

AFRICA RISK CONSULTING

Algeria Monthly Briefing April 2021

Algeria Summary 20 April 2021

The council of ministers puts in place measures for the legislative elections scheduled for 12 June. President Abdelmadjid Tebboune (2019-present) issues a presidential decree creating the Observatoire national de la société civile (national civil society observatory). HIRAK demonstrations continue as activists demand the release of HIRAK detainees, despite Tebboune's steps to live up to his promises of bringing political change. Algeria continues to make strides in diversifying its economy from oil dependence. Mining minister Mohamed Arkab signs a memorandum of understanding between the Entreprise Nationale de Fer et de l'Acier (FERAAL) (national iron and steel company) and a consortium of Chinese companies for the exploitation of the Gara Djebilet iron deposit. Oil prices above \$60 per barrel are helping Algeria's road to economic recovery. Algeria aims to start manufacturing Russia's Sputnik V vaccine in September in a bid to strengthen its fight against Covid-19.

Algeria prepares for June elections as HIRAK protests continue ...

Algeria is gearing up for legislative elections scheduled for 12 June. Announcing the parliamentary elections, President **Abdelmadjid Tebboune** (2019-present) declared in March that they will be a "turning point" for the nation (see *ARC Briefing Algeria March 2021*).¹ Tebboune chaired a cabinet meeting on 4 April to discuss preparations for the upcoming elections,² expressing his wish to see a "high" turnout of 40-50% and promising free and fair elections:

"All candidates will be treated equally, and the era of vote quotas is over."³

To date, the **Autorité nationale indépendante des élections (ANIE)** (national independent election authority) has registered 23,587,815 voters across Algeria's 58 states, after handling appeals.⁴ ANIE also counted 902,365 Algerian residing abroad. ANIE president **Mohamed Charfi** said there were approximately 1,755 political parties and 2,898 independent candidates applying to participate in the 12 June legislative elections.⁵

Some of the major parties contesting the June elections include the **Front de Libération Nationale (FLN)**, led by **Moussa Touat**; the **Mouvement du Renouveau National/Mouvement El Islah (MRN and El-Islah)**, led by **Saad Abdallah Djaballah**; the **Mouvement Ennahda**, with **Yazid Benaïcha** as the party's secretary general; the **Rassemblement National Démocratique (RND)** led by **Ahmed Ouyahia**; and the **El-Karama Party**, whose president is **Mohamed Daoui**.⁶ In the 2017 legislative elections, the FLN and RND won the majority of seats in the **National Assembly**, which has a total of 462 seats, with 164 seats and 97 respectively. The two parties seem likely to dominate the June elections.⁷

¹ Aljazeera, 11 Mar 2021

² Algeria Press Service, 4 Apr 2021

³ Algeria Press Service, 7 Apr 2021 (The quota system refers to the system of voting whereby the quota is the minimum number of votes a candidate must receive in order to be elected. Any votes a candidate receives above the quota are transferred to another candidate.)

⁴ Algeria Press Service, 4 Apr 2021

⁵ Algeria Press Service, 7 Apr 2021

⁶ APN, 25 Apr 2021

⁷ APN, 25 Apr 2021

During the 4 April council of ministers meeting, President Tebboune also issued a decree creating the **Observatoire national de la société civile** (national civil society observatory).⁸ The entity aims to be a pillar of change allowing different societal forces to organise themselves and express their concerns and proposals to promote the contribution of civil society in the management of public affairs in Algeria.⁹ Tebboune regards its establishment as further proof of his commitment to effecting political change and accountability in Algeria.¹⁰

Despite Tebboune's steps to restore democracy in Algeria, **Hirak** demonstrations against the government have continued.¹¹ Protesters came out in large numbers on 17 April to show that the movement is not dead, demanding a democratic country and the release of Hirak protesters and students.¹²

Algeria takes steps to diversify its economy

The government has taken further steps to diversify its economy and reduce its dependence on oil revenue. Algeria's oil dependence was a major factor contributing to the economy's 4.7% decline in growth in 2020.¹³ Mining and energy minister **Mohamed Arkab** signed a memorandum of understanding on 30 March between the **Entreprise Nationale de Fer et de l'Acier (FERAAL)** (national iron and steel company) and a consortium of **Chinese** companies, for the exploitation of the **Gara Djebilet** iron deposit in the *wilaya* of **Tindouf**.¹⁴ The signing ceremony took place at the headquarters of the energy and mines ministry in **Algiers**, in the presence of Arkab and China's ambassador to Algeria, **Li Lianhe**.¹⁵ The Gara Djebilet mine is one of the largest iron ore reserves in Algeria and the world, with estimated reserves of 1.7 billion tonnes of ore grading 30% iron metal.¹⁶

In further evidence of diversification from oil dependence, national hydrocarbons company **Sonatrach** announced in a press release on 12 April that it had terminated its contract with **United Kingdom (UK)**-based oil and gas company **Petroceltic International** for the exploration and exploitation of hydrocarbons on the **Isarène** perimeter.¹⁷ The termination ends Petroceltic's contractual obligations relating to the activities of prospecting, research, exploitation, and transportation by pipeline of hydrocarbons. Petroceltic rejects Sonatrach's claims that it failed to meet its contractual obligations.¹⁸ Petroceltic's participation rate was around 75% when the contract was signed in 2004, but it significantly reduced its participation by two successive transfers of its rights and obligations formalised by amendments.¹⁹ At the date of termination, this rate was 38.25%.²⁰ The development plan for the Isarène perimeter, approved in 2012, provided for its commissioning in 2017 with a production level of 10 million cubic metres per day of gas, 17,000 barrels per day of liquefied petroleum gas (LPG), and 11,500 barrels per day of condensate.²¹ Sonatrach noted that under the termination notification, it had given Petroceltic a deadline to transfer the oil operations to Sonatrach.²²

Rebounding oil prices are helping Algeria's economy to recover.²³ Oil prices have remained within \$60-\$65 per barrel over the past month. The price of the **Algerian Saharan Blend** has been

⁸ Algeria Press Service, 12 Apr 2021

⁹ Algeria Press Service, 12 Apr 2021

¹⁰ Source, Algeria analyst

¹¹ El Watan, 17 Apr 2021

¹² El Watan, 17 Apr 2021

¹³ African Development Bank, 12 Mar 2021

¹⁴ Akhbar Elwatane, 30 Mar 2021

¹⁵ Akhbar Elwatane, 30 Mar 2021

¹⁶ Mining.com, 30 Mar 2021

¹⁷ Algeria Press Service, 15 Apr 2021

¹⁸ Energy Voice, 16 Apr 2021

¹⁹ DZ Breaking, 15 Apr 2021

²⁰ DZ Breaking, 15 Apr 2021

²¹ DZ Breaking, 15 Apr 2021

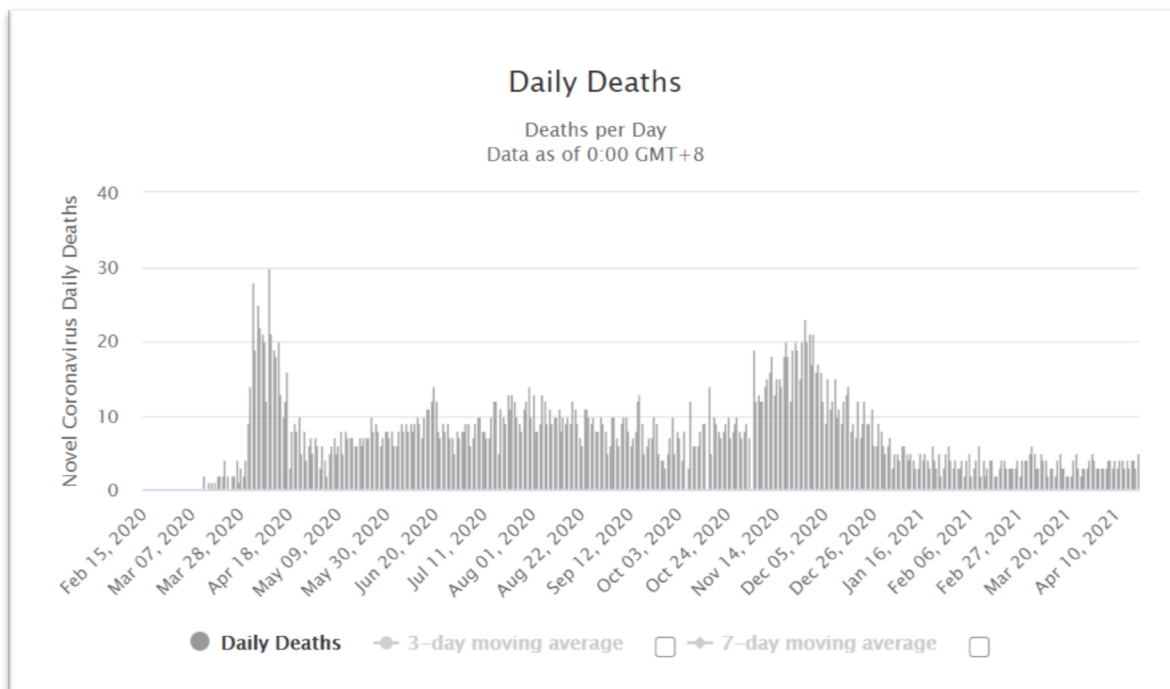
²² DZ Breaking, 15 Apr 2021

²³ OilPrice.com, 19 Apr 2021

competitive relative to global prices. The Saharan Blend has a \$3-\$5 spread relative to the **West Texas Intermediate (WTI)** and is on par with the **Brent** benchmark.²⁴ The **Declaration of Cooperation (DoC)** Joint Technical Committee of the **Organization of the Petroleum Exporting Countries (OPEC)** convened in **Vienna (Austria)** on 30 March to discuss market developments in a bid to deal with changing market conditions.²⁵

Algeria aims to manufacture Sputnik vaccine from September

Pharmaceutical industry minister **Lotfi Benbahmed** announced on 8 April that Algeria will start producing **Russia's Sputnik V Covid-19** vaccine in September in partnership with **Moscow**.²⁶ Part of the production is intended for other **African** countries. Algeria launched its Covid-19 vaccination programme on 30 January with 500,000 doses of the Sputnik V vaccine. Daily deaths related to Covid-19 have decreased since January, coinciding with the start of the vaccination campaign.²⁷ As of 19 April, Algeria has recorded 119,805 Covid-19 cases in its population of roughly 44 million, with 83,514 recoveries and a total of 3,160 Covid-19-related deaths.²⁸



*Daily deaths in Algeria due to Covid-19, Mar 2020 – April 2021.*²⁹

The government eased several Covid-19 restrictions as of 31 March. The nightly curfew is shorter by two hours to run from 23:00 to 04:00. Restrictive measures remain in place through at least 15 April and apply to nine provinces, including **Algiers, Oran, Tebessa, and Constantine**.³⁰ National rail services are operating, with passengers subject to body temperature scans before boarding trains.³¹ Domestic flights are operational and public transport is operating in all 58 provinces.³² Taxis and app-based ride-sharing services have also resumed operations, although subject to certain capacity limitations. A ban on public and private vehicle traffic between provinces remains in place on

²⁴ OilPrice.com, 19 Apr 2021

²⁵ OPEC.Org, 01 Apr 2021

²⁶ Reuters, 08 Apr 2021

²⁷ Worldometers, 19 Apr 2021

²⁸ Worldometers, 19 Apr 2021

²⁹ Worldometers, 19 Apr 2021

³⁰ GARDAWORLD, 15 Apr 2021

³¹ GARDAWORLD, 15 Apr 2021

³² GARDAWORLD, 15 Apr 2021

weekends. Freight transport continues to operate normally.³³ However, all borders remain closed and international flights are suspended as of 30 March to combat new Covid-19 variants.³⁴

Planner

12 Jun 2021 **(Algeria)** Legislative elections;
 2021 (TBA) **Istanbul (Turkey)** Turkey-Africa Economic and Business Forum;
 2021 (TBA) **Algiers (Algeria)** Algeria Oil & Gas Summit & Exhibition;

Chronology

24 Apr 2021 **Algiers (Algeria)** *El Watan*. The government announces the death of former finance minister **Abderrahmane Benkhalfa**, aged 72, at **Aïn Naâdja** military hospital in Algiers;

19 Apr 2021 **Algiers (Algeria)** *Petroleum Africa.com*. State-owned oil company **Sonatrach** terminates its licence contract with **United Kingdom**-based oil and gas company **Petroceltic** for exploration and exploitation of hydrocarbons in the **Isarène** perimeter;

14 Apr 2021 **Algiers (Algeria)** *El Watan*. **Organization of the Oil Producing Countries (OPEC)** reports that the price of Algerian oil (**Saharan Blend**) rose to \$65.76 per barrel in March while national crude production fell by 8,000 barrels per day;

12 Apr 2021 **Algiers (Algeria)** *APS*. President **Abdelmadjid Tebboune** signs a presidential decree for the creation of the **Observatoire national de la société civile** (national civil society observatory);

8 Apr 2021 **Algiers (Algeria)** *Reuters*. Algeria will start producing **Russia's Sputnik V COVID-19** vaccine in September in partnership with **Moscow**, and part of the production is intended for other **African** countries;

4 Apr 2021 **Algiers (Algeria)** *El Watan*. Finance minister **Aymen Benabderrahmane** announces the opening in coming weeks of branches of Algerian public banks in several **African** countries;

3 Apr 2021 **Algiers (Algeria)** *El Watan*. **Organization of the Oil Producing Countries (OPEC)** and non-OPEC partners agree to relax production cuts;

31 Mar 2021 **Algiers (Algeria)** *Market Watch*. A consortium of three **Chinese** companies has signed a memorandum of understanding with Algeria's **National Iron and Steel Company** on exploiting iron ore in terms of which the Chinese consortium, composed of **Metallurgical Corporation of China, China International Water, and Electric Corporation**, and **Hunan Heyday Solar Corporation**, will carry out a feasibility study on the exploitation of **Gara Djebilet** iron ore in western Algeria;

30 Mar 2021 **Algiers (Algeria)** *El Watan*. The general director of customs has closed all dry ports that were suspended or put on notice, throughout the national territory;

³³ GARDAWORLD, 15 Apr 2021

³⁴ GARDAWORLD, 15 Apr 2021

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