An economic project of regional integration in Africa

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Abstract. According to the latter’s 2022 report, foreign direct investment (FDI) to Africa reached $83 billion in 2021. This increase is due to the proportion of 45% of the total linked to an intra-company financial transaction in South Africa. In reality, the global integration of Africa does not. Average global economic growth over the past twenty years has not exceeded 2.5% (UNCTAD 2020). In the continent, globalization continues to be combined with a multitude of cooperation agreements and monetary unions. Globalization is seen as a process where Africa is a rich passive periphery in the hands of the powerful. The African Union recognizes that the plans it has developed have not achieved the expected objectives (Rapport UA 2020). Africa is still not integrated into the global economy. Underdevelopment continues to proliferate in the continent. Faced with this observation, a question arises: how then to boost the economic integration of Africa? This research aims to demonstrate the importance of reviving local development projects, because global integration must first go through African regional integration supported by African states themselves. There are strategic projects of development that could boost Africa’s development. This research aims to express the importance of the trans-Saharan road project in Algeria for regional integration. The method adopted is the descriptive one. We highlight the local riches of the country. The potentialities described in this intervention, constitute a part of the optimal economic environment of the trans-Saharan road. The project starts from the Mediterranean Sea crosses all the Algerian and then Nigerien territory to the Atlantic could be the stimulator that will boost African trade. In the economy of the 21st century, “The Trans-Saharan Highway” project is an opportunity for African and foreign investors to position themselves strategically and then concretize the regional and global integration of Africa.

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Экономический проект региональной интеграции в Африке

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Аннотация. Согласно последнему отчету 2022 г., объем прямых иностранных инвестиций (ПИИ) в Африку в 2021 г. достиг 83 млрд долл. США. Этот рост обусловлен тем, что 45 % от общего объема связано с внутрифирменной финансовой операцией в Южной Африке. В действительности глобальная интеграция Африки не происходит. Средний рост мировой экономики за последние двадцать лет не превышал 2,5 % (UNCTAD 2020). На континенте глобализация по-прежнему сочетается с множеством соглашений о сотрудничестве и валютных союзах. Глобализация рассматривается как процесс, в котором Африка является богатой пассивной периферией в руках сильных мира сего. Африканский союз признает, что разработанные им планы не достигли ожидаемых целей. Африка все еще не интегрирована в глобальную экономику. Возникает вопрос: как же стимулировать экономическую интеграцию Африки? Цель данного исследования — продемонстрировать важность возрождения местных проектов развития, поскольку глобальная интеграция должна сначала пройти через африкансую региональную интеграцию, поддерживаемую самими африканскими государствами. На континенте разработаны и реализуются ряд стратегических проектов, призванных ускорить социально-экономическое развитие африканских стран. Целью исследования является определение роли проекта строительства Транссахарской дороги в Алжире в более эффективной интеграции региона. Потенциальные возможности, описанные в работе, составляют часть оптимальной экономической среды транссахарской дороги. Проект, начинающийся от Средиземного моря и пересекающий всю территорию Алжира, а затем Нигерии до Атлантики, может стать тем стимулятором, который будет способствовать развитию африканской торговли. В экономике XXI в. проект «Транссахарская магистраль» — это возможность для африканских и иностранных инвесторов ускорить региональную и экономическую интеграцию стран Африки.

Ключевые слова: развитие Африки, Алжирская программа восстановления экономики, прямые иностранные инвестиции, Транссахарская дорога, африканские экономические обмены

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Introduction

Africa’s regional economic integration is far from expected. Indeed, the process of African integration is still confronted with problems related to the poverty of capital markets, the weakness of purchasing power, customs and administrative policies, the quality of infrastructure and many other obstacles related to cultures and local policies. From the creation of the Organization of African Union (OAU) in 1964, to the LAGOS action plan in 1980, to the treaties of ABUDJA in 1991 and 1994, and finally to the establishment of the African Union (AU) and the launch of the New Partnership for Africa’s Development (NEPAD), Africans have laid the foundations for regional integration in the continent. The main objectives of the regional integration strategies established by these institutions are mainly: the promotion of intra-regional trade by eliminating administrative and financial barriers; creating an economic environment conducive to domestic and foreign investment; free movement of goods and people; the construction of national and regional infrastructures. Major development projects in different countries are undertaken but many obstacles hinder their success. Aware of the challenge of the development of regional and continental integration, some African States submit these development projects to each economic recovery plan without succeeding. If in the economy of the 21st century the emphasis of the world order is placed on digitalization and decarbonization, in Africa investment in infrastructure is put upstream. Because the lack of connection routes between the cities greatly slows down commercial activity. The construction of ports in certain coastal countries has enabled significant growth in trade, despite the high cost of maritime transport. On the other hand, the development of the interior countries remains stuck in primitive road tracks. Roads are the first physical link to be built after the political link in regional integration strategies. Algeria is the country most equipped with road infrastructure in the continent. The State has invested heavily in the construction of highways and connecting roads in order to revive the national economy. The African Union road, now known as the Trans-Saharan road, is one of the first national and continental development projects that the State planned after its independence in order to support African integration. Today the project is still under construction and is the subject of strategic investment.

Theoretical basis and Literature review

To verify the hypothesis of a local economic recovery project with a view to regional integration, the trans-Saharan road project is, in our opinion, the most relevant to achieving the objectives of regional integration in Africa. We will attempt in this article to demonstrate the relevance of this project and the potential to develop. The analysis tools we have adopted are examples of resources that Algeria
has to develop. The choice of those expressed in the article is made first according to its importance in the construction of the economic environment of the project and then according to the available documentation. We have limited ourselves to the most interesting in the current context. For the documentation, we have mainly relied on the cartographic data in the official websites of the ministries concerned (Figure 1). We used publications on the internet and in studies by African researchers as well as in the UN digital reports.

Scientific approach

In this type of intervention based on reading documents and observation, we have opted for the descriptive method. Indeed, only this approach can make a scientific scan on the whole set of demonstration tools. Thus, we have described the most important resources that most verify our hypothesis.

Result

We have highlighted the importance of local wealth that can generate local and foreign investment. We have supported our work by concretizing policies aimed at the development of Africa. Among others, the national economic recovery program of the country. The short-term stimulus measures taken in the latest plan 2020–2024 focus on the success factors of economic recovery related to competitiveness and investment attractiveness. Likewise, we call for the promotion of win-win partnerships. Cleaning up political regimes and establishing lasting stability.
The trans-Saharan road, an economic integration corridor

The project is an infrastructure consisting of four road branches serving 9,500 km from Algiers to Lagos in Nigeria, passing through Tunisia, Mali, Niger and Chad. Its purpose is to build a land trade corridor between the Mediterranean and the Atlantic by boosting attractive and competitive territories in the Gulf of Guinea region, the Sub-Saharan region, the Sahel, the Sahara and North Africa (Figure 2). Algeria puts a lot of hopes in this project not only for its own account but also for the account of all African countries in the long term. Strong by its geostrategic position between Europe and Africa, Algeria relies on foreign direct investment (FDI) to revive economic development in Africa via its territory (Ayadi, 2020). In this sense, a multitude of investment projects accompanies the trans-Saharan road. But following the political events that destabilized the country in 2019, the progress of the majority of these investment projects is disrupted.

Figure 2. The Trans-Saharan Highway Route

Common objectives in Africa

The line starts from Algeria (3400 km), Tunisia (900 km), Mali (1974 km), Niger (1635 km), Chad (900 km) and Nigeria (1131 km). Initially in an economic context has evolved over time to become a political challenge in an international context (Figure 3). The six member countries represent 27% of the continent’s GDP and 25% of its population (Benali, 2021). The objectives of the trans-Saharan road are: More than 400 million Africans to open up; open direct access to the Mediterranean; induce the creation of important axes of commercial exchanges; attract foreign investment; promote considerable progress in terms of regional planning; boost regional economic growth; create several million jobs.
Funding for the construction of the various sections of the corridor was not easy to obtain. The project has not yet seen its completion due to the existing imbalance in the financial capacities of the countries concerned and the intransigent conditions of the donors. The six countries often find themselves in disagreement over the allocated budget. The project initially required an overall investment of more than $5.2 billion. Algeria alone requested funding of nearly $3 billion.

In Algeria: 1600 km of road have been built with a program mainly of dual carriageway. A final section of 800 km to the north will be completed in 2021. There remains the reinforcement of certain sections and only the construction of 200 km for the link with Mali. A section that is struggling to be finished is given the situation in the Sahel. In the same regional context, the project is widening a branch of the road at the Mauritanian border via the Tindouf-Choum axis. The trans-Saharan road in Algeria is strongly linked to the national highway network by the penetrating lanes to the East-West highway serving all the ports of the country and thus ensuring permanent connectivity between Africa and the Mediterranean. The acting Algerian Minister announced on 04/04/2021 the completion of the Algiers-Lagos route.

**Great potential for foreign investment**

The trans-Saharan road is a favourable territory for foreign investment (FDI) insofar as multiple potentialities are vectors. The political context and the various local riches give it many advantages. The most relevant are:
• The revival of continental economic development
• The EU is the most important market in African trade (In 2017, 36 % of Africa’s trade in goods, worth 243.5 billion euros, was carried out with the European Union)
• Sea transport is more expensive than road transport. In landlocked countries, the cost of freight can reach up to 40 % of the value of imports against 6 % on average worldwide.
• Large exploitable natural resources
• A human resource available for employment. Africa’s young population contributes to an abundance of cheap labor. The hourly wage in Africa is globally less than 50 cents (US$0.34 in Nigeria and US$1.62 in Morocco), compared to US$10.49 in the United Kingdom, US$7.25 in the United States (Faure, 2000).

To attract an African or foreign investor to project favourably an acquisition or development project in the continent, it is necessary to estimate three main factors: the potential of the domestic market, the favourable context for the company, and the availability of factors of production which accompany the growth of its establishment. To put it differently and simply since, it is not a question of giving an economic analysis but just an overview of the importance of the project. The economic dynamic of a territory is ensured by what it has and what it offers (Steck, 2015).

Algeria’s strengths
in the trans-Saharan road project

To give an idea of the importance of the wealth of this country, we have looked at certain factors of attractiveness that we consider the most relevant, namely: 1) Infrastructure (ports, roads, railways, fiber optics); 2) Logistics (logistics platforms, activity zones); 3) free zones); Skills (young graduates, local know-how); 4) Natural resources (mining deposits, water deposits, hydrocarbon deposits, agricultural land); 5) Politics (Zlecaf, globalization, spring movements); 6) The Silk Road (international competitiveness); 7) Security (regional conflicts, border instability, migration, health situation).

The ports

Ports are the neuralgic links of economic exchanges. 92 % of imports and exports from or to Africa are by sea. While the continent represents some 2.7 % of world trade in value, it contributes in volume with 7 % in exports and 5 % in imports in world maritime trade (Gregoire, 2019). More than fifty billion dollars have been spent in recent years to equip Africa with ultra-modern and fully automated terminals. In Algeria, imports in its ports represented 44 Mt in 2018. They increased by 4 % compared to 2017. The container marked; import-export combined, growth of 8 % in one year, rising from 1.8 to 2 million TEUs. Hydrocarbons remain a preponderant
part of national traffic. They amounted to 75 Mt in 2018, against 77.4 Mt in 2017. The most interesting are the two deep-water port projects scheduled for construction: the port of Djen Djen and the port of El Hamdania. Springboards for economic recovery for the continent:

- **The port of Djen Djen**: Located in the wilaya of Jijel, the deep port of Djen Djen plans to reach 8 million tons annually. Equipped with handling and safety equipment, and operating superstructures, this port will thus be able to cope with the significant potential demand for traffic. Steel activity at the complex in Bellara has already boosted traffic in the port (Bekkai, 2019).
- **The port of ELHAMDIANA**: The State has programmed the construction of a mega-port on the Algerian Mediterranean coast. In El Hamdania 75 km West of Algiers for a budget of more than 3.3 billion dollars; a memorandum of understanding was signed on January 17, 2016 in Algiers between the National Public Group of Port Services (SERPORT) and two Chinese companies ‘CHEC’ and ‘CSCEC’. The project was later abandoned due to the arrest of some parties involved in the corruption. The government took over the project with more determination. The port of El Hamdania should be the future container hub of the Mediterranean. With a draft of 20 meters, there are 23 quays with a capacity of 6.5 million containers and 25.7 million tonnes/year of general cargo. This port should compete with the Tangier Med port which, since its inauguration in 2007, has continued to strengthen its African dimension, including most of the traffic of the Moroccan port (Reggeri, 2014).

**Logistics and industrial areas**

In addition to the multiple existing activity zones on the Algerian territory, 30 logistics zone projects launched by the SNTR-Logistics group on a national scale will come to comfort the competitiveness of the trans-Saharan corridor. These projects expect to generate more than 40,000 local jobs (Grim, 2021).

The project of the logistics zone of the port of El Hamdania will be carried out by mixed Algerian-Chinese financing through a loan from the National Investment Fund (FNI) and a loan from the Chinese bank Exim-Bank”. The SNTR in association with the French APRC Group is responsible for the construction of the logistics platforms of Sétif, Algiers and Oran. The largest Algerian logistics base will be built on the El Karrah site, in the Ouled Rahmoun region, at the level of the industrial zone. This base will cover 50 hectares and alone will generate 1,500 jobs. The areas of Bouira, Mostaganem; Bejaia and Rouiba are functional.

**Free zones**

In terms of trade liberalization, the countries of North Africa are among the most open countries in Africa. Some countries have undertaken actions aimed at intensifying their exchanges with the northern shore of the Mediterranean within
the framework of the Barcelona process. Similarly, since 1995, in Algeria, the new investment code of 1993 grants several fiscal and financial advantages to foreign and national investors. This code provides for two regimes: a general regime and special preferential regimes for free zones and for certain investments products from Africa to Europe and Eurasia. There are currently 200 free zones in Africa against 47 in 1997. In Algeria there is no free zone at the moment. But there is the project of creation in the Great South of free zones at the level of five border wilayas (El-Oued, Illizi, Tamanrasset, Adrar and Tindouf), in order to promote investment opportunities. These free zones cannot be reduced to the dynamics of the trans-Saharan corridor (Kashi, 2019).

Natural resources

The reserves of natural resources in Africa are huge and diverse (Figure 4). The agriculture and extractive industries sectors are the continental treasure. Africa holds 60% of the uncultivated arable land in the world. With its 2 million barrels/day in 2020, Nigeria is Africa’s leading producer. Thanks to the construction of a 2,000 km long pipeline, Niger is about to increase its oil production, from 20,000 to 100,000 barrels/day. The Democratic Republic of the Congo alone accounted for 58% of the world’s cobalt (a material used in the production of electronic components). In Algeria the potential for mineral resources is extraordinary (Figure 5). mention diamond, manganese, crystalline quartz, rare earth minerals, tungsten and uranium, not to mention the discovery of a deposit of six million tonnes (mt) of silicon in the west of the country in 2015 (Tahchi, 2016).

Figure 4. Mining deposits in Africa

The African continental free trade area (Zlecaf)

The ZLECAF (African Continental Free Trade Area) is an economic development strategy conducive to attractiveness and competitiveness which constitutes an economic opportunity for trade through the trans-Saharan route and for the establishment of FDI. Part of an observation on the weakness of trade relations between African countries, estimated at only 16% against about 70% with Europe and Asia, the creation of a continental free trade area has germinated and been carried out within of the African Union. It has the objective of opening up Africa on itself, its population is a market of approximately 1.2 billion inhabitants and which, according to estimates, will reach 2.5 billion in 2050. Entry into force since May 30, 2019, 54 Member States have signed the Agreement and 34 have ratified it. The zlecaf will prevent the continent from being an area of influence to the advantage of countries exporting goods and services in Africa. The circulation of goods between Africans will accelerate the integration of all African countries and facilitate external connectivity (Marei N 2017). Land exchanges with Europe will be easier through the trans-Saharan route. In this regard, Algeria proposed in 2009 to make the road project an economic corridor for trade between members of the zlecaf (Kingsley Ighobor 2021).

The new silk road

Faced with the Asian Silk Road project “One belt, one road”, the African continent is the site of a great war of influence between the great powers: China, the United States, Russia, Turkey and Europe (Souiah, 2011). With nearly 6,500 kilometers, the route...
starts in eastern China and branches off towards East Asia and Europe to reach the Mediterranean. Accompanied by railway, station and pipeline projects, China intends to conquer the world with a brand new geostrategic plan. The Chinese rush to Africa is part of the project. China is today the largest trading partner of African countries with more than 200 billion dollars a year of investments. Since 2005, the business of Chinese companies has generated more than 2,000 billion dollars, of which 300 billion dollars are currently active. Beijing announced in 2019 the creation of a billion-dollar fund dedicated to the development of African infrastructure. China needs African resources to ensure its long-term economic and political stability.

Realizing the importance of the global economic outlook, Algeria signed in June 2016 a memorandum of understanding with the People’s Republic of China on cooperation within the framework of the maritime silk road of the 21st century (Chitour, 2019). The geostrategic perspectives that surround the Trans-Saharan Corridor project are in fact decisive in international political and economic aims. By strengthening relations with the Chinese, Algeria is in a good position to develop the Trans-Saharan corridor from now on. In this dynamic on the other side of the Mediterranean, the president of the board of directors of the Grand Port maritime in Marseille, Christine Cabau-Woehrel, declares in her surge of competition: “We, the Mediterranean ports, we must integrate ourselves into a role without stop moving”. Whether on the North-South or East-West axis, members of the MedPorts association should meet regularly to keep abreast of new development opportunities (Vincent Clabrese, 2018).

Security

Algeria, the largest country around the Mediterranean and in Africa, shares a total of 6343 kilometres of land borders with 7 neighbouring countries which are Morocco (1559 km), Western Sahara (42 km), Mauritania (463 km), Mali (1376 km), Niger (956 km), Libya (983 km), and Tunisia (965 km). Political instability in neighboring countries disrupts security at the Algerian borders and throughout the African region (Figure 6). The insecurity that reigns in Libya and the Sahel is a source of not only local but international concern in view of extremist groups, the trafficking of weapons of war, drug trafficking and migratory flows (Gregoire, 2019). Much effort on the part of Africans and Europeans is being made to secure the region in order to reassure economic market seekers but the inability to identify the common enemy has led to the fragmentation of the regional strategy. This divergence is combined with power imbalances that dictate policies of selfish struggles in common territories. Russia, among others, has been making a strong comeback on the African continent for several years. A return marked by the signing of military cooperation agreements, by the sale of weapons of war but also by the controversial presence of the paramilitary group Wagner. Russia’s involvement in the African economy remains insufficient. Her presence in Africa and especially in the Sahel provokes reluctance and doubts as to the stability of the region.

Algeria uses the means of cooperation and dialogue with all interested parties in the Sahel region and West Africa. It was deployed on several levels (Dris, 2009): the establishment of a border security system; the restructuring of the armed and security
forces and the initiation of bilateral cooperation processes with neighboring countries. Several multilateral undertakings have been taken, whether between the countries of the Sahel (G5) or Europe (serval and barkhane operations), but all have shown their limits in stabilizing the region. The context of state “failure” in certain countries is certainly the major reason for the difficulties in designing a common security strategy. It remains the asset of the game of the powerful in the region. Economic development cannot take place without the involvement of the people. Their assurance comes from the appeasement of internal policies and above all from the legitimization of States. Economic integration trapped by the race of foreign forces for the dominance of the continent.


**Figure 6.** Security situation in the Sahel


**Discussion and Conclusion**

In this article we have exposed the most important potentialities of Algeria as a geostrategic country favorable to regional economic development for the African continent. The wealth mentioned testifies to the primacy of the project to be carried out in the short term. Through the trans-Saharan, Algeria will improve its attractiveness for internal and foreign investments. Since road transport is an effective alternative to controlling the cost of maritime transport of goods, the trans-Saharan route will compete with the Atlantic trade route and create the expected trade corridor. The trans-Saharan road project had evolved well since the 1970s in the nationalist system of Algeria under the slogan of the African Union. And he has found difficulty in realizing himself ever since. But today he is starting again. The rulers and the ruled of Africa are more determined than ever to take their destinies into their own hands.
with a view to sustained growth and integration in the continent. Aware of local and regional problems, the States are united in coping with any kind of shock. The latest global COVID-19 crisis revealed the decline of globalization by provoking a forced march towards the regionalization of trade and a return to public policies opting for national sovereignty. Just as several scientists have demonstrated that the previous production model will experience shifts that will materialize through the regionalization of supply sources, the shortening of value chains and the relocation of activities closer to consumer markets (Lahsen Abdelmalki, Mourad Attarca 2020).

In these two options of perspectives of the world economy, the project of the trans-Saharan road presents all the options of relevance as for its realization at the national and African level from an economic point of view. It remains to work on the political side where internal and external instability in the Sahel countries is disrupting the completion of the project as a trade corridor. The major problem which persists and which does not bring the project to a successful conclusion is, on the one hand, the section of road which is between the town of Gao, in Mali, and the Algerian border, and on the other hand, the institutional conflicts in countries bordering Algeria. That said, it turns out that economic development is not conditioned only by the circulation of people and goods, but also by the spatial and institutional configuration between countries. As long as the border territories are not secured and as long as the institutions are not legitimized, economic recovery on a macro-regional scale will remain stuck in political discourse without a future. It is clear that the situation in the North Africa region; of the Sahel and other areas in Africa is very difficult in the face of continental and international issues and that the economic risk for FDI is significant. But let’s hope that economic greed and the force of profit in front of the triangular issue: audacity of the Chinese rush in the continent, order of economic competition of international powers and wisdom of local rulers, will be more dominant and then decisive for economic development of Africa. In view of the guaranteed potential demonstrated here, the project remains viable for the economic recovery of Algeria and for the growth and regional integration of Africa. Is it just necessary to ensure partnerships with African countries allowing the transformation of the continent’s raw materials in a complementary and inclusive development effort of industrialization. For this, Algeria must enhance its assets in infrastructure and become a real hub not only intra-African but from Africa to the rest of the world given its location in relation to the Mediterranean. Africa is an interesting geostrategic positioning territory for Europe, America and the countries emerging from Eurasia. And such a project must be supported by the powerful of the economy of the 21st century to activate Africa’s regional and global integration.

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