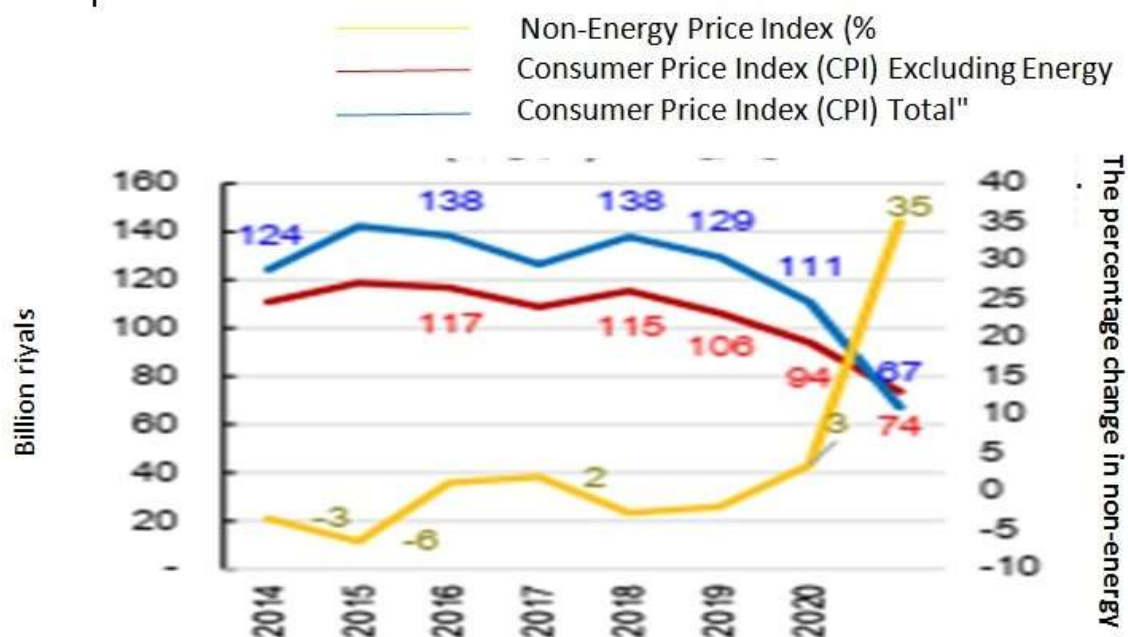
Qatar's foreign trade experienced some slowdown in 2023, with imports decreasing by 6.1% in the first quarter of the year, while exports fell by 5.2% compared to the same period last year. As a result, the trade surplus declined from \$19 billion in the first quarter of 2022 to \$18.26 billion in the first quarter of 2023, a decrease of 3.8%, according to figures from the Qatari Planning and Statistics Authority.

This decline in import volume in 2023 was due to the conclusion of the World Cup activities that took place in Qatar the previous year, which reduced domestic consumption. The decrease in export volume was driven by falling oil prices in global markets.

In all cases, despite this slowdown, Qatar still enjoys a good trade surplus, amounting to about 8.3% of the Gross Domestic Product (GDP). However, 87% of total exports still depend on petroleum goods, which raises the issue of excessive reliance of the local economy on oil and gas production. Other notable exports included plastic products, fertilizers, aluminum, organic chemicals, and precious stones.

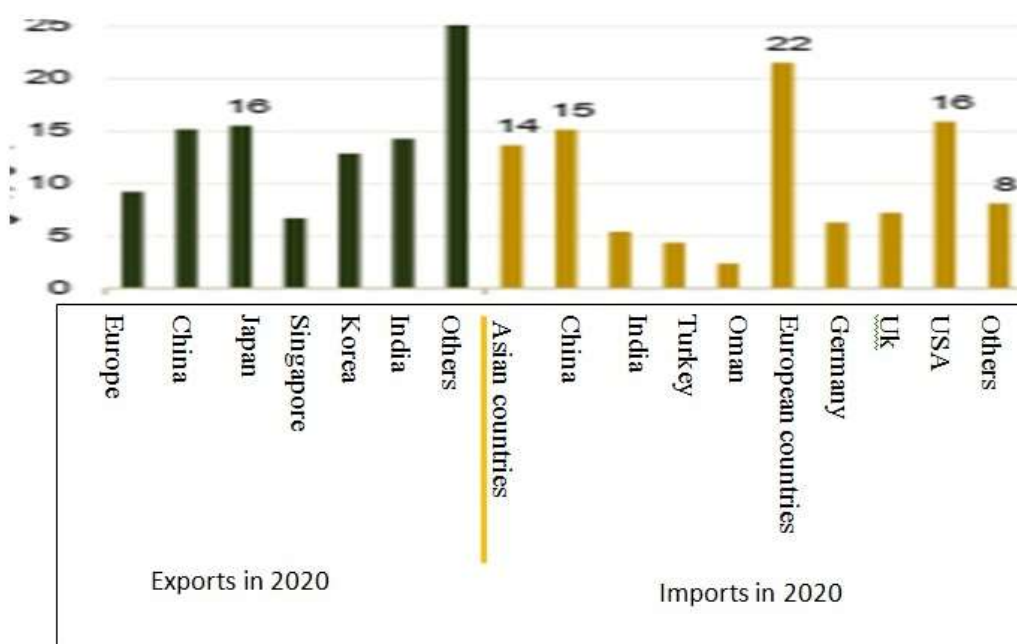
Machinery accounted for the largest share among imported goods, at nearly 16%, followed by electronic and electrical equipment at 8.5%, and automobiles and transport vehicles in third place at 6.6%. Other notable imported goods included weapons, ammunition, metals, iron, and precious stones.

In 2022, China received the lion's share of Qatari exports, accounting for nearly 16%, driven by high Chinese demand for Qatari gas and oil. India ranked second for the same reason, with a 12% share, followed by South Korea at 11%, Japan at 9.9%, and the United Kingdom at 6.7%. The main suppliers to Qatar were China, the United States, India, Italy, Germany, and Turkey, which together accounted for approximately 54% of the goods Qatar imported in 2022.

**Figure 04:** Nominal and Real Value of Imports

**Source:** Planning and Statistics Authority and the World Bank, October 2022.

The United States is the largest trading partner of Qatar, accounting for 19% of total imports, followed by China with 12%, and then Germany, the United Kingdom, India, Turkey, and Oman, which together account for 27%. The remaining countries in the world represent 42%, including other European countries at 17%, other Latin American countries at 13%, and other Asian countries at 12%.

**Figure 05:** Imports and Exports by Country of Origin and Destination.

**Source:** Planning and Statistics Authority

From the perspective of benefiting from the positive effects of the principles of economic working since the early 1990s to modernize the legal framework for international trade and investments, whether related to



international obligations or local laws and regulations. This effort culminated in Qatar's accession to the General Agreement on Tariffs and Trade (GATT) on April 7, 1994. After GATT was replaced by the establishment of the World Trade Organization (WTO) on January 1, 1995, Qatar ratified the WTO commitments in its national legislation through Decree No. 24 of 1995 issued on December 3, 1995, in accordance with the Protocol of Accession of the State of Qatar to the Marrakech Agreement establishing the WTO, which was finalized with its accession to the WTO on January 13, 1996. Qatar hosted the Fourth WTO Ministerial Conference in November 2001, which facilitated negotiations on regulations concerning agriculture, services, and intellectual property. Moreover, Qatar's participation in establishing the Gulf Cooperation Council (GCC) in May 1981 led to Qatar's ratification of dozens of agreements promoting and protecting mutual investments and economic, trade, and technical cooperation.

In this context, Qatar's economic openness index, measured by the average percentage of total trade exchange of exports and imports of goods and services, is approximately 90.8% of GDP for the period 2017-2020.

#### 4-7 Future Challenges

It is clear that Qatar benefited in 2021 and 2022 from the noticeable increase in energy prices, and the country is expected to enjoy future revenues from the expansion of the North Field and increased production, as well as the start of selling additional quantities of liquefied gas according to contracts already signed.

However, alongside these opportunities, Qatar will continue to face a number of economic challenges in the coming years. Any global financial crisis in the coming years could put pressure on demand and prices in energy markets, just as it did during the COVID-19 pandemic. This would expose Qatar's economic growth and public finances to risks of setback again, as Qatar has failed to eliminate its heavy reliance on the oil and gas sector by 2023.

At the same time, Qatar is aware that its natural resources are a depleting asset over the coming decades, and it is expected that demand for these resources will decrease before then due to the global trend toward clean energy use. If Qatar fails to develop alternative productive economic sectors, it will jeopardize future generations' chances of enjoying the prosperity currently experienced by the present generation. Even by 2023, as indicated by export figures and data, the contribution of various economic sectors to GDP, and sources of public budget revenues, Qatar has not adequately prepared itself for this task.

The Qatari economy will also continue to face challenges related to its surrounding regional environment, which is filled with geopolitical tensions and security and military shocks. With the oil and gas sector needing stable and regular supply and export chains, Qatar will continue to face political risks that could threaten its investments in the energy sector.

### 5- Evaluation of the Role of Economic Diplomacy in Achieving Economic Takeoff in Algeria 2020-2030

**"2022: The Year of Economic Takeoff"** this is the slogan of an economic plan outlined by the Algerian government to develop its economy, which is almost entirely dependent on fluctuations in international oil markets. In this context, the government intends to enter strongly into the markets of neighboring countries, particularly Mauritania and Mali.

#### 5-1 Algerian Economic Diplomacy Since 1990

The International Monetary Fund (IMF) ranked Algeria third among the most important economies in Africa for 2024, after South Africa and Egypt, surpassing Nigeria, which came in fourth this time. The IMF estimated Algeria's gross domestic product for this year at approximately \$266.78 billion, forecasting a growth rate of about 3.8% during 2024.

This comes at a time when President Abdelmadjid Tebboune, in his latest interview with local media, suggested that GDP could exceed \$400 billion during the first half of 2026, with a growth rate of at least 4%, which specialists consider to be a very optimistic forecast.

The African Continental Free Trade Area (AfCFTA) is an agreement among members of the African Union Commission, covering a market of over 1.3 billion people. It was signed on March 21, 2018, and trade under this agreement began on January 1, 2021.

By December 30, 2021, the agreement had been signed by 54 African countries out of 55 (with Eritrea not yet committed). It is expected that the AfCFTA will be a game changer for Africa, serving as a major driver of economic growth, manufacturing, and sustainable development for the continent in line with the African Union Agenda 2063 for "the Africa we want," and the United Nations Agenda 2030, by eliminating tariffs and removing non-tariff barriers. This agreement is expected to help create a conducive business environment for intra-African trade.

Continental integration is one of Algeria's African priorities, which has undertaken numerous initiatives since its independence aimed at implementing continental structural projects, such as:

- The Trans-Saharan Road, a project dating back to 1964,
- The Trans-Saharan Road along the Algeria-Lagos axis, which is fully built and paved on Algerian territory from Algeria to the border with Niger, stretching 2,415 km,

- The Trans-Saharan Gas Pipeline, which is an Algerian-Nigerian project with a total length of 4,128 km, implemented within the framework of NEPAD,
- The Trans-Saharan Fiber Optic Line, a project initiated by Algeria in 2003 as part of the NEPAD initiative, providing a terrestrial fiber optic connection linking Algeria, Niger, Mali, Chad, and Nigeria.

Algeria is one of five countries that initiated the New Partnership for Africa's Development (NEPAD), based on the idea of liberating the continent from conflicts and underdevelopment. NEPAD has currently been transformed into a development agency under the African Union responsible for:

- Monitoring the implementation of continental and regional projects aimed at continental integration,
- Serving as a technical interface with foreign partners,
- Mobilizing resources to achieve development projects outlined in Agenda 2063.

Algeria also places significant importance on achieving one of the main projects of Agenda 2063, which is the Continental Free Trade Area, and has actively participated in the negotiations that led to the agreement on this area.

### 5-2 Algeria's Strategic Position Towards African Countries:

Algeria's growing ambitions in Africa should not overshadow the fact that Algerian-African economic relations remain characterized by weakness and limitation, despite the developments seen in recent years compared to Algeria's relationships with other regions of the world.

**Table No. 02: Geographic Distribution of Algeria's Foreign Trade (2022)**

Region	Exports (%)	Imports (%)
European Union	57.21	49.3
Other European countries	6.47	7.3
South American countries	10.84	6.2
Asia	17.93	24.1
Oceania	1.48	1.0
Arab countries	-	2.8
Maghreb countries	4.99	6.4
African countries	1.08	2.9
Total	100	100

**Source:** Prepared by the researchers based on: / <https://unctadstat.unctad.org>

Figure 06: Main Trade Partners of Algeria in Exports 2022

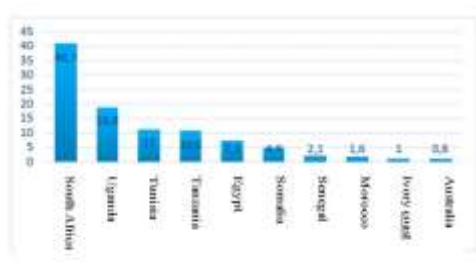
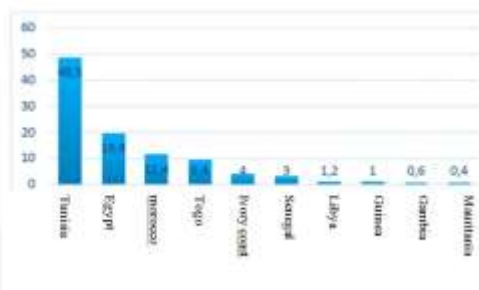
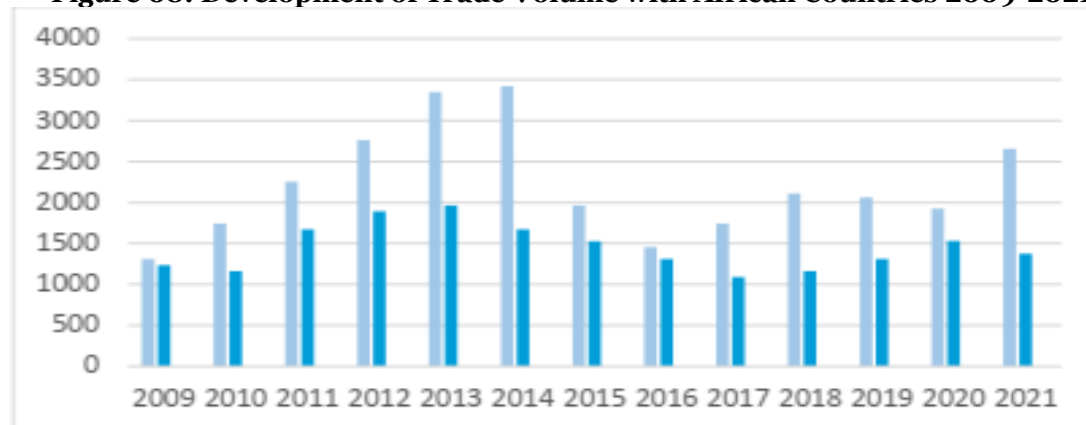


Figure 07: Major Suppliers to Algeria 2022



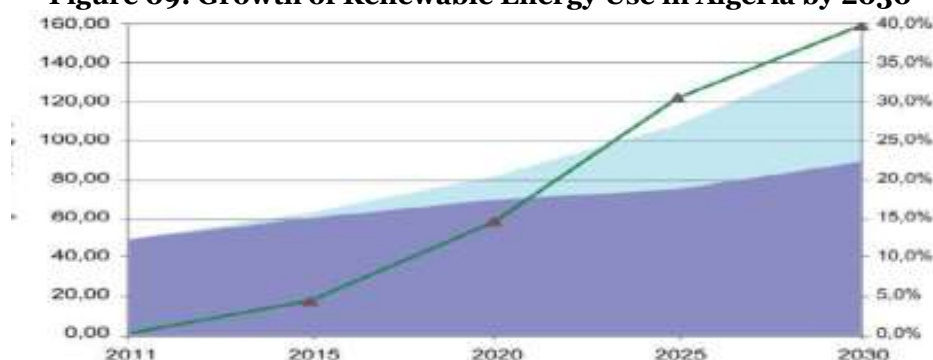
The graph illustrating the development of Algeria's foreign trade with African countries shows that Algerian exports did not exceed \$3.5 billion during the period (2009-2019), while imports did not exceed \$2 billion. The low level of exchanges with other African countries can be justified by several reasons and factors, including the lack of integration of production structures, the lack of diversification in trade offers, in addition to customs and non-customs barriers.

**Figure 08: Development of Trade Volume with African Countries 2009-2021**

**Source:** Prepared by the researchers based on: / <https://unctadstat.unctad.org>

Algeria faces the challenge of limited proven reserves of oil and gas. As of the end of 2018, proven reserves of crude oil reached 12.2 billion barrels (Arab Organization for Petroleum Exporting Countries, 2017, p. 08), and proven reserves of natural gas amounted to 4,199 billion cubic meters at the end of 2019 (Arab Organization for Petroleum Exporting Countries, 2017, p. 41). According to most estimates, these reserves will not be commercially viable by around 2025.

Additionally, Algeria has established the National Renewable Energy Program for 2011-2030, which aims to achieve an energy mix in electricity production with renewable energies contributing about 27% by the year 2030. This means that by 2030, approximately 40% of the total electricity production for domestic consumption will come from renewable sources, with a capacity of around 44,000 megawatts being established, of which nearly ten thousand megawatts will be exported.

**Figure 09: Growth of Renewable Energy Use in Algeria by 2030**

**Source:** Prepared by the researchers based on: / <https://unctadstat.unctad.org>

### 5-3 Indicators of the Impact of Economic Diplomacy on Accelerating Growth Rates

**Table 3: Development of Growth Rates During the Period 2017/2022**

2022	2021	2020	2019	2018	2017	Indicator
3.3%	3.9%	-2.6%	0.8%	1.2%	1.3%	As a percentage of Gross Domestic Product (GDP)
3.7%	2.4%	-0.9%	2.4%	3.0%	2%	As a percentage of Non-hydrocarbon GDP

**Source:** (Aissa, 2020, p. 12)

It is noted in the figures presented that Algeria expects to achieve growth rates of 3.9% and 3.3% in the years 2021 and 2022, respectively. These rates reflect the beginning of recovery and embody the options for economic revival, with the rate expected to reach 6% in the coming years, provided that the conditions remain the same and supportive factors for implementing the plan and bolstering economic diplomacy are available.

## 6- Conclusion

The global economy has become unified, and integration into it has become a necessity. Therefore, the majority of countries have taken measures aimed at further opening up to the outside world and paving the way for integration into the global economy. Algeria, like other developing countries, has sought to keep pace with the transformations and changes occurring at the global level, having confirmed that it is impossible to take a

neutral stance toward these changes. In addition, it has followed extensive reform policies that touched upon all aspects of the economy. In parallel with these reforms, Algeria signed several partnership agreements and joined various blocs, the latest of which was the African Free Trade Area, all of which pave the way for better integration into the global economy.

Economic revival is one of the topics that address economic growth issues in countries, especially developing ones.

A reader of this economic diplomacy can foresee Qatar's future as follows:

1. **Diversity of Agreements:** Looking at the nature of the agreements, one finds that they are distributed across all countries and continents. This diversity enriches the national economy with various experiences and cultures and stabilizes income from these investments.
2. **Necessity of Economic Openness:** These agreements reinforce what we have affirmed regarding the necessity of economic openness to all countries of the world, considering that Qatari financial surpluses cannot be absorbed by the local market.
3. **Balanced Investments in Major Powers:** Qatar has chosen major powers to have balanced investments in, which enhances Qatar's political role. This role has made Qatar a credible mediator in resolving international disputes. For example, its mediation in Afghanistan between major powers like the United States and the armed movement of the Taliban, and the agreement between both parties to have Doha as a mediator, means that Qatar has credibility with all parties, large and small, and has expertise and an economy that it can leverage effectively for the benefit of international security and peace.
4. **Infrastructure Development:** Qatar's openness to the world was accompanied by the development of internal infrastructure, restructuring administrative systems, and modernizing legislative systems. The impetus for this was Qatar's qualification to host the World Cup, which represented a driver for massive projects that would not have progressed at this rapid pace under normal circumstances. It also served as a catalyst for economic transformation and openness to the world. Furthermore, the Gulf crisis presented a challenge and instilled a spirit of self-reliance in society, leading to a cohesive community capable of developing its vision. This internal stability has attracted global attention, observing a country under siege while tasked with organizing the World Cup. Thus, it is facing an existential challenge. This challenge that Qatar successfully navigated made it a trusted source for investors and enabled Doha to sign numerous agreements and partnerships in a short period.
5. **Initial Goals of Economic Diplomacy:** Initially, Qatari diplomacy aimed to find urgent solutions to the blockade. Its political response broke the blockade imposed on Qatar by land, sea, and air, and thwarted the efforts of the Quartet in the Gulf crisis to influence countries to sever diplomatic relations with Doha. Some countries, under the influence of the blockade, even retracted their decisions to withdraw ambassadors and returned to Doha, such as Senegal. This was one of the initial objectives of Qatari diplomacy, which also sought to find quick alternatives for the Qatari market and succeeded significantly, reaching a growth rate of 2.8% by the end of 2018, placing Qatar at the top of the richest countries in the world despite the blockade. These immediate objectives have been achieved, while the long-term goals that would make Qatar a soft power in the economy remain.

The above overview of Qatari diplomacy requires detailed studies on the nature of Qatari agreements during the Gulf crisis and their expected impacts on the national economy. This will be a topic of future research, God willing, according to the size of these agreements, investments, and anticipated returns from their realization. Through our study of the subject, we reached the most important findings, which we present as follows:

- Economic diplomacy relies on several elements for the state, such as promoting through its diplomatic staff to attract investments and address economic issues.
- Economic diplomacy is the use of all available economic potentials and capabilities of the country, whether in a cooperative form through trade, grants, aid, and rewards, or using them as economic sanctions to align with the state's political and strategic objectives.
- Economic diplomacy, which means using available means supported by skills, capabilities, and resources to influence the other party and acquire interests or reduce risks and damages.
- Principles of diplomacy in the economy, which include time management, multiple options, common interests, building relationships with economic blocs, and others.
- The concept of economic diplomacy when dealing with markets according to the nature and structure of the market. Several global economic variables were reviewed during 2023, including raising interest rates and transitioning to alternative and green energy.
- The strength of the Qatari economy has contributed to the country's increased penetration into the global economy. Over the past years, Qatar has invested in enhancing its infrastructure through Hamad Port, Hamad International Airport, and the establishment of free and logistical zones to achieve self-sufficiency, which has bolstered its competitiveness regionally and globally.

Based on the previous results, the study recommends the following:

- There is a need to develop the work of economic diplomacy for all countries, especially developing ones.



- As economic diplomacy has now involved sectors and bodies that did not previously exist, such as media and the private sector, the efficiency of the new elements within it should be enhanced.
- Countries must find suitable diplomatic economic formulas that contribute to obtaining assistance under acceptable conditions and addressing economic sanctions within an appropriate diplomatic framework.
- To achieve economic development, the conditions for economic revival must be met by relying on renewable energy, activating productive sectors, and encouraging investment by enhancing production capacities across various sectors: industrial, agricultural, tourism, technological, etc., to serve as alternatives to depleting resources.

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