

External Value of the Currency and Its Impact on Exports and Imports.

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ABSTRACT: The external value of the currency is considered one of the channels of Economic conflict between countries, and to understand the extent to which the level of foreign trade of countries can be affected, the subject was studied by addressing the case of Algeria as an applied part of the study, where we studied the impact of the euro and the dollar on foreign trade in Algeria, so we reviewed the impact of these two. The two currencies affect Algerian exports and imports.

The results of the study showed that there is no strong impact of the exchange rate of the dollar against the euro on Algeria's exports and imports, due to the nature of the period studied on the one hand and the inflexibility of Algerian imports on the other hand.

Keywords: Currency value; foreign trade; euro; dollar; error correction model.

JEL Classification:: C32, Q43, F14, F31

1. INTRODUCTION

Many countries have witnessed problems in their economic balances for many reasons, the most important of which is the fluctuation of their exchange rates, Therefore, interest has emerged in the external value of the currency as it is the essence of foreign transactions and an important tool linking the economy to the outside world, It is also natural that the fluctuations that occur automatically in international currencies have an impact on the overall economic variables, In the economy, and on the volume of foreign trade.

Historically, the price of oil has been linked to the dollar, as the dollar is the pricing currency for oil, which is considered a basic pillar of the export structure of developing economies, The revenues generated from it are deposited in the dollar, which means that these returns are affected by its fluctuations, rises and falls, since the first oil shock through the second oil shock and the resulting repercussions and disturbances. At the market level, leading to the fundamental changes witnessed in the period 1998-2008 and the period 2009-2014, since the beginning of the year 2000, successive political and economic events have resulted in serious repercussions on the movement of oil prices and currency fluctuations (as a result of the inverse relationship between the dollar exchange rate and the price of oil, and the correlation of many From the exchange rate of countries' currencies in dollars.

On the one hand, the dollar has recently reached its lowest level against the major currencies due to the problems that the American economy is suffering from and the successive local and global crises. On the other hand, oil prices, starting in 2004, reached record levels, exceeding the ceiling of 140 dollars per barrel. Then it decreased to \$27 per barrel in 2015. Accordingly, this price movement had a significant impact on economic stability in many developing countries.

1.1.The problem of the study:

Based on the above, we will attempt, in a systematic way, to answer the following main problem: To what extent does the change in the external value of the Algerian dinar affect foreign trade (exports and imports) in Algeria?

1.2. Divisions of the study:

To understand the problem at hand and address it systematically, this study was divided into three main sections. The first section contains a study of theoretical literature, the second section contains previous studies, and the last chapter is devoted to the applied study.

2. THEORETICAL LITERATURE

The value of the currency can be expressed by the reason or basis that makes the currency accepted in economic life. There is the metallic basis for accepting the currency in circulation, there is the governmental basis for accepting the currency in circulation because it is manufactured or issued by the state (mandatory), and there is the basis based on individuals' confidence in the currency. (Mehrara, 2013)

The expression "currency value" may mean "the regulatory or legal value of the currency," meaning the value of the currency in the internal monetary system (the currency is a measure of economic values), which has both legal and final characteristics in the internal monetary system. (labib, economie et monnaie, 2005)

2.1 Mechanisms for determining the value of the currency

The value of the currency is determined in two ways, either directly, which is for the state to set a maximum limit on the amount of currency issued by the issuing bank; Or the method is indirect by specifying the type of cover that must be available for each quantity issued. (rahim, 2008)

2.3. The value of the currency and its relationship to foreign reserves

The foreign currency reserve is considered a tool for controlling the exchange rate, as exchange operations lead to an expansion or contraction of the amount of the local currency in circulation, which directly affects monetary policy, inflation, and the target exchange rate, and thus the value of the local currency, and to maintain the same exchange rate in the event of an increase in demand. The central bank can sell more local currency in exchange for foreign currencies, which increases the foreign currency reserve. In this case, the value of the local currency deteriorates relative to the value of goods and services. (G, 2011)

2.4. Factors affecting the exchange rate

There are many factors that lead to fluctuations in exchange rates, including the following: (Asli, 2010)

- Change in inflation rates assuming other factors remain constant: Inflation leads to a decrease in the value of the currency in the exchange market, especially in the event that monetary and financial measures are not taken to keep the value of the currency high, so it requires devaluation of the currency in the event of a recession, which leads to an increase in the value of the currency;
- Change in the value of exports and imports: An increase in the state's export earnings and the current account surplus lead to an increase in foreign currencies and their accumulation, resulting in a change in the exchange rate and a rise in the value of the national currency.
- Also, the level of openness of the movement of capital flows greatly and directly affects exchange rates. If these flows increase beyond the absorptive capacity of the national economy, this leads to an

increase in foreign reserves and thus an increase in the value of the national currency, and the opposite happens in the event of capital flight abroad.

- Change in interest rates: A rise in real interest rates will attract foreign capital, and this leads to an increase in the value of the currency due to the demand for it. However, if international interest rates rise, this stimulates investors to demand foreign currency in order to obtain more returns in international markets, and thus An increase in the value of the foreign currency and a decrease in the local currency exchange rate.

2.5. Exchange rate systems

The references of the International Monetary Fund indicate eight main exchange systems applied by countries, with their differences in the goals and foundations that each country adopts to achieve the optimal price for its national currency, and they include the following :(Barbour, 2008)

- Allowing the circulation of another country’s currency locally, such as the dollar, for example, instead of the national currency, or joining a monetary union that issues a single currency for all member states;
- The monetary authority’s commitment to peg the national currency to a foreign currency at a fixed exchange rate that cannot be changed or amended under the supervision of the currency board;
- Linking the price of the national currency to a single foreign currency or a group of currencies. This system allows the price of the currency to move up or down by a maximum of 1%. It is known as managed float, and it is the most popular system among countries.
- Linking the exchange rate to another foreign currency, but allowing it to move up or down by more than 1%;
- The moving peg system, which requires a simple periodic adjustment of the national currency exchange rate according to a previously announced schedule or in response to agreed upon economic indicators;
- The system of moving margins, which allows the rise and fall of the currency within the framework of a fixed price that is adjusted according to a previously announced schedule or in response to economic indicators. It is a system that depends on price stability as a basis for determining the exchange rate;
- Managed float: whereby monetary authorities direct exchange rates through direct intervention by buying or selling in the money markets;
- Complete flotation according to market movement, where the role of the central bank is limited to absorbing sharp fluctuations and achieving the required moderation without interfering in the direction of prices up or down.

3. PREVIOUS STUDIES

Before learning about the impact of the dollar and euro currencies on Algerian foreign trade, we must first address the characteristics of the latter and what distinguishes it from other countries, especially since Algeria is an oil exporting country. Therefore, we will learn about some studies that have addressed this topic.

Table no. 1 – Summary of the most important previous studies

Researcher's name	Year of study	Study data	Results
Hooper et	1983	Sample quarterly	There is no effect of the

Kohlhagen		data for the period (1965-1975) using a nominal exchange rate	exchange rate on the volume of trade
Kenen et Rodrick	2002	Quarterly data for Canada and other industrialized countries for the period (1975-1982)	There is no effect of the real exchange rate on the volume of trade
Bailey, Tavlas et Ulan	2007	Quarterly data for the countries of the Council for Economic Cooperation (OCED) for the period 1975-1985-1962-1974	There is no explanatory relationship to the actual exchange rate.
Virginie Coudert, Valerie Mignon, Alexis Penot	2008	Monthly data for the period 1974-2004, oil price, real actual dollar exchange rate.	The existence of a positive, long-term relationship between the two variables, and the existence of a causal relationship that results in Reduce the price of oil to the exchange rate of the dollar
Christian Grisse	2010	Weekly data for the price of oil, and quarterly data for the exchange rate of the dollar and the interest rate of the United States, for the period 2003- 2010.	There is a negative relationship between the price of oil and the exchange rate of the dollar and the interest rate His LOM explains a large part of this negative relationship.
Azeri abdelhafid Zouaoui Chiker Elmezouar	2013	From May 1, 2008 to February 1, 2013, the price of oil, the exchange rate of the dollar against the euro	There is a short- and long-term relationship between the two variables, in addition to the existence of a clear causal relationship that goes from the price of the euro to the dollar/oil exchange rates.
Gabriel Gomes /May	2016	From the year 1980 to 2014 for a sample of 16 oil-exporting countries (11 OPEC countries), the dollar exchange rate, the oil price	The increase in oil prices leads to an increase in the real exchange rate of these countries in the long term (this confirms that they are oil currencies). Oil currencies move in coordination with the oil price if the dollar

		rate, the real exchange rate of the oil-exporting countries	exchange rate does not rise by 2.5%. About its real value, while if it rises above this percentage, the relationship between oil currencies and the price of oil becomes negative.
Jiaqi Jiang, RongbaoGu/	2016	Daily data from June 4, 2000 to December 31, 2014, Oil price, dollar exchange rate, Structural shocks to oil	The mutual correlation between the dollar exchange rate and the oil price is not Effective when separating structural shocks For oil.
VirginieCoudert, Valérie Mignon/	2016	From 1974 to 2015 The real price of oil, the actual exchange rate of the dollar.	There is no long-term relationship between the two short-term variables, but there is a long-term relationship that goes from the dollar exchange rate to the oil price, which is negative during the entire period, while it's positive when sample ends at the year 2004.
Selien De Schryder, GertPeersman/	2013	From the year 1971 to 2008 for a sample of 65 oil-importing countries (non-dollar zones), oil demand, dollar exchange rate, oil price.	The rise in the value of the dollar leads to a decline in demand for oil, and its impact on oil prices itself is stronger than the impact of demand for oil.
Marcel Fratzscher, Daniel Schneider, Ine Van Robays/ july	2014	From January 2, 2001 to October 19, 2012, oil price, dollar exchange rate, financial asset prices.	There is a two-way causality between the price of oil and the exchange rate of the dollar since 2001, and this is due to the influence of both variables on the risks and returns of the stock market, as oil prices did not interact with changes in financial assets before 2001, as this can be explained by the increased use of oil as assets financial over the past decade

4- RESULTS

The goal of this study is to investigate a variable itself (the exchange rates of the dollar and the euro), and therefore the use of impulse response functions and variance components estimated from the study model, which is the directional regression model, becomes the best standard for clarifying the effect of one variable on another variable, given that the impulse response functions measure the effect of a variable. On the one hand, by one unit or by the amount of deviation of the standard of the result of another variable during a certain period of time, on the one hand, and on the other hand, the variance components measure the relative importance of a variable in explaining another variable in the long term, and reaching this advanced stage is only possible after the following stages have been completed: (Engle, 1987)

The first stage: The Unit Root Test

Most studies, including the Nelson and Polser study and the Philips study, have shown that many time series are characterized by instability because they contain a unit root. Testing the unit root is important to determine the extent of the stability of the time series and determine the degree of their integration in order to reach Sound results and to avoid a false correlation between them. Accordingly, the time series of the study variables will be analyzed to test their stability over time and determine their degree of integration. Accordingly, we begin presenting the test with the following model, which is called the first-order autoregressive model:

Where: u_t : is the random error term in which it is assumed:

- Arithmetic mean equals zero.
- Its variance is constant.
- Uncorrelated value (white error term) $y_t = y_{t-1} + u_t \dots\dots\dots I$

It is noted that the regression coefficient for the formula $I = 1$, and if this is the case in reality, this leads to the existence of the unit root problem, which means the instability of the series data, as there is a time trend in the data, and therefore if we estimate the following formula:

$$y_t = p y_{t-1} + u_t \dots\dots\dots II$$

If $P = 1$, then the variable y_t has a unit root and suffers from the problem of instability. The series in which the unit root exists is known as a random walk series, and it is one example of non-stationary series. If the first difference series of the random walk series is stationary or stable, then the original series It is integral of the first order, but if the series is static or stable after obtaining the difference between the second and the first, then the original series is integral of the second order, and if the original series is stable, then it is integral of 0 order.

Equation II can be reformulated in the following form:

$$\Delta Y_t = (p-1)Y_{t-1} + \mu_t$$

$$\Delta Y_t = \lambda Y_{t-1} + \mu_t$$

Where: $\lambda = p-1$

The last formula was obtained by subtracting Y_{t-1} from both sides of Equation II to obtain the first differences of the variable Y_t , where: $\Delta Y_t = Y_t - Y_{t-1}$

Therefore, the null hypothesis becomes $\lambda = 0$

It is noted that if it is proven in reality that $\lambda = 0$, the original series will be unstable, i.e.:

$$\Delta Y_t = \mu_t$$

If the first difference series of the random walk series is stationary or stable, then the original series

is integral of the first order, i.e. I(1).

But if the series is static or stable after obtaining the second differences - the first differences of the first differences - then the original series is integral of the second order, i.e. I(2).

If the original series is stable, it is said to be integral of order zero, i.e. I(0). In this regard, it is noted that the hypotheses that must be tested are:

Null hypothesis: Time series data Y_t is unstable $H_0: p=1$ or $\lambda=0$

Alternative hypothesis: Time series data Y_t is stable $H_1: p<1$ or $\lambda<0$

It is also noted that the time series is not stable or heading towards stability unless the rate of short-term volatility in it decreases, ensuring that it compares to the long-term equilibrium position. Perhaps what ensures this is achieved is that:

$p<1$ or $\lambda<0$, but if $p>1$ or $\lambda>0$, this expresses the divergence of the time series from a stable state, i.e. a long-term equilibrium state.

Among the most important tests that are used in unit root testing are the expanded Dickey-Fuller test and the Philips-Perron test, as they are considered among the most famous tests used to determine the stability of time series and determine their degree of integration.

1- Dickey-Fuller test:

The extended Dickey-Fuller test depends on three elements (formula, sample size, and level of significance).

• Simple random walk formula: Such a formula does not have a fixed term or a variable time trend, as follows:

$$Y_t = pY_{t-1} + \mu_t$$

$$\Delta Y_t = pY_{t-1} + \mu_t$$

• Random walk formula with fixed term:

$$Y_t = a + pY_{t-1} + \mu_t$$

$$\Delta Y_t = a + \lambda Y_{t-1} + \mu_t$$

• Random walk formula with fixed term and time trend:

$$Y_t = a + a_1T + pY_{t-1} + \mu_t$$

$$\Delta Y_t = a + a_1T + \lambda Y_{t-1} + \mu_t$$

It is known that the Dickey-Fuller test does not become appropriate if there is an autocorrelation problem in the random term, even though the data of the variables included in the estimated relationship may be stable. Then we resort to using another test called the extended Dickey-Fuller test, as it corrects the autocorrelation problem for the line term. Randomize by adding an appropriate number of slowing difference terms.

Second: Co-integration test

If there is a variable y_t that is stable in its original form before any modifications are made to it, it is said to be integrated of order, and if this variable is unstable in its original form and becomes stable after obtaining the first differences:

$$\Delta Y_t = y_t - y_{t-1}, \text{ and therefore it is considered a first-order integral; That is, } y_t \dots \dots \dots I(1)$$

In general, if the time series for a variable y_t becomes stable after obtaining a number of differences equal to d , it is said that this series is integrated of order d , meaning that: $y_t \dots \dots \dots I(d)$

There are some characteristics related to time series integration, including:

□ If there are two variables x_t and y_t and the order of integration of each of them is as follows:
 $y_t \dots \dots \dots I(1)$ $x_t \dots \dots \dots I(0)$

The series z_t , which refers to their sum, is integral of the first order, meaning that:

$$z_t = (x_t + y_t) \dots\dots\dots I(1)$$

□ Adding or multiplying a constant term to a time series does not affect the order of its integration

$$a \cdot b = \text{constant } x_t \dots\dots\dots I(d) \quad z_t = (a + b x_t) \dots\dots\dots I(d)$$

□ Subtracting two complementary series of the same order results in obtaining a new complementary series of the same order. If

$$y_t \dots\dots\dots I(d) \quad x_t \dots\dots\dots I(d) \quad a = \text{constant}$$

$$z_t = (y_t - a x_t) \dots\dots\dots I(d)$$

□ If we estimate a relationship between two variables x_t and y_t and each of them is integrated of the first order, we will obtain residuals that are integrated of the first order as well, which means that the two variables do not have the property of cointegration, that is:

$$y_t \dots\dots\dots I(1) \quad x_t \dots\dots\dots I(1)$$

$$y_t = a + b x_t + u_t ; u_t \dots\dots\dots I(0)$$

Third: Granger causality test

After exploring the cointegration analysis, we turn the conversation to analyzing and measuring the causal relationship and its direction between these variables in the long and short term. When we talk about the causal relationship in econometrics, we ask whether a change in one variable causes a change in another variable, as it is considered a contribution. Granger is the most prominent among the studies that dealt with the concept of causality. According to him, the change in y_t causes the change in Granger causality methodology is as follows:

$$y_t = \alpha_i y_{t-i} + \beta_j x_{t-j} + u_t$$

3-1 Study model

The usual cointegration analysis methods, such as the Engle and Granger method and the Johansen method, focus on cases in which the basic time series variables are integrated of the same degree, which is the first degree. This places a precondition and restriction on the use of these two methods in analyzing long-term relationships between variables in the level form; Therefore, the Autoregressive Distributed Lag Model (ARDL) emerged as the best alternative because it does not require the estimated variables to have the same integral order.

Based on the previously presented theoretical framework and previous studies, the study model will be chosen as follows: (Dickey D. &, 1981)

The impact of the euro and the dollar on Algeria's exports and then imports requires investigation into two effects: the effect on exports and then the effect on imports. These two effects lead us to the necessity of using two separate functions to study the export function and the import function.

Export function

$$EXT = f(p_{toil}, E_t, Q_{toil}, \beta_t)$$

Where it represents:

EXT: The value of exports in year t in billion dollars

p_{toil} : the price of oil in year t

E_t : the price of the dollar against the euro in year t

Q_{toil} : Quantity of oil exported in year t

β_t : the random error term for exports in year t

import function

$$IMT = f(GDP_t, E_t, DM_t, IP_t, \beta_t)$$

Where it represents:

IMT: Value of imports in year t in billion dollars

GDPT: Gross domestic product in year t in billion dollars

Et: the exchange rate of the dollar against the euro in year t

DMt: demographic growth rate in year t

IPt: Production index in year t (base year 1989)

β t: the random error term for imports in year t

Table no. 2 – ADF and PP test for export function variables

Time series	PP		ADF	
	first difference	level	first difference	level
Exports	6.88- 0.000	0.46- 0.88	6.20- 0.000	0.61- 0.80
Et: the price of the dollar against the euro in year t	-5.86 0.000	-1.88 0.33	-4.4 0.0033	1.8- 0.49
Qt oil: Oil price	-6.09 0.000	-0.16 0.93	-6.09 0.000	0.18- 0.92
Qt oil: Quantity of oil exported in year t	-3.71 0.04	-0.94 0.86	-4.70 0.04	-1.8 0.49 1

Significant at the three levels: 1%, 5%, and 10%, according to MacKinnon tabular values.

Source Prepared by the researcher using the program Views 10 .

Analysis of the variance components of the export function: The results indicate that the change in Algerian exports in the first period is 100% due to the same variable and then decreases slightly over the study period to reach 89% in the long run. This means that the change in exports is not significantly affected by other variables. We note that the impact of the oil price was relative, not exceeding 1.12% in the short term, and decreasing to 0.2% in the long term, while the exchange rate of the dollar against the euro remains constant in the range of 0.2% to 0.6%, and the variable of the quantity of oil exported comes in first place in Interpreting a change in exports of 9% as the maximum interpretation ratio among the variables.

Table no. 3 – Variance components of the export function.

Période	S.E	EX	P.OIL	E	Q.OIL
1	9.3258542	100.223	0.000000	0.000000	0.23566
2	11.628693	97.236	1.058789	0.004460	1.102356
3	13.465288	94.4307	1.2365	0.3661258	4.25364
4	16.058236	93.3332	0.769995	0.3661258	5.77458
5	19.389893	92.3976	0.62359	0.3661258	6.32584
6	21.365554	91.3262	0.58475	0.3661258	7.3265
7	23.558555	90.5225	0.45899	0.3661258	8.8254
8	25.362824	90.2115	0.36325	0.3661258	9.3258
9	27.223866	89.9139	0.31478	0.3661258	9.3265
10	28.381647	89.6725	0.28877	0.3661258	9.4442

Source Prepared by the researcher using the p Presentation of the results for estimating a model of the import function.

The results of the unit root test using the composite Dickey-Ewar test (ADF) and the Flip-Brion PP test (Philips, 1988) for each of the time series of the previous variables showed that the calculated value of τ is less than the value of the tabulated τ , as the null hypothesis of the existence of a unit root was accepted; Therefore, these chains are a type of random walk, and in this case the rank of these chains is greater than zero, since at the first difference the results indicate that the unit root is empty, given that the value of the calculated τ is greater than the value of the tabulated τ , so that the chains are integrated of the first order and significant at the three levels.

Table no. 4 – ADF and PP test for import function variables program EViews10

Time series	PP Times		ADF	
	first difference	level	first difference	level
Imports	-3.60 0.009	-3.30 1.00	-3.72 0.008	-4.22 1.01
GDP	-4.04 0.003	-3.56 1.00	-0.73 0.82	-2.57 1.00
The price of the dollar compared to the euro	-5.87 0.000	-1.88 0.33	-4.2 0.0025	-1.6 0.47
Population growth rate	-5.88 0.00	-1.98 0.76	-5.56 0.0001	-2.01 0.27
Industrial production index	-4.00 0.004	-0.85 0.79	-4.03 0.00.3	-0.27 0.91

Significant at the three levels: 1%, 5%, and 10%, according to MacKinnon tabular values.

Granger causality test for the import function: It was found that the change in the dollar against the euro does not help in explaining the change in imports, as the calculated F statistic reached (0.22) with a probability of (0.76). Therefore, at a confidence level of 5%, we accept the hypothesis that there is no causal relationship going from The exchange rate towards imports, and this is because Algerian imports are inflexible, meaning that the imported quantities are not affected by the exchange rate, but rather are affected by other factors such as the inflexibility of the production sector. As for the rest of the estimation results, no causal relationship appears between the variables of the study.

Table no. 5 – Variance components of the import function.

periode	S.E	IM	E	DM	GDP	IP
1	2.3258542	100.223	0.23652225	0.000000	0.0000000	0.00000000
2	3.8006956	89.236	0.23652225	4.2133555	3.1245889	2.5648977
3	4.33333	84.4307	0.27652225	3.2548799	8.2316548	3.5324454
4	5.032566	77.3332	0.83652225	6.2134569	11.2158785	3.5218796
5	7.236589	74.3976	0.56987411	8.2145789	11.1478998	4.3215987
6	8.235678	73.3262	0.36985211	9.3214598	11.2136988	5.1548978
7	10.024587	71.5225	0.32145666	11.2136598	11.2135648	5.3217894
8	11.2365789	68.2115	0.32569899	14.147896	12.2549878	4.2314556
9	12.356789	64.9139	0.32145698	17.1479632	12.1458788	4.2314568
10	14.2356789	62.6725	0.23652225	19.214596	12.7800072	4.1236548

Source: Prepared by the researcher using Eviews 10 program

The results show that GDP changes had a positive and direct impact on imports over the study period, and that the speed of response was increasing from the beginning of the studied period to its end, as every GDP standard deviation of 1.2% resulted in a positive and increasing variable in imports, as It was estimated at 1.6% in the fifth period, then continued to rise to 3.5% at the end of the studied period.

5. CONCLUSIONS

Through our study of the impact of the external value of the currency on foreign trade in Algeria, we concluded that there is a varying impact of the dollar on Algerian exports. The explanation for the first trend, represented by the positive impact, is due to the relationship between the dollar and oil, which was characterized by positivity during the years preceding the year 2001, meaning that the rise in the price of... The dollar exchange rate was accompanied by a rise in oil prices and thus an increase in the value of oil exports, as the decline of the dollar was working to erode oil revenues in dollars. However, this positive relationship turned into a negative relationship after 2001, and this explains the positive effect of the decline in the dollar exchange rate on the value of exports during the periods. The final analysis of the study requires careful reflection on the economic reality, given that the dollar is the currency of exports and that its decline will result in a negative trend for exports.

However, this did not happen, as the decline of the dollar against the euro, which is the second currency in the world, had a positive impact on Algerian exports, and this explains the results of the Granger causality test - the absence of a causal relationship between the dollar exchange rate and Algerian exports - during the period studied, because the latter It combined two periods - before and after 2001 - characterized by contradiction in the relationship between the dollar and oil.

This standard result does not reflect the fact that imports are affected by the exchange rate, but rather this appears in the rise in the import bill. In other words, whatever the impact of the exchange rate on imports, Algeria is forced to import in light of the lack of alternatives in the local market, and despite the expectations that we assumed at the beginning The study does not agree in its entirety with the results obtained. The effect of the dollar and euro currencies remains present despite its difference from what is expected - in terms of the method and manner of the effect.

Recommendations and suggestions:

Through this study and the results obtained, we will try to provide some recommendations, as follows:

- Pricing crude oil in a basket of currencies, which may provide OPEC countries with streams of financial revenues in diverse and highly liquid currencies, which will make OPEC members completely move away from completely relying on pricing crude oil in US dollars;
- Developing exports outside of hydrocarbons. After the entry into force of the Euro-Algerian Partnership Agreement and the prospects of joining the World Trade Organization, developing exports outside of hydrocarbons became the only element that allows the Algerian economy to benefit from the opportunities of its integration into regional and international exchanges, despite the efforts made by the authorities to raise the level of exports outside of hydrocarbons. However, its level remains weak;
- Strengthening agriculture and agricultural products by encouraging the food processing sector and equipping agricultural areas with storage and cooling warehouses;
- Diversify imports from outside the euro area, in order to reduce exchange losses resulting from converting the dollar to the euro.

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