

AFRICA RISK CONSULTING

Algeria Monthly Briefing September 2021

Algeria Summary 20 September 2021

President Abdelmadjid Tebboune (2019-present) orders the national flag to be flown at half-mast for three days following the death of former president Abdelaziz Bouteflika (1999-2019) at the age of 84. Tebboune announces that elections for Algeria's municipal and provincial councils will take place on 27 November, completing his goal of bringing democratic change to the country. The opposition Rassemblement pour la Culture et la Démocratie (RCD) opts to boycott the November elections. Foreign minister Ramtane Lamamra announces that Algeria has severed diplomatic ties with Morocco. Finance minister Aïmene Benabderrahmane reports that Algeria's trade deficit fell 87.9% to \$926m in the first eight months of 2021, compared to \$7.6 billion in 2020, thanks to a rebound in oil prices. Pharmaceutical industry minister Abderrahmane Lotfi Djamel Benbahmed says pharmaceutical company Sidal will produce the first batches of CoronaVac Covid-19 vaccine in Constantine from 29 September. Approximately 9.9% of Algerians have been vaccinated against Covid-19.

End of the Bouteflika era

President **Abdelmadjid Tebboune** (2019-present) ordered the national flag to be flown at half-mast throughout **Algeria** for three days following the death of his predecessor, former president **Abdelaziz Bouteflika** (1999-2019), on 17 September at the age of 84.¹ Bouteflika served four consecutive terms as Algeria's president, but his quest for a fifth term brought about riots and protests known as the **Hirak** movement, which saw him ousted from power in April 2019.² Bouteflika had rarely been seen in public since a stroke in 2013, but nevertheless won the election in April 2014, after the Algerian constitution was amended to allow him to run without term limits.³

Bouteflika's supporters credited him with restoring peace and security to the country after a decade of war and suggested he was the only person capable of uniting the country in its aftermath.⁴ However, opponents blamed him for economic stagnation and increasing corruption and cronyism as his rule lengthened, criticising his refusal to cede power when his health was failing.⁵ Nevertheless, Bouteflika ensured that Algeria remained an important influence in **North African** regional affairs, cooperating discreetly with **France** and the **United States (US)** on counterterrorism strategy in the region, and helping to mediate conflicts and political instability in neighboring states of **Mali**, **Libya**, and **Tunisia**.⁶

Local and regional elections slated for 27 November

President Tebboune has signed a presidential decree convening the electorate for municipal and provincial council elections on 27 November, a year earlier than expected.⁷ The decree underlines Tebboune's commitment to bring growth and stability to Algeria and rebuild state institutions. The presidency released a statement on 28 August noting there would also be an exceptional review of the

¹ BBC News, 18 Sep 2021

² El Watan, 18 Sep 2021

³ El Watan, 18 Sep 2021

⁴ The New York Times, 17 Sep 2021

⁵ The Guardian, 18 Sep 2021

⁶ The New York Times, 17 Sep 2021

⁷ APS, 29 Aug 2021

electoral rolls from 5-15 September.⁸ The November local and regional elections follow legislative polls that took place on 12 June and inauguration of the ninth parliamentary term, a year before the end of the current term of the national assembly (lower house of parliament).⁹ Tebboune described the parliamentary elections in June as the second milestone in the process of change and building of a democratic Algeria, noting that local council elections are the last step in the reform process.¹⁰

The opposition **Rassemblement pour la Culture et la Démocratie (RCD)** party has opted to boycott the November elections after a meeting of its national council on 17 September.¹¹ RCD president **Mohcine Belabbas** said were several irregularities about the elections, claiming the presidential decree to call the elections without parliament voting on it was a violation of the constitution.¹²

Algeria breaks diplomatic ties with Morocco

Foreign minister **Ramtane Lamamra** announced on 24 August that Algeria had severed its diplomatic ties with neighbouring **Morocco**.¹³ Although tension has simmered between the two countries for several years, it has escalated in recent months, with Algeria accusing its neighbour of being involved in the wildfires that killed 90 people in **Kabylia** (see *ARC Briefing Algeria August 2021*).¹⁴

Tension between the two countries dates back to 1976, after **Algiers** started supporting the separatist **Polisario Front**, an armed group demanding independence for the **Western Sahara**.¹⁵ Moroccan forces and the Polisario Front have been fighting for decades over the vast disputed territory, bordering Morocco, **Mauritania** and Algeria, which was previously under **Spanish** control.¹⁶ Recent tensions stem from the recognition on 10 December by the administration of former US president **Donald Trump** (2017-2021) of Moroccan sovereignty over the Western Sahara, when the US became the first country to recognise Morocco's claim and reaffirmed its proposal to grant limited autonomy to **Sahrawis** under Moroccan control.¹⁷ Algeria withdrew its ambassador to Morocco in July due the disagreement over the issue of Western Sahara.^{18 19}

Tensions reached another level when Algeria accused Morocco of being involved in the "**Pegasus spyware affair**" against its officials, in addition to supporting a separatist group and failing in bilateral commitments.²⁰ Algeria criticised Morocco for its rapprochement with **Israel**, as Algerian authorities accuse Israel of being, with Morocco, one of the main supporters of two organisations they consider terrorist: the **MAK** and the **RACHAD**.²¹ Algeria does not recognise the state of Israel.

The severing of ties threatens the stability of the region as well as mutual trade.²² According to **Observatory of Economic Complexity** economic data in 2019, Morocco accounted for 1.44% of Algeria's export revenue, approximately \$480m.²³ The diplomatic impasse may also impact the future of the 1,400-km **Maghreb-Europe** gas pipeline,²⁴ a system of high-pressure gas pipelines carrying natural gas from the wells in **Hassi R'Mel** (Algeria) to Spain and **Portugal** via an underwater section

⁸ The New York Times, 17 Sep 2021

⁹ DZ Breaking, 2 Sep 2021

¹⁰ DZ Breaking, 2 Sep 2021

¹¹ El Watan, 17 Sep 2021

¹² El Watan, 17 Sep 2021

¹³ Aljazeera, 24 Aug 2021

¹⁴ Aljazeera, 24 Aug 2021

¹⁵ Morocco World News, 9 Sep 2021

¹⁶ Al Jazeera, 11 Dec 2020

¹⁷ Al Jazeera, 11 Dec 2020

¹⁸ Aljazeera, 24 Aug 2021

¹⁹ African News, 17 Jul 2021

²⁰ Aljazeera, 24 Aug 2021

²¹ Aljazeera, 24 Aug 2021

²² Middle East In, 24 Aug 2021

²³ The Observatory of Economic Complexity, undated

²⁴ EFE, 6 Sep 2021

in the **Strait of Gibraltar**.²⁵ The pipeline contract expires in October, but Morocco has said it is in favour of maintaining the pipeline.²⁶ Spain's foreign affairs minister, **Jose Manuel Albares**, said on 30 August that he had held talks with Moroccan and Algerian officials regarding the future of the pipeline but a final decision had yet to be made.²⁷

Trade deficit decreases

Higher oil and gas earnings in 2021 have reduced Algeria's trade deficit. The finance ministry announced on 14 September that the country's trade deficit fell 87.9% to \$926m in the first eight months of this year due to higher oil and gas earnings and lower imports.²⁸ The figure is a significant improvement on the August 2020 figure of \$7.6 billion.²⁹ While the value of imports fell significantly in the first eight months of 2021, exports increased to \$23.7 billion from \$15.1 billion a year earlier.³⁰ Algeria's gross domestic product (GDP) grew 2.3% in the first quarter of 2021, helped by better performance in the energy sector, after a 3.9% contraction a year earlier.³¹

Algeria relies heavily on oil and gas revenue, which accounts for more than 90% of total exports and 60% of the state budget.³² State energy firm **Sonatrach** expects oil and gas earnings to reach \$33 billion this year, up from \$20 billion in 2020, due to higher crude oil prices in international markets.³³ Prime minister and finance minister **Aïmene Benabderrahmane** affirmed on 16 September that the state's budget is based 30% on oil revenues and 70% on ordinary taxation.³⁴

Algeria experienced a 9.5% increase in tax collection in the first four months of 2021. By the end of April this year, revenue authorities had collected DZB 807.65 billion (\$5.87 billion) compared to DZB 737.69 billion (\$5.36 billion) in the same period in 2020. Algeria's move to depend more on taxation revenue highlights its drive to move away from oil dependency.³⁵

Energy and mines minister **Mohamed Arkab** confirmed that the **Organization of the Petroleum Exporting Countries (OPEC)** and non-OPEC countries had approved the continuation of the upward adjustment, for next October, of monthly global production of 400,000 barrels/day, decided by their 19th ministerial meeting of August 2021.³⁶

Algeria begins production of Sinovac Covid-19 vaccine

Pharmaceutical industry minister **Abderrahmane Lotfi Djamel Benbahmed** confirmed on 17 September that Algeria's pharmaceutical group **Saidal** will begin producing the **CoronaVac** Covid-19 vaccine in **Constantine** from 29 September, in collaboration with a **Chinese** laboratory.³⁷ Benbahmed said the vaccine factory affiliated to Saidal will manufacture 1.3 million doses in October and will increase production to an estimated 5 million doses in January 2022.³⁸

The push to commence local vaccine production supports the government's goal to vaccinate 60% of its population by the end of 2021. As of September, the health ministry had administered almost 10

²⁵ [Europe Maghreb Pipeline Ltd](#) website, accessed 17 Sep 2021

²⁶ Morocco World News, 27 Aug 2021

²⁷ Tellereport, 30 Aug 2021

²⁸ Reuters, 7 Sep 2021

²⁹ Reuters, 7 Sep 2021

³⁰ Reuters, 7 Sep 2021

³¹ Reuters, 22 Aug 2021

³² Reuters, 7 Sep 2021

³³ Reuters, 7 Sep 2021

³⁴ APS, 16 Sep 2021

³⁵ All Africa, 10 Jul 2021

³⁶ APS, 2 Sep 2021

³⁷ APS, 17 Sep 2021

³⁸ APS, 17 Sep 2021

million Covid-19 vaccine doses, representing almost 10% of Algeria's total vaccine eligible population.³⁹

New cases of Covid-19 in Algeria are occurring at a decreasing rate, following the strict lockdown put in place a month ago in 40 provinces to curb the spread of the coronavirus.⁴⁰ As of 19 September, Algeria had confirmed 201,425 cases of Covid-19 in its population of roughly 44 million, with 5,681 Covid-19-related deaths and 137,775 recoveries.⁴¹

Planner

27 Nov 2021 **(Algeria)** Municipal and provincial council elections;
 Dec 2021 **Algiers (Algeria)** Algeria Oil & Gas Summit & Exhibition;
 2021 (TBA) **Istanbul (Turkey)** Turkey-Africa Economic and Business Forum;

Chronology

18 Sep 2021 **Algiers (Algeria)** *APS*. The **Autorité Nationale Indépendante des Elections (ANIE)** has registered 164,286 new voters following revision of the electoral registers in anticipation of local elections on 27 November, bringing the overall number of voters to 24,589,475;

17 Sep 2021 **Algiers (Algeria)** *APS*. Former president **Abdelaziz Bouteflika** dies aged 84, more than two years after his resignation;

17 Sep 2021 **Algiers (Algeria)** *APS*. Energy and mines minister **Mohamed Arkab** receives **India's** foreign affairs minister, **Shri V. Muraleedharan**, and discusses strengthening of bilateral cooperation in energy, mining and seawater desalination;

17 Sep 2021 **Algiers (Algeria)** *APS*. Pharmaceutical industry minister **Abderrahmane Lotfi Djamel Benbahmed** announces that public company **Saidal** will produce the first batches of **CoronaVac Covid-19** vaccine in **Constantine** from 29 September;

17 Sep 2021 **Algiers (Algeria)** *El Watan*. The opposition **Rassemblement pour la Culture et la Démocratie (RCD)** party has opted to boycott the local elections in November claiming the decree for elections violates the constitution;

16 Sep 2021 **Algiers (Algeria)** *APS*. Prime minister and finance minister **Aïmene Benabderrahmane** says the state's budget is based 30% on oil revenues and 70% on ordinary taxation;

14 Sep 2021 **Algiers (Algeria)** *APS*. Prime minister and finance minister **Aimene Benabderrahmane** says the government has considered a draft executive decree setting a ceiling for the wholesale and retail prices and margins of production, import and distribution of ordinary refined edible oil and sugar;

14 Sep 2021 **Algiers (Algeria)** *APS*. Foreign affairs minister **Ramtane Lamamra** receives petroleum company **Anadarko-Algeria** director **Warren Murdoch** to review the company's projects in Algeria and prospects for future expansion;

13 Sep 2021 **Algiers (Algeria)** *Reuters*. Prime minister **Ayman Benabderrahmane** says **Algeria** plans to increase investment in its oil and gas sector by \$2.6 billion next year to boost production by 8.9 million tonnes of oil equivalent;

³⁹ Pharmaceutical Technology, 18 Sep 2021

⁴⁰ Worldometers, 19 Sep 2021

⁴¹ Worldometers, 19 Sep 2021

8 Sep 2021 **Algiers (Algeria)** *Reuters*. Paramilitary police detain 30 people, including seven members of a separatist group that the government has declared a terrorist organisation, for involvement in wildfires that killed at least 65 people;

7 Sep 2021 **Algiers (Algeria)** *Reuters*. *Reuters* reports that Algeria's trade deficit fell 87.9% to \$926m in the period January to August due to higher oil and gas earnings and lower imports;

2 Sep 2021 **Algiers (Algeria)** *APS*. The **Opec** and non-Opec countries (**Opec+**) approve the continuation of the upward adjustment of their monthly global production of 400,000 barrels/day;

24 Aug 2021 **Algiers (Algeria)** *France24*. **Algeria** cuts diplomatic relations with **Morocco**, with foreign minister **Ramdane Lamamra** accusing Morocco of using **Pegasus** spyware against its officials, supporting a separatist group and failing in bilateral commitments;

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