

## AFRICA RISK CONSULTING

### Algeria Monthly Briefing July 2022

---

#### Algeria Summary 14 July 2022

*President Abdelmadjid Tebboune (2019-present) has removed finance minister Abderrahmane Raouya from his position, just three months after appointing him, giving no reason for his dismissal. Russia has replaced Algeria as Spain's second-largest natural gas supplier as exports from the North African country declined amid a diplomatic rift with Spain. State-owned oil and gas company Sonatrach CEO Toufik Hakkar announces the company has reached a deal with three unspecified "partners" to increase the prices of its natural gas exports, as European countries push to increase supplies from Algeria. Sonatrach's annual revenues are expected to reach \$50 billion by the end of 2022. Algeria, Nigeria and Niger commit to accelerating work on the development of a Trans-Saharan gas pipeline designed to carry 30 cubic metres per year of gas to the European market. Algeria continues to experience a decline in new cases of Covid-19.*

---

#### President Tebboune fires finance minister Raouya

President **Abdelmadjid Tebboune** (2019-present) signed a decree on 14 June removing finance minister **Abderrahmane Raouya** from his position just three months after appointing him.<sup>1</sup> Although no reason was given for the sacking, a statement from the presidency said the decision was made following consultations with prime minister **Aymen Benabderrahmane**.<sup>2</sup> The dismissal occurred amid a diplomatic crisis with **Spain**, after **Algiers** suspended on 8 June the friendship treaty signed between the two countries 20 years ago (see *ARC Briefing Algeria Jun 2022*)<sup>3</sup>. Finance ministry general secretary **Brahim Djamel Kassali** was assigned to take over the position in the interim.<sup>4</sup>

Raouya was appointed as finance minister on 17 February after having held the ministerial post twice between 2017 and 2020, taking over from Benabderrahmane, who was appointed prime minister in June 2021 and had combined the two roles since then (see *ARC Briefing Algeria Feb 2022*).<sup>5</sup> Raouya was reportedly well versed in the functioning of both the finance ministry and the taxation department, where he had held several positions.<sup>6</sup> He had also worked for international financial institutions, having served as an expert for the **International Monetary Fund (IMF)** in the **Democratic Republic of the Congo (DRC)**.<sup>7</sup>

Raouya's dismissal comes a few weeks after Tebboune fired **Banque d'Algérie** (central bank) governor **Rostom Fadli** on 23 May, again without providing an explanation for the decision (see *ARC Briefing Algeria Jun 2022*).<sup>8</sup> 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.<sup>9</sup> Tebboune has appointed **Salah Eddine Taleb** to replace Fadli.

---

<sup>1</sup> The National News, 15 Jun 2022

<sup>2</sup> Middle East Monitor, 15 June 2022

<sup>3</sup> NewsRMD, 14 Jun 2022

<sup>4</sup> The National News, 15 Jun 2022

<sup>5</sup> Middle East Monitor, 17 Feb 2022

<sup>6</sup> Reuters, 17 Feb 2022

<sup>7</sup> Reuters, 17 Feb 2022

<sup>8</sup> Channels TV, 23 May 2022

<sup>9</sup> Channels TV, 23 May 2022

Observers claim that the termination of tasks and appointees has become a common practice in Algeria since Tebboune assumed power in 2019, leading to instability in Algerian institutions.<sup>10</sup> However, the change in finance ministry leadership does not appear to have impacted the Algerian dinar. On 14 June, the day of Raouya's dismissal, one **United States (US)** dollar was worth 146.73 dinar, while on 13 July, it had depreciated slightly to 147.09.<sup>11</sup>

Algeria, a member of the **Organization of the Petroleum Exporting Countries (OPEC)**, is heavily reliant on energy exports to support its budget and spending; however, the current fuel crisis, exacerbated by **Russia's** invasion of **Ukraine**, has worsened the country's already difficult economic situation.<sup>12</sup>

### ... as gas remains centre-stage ...

Russia has replaced Algeria as Spain's second-largest natural gas supplier as exports from the **North African** country declined amid a diplomatic rift.<sup>13</sup> According to energy firm **Enagas SA**, gas imports from Russia reached 8,752 gigawatt-hours in June, more than doubling from May and corresponding to 24% of Spain's total demand.<sup>14</sup> Supplies from Algeria decreased to 7,763 gigawatt-hours from 9,094 gigawatt-hours in May, about half the amount for June 2021 and now representing 22% of local demand.<sup>15</sup> The US remains Spain's largest supplier with a 30% share.

The drop in gas supplies from Algeria, traditionally Spain's largest supplier, follows a diplomatic clash between the two countries after **Madrid's** recognition of **Morocco's** sovereignty over **Western Sahara**.<sup>16</sup> 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*).<sup>17</sup> Morocco considers the Western Saharan territory as its own; however, the Algeria-backed **Polisario Front** movement demands a sovereign state.<sup>18</sup> 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*".<sup>19</sup> 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*).<sup>20</sup>

In June, Spain began exporting liquefied gas to Morocco through the Maghreb-Europe pipeline, which historically sent fuel in the opposite direction before Algeria halted flows last year.<sup>21</sup> 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**.<sup>22</sup> 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*".<sup>23</sup>

<sup>10</sup> Arab News, 24 May 2022

<sup>11</sup> Fx, accessed 14 Jul 2022

<sup>12</sup> The National News, 15 Jun 2022

<sup>13</sup> Bloomberg, 11 Jul 2022

<sup>14</sup> Enagas, 11 Jul 2022

<sup>15</sup> Bloomberg, 11 Jul 2022

<sup>16</sup> Bloomberg, 11 Jul 2022

<sup>17</sup> Reuters, 18 Mar 2022

<sup>18</sup> Reuters, 18 Mar 2022

<sup>19</sup> Middle East Eye, 19 Mar 2022

<sup>20</sup> Middle East Monitor, 20 Apr 2022

<sup>21</sup> Bloomberg, 11 Jul 2022

<sup>22</sup> Middle East Monitor, 28 Apr 2022

<sup>23</sup> Euronews, 27 Apr 2022

Spain continues to rely more on liquefied natural gas (LNG), which in June represented about 77% of gas imports, a 29% increase from the same month in 2021.<sup>24</sup> While Algerian gas is mostly sent to Spain via pipeline, with LNG representing only a small part, Russian supplies are all LNG.

Sonatrach CEO **Toufik Hakkar** announced on 3 July that Algeria had reached a deal with three partners to increase the prices of its natural gas exports, as **European** countries push to increase supplies from Algeria.<sup>25</sup> Hakkar said Algeria was confident that it would soon reach agreements with other partners to review the prices, without naming the three counterparties with whom a deal had been struck, noting that “*negotiations are hard and very tiring and require more time.*”<sup>26</sup>

Algeria remains Europe’s largest gas supplier after Russia and **Norway**, exporting it via the **Medgas** pipeline to Spain and **Italy** and also shipping it in liquefied form.<sup>27</sup> The **European Union (EU)** is seeking to reduce energy imports from Russia and officials have travelled to Algiers in recent months to secure commitments for higher production. Sonatrach hopes to benefit from skyrocketing gas prices and is mulling several options with buyers, including tying its contracts to crude oil prices.<sup>28</sup> Some of Algeria’s partners include Italy’s **Eni**, **France**-based **Engie**, **Portugal**-based **Galp**, and Spanish companies **Cepsa** and **Endesa**.<sup>29</sup>

Hakkar reported that Sonatrach’s output reached 79 million tons of oil equivalent in the first five months of 2022, up 2% year-on-year,<sup>30</sup> anticipating annual revenues to reach \$50 billion by the end of 2022.<sup>31</sup> He noted that the energy company’s total exports in 2021 grew by 75% on an annual basis to reach \$35 billion.<sup>32</sup> The company’s spending on exploration increased 70% to \$21.5 billion.<sup>33</sup>

Sonatrach announced on 27 June the discovery of a “*significant*” gas condensate deposit in the **Hassi R’mel** exploration field in the Algerian Sahara. The deposits are estimated at between 100 and 340 billion cubic metres of gas with condensate, representing “*one of the largest revaluations of reserves in the last 20 years*”.<sup>34</sup> Condensate gas is natural gas containing liquid hydrocarbons in suspension, similar to crude oil, which greatly increases its value.<sup>35</sup> Sonatrach aims to begin production from the field in November, producing 10 million cubic metres per day.

### ... amid pledges to accelerate work on trans-Saharan gas link

Energy minister **Mohamed Arkab**, together with **Nigerian** and **Nigerien** counterparts **Timipre Sylva** and **Mahamane Sani Mahamadou**, committed at a meeting on 20 June in **Abuja** (Nigeria), to accelerating work on the development of a **Trans-Saharan** gas pipeline designed to carry 30 cubic metres per year of gas to the European market.<sup>36</sup> The three ministers said the pipeline will enable Europe to tap directly into their countries’ significant gas reserves,

<sup>24</sup> Bloomberg, 11 Jul 2022

<sup>25</sup> Bloomberg, 3 Jul 2022

<sup>26</sup> Sonatrach, 3 Jul 2022

<sup>27</sup> Bloomberg, 3 Jul 2022

<sup>28</sup> Bloomberg, 3 Jul 2022

<sup>29</sup> Bloomberg, 3 Jul 2022

<sup>30</sup> Sonatrach, 3 Jul 2022

<sup>31</sup> Zawya, 24 Jun 2022

<sup>32</sup> Zawya, 24 Jun 2022

<sup>33</sup> Bloomberg, 3 Jul 2022

<sup>34</sup> Africa News, 28 Jun 2022

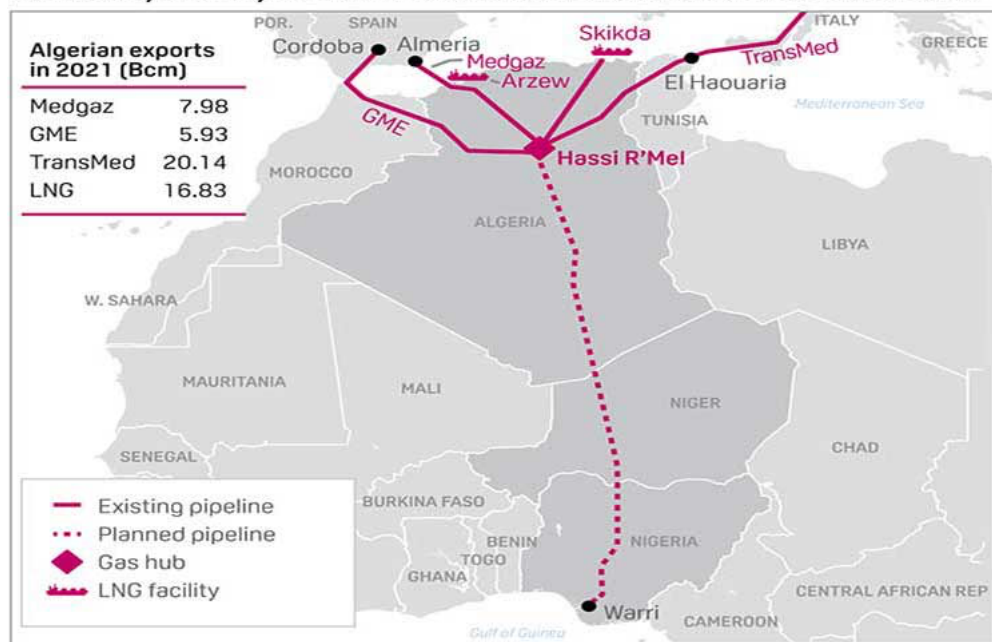
<sup>35</sup> Africa News, 28 Jun 2022

<sup>36</sup> S&P Global Commodity Insights, 21 Jun 2021

*“thus diversifying its supply in the wake of the current energy crisis, while creating critical sources of revenue for African gas markets”.<sup>37</sup>*

In February, the three countries agreed in terms of the **Declaration of Niamey** to revive the decades-long delayed 4,128-km project, which is estimated to cost \$13 billion.<sup>38</sup> The planned pipeline would connect **Warri** in Nigeria to the Hassi R'Mel gas hub in Algeria, passing through Niger. Arkab said the three energy ministers pledged to realise the project in *“the shortest time possible”* and take the first steps through the start of technical studies.<sup>39</sup> The three energy ministers will convene again in Algiers at the end of July to validate the proposals of the newly formed task force.<sup>40</sup>

#### ALGERIA, NIGER, NIGERIA INK TRANS-SAHARAN GAS LINK DEAL



Source: S&P Global Commodity Insights

The idea for the project was proposed more than 40 years ago and an agreement was signed between the countries in 2009, but progress stalled.<sup>41</sup> Algeria and Nigeria signed a memorandum of understanding (MoU) for the pipeline in 2002; however, progress was limited due to delays in the passage of Nigeria's oil sector reform law, the **Petroleum Industry Bill**, which was finally passed in July 2021 (see *ARC Briefing Nigeria July 2021*).<sup>42</sup> However, amid the current international energy crisis and European efforts to curb Russian gas imports, the stalled project is now seen as an opportunity to monetise Nigeria's gas resources and help meet European demand.<sup>43</sup> Nigeria also took steps in June to move forward on another long-awaited pipeline, which would pass through **West Africa** and Morocco to Europe.<sup>44</sup>

#### Covid-19 cases remain low...

Although Algeria continues to report new cases of **Covid-19**, numbers appear to be on a downward trajectory. Between 29 June and 12 July, the country registered a total of 241 new

<sup>37</sup> S&P Global Commodity Insights, 21 Jun 2021

<sup>38</sup> S&P Global Commodity Insights, 21 Jun 2021

<sup>39</sup> S&P Global Commodity Insights, 21 Jun 2022

<sup>40</sup> Al Jazeera, 23 Jun 2022

<sup>41</sup> Al Jazeera, 23 Jun 2022

<sup>42</sup> S&P Global Commodity Insights, 21 Jun 2022

<sup>43</sup> S&P Global Commodity Insights, 21 Jun 2022

<sup>44</sup> Al Jazeera, 23 Jun 2022

cases of Covid-19.<sup>45</sup> By comparison, on 25 January, Algeria reported a daily record of 2,521 new cases of Covid-19.<sup>46</sup> As of 13 July, Algeria had recorded 266,328 cases of Covid-19 in its population of roughly 44 million, with 6,875 Covid-19-related deaths and 178,728 recoveries.<sup>47</sup> Algeria has not reported a Covid-19 death in over a month.

According to 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.<sup>48</sup> 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.<sup>49</sup> The vaccine pass is necessary to enter cinemas, theatres, sports facilities, museums, townhalls, and hammams.<sup>50</sup> Vaccinated travellers require a Covid-19 vaccination pass to enter the country. Unvaccinated travellers require a negative PCR test performed less than 72 hours prior to departure to enter Algeria.<sup>51</sup>

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*).<sup>52</sup> However, family gatherings, such as weddings and gatherings in public places, remain banned under the pandemic sanitary measures.<sup>53</sup>

---

<sup>45</sup> Johns Hopkins University Center for Systems Science and Engineering, 14 Jul 2022

<sup>46</sup> AP News, 25 Jan 2022

<sup>47</sup> Worldometers, accessed 13 Jun 2022

<sup>48</sup> Our World in Data, accessed 13 Jul 2022

<sup>49</sup> AP News, 25 Jan 2022

<sup>50</sup> AP News, 25 Jan 2022

<sup>51</sup> Kiwi, 12 Jul 2022

<sup>52</sup> Menafn, 19 Oct 2021

<sup>53</sup> Menafn, 19 Oct 2021

## Planner

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

## Chronology

12 Jul 2022 **Algiers (Algeria)** *Algeria Press Service*. Algerian nationals wounded in the armed attack perpetrated in the suburbs of **Gao (Mali)** are repatriated to Algeria upon instructions from President **Abdelmadjid Tebboune**;

12 Jul 2022 **Algiers (Algeria)** *Africa intelligence*. **British** auditing giants **EY** and **Deloitte** will end their consulting activities in Algeria;

12 Jul 2022 **Algiers (Algeria)** *North African Post*. The **United States (US)** becomes **Spain's** largest gas supplier as **Madrid** reduces drastically imports from Algeria;

12 Jul 2022 **Algiers (Algeria)** *Africa intelligence*. President **Abdelmadjid Tebboune** has selected **Said Moussi** as Algeria's new ambassador to **France**;

11 Jul 2022 **Algiers (Algeria)** *Middle East Business Intelligence*. **Algerian** gas exports to **Spain** were down by 15% in June compared to May due to diplomatic spat;

10 Jul 2022 **Algiers (Algeria)** *Algeria Press Agency*. **Sidi M'hamed Court of Algiers** sentences former culture minister **Khalida Toumi** to six years in prison and fines her 200,000 dinars (\$1,430) after finding her guilty of corruption;

9 Jul 2022 **Algiers (Algeria)** *Algeria Press Service*. An armed group of four individuals riding motorcycles in **Gao (Mali)** attack Algerian truckers, injuring three people;

8 Jul 2022 **Algiers (Algeria)** *Algeria Press Service*. **China's** President **Xi Jinping** congratulates Algeria on its 60th anniversary celebrations, highlighting the "deep friendship" that unites the two countries;

6 Jul 2022 **Algiers (Algeria)** *Middle East Monitor*. President **Abdelmadjid Tebboune** receives **Tunisian General Labour Union** secretary-general **Noureddine Taboubi** amid reports of mediation efforts carried out by Algeria to solve the political crisis in **Tunisia**;

6 Jul 2022 **Algiers (Algeria)** *Daily Sabah*. President **Abdelmadjid Tebboune** says Algeria will reopen land borders to **Tunisia** in mid-July, after they were closed in 2020 at the peak of the coronavirus pandemic;

6 Jul 2022 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** receives **Cuban** foreign affairs minister **Bruno Rodriguez**, who relays a message from Cuba's President **Miguel Diaz-Canel**;

6 Jul 2022 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** receives **Ethiopia's** President **Sahle-Work Zewde** during her state visit to Algeria;

5 Jul 2022 **Algiers (Algeria)** *Aljazeera*. **Palestine's** President **Mahmoud Abbas** meets publicly political rival **Hamas** chief **Ismail Haniya** for the first time in more than five years on the sidelines of Algeria's 60th anniversary of independence in **Algiers**, with President **Abdelmadjid Tebboune** in attendance;

5 Jul 2022 **Algiers (Algeria)** *Middle East Monitor*. **France's** President, **Emmanuel Macron** said that he wants to strengthen relations between France and Algeria on the 60th anniversary of the former colony's independence;

5 Jul 2022 **Algiers (Algeria)** *Middle East Monitor*. The **Palestinian Islamic Resistance Movement** is taking part in the celebration of the 60th anniversary of Algerian independence at the invitation of President **Abdelmadjid Tebboune**;

5 Jul 2022 **Algiers (Algeria)** *Associated Press*. **Algeria** celebrates 60 years of independence from **France** with nationwide ceremonies, a pardon of 14,000 prisoners and its first military parade in decades;

5 Jul 2022 **Rabat (Morocco)** *The New Arab*. **Morocco** calls for a return to regional roundtable talks on a peace deal over the **Western Sahara**, a format rejected by neighbouring **Algeria**, which says it masks the nature of the conflict;

5 Jul 2022 **Algiers (Algeria)** *Africa Report*. The **United Arab Emirates**, a non-permanent member of the **United Nations Security Council (UNSC)**, rejects the application of Algerian diplomatic chief **Sabri Boukadoum** to become the next UN envoy in **Libya**;

4 Jul 2022 **Algiers (Algeria)** *Algeria Press Service*. Prime minister **Aïmene Benabderrahmane** chairs the ceremony of the launch of the electronic portal devoted to the next **Arab Summit** that will be held in Algiers on 1-2 November;

4 Jul 2022 **Algiers (Algeria)** *Algeria Press Service*. **Republic of Congo's** President **Denis Sassou-Nguesso**, together with **Tunisia's** President **Kais Saied**, **Niger's** President **Mohamed Bazoum** and **Palestine's** President **Mahmoud Abbas** arrive in **Algiers** to take part in the events celebrating Algeria's 60th anniversary of independence;

3 Jul 2022 **Algiers (Algeria)** *MEO*. State oil and gas producer **Sonatrach** CEO **Tewfik Hakkar** says **Algeria** is negotiating with all its clients to review gas prices;

3 Jul 2022 **Algiers (Algeria)** *Peoples Gazette*. African **Export-Import Bank (Afreximbank)** announces that Algeria has joined the bank as its 52nd member state;

1 Jul 2022 **Algiers (Algeria)** *Reliefweb*. **Amnesty International** says Algerian authorities must immediately and unconditionally release at least 266 activists and protesters imprisoned for participating in the **Hirak** protest movement, criticising the authorities, denouncing state corruption or expressing solidarity with detainees;

1 Jul 2022 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ramtane Lamamra** arrives in **Beirut (Lebanon)** to take part in the consultative meeting of the **Arab** foreign ministers;

30 Jun 2022 **Algiers (Algeria)** *Middle East Monitor*. **Spain** accuses Algeria of blocking almost all bilateral trade exchanges, except for its gas exports, following a major diplomatic spat between the two countries over the disputed **Western Sahara**;

29 Jun 2022 **Algiers (Algeria)** *Morocco World News*. Algeria withdraws from an **Arab League** summit in **Tunisia** in protest of the display of Morocco's complete map including the **Western Sahara** region;

27 Jun 2022 **Algiers (Algeria)** *Africa News*. State-owned energy group **Sonatrach** announces the discovery of a "significant" gas condensate deposit in the **Hassi R'mel** field in the **Algerian Sahara**;

23 Jun 2022 **Algiers (Algeria)** *Zawya*. State-owned energy group **Sonatrach** CEO **Toufik Hakkar** reports the company's exports grew by 75% on annual basis in the last year to reach \$35.4 billion and that he expects the company's annual revenues to hit \$50 billion by the end of 2022;

22 Jun 2022 **Algiers (Algeria)** *English Aawsat*. Algerian government sources say ties between Algeria and **Morocco** have deteriorated and it is difficult to imagine restoring them at this time;

21 Jun 2022 **Algiers (Algeria)** *Middle East Monitor*. President **Abdelmadjid Tebboune** has instructed the teaching of English at primary school level for the first time in Algeria's history;

20 Jun 2022 **Algiers (Algeria)** *Al Jazeera*. Algeria, **Niger** and **Nigeria** hold talks on the revival of a decades-old **Trans-Saharan** gas project to transport gas across the **Sahara to Europe**, establishing a task force for the project and designating an entity to update a feasibility study for the gas pipeline that is estimated to cost \$13 billion and could send up to 30 billion cubic metres a year of supplies to Europe;

15 Jun 2022 **Algiers (Algeria)** *Middle East Monitor*. President **Abdelmadjid Tebboune** signs a decree removing finance minister **Abderrahmane Raouya** just three months after appointing him;

13 Jun 2022 **Algiers (Algeria)** *Reuters*. Spain's economy minister, **Nadia Calvino**, says Algeria is increasingly aligned with **Russia**.

### About Africa Risk Consulting:

**Africa Risk Consulting (ARC)** is a pan-African consulting company that provides timely, relevant information and advice that enables its clients to take informed investment decisions and to safeguard their reputations.

**ARC's** core consulting services include integrity due diligence and corporate investigations, political advisory and country assessments, opportunity monitoring and reputation risk management. Most relevant to private equity firms is ARC's integrity due diligence and corporate investigations capability. Specifically, ARC offers pre-deal integrity checks to highlight red flags before negotiations start; full detailed multi-jurisdictional reputation due diligence; and supplier and senior hire vetting and repeat due diligence for compliance programmes. ARC is unique in that it offers a 10-day delivery for a routine integrity due diligence. ARC also offers a suite of corporate investigations services from immediate investigation, evidence gathering, e-discovery, forensic accounting and whistleblower support on one end to crisis media management and regular monitoring on the other.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### About ARC Briefing:

**ARC Briefing** is ARC's essential business information service.

Companies at any stage in their Africa expansion, whether building or communicating an Africa strategy, investing directly, expanding current operations, financing other investors, doing the legal leg-work or researching the Africa growth trend, need ARC Briefing.

**ARC Briefing** is an information service keeping you:

- Up to date with Country Chronologies of business-critical events
- In the know via Country Briefings on political, economic, business and operating trends. Written in-country, ARC experts analyse and comment
- Ahead with Country Planner which details future elections, budgets, regulatory changes etc.

[www.africariskconsulting.com](http://www.africariskconsulting.com)

### Getting in touch

Please contact us by email [info@africariskconsulting.com](mailto:info@africariskconsulting.com) or call + 44 (0) 20 7078 4080

Follow us on Twitter: [@ARCBriefing](https://twitter.com/ARCBriefing)