

AFRICA RISK CONSULTING

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Algeria Summary 24 May 2021

Campaigning kicks off for Algeria's June legislative elections as approximately 23,540 candidates, representing more than 50 political parties, contest the 407 parliamentary seats. The interior ministry outlines a protocol for the Hirak protests in which protesters continue to take to the streets every Friday, calling for a boycott of the June elections. United States (US) Secretary of State Antony Blinken tells Morocco's foreign minister, Nasser Bourita, that the Joseph Biden (2021-present) administration will not revoke US recognition of Moroccan sovereignty over Western Sahara. Oil prices remain above \$60 per barrel, boosting Algeria's road to economic recovery despite the widening of the budget deficit. Algeria and Mozambique enter into an alliance forming the Algeria-Mozambique business council. Algeria is set to operate a limited number of flights come 1 June while land borders remain closed. The health ministry's Pasteur Institute reports six cases of the Indian coronavirus strain in Tipaza province in the north of the country.

Hirak protests overshadow election campaign launch ...

Algeria launched campaigning on 21 May for legislative elections scheduled for 12 June. More than 23,500 candidates are expected to compete in the elections, according to **Autorité nationale indépendante des élections (ANIE)** (national independent authority for elections) head **Mohamed Sharfi**.¹ The 28 April deadline for submission of candidacies saw a total of 2,292 electoral lists, of which 1,179 belong to political parties and the remaining 1,133 are registered by independent candidates.² About 50 political parties announced their participation in the legislative elections, except for the **Front des Forces Socialistes (FFS)**, the **Parti des Travailleurs (PT)**, and the **Rassemblement pour la Culture et la Démocratie (RCD)**, which claim that the elections lack the conditions needed for them to be held adequately.³ Sharfi noted that 19 parties have met the requirements to participate in the elections.⁴

A government crackdown on Algeria's long-running opposition **Hirak** protest movement overshadowed the launch of the election campaign.⁵ Hirak protesters have called for a boycott of the elections claiming that the majority of the candidates are from the "old regime" of former president **Abdelaziz Bouteflika** (1999-2019).⁶ The largely leaderless and politically unstructured Hirak movement was launched in 2019 over Bouteflika's bid for a fifth term in office.⁷ The rallies, demanding a deep overhaul of Algeria's post-independence political system, continued well into 2020 before being suspended amid lockdown measures to curb the **Covid-19** pandemic.⁸ Protesters have returned to the streets every Friday since February.⁹ However, a heavy police presence in central **Algiers** on 21 May sought to prevent protesters from demonstrating.

¹ Middle East Monitor, 28 Apr 2021

² Middle East Monitor, 28 Apr 2021

³ Middle East Monitor, 28 Apr 2021

⁴ Middle East Monitor, 28 Apr 2021

⁵ UrduPoint.com, 20 May 2021

⁶ UrduPoint.com, 20 May 2021

⁷ Aljazeera, 22 May 2021

⁸ UrduPoint.com, 20 May 2021

⁹ Aljazeera, 22 May 2021

The interior ministry announced on 9 May that it has put in place protocols to control protests.¹⁰ Any new protests will require an official permit that names the organisers of the protest as well as the start and finishing times of the protest.¹¹ Claiming that the demonstrations are an attack on the nation's unity, police have made several arrests of Hirak members.¹² These include **Radio M** reporter **Kenza Khetrou**, who is awaiting trial, and Radio M and online publication **Maghreb Emergent** head **El Kadi Ihsane**, over an article he wrote on political Islam movement group **Rachad**.¹³

US confirms recognition of Morocco's sovereignty over Western Sahara ...

In a boost for **Morocco's** claim to the disputed area of the **Western Sahara**, the administration of **United States (US)** president **Joseph Biden** (2021-present) has announced it will not reverse former president **Donald Trump's** (2017-2021) decision to recognise Morocco's sovereignty over the Western Sahara.¹⁴ The confirmation dashes Algeria's hopes of a reversal of US recognition in favour of the **Polisario** separatists it supports.¹⁵ US secretary of state **Anthony Blinken** reportedly made the statement during a call with Morocco's foreign minister, **Nasser Bourita**, on 30 April.¹⁶

Despite Algeria's support for the Polisario, it is unlikely to go to war with Morocco over the issue.¹⁷ Algerian media reported on 29 April that foreign minister **Sabri Boukadoum** had similarly met with Blinken by phone. In a **Facebook** post, Boukadoum said the Western Sahara issue was top of the agenda, although the **US Department of State** made no mention of the issue in its press release.¹⁸

The US, under Trump, recognised Morocco's territorial integrity and sovereignty over the Western Sahara in December as part of a deal that included the resumption of formal ties between **Rabat** and **Israel**.¹⁹ Trump announced in a presidential declaration on 10 December that Morocco and Israel had agreed to "*full diplomatic relations*" in a US-brokered deal under which Washington recognises Moroccan sovereignty over the disputed territory of Western Sahara.²⁰ The declaration had immediate legal effect, with Washington considering Western Sahara as part of Morocco's territory since then.²¹ Morocco and the US are currently preparing for **Africa's** largest military drills, **The African Lion 21**, which is scheduled to take part in the Sahara territory on 7-18 June.²²

Morocco has been building support among several **African** countries for its claim on the Western Sahara. Bourita on 11 May reaffirmed support on Morocco's position on the Sahara conflict from his counterparts in **Burundi** and **Equatorial Guinea**. Both foreign ministers informed Bourita that they support Morocco's claim over Western Sahara and applaud Rabat's efforts in adhering to the **United Nations Security Council's (UNSC)** conventions surrounding the conflict.²³ **Malawi** on 5 May reaffirmed its support for Morocco's sovereignty over the Western Sahara²⁴ while **Zambia** followed suit on 7 May²⁵ in further demonstration of growing pro-Morocco consensus on the Western Sahara question. The Polisario Front, however, is seeing dwindling backing at the global level for its proposal for an independence referendum on the Saharawi territory, with Algeria one of the rare voices of support.²⁶

¹⁰ Reuters, 21 May 2021

¹¹ Reuters, 21 May 2021

¹² AP News, 21 May 2021

¹³ AP News, 21 May 2021

¹⁴ Axios, 30 Apr 2021

¹⁵ The North Africa Post, 1 May 2021

¹⁶ The North Africa Post, 1 May 2021

¹⁷ ARC Source: North Africa analyst, 3 May 2021

¹⁸ The North Africa Post, 1 May 2021

¹⁹ The North Africa Post, 1 May 2021

²⁰ Financial Times, 10 Dec 2020

²¹ The North Africa Post, 1 May 2021

²² The North Africa Post, 1 May 2021

²³ North Africa Post, 11 May 2021.

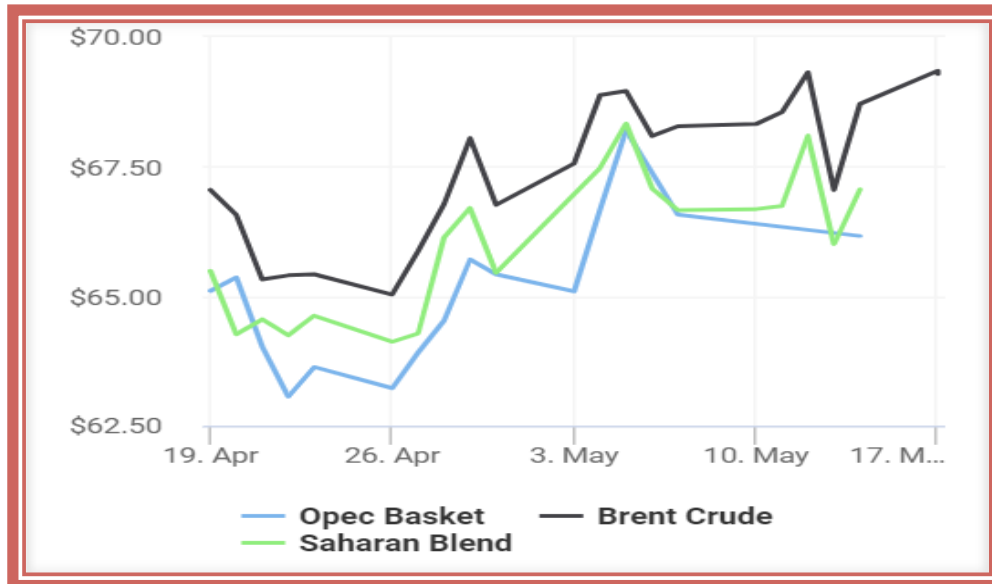
²⁴ Morocco Shafaqna, 5 May 2021

²⁵ Diplomatie, 7 May 2021

²⁶ Atayalar, 1 May 2021

Oil prices continue to rebound...

In an encouraging trend for Algeria's oil-dependent economy, oil prices continue to rebound as the global supply glut decreases and demand increases. The price of **Brent** oil flirted close to the \$70 per barrel mark at the beginning of May before returning to the \$65-\$68 range, while the **Oil Petroleum Exporting Countries (OPEC)** basket has stayed in the \$65-\$68 range.²⁷ Oil prices have remained above \$60 since the beginning of the year.²⁸



Saharan Blend, OPEC Basket, and Brent prices for period 19 April-19 May²⁹

Although the **International Energy Agency (IEA)** on 10 May revised its projection for global demand downwards by a difference of 270,000 barrels per day,³⁰ increased global demand is propelling oil prices upwards. The **OPEC+** countries are reportedly defying market expectations by adding more than two million barrels a day to global oil supplies from May to July.³¹

Algeria's oil dependence was a major factor contributing to the 4.7% decline in economic growth in 2020.³² Oil contributes 20% to Algeria's GDP, with the country's current budget deficit estimated at more than 3,310 billion dinars (\$24.87 billion). Algeria's non-hydrocarbon exports recorded an increase of 58.83 % over the first quarter of 2021 compared with the same period in 2020.³³ While the government has taken steps to diversify its economy and reduce its dependence on oil revenue (see *ARC Briefing Algeria April 2021*), it continues to face the challenges of slow economic growth, a weaker dinar, high unemployment (15%), inflation and social unrest. The end of the holy period of **Ramadan** on 12 May saw more muted celebrations among Algerian families than usual in the midst of the continuing Covid-19 pandemic and economic squeeze.³⁴

Despite its goal to reduce oil dependence, Algeria continues to take steps to boost hydrocarbons recovery. State-owned oil company, **Sonatrach**, and **Norway's** state-owned multinational energy company, **Equinor**, on signed a Memorandum of Understanding (MoU) in Algiers on 17 May to consider cooperation opportunities in the fields of exploration and production of hydrocarbons in

²⁷ Oilprice.com, 17 May 2021

²⁸ OPEC.org, 28 Apr 2021

²⁹ Oilprice.com, 17 May 2021

³⁰ S&P Global Platts, 14 Apr 2021

³¹ Aljazeera, 1 Apr 2021

³² African Development Bank, 12 Mar 2021

³³ El Watan, 11 May 2021

³⁴ El Watan, 10 May 2021

Algeria and abroad.³⁵ The MoU includes possible cooperation in greenhouse gas emissions, carbon management and industrial safety management.³⁶ Sonatrach and Equinor will also examine cooperation opportunities in the implementation of technology to increase hydrocarbon recovery and development of a model for driving high-performance oil operations.³⁷

In further positive news, the **Chambre algérienne de commerce et d'industrie (CACI)** (Algerian chamber of commerce and industry) sealed an agreement with its Mozambican counterpart, the **Chamber of Commerce Mozambique**, on 17 May to create an **Algerian-Mozambican Business Council** aimed at boosting trade and investment cooperation between both countries' institutions.³⁸ The agreement follows the recommendations of the **National Conference on Economic Recovery**, which include activating economic diplomacy, reducing imports, promoting non-hydrocarbon exports and increasing the volume of foreign investments in Algeria.³⁹ Algeria and Mozambique are both members of OPEC.

Algeria calls off plans to reopen land borders

Algeria has revised plans to reopen its land borders on 1 June, following a high-security council meeting chaired by the president on 18 May. Algeria closed all land borders and suspended non-cargo international air and maritime travel on 17 March 2020 to curb the spread of Covid-19 (see *ARC Briefing Algeria March 2020*).⁴⁰ Limited domestic flights resumed on 6 December while international flights remained suspended. Although land borders will remain closed for the foreseeable future, international flights will resume with limited capacity of five flights per day to and from Algeria.⁴¹ The only functional airports for international travel will be those in Algiers, **Constantine** and **Oran**, Algeria's three largest cities.⁴²

The government has eased some domestic restrictions, including those on most non-essential businesses.⁴³ Construction companies, real estate agencies, travel agencies, produce markets, bakeries, car rental companies, government institutions, hotels and mosques are permitted to reopen nationwide. Restaurants and cafes have reopened in most provinces.⁴⁴ The nightly curfew from midnight to 4 am will remain in effect through 20 June across 19 provinces, including Algiers, Oran, **Tebessa**, and Constantine.⁴⁵

Algeria has seen a significant decrease in the number of cases of Covid-19 recorded daily, in tandem with its Covid-19 vaccination rollout.⁴⁶ As of 25 May, it has recorded a total of 127,361 cases in its population of roughly 44.5 million, with 88,672 recoveries and 3,433 Covid-19 related deaths.⁴⁷ However, the health ministry's **Pasteur Institute** warned on 4 May that various strains of the coronavirus are present in Algeria, with six cases of the **Indian** strain having been detected in **Tipaza** province in the north of the country.⁴⁸ Algeria is set to begin the production of the **Russian Sputnik V** vaccine in September.⁴⁹

³⁵ El Watan, 11 May 2021

³⁶ Hydrocarbons Technology, 18 May 2021

³⁷ Hydrocarbons Technology, 18 May 2021

³⁸ El Watan, 11 May 2021

³⁹ El Watan, 5 May 2021

⁴⁰ Reuters, 18 May 2021

⁴¹ Reuters, 18 May 2021

⁴² RFI, 17 May 2021

⁴³ GardaWorld, 19 May 2021

⁴⁴ GardaWorld, 19 May 2021

⁴⁵ GardaWorld, 26 May 2021

⁴⁶ Worldometers, accessed 26 May 2021

⁴⁷ Worldometers, accessed 26 May 2021

⁴⁸ Reuters, 3 May 2021

⁴⁹ Reuters, 8 Apr 2021

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

26 May 2021 **Algiers (Algeria)** *Opec.org*. **OPEC** daily basket price stands at \$67.41, as oil rebounds and helps recovery of Algeria's economy;

22 May 2021 **Algiers (Algeria)** *Middle East Eye*. **Algerian** authorities crack down on weekly pro-democracy protests in the capital **Algiers** and across the country, detaining many demonstrators;

20 May 2021 **Algiers (Algeria)** *UrduPOINT.com*. Algeria launches its election campaigns amid continuing crackdown on **Hirak** protests;

19 May 2021 **Algiers (Algeria)** *Daily Sabah*. Algerian authorities label separatist group **MAK** and opposition movement **Rachad** as terrorist organisations;

19 May 2021 **(Africa)** *Africanews*. **World Bank** announces it will invest \$2 billion to support medium and small businesses in **Africa** and boost trade in the region as it recovers from the **Covid-19** downturn;

18 May 2021 **Algiers (Algeria)** *Daily Sabah*. The presidency backtracks on a decision to reopen land borders closed because of the **coronavirus** pandemic, but will partially resume international flights from June;

18 May 2021 **Algiers (Algeria)** *Hydrocarbons Technology*. **Norway's** state-owned multinational energy company, **Equinor**, partners with Algeria's state-owned oil company, **Sonatrach**, for oil and gas exploration, including possible cooperation in greenhouse gas emissions, carbon management, and industrial safety management;

18 May 2021 **Algiers (Algeria)** *APS*. Finance minister **Aymen Benabderrahmane** attends **African** economies financing summit in **Paris (France)** and calls on the continent's countries to restore a sustainable debt framework;

17 May 2021 **Paris (France)** *France24*. France's President **Emmanuel Macron** hosts **African** leaders and heads of global financial institutions for a summit meeting that will seek to provide Africa with critical financing swept away by the **Covid-19** pandemic;

16 May 2021 **Algiers (Algeria)** *EWN*. Government announces plans to resume international flights from 1 June following a more than year-long closure of its borders to curb the spread of **Covid-19**;

11 May 2021 **Algiers (Algeria)** *MEO*. **United Nations** raises concerns at reports of sexual violence in detention and disproportionate use of force against protesters in **Algeria**, calling for investigations into all alleged abuses;

9 May 2021 **Algiers (Algeria)** *Aljazeera*. The interior ministry says all protests will henceforth need a permit that specifies the names of organisers and a start and finishing time for the demonstrations;

4 May 2021 **Algiers (Algeria)** *Reuters*. The health ministry's **Pasteur Institute** reports it has detected six cases of the **Indian coronavirus** variant in **Tipaza** province;

4 May 2021 **Algiers (Algeria)** *Floodlist*. Flash floods in **Batna, Médéa** and **M'Sila Provinces** result in seven deaths and leave several people displaced and injured;

2 May 2021 **Algiers (Algeria)** *El Watan*. **United States** secretary of state **Anthony Blinken**

says **Washington** will not reverse its recognition of Morocco's sovereignty over **Western Sahara**;

29 Apr 2021 **Algiers (Algeria)** *Al Jazeera*. Authorities release on probation leading opposition activist **Karim Tabbou**, who is opposed to **Algeria's** forthcoming elections;

28 Apr 2021 **Algiers (Algeria)** *S&P Global*. Energy minister **Mohamed Arkab** says government has almost completed the process of approving the implementing texts for its new hydrocarbons law, which it hopes will kick-start a new wave of upstream investment;

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