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Algeria Summary 14 June 2022

Algeria says it will respect its gas commitments with Spain, days after its suspension of a two-decade-old treaty raised questions over energy supplies for the European country. State-owned oil and gas company Sonatrach and Italian energy giant Eni sign an agreement to boost gas exploration and development of green hydrogen in Algeria, as Italy pushes to reduce its reliance on Russian energy. President Abdelmadjid Tebboune (2019-present) visits Turkey to discuss bilateral ties with President Recep Tayyip Erdogan (2014-present). President Tebboune fires Banque d'Algérie (central bank) governor Rostom Fadli, in office for less than two years, and replaces him with Salah Eddine Taleb. Algeria continues to experience a significant decline in new cases of Covid-19.

Tension between Algeria and Spain hits new highs ...

Diplomatic tension between **Algeria** and **Spain** reached a new peak on 8 June when Algeria suspended a two-decade-old treaty with Spain, raising uncertainty over energy supplies for the **European** country.¹ State-owned **Algerian Press Agency (APS)** said Algeria had decided to immediately suspend “*the Treaty of friendship, good-neighbourliness and cooperation that it concluded with Spain on 8 October 2002*”, citing **Madrid’s** “*violation of international legality*” in the **Western Sahara**.² Algeria’s **Association of Banks and Financial Establishments (ABEF)** in a directive on 8 June ordered Algerian banks to “*freeze all automatic bank payments, whether incoming or outgoing, for goods and services with Spain from Thursday, June 9*”.³

The Spanish government said on 8 June that it “*regretted*” Algeria’s decision and noted that it was working on a “*constructive but firm response*”.⁴ The **European Union (EU)** also expressed concern regarding Algeria’s decision and urged the government to reverse the action. Denying its own public announcement on 8 June, the Algerian government released a statement on 11 June saying it had never suspended relations with Spain and that such a claim “*exists in fact only in the minds of those who claim it*”.⁵ The government said it would respect its gas commitments with Spain, with Algeria’s foreign ministry calling on Spanish companies to fulfil their contractual obligations.

Diplomatic tensions between Algeria and Spain began when Spain’s prime minister, **Pedro Sanchez**, officially endorsed **Morocco’s** autonomy plan for the Western Sahara on 18 March as “*as the most serious, realistic and credible basis for settling the dispute*” (see *ARC Briefing Algeria Apr 2022*).⁶ Morocco considers the Western Saharan territory as its own; however, the Algeria-backed **Polisario Front** movement demands a sovereign state.⁷ Following Spain’s announcement of its decision to support Morocco in the Western Sahara dispute, Algeria’s government on 19 March recalled its ambassador to Madrid for “*consultations*”.⁸

¹ Bloomberg, 11 Jun 2022

² Morocco World News, 12 Jun 2022

³ Expatica, 9 Jun 2022

⁴ Morocco World News, 12 Jun 2022

⁵ Morocco World News, 11 Jun 2022

⁶ Reuters, 18 Mar 2022

⁷ Reuters, 18 Mar 2022

⁸ Middle East Eye, 19 Mar 2022

Political tensions with Morocco over Western Sahara have also hampered Algeria's export potential and resulted in the closure of the **Maghreb-Europe** gas pipeline to Spain in October (see *ARC Briefing Algeria Nov 2021*).⁹ Following Spain's announcement on 3 February that it would ship gas to Morocco, Algeria's energy ministry said on 27 April that it considered the transporting of any amount of Algerian gas to a different destination a breach of contractual obligations that would lead to the termination of the contract binding state-owned energy company **Sonatrach**.¹⁰ Algeria is Spain's main supplier of natural gas through the **Medgaz** pipeline, which replaced the Maghreb-Europe pipeline through Morocco that Algiers terminated in October.¹¹ Spain's ecological transition ministry released a statement on 27 April stating that *"in no case will the gas acquired by Morocco come from Algeria"*.¹² Spanish publication **El Economista** noted on 5 May that Algerian gas supply to Spain through the Medgaz pipeline had *"slowly decreased"* by 25% at the end of April.¹³

In April, Spain admitted it might be forced to pay higher prices for the gas it imports from Algeria as a result of a recent flare-up of tensions over Western Sahara.¹⁴ While Algerian authorities did not provide reasons for Sonatrach's review of prices of oil exported to Spain, the Spanish government reportedly claimed that the Algerian decision to increase gas prices for Spain is in retaliation for its endorsement of Morocco's autonomy plan for Western Sahara.¹⁵

United States (US)-based news publication **Business Insider** shared findings on 1 June of a confidential report from the **North Atlantic Treaty Organization (NATO)** that expressed concern about Algeria's recent decisions, particularly its threat *"at the end of April"* that it would stop its gas supplies if Madrid sold Algerian gas to other countries.¹⁶ The NATO report warns that in the long term, *"this jeopardises Algeria's status as an energy supplier for Europe"*, comparing Algeria with **Russia**:

*"But for NATO, the case is clear: the report specifically indicates that there is a risk that Algeria, like Russia, would use its gas supplies as a means of exerting political pressure."*¹⁷

... as Algeria and Italy sign new energy supply deal...

Sonatrach and **Italy**-headquartered energy giant **Eni** signed an agreement on 26 May to boost gas exploration and development of green hydrogen in Algeria, as **Rome** pushes to reduce its reliance on Russian energy.¹⁸ Before Russia commenced its military operations in **Ukraine** in February, Italy received about 40% of its gas imports from Russia, and it has been actively seeking to diversify its energy supply mix as the war escalates. Top executives of Eni and Sonatrach signed a memorandum of understanding (MOU) in Rome in a ceremony witnessed by Algeria's President **Abdelmadjid Tebboune** (2019-present) and Italy's prime minister, **Mario Draghi** (2021-present).¹⁹ Following his meeting with Draghi, Tebboune said:

*"Every time production increases, we will be able to supply it to Italy, which can then send it to the rest of Europe. As far as electricity is concerned, we have agreed with our Italian friends to set up a submarine cable from Algeria to Italy."*²⁰

⁹ Middle East Monitor, 20 Apr 2022

¹⁰ Middle East Monitor, 28 Apr 2022

¹¹ Middle East Monitor, 30 Mar 2022

¹² Euronews, 27 Apr 2022

¹³ El Economista, 5 May 2022

¹⁴ Middle East Monitor, 30 Mar 2022

¹⁵ Morocco World News, 8 Apr 2022

¹⁶ Business Insider, 1 Jun 2022

¹⁷ Business Insider, 1 Jun 2022

¹⁸ Aljazeera, 26 May 2022

¹⁹ Aljazeera, 26 May 2022

²⁰ Africa News, 26 May 2022

The agreement is part of a deal signed by Sonatrach and Eni in April when they announced that they would steadily increase gas supplies starting this year and eventually reach 9 billion cubic metres (bcm) of extra gas per year by 2023-24 (see *ARC Briefing Algeria May 2022*). Officials said that gas volumes expected from the regions covered by the new May deal are equal to about 3 bcm per year and will increase the export capacity of Algeria to Italy through the **Trans-Mediterranean Pipeline (TransMed)**.²¹ The agreement will also cover the economic and technical evaluation for a green hydrogen pilot project in **Bir Rebaa North (BRN)** in the Algeria desert, with the objective of supporting the decarbonisation of the BRN gas plant managed by the Sonatrach-Eni joint venture.²²

Algeria remains Italy's largest gas supplier after Russia and has supplied the European country since 1983 through the TransMed Pipeline, which runs to **Sicily**.²³

... and Tebboune arrives in Turkey to discuss bilateral ties

President Abdelmadjid Tebboune arrived in Turkey on 15 May for a three-day state visit to discuss bilateral ties with President **Recep Tayyip Erdogan** (2014-present).²⁴ Tebboune's visit was reportedly at Erdogan's invitation and saw the two presidents preside over the first session of the **High-Level Cooperation Council** to discuss ways to promote bilateral relations, as well as international developments.²⁵ Algeria's embassy in **Ankara** announced on 13 May that bilateral ties had improved significantly in recent years,

*"proven by the common intention to further consolidate the traditional ties of friendship and solidarity, and the ways to strengthen the dialogue on all international issues of common interest, are manifested in the regular meetings between the two countries".*²⁶

Tebboune's visit follows an agreement signed in March between the parliaments of both countries to establish a parliamentary friendship committee (see *ARC Briefing Algeria Apr 2022*). Algeria's energy minister, **Mohamed Arkab**, and the president of Turkish **Kalyon Enerji** also held talks in March to discuss strengthening cooperation in the sector of energy and investment opportunities.²⁷ Algerian customs office statistics from 2020 reveal that Turkey is Algeria's fourth-largest customer with imports worth \$2.1 billion annually, primarily in liquefied natural gas (LNG).²⁸

Tebboune's visit to Ankara came only days after Turkey's foreign minister, **Mevlut Cavusoglu**, reiterated his country's support for Morocco's territorial integrity during a press conference in **Marrakech** (Morocco) on 11 May with his Moroccan counterpart, **Nasser Bourita**.²⁹

Observers claim that Tebboune's visit to Turkey comes amid a growing feeling of isolation in Algiers. With Algeria's main arms supplier, Russia, stalled in Ukraine, it is unable to maintain its regular flow of arms to Algeria.³⁰ Countries reliant on Russian arms could also be denied access to the Western arms market. Analysts speculate that Algeria is keen to step up defence cooperation with Turkey although no agreements have been signed in this sector.³¹

²¹ Africa News, 26 May 2022

²² Aljazeera, 26 May 2022

²³ Aljazeera, 26 May 2022

²⁴ Middle East Monitor, 16 May 2022

²⁵ Middle East Monitor, 16 May 2022

²⁶ Algeria Embassy in Ankara, 13 May 2022

²⁷ Middle East Monitor, 16 May 2022

²⁸ Middle East Monitor, 16 May 2022

²⁹ Morocco World News, 11 May 2022

³⁰ North Africa Post, 20 May 2022

³¹ North Africa Post, 20 May 2022

Tebboune sacks central bank head

President Abdelmadjid Tebboune fired **Banque d'Algérie** (central bank) governor **Rostom Fadli** on 23 May, without providing explanation for the decision.³² Fadli had been in office for less than two years, assuming the position in June 2020 as interim head of the central bank of Africa's fourth-largest economy, and later confirmed in the role.³³ Tebboune has appointed **Salah Eddine Taleb** to replace Fadli.

Local observers speculate that the sacking of the central bank governor will lead to institutional instability in Algeria, at a time when it is experiencing a financial crisis, a decline in hard currency, and social tension due to increases in the prices of basic goods including wheat imports.³⁴ Observers also claim that the termination of tasks and appointees has become a common practice in Algeria, leading to instability in Algerian institutions, since Tebboune assumed power in 2019.³⁵ The change in central bank leadership does not appear to have impacted the Algerian dinar. On 23 May, the day of the firing, \$1 was worth 145.57 dinar, while on 14 June, it had appreciated slightly to 145.1.³⁶

Covid-19 cases continue to fall...

Algeria continues to experience a decline in new cases of **Covid-19**. On 10 June, health authorities reported just two new cases of Covid-19, with a seven-day average of four new cases as of the same date.³⁷ A month earlier, on 10 May, health authorities reported four new cases of Covid-19, with a seven-day average of three new cases as of the same date.³⁸ Between 30 May and 12 June, the country registered only 54 new cases of Covid-19.³⁹ By comparison, on 25 January, Algeria reported a daily record of 2,521 new cases of Covid-19.⁴⁰ Algeria reported its first case of the new **BA.2** subvariant of the highly transmissible **Omicron** strain in January and is still recording infections from both the **Delta** and **Omicron** variants, accounting for about 60% of Covid-19 infections in the country.⁴¹ As of 13 June, Algeria had recorded 265,937 cases of Covid-19 in its population of 43.85 million, with 6,875 Covid-19-related deaths and 178,442 recoveries.⁴²

As of the government's last update on 29 May, Algeria had fully vaccinated 15.6% of its population with a Covid-19 vaccine and 18.7% had received a first dose.⁴³ In December, the government started requiring vaccine passports to enter many public spaces, seeking to overcome low vaccine uptake that has left millions of vaccine doses unused.⁴⁴ The vaccine pass is necessary for anyone seeking to enter or leave Algeria, and to enter cinemas, theatres, sports facilities, museums, townhalls, and hammams.⁴⁵

The government announced on 18 October the full lifting of nationwide lockdown restrictions amid improvement in the country's Covid-19 situation (see *ARC Briefing Algeria Oct 2021*).⁴⁶

³² Channels TV, 23 May 2022

³³ Channels TV, 23 May 2022

³⁴ Arab News, 24 May 2022

³⁵ Arab News, 24 May 2022

³⁶ Fx, accessed 14 Jun 2022

³⁷ Johns Hopkins University Center for Systems Science and Engineering, 13 Jun 2022

³⁸ Johns Hopkins University Center for Systems Science and Engineering, 11 May 2022

³⁹ Johns Hopkins University Center for Systems Science and Engineering, 13 Jun 2022

⁴⁰ AP News, 25 Jan 2022

⁴¹ CGTN, 30 Jan 2022

⁴² Worldometers, accessed 13 Jun 2022

⁴³ Our World in Data, 14 Jun 2022

⁴⁴ AP News, 25 Jan 2022

⁴⁵ AP News, 25 Jan 2022

⁴⁶ Menafn, 19 Oct 2021

However, family gatherings, such as weddings and gatherings in public places, remain banned under the pandemic sanitary measures.⁴⁷

Planner

1-2 Nov 2022 **Algiers (Algeria)** Arab League Summit

Chronology

12 Jun 2022 **Algiers (Algeria)** *Ahram Online*. Algeria rejects what it terms as “*hasty and bare of truth*” statements issued by the **European Union (EU)** on the back of **Algiers’** decision to suspend a cooperation pact with **Spain**;

10 Jun 2022 **Algiers (Algeria)** *Ahram Online*. The **European Union** says Algeria’s decision to “*suspend the treaty of friendship and good neighborly relations signed with Spain in 2002 is of utmost concern*”;

10 Jun 2022 **Algiers (Algeria)** *Ahram Online*. Algeria appears to have backed down in its dispute with **Spain** after its mission at the **European Union** issued a statement saying the northwest **African** country had never suspended the friendship treaty it holds with Spain;

9 Jun 2022 **Algiers (Algeria)** *Africa News*. President **Abdelmadjid Tebboune** hosts his **Venezuelan** counterpart, **Nicolas Maduro**, in Algiers as part of a two-day “*working and friendship visit*”;

9 Jun 2022 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ramtane Lamamra** receives **United Nations (UN)** secretary general special adviser to **Libya**, **Stephanie Williams**, who is on a working visit to Algeria;

9 Jun 2022 **Algiers (Algeria)** *Aljazeera*. Algeria suspends trade ties with **Spain** over **Western Sahara** row;

6 Jun 2022 **Algiers (Algeria)** *Middle East Monitor*. **Sidi Mohamed Court** in **Algiers** sentences **Said Bouteflika**, jailed brother of late President **Abdelaziz Bouteflika**, to eight years’ imprisonment for corruption;

5 Jun 2022 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ramtane Lamamra** participates in a high-level ministerial meeting by videoconference on the crisis in **Ukraine**;

3 Jun 2022 **Algiers (Algeria)** *Algeria Press Service*. Prime Minister **Aimene Benabderrahmane** presents in **Stockholm (Sweden)** Algeria’s experience in the fight against **Covid-19** and its impacts, in an address to high-level international meeting on the environment **Stockholm+50**;

1 Jun 2022 **Algiers (Algeria)** *Business Insider*. **North Atlantic Treaty Organization (NATO)** reportedly considers Algeria a security risk for **Europe**, comparing Algeria with **Russia** and saying both countries use energy as a weapon to pressure clients;

31 May 2022 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ramtane Lamamra**, receives **European Union (EU)** special representative for the **Sahel**, **Emanuela Claudia Del Re**, who is on a working visit to Algeria as part of the political dialogue on peace and security issues in **Africa**;

⁴⁷ Menafn, 19 Oct 2021

30 May 2022 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ramtane Lamamra** receives in Algiers an **Italian** parliamentary delegation led by the chairman of the foreign affairs committee of the Italian chamber of deputies, **Piero Fassino**;

30 May 2022 **Algiers (Algeria)** *Middle East Monitor*. Foreign affairs minister **Ramtane Lamamra** tells his **Tunisian** counterpart, **Othman Jarandi**, that Algeria will remain “a permanent support for Tunisia”;

29 May 2022 **Algiers (Algeria)** *SP Global*. State-owned energy company **Sonatrach** signs a \$490m production sharing agreement for **Zarzaitine** with **China**-headquartered energy company **Sinopec**;

28 May 2022 **Algiers (Algeria)** *Morocco World News*. **Russia** replaces its ambassador to Algeria, **Igor Belyaev**, with **Valerian Shuvaev**, who served the same post in **Morocco**;

27 May 2022 **Rome (Italy)** *Middle East Eye*. During a press conference with his **Italian** counterpart, **Sergio Mattarella**, President **Abdelmadjid Tebboune** offers to help **Tunisia** return to the “democratic path” as political instability in the **North African** country continues to provoke criticism abroad;

24 May 2022 **Algiers (Algeria)** *Arab News*. A submarine cable nearly 200 km long will soon link the **Italian** island of **Sardinia** and the **Algerian** region of **El-Chafia**, allowing an exchange of up to 2,000 megawatts of electricity between the two countries;

23 May 2022 **Algiers (Algeria)** *Arab News*. President **Abdelmadjid Tebboune** fires central bank chief **Rostom Fadli**, in office for less than two years, without further explanation and appoints **Salah Eddine Taleb** to replace him;

20 May 2022 **Algiers (Algeria)** *Morocco World News*. **Saudi Arabia** expresses its support during a meeting between **Algeria’s** President **Abdelmadjid Tebboune** and Saudi foreign affairs minister **Faisal bin Farhan** for **Algeria’s** campaign to gain a non-permanent seat at the **United Nations Security Council (UNSC)**;

20 May 2022 **Algiers (Algeria)** *Morocco World News*. Foreign affairs minister **Ramtane Lamamra** says there is no turning back for Algeria regarding its decision to cut diplomatic ties with **Morocco** and it will not “tolerate any mediation”;

19 May 2022 **Algiers (Algeria)** *Arab News* Algerian state-owned energy company **Sonatrach** and **Italian** multinational energy company **Eni** have canceled work on \$500m pipeline project in Algeria which included laying pipelines, installing valve stations, installing a control system, and installing fenced burn pits;

17 May 2022 **Algiers (Algeria)** *Middle East Monitor*. Algerian lawmakers submit a bill criminalising the normalisation of relations with **Israel**, including articles prohibiting travel or any direct or indirect contact with **Tel Aviv**;

15 May 2022 **Algiers (Algeria)** *Daily Sabah*. President **Abdelmadjid Tebboune** makes his first presidential visit to **Turkey** in 17 years, during which 15 agreements are due to be signed between the two countries.

13 May 2022 **Algiers (Algeria)** *North Atlantic Treaty Organization*. **International Military Staff (DGIMS)** director general **Hans-Werner Wiermann**, visits Algeria, upon the invitation of the Algerian chief of defence **Saïd Chanegriha**.

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