

## AFRICA RISK CONSULTING

### Algeria Monthly Briefing January 2024

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#### Algeria Summary 10 January 2024

*The government is set to ramp up spending by 11% in 2024, allocating more funds toward state salaries and affordable housing as Algeria prepares for presidential elections in December. Energy and mines minister Mohamed Arkab says on 6 December that the Organization of the Petroleum Exporting Countries+ (OPEC+) could extend its latest oil supply curbs beyond the first quarter of this year, echoing statements from Russia and group leader Saudi Arabia. Relations between Algeria and Mali reach the brink of diplomatic breakdown in December, with both countries recalling each other's ambassadors and in the process, closing official channels for dialogue and deepening tensions over efforts to end the armed rebellion in Northern Mali. The United States (US) Department of State adds Algeria to a list of countries it accuses of "engaging and tolerating severe violations of religious freedom".*

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#### Government eyes spending boost in 2024 as elections approach

The **Algerian** government is set to ramp up spending by 11% in 2024, allocating more funds toward state salaries and affordable housing as the **North African** country prepares for this year's presidential elections. The 2024 budget draft approved on 5 December by parliament will see total state expenditure increasing to 15.3 trillion dinars (\$114 billion) from 13.7 trillion dinars (\$102 billion) in the previous year.<sup>1</sup> Algeria, a major supplier of gas to **Europe**, will fund around 40% of the budget through energy shipments. Defence spending, which is already a large component of the budget due to Algeria's tensions with **Morocco**, will increase by 21% to 2.9 trillion dinars (\$21.5 billion).<sup>2</sup> The interior ministry, which oversees policing and is responsible for election preparations, will receive a 27% increase compared to the previous year. President **Abdelmadjid Tebboune** (2019-present) informed government ministers in October that the priority of 2024's budget is to protect citizens' purchasing power, and has ordered the construction of 250,000 new housing units this year.<sup>3</sup>

However, this year's spending figure far exceeds revenues, which sit at 9.11 trillion dinars (\$68.5 billion).<sup>4</sup> As was the case with the 2023 budget, the draft approved by lawmakers does not indicate how the shortfall will be covered. The government has constantly rejected taking on foreign loans, while persistent budget deficits and high break-even prices for gas and oil have eaten into Algeria's currency reserves in recent years.<sup>5</sup> Frustrations over high living costs, poor job opportunities and a stagnant political leadership led to low voter turnout and fiery anti-government protests in 2019, in what was referred to as the **Hirak movement**. Those issues persist today with Algerians struggling with even tougher economic challenges, suggesting that this year's election could be equally chaotic. Tebboune has not yet indicated whether he will run again; however, it is widely expected that he will be on the ballot.

#### Algeria says OPEC+ could extend oil cuts beyond March

Energy and mines minister **Mohamed Arkab** announced on 6 December that the **Organization of the Petroleum Exporting Countries+ (OPEC+)** could extend its latest oil supply curbs beyond the

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<sup>1</sup> Bloomberg, 5 Dec 2023

<sup>2</sup> Bloomberg, 5 Dec 2023

<sup>3</sup> Bloomberg, 5 Dec 2023

<sup>4</sup> Bloomberg, 5 Dec 2023

<sup>5</sup> Bloomberg, 5 Dec 2023

first quarter of this year, echoing statements from **Russia** and group leader **Saudi Arabia**.<sup>6</sup> Arkab said in a statement that with the cutbacks, OPEC+

*“aims to realign the international oil market with its intrinsic fundamentals rather than subjecting it to the irrational fluctuations of speculators.”<sup>7</sup>*

Arkab’s statement coincided with the visit of Russia’s President **Vladimir Putin** (2000-2008; 2012-present) to Saudi Arabia for a meeting with Crown Prince **Mohammed Bin Salman** (2022-present) aimed at strengthening partnerships with oil producers in the region.<sup>8</sup> The oil cartel on 30 November announced an additional supply cut of 900,000 barrels a day; however, prices have continued to slump due to concerns about oversupply and slowing fuel consumption growth.<sup>9</sup> While some crude traders are sceptical that the alliance members will fully implement their pledges, Saudi Arabia’s energy minister, **Abdulaziz bin Salman**, said on 4 December that the 23-member crude coalition might *“absolutely”* extend the measures beyond the first quarter of this year, a statement echoed a day later by Russia’s deputy prime minister, **Alexander Novak**.<sup>10</sup>

OPEC+ countries produce around 40% of the world’s crude, which means that its policy decisions have a major impact on oil prices. Algeria and OPEC+ members will most likely see some increase in oil revenues as a result of the production cuts. In a major boon for Algeria, skyrocketing energy prices – a consequence of Russia’s war in **Ukraine** – have already shored up the country’s foreign reserves, giving the government more scope to cushion citizens against increasing living costs and ward off social unrest.<sup>11</sup> The director general of foresight at Algeria’s energy ministry, **Miloud Medjelled**, announced on 15 December 2022 that gas exports hit a record 56 billion cubic metres (bcm) in 2022, and these are likely to have increased in 2023.<sup>12</sup> The expected increase in oil prices will benefit Algeria even further. A potential green hydrogen deal with **Germany** also offers economic benefits, and the expected entry of **United States (US)** energy giants such as **Exxon Mobil** and **Chevron** into Algeria could further boost its crucial energy sector. The government dependent on the sector’s profits for about 60% of its budget and 95% of export revenues. Algeria currently produces around one million barrels of oil per day.<sup>13</sup>

### **Mali recalls envoy to Algeria amid deepening tensions over peace efforts**

Relations between Algeria and **Mali** reached the brink of diplomatic breakdown in December, with both countries recalling each other’s ambassadors and in the process, closing official channels for dialogue and deepening tensions over efforts to end the armed rebellion in Northern Mali.<sup>14</sup> Malian authorities recalled their ambassador in **Algiers**, **Mahamane Amadou Maiga**, on 22 December after accusing Algeria of *“interference in Mali’s internal affairs”* by meeting with rebel leaders.<sup>15</sup> Mali summoned Algeria’s ambassador to **Bamako**, **Noureddine Ayadi**, to protest Algerian president Tebboune’s reception of a religious leader backing the local **Tuareg** independence rebels, **Mahmoud Dicko**, an opponent of the ruling regime in Bamako.<sup>16</sup> Dicko is one of a few local figures to openly express disagreement with the junta in Mali that overthrew civilian president **Ibrahim Boubacar Keita** (2013-2020) in a military coup in 2020.<sup>17</sup> In reference to the meeting, the **Malian Information and Press Bureau** said in a statement published on 22 December, that it had summoned Ayadi,

<sup>6</sup> Ministry of Energy and Mines Statement, 6 Dec 2023

<sup>7</sup> Ministry of Energy and Mines Statement, 6 Dec 2023

<sup>8</sup> Bloomberg, 6 Dec 2023

<sup>9</sup> Bloomberg, 6 Dec 2023

<sup>10</sup> Bloomberg, 6 Dec 2023

<sup>11</sup> Bloomberg, 20 Oct 2023

<sup>12</sup> Radio Algeria, 15 Dec 2022

<sup>13</sup> Reuters, 9 Jan 2024

<sup>14</sup> Atalayar, 24 Dec 2023

<sup>15</sup> AP News, 22 Dec 2023

<sup>16</sup> North Africa Post, 23 Dec 2023

<sup>17</sup> AFP, 28 Dec 2023

*“to express strong protest following recent unfriendly acts of the Algerian authorities under the guise of the peace process in Mali.”<sup>18</sup>*

The Malian government also called on the Algerian government to “*prioritise dialogue with the Malian Authorities*”.<sup>19</sup> In response, Algeria’s foreign affairs ministry summoned Mali’s top diplomat, Maiga, on 22 December and encouraged Bamako to “*join the efforts currently undertaken by Algeria to give (the agreement) new impetus*”.<sup>20</sup> The Algerian foreign ministry defended Tebboune’s meeting with rebel leaders claiming that it “*fit perfectly*” into its efforts to uphold the 2015 peace deal and help achieve peace in Mali.<sup>21</sup> The Algerian government has been the main mediator in peace efforts between Mali and the Tuareg rebels, whose separatist movement in the northern region has thrown the **West African** country into violent conflict for a decade.<sup>22</sup> The Tuareg in 2012 claimed the region from the Malian military, **Forces Armées Maliennes (FAMA)**, which set in motion a series of events that destabilised the country.<sup>23</sup> Algeria was key in getting the two parties to sign onto a 2015 peace deal which eventually collapsed after both parties accused the other of failing to comply with it.<sup>24</sup>

Algeria’s meeting with Tuareg rebels continues a trend of intervening in unstable neighbouring countries in a bid to resolve security threats in the region. Algeria announced on 9 October that it was “*suspending*” its mediation efforts aimed at bringing an end to the crisis in neighbouring **Niger** which has faced major instability since a coup initiated by its military on 26 July.<sup>25</sup> A segment of the Nigerien military, the **Conseil National pour la Sauvegarde de la Patrie (CNSP)**, detained democratically elected president **Mohamed Bazoum** (2021-2023) citing a “*deteriorating security situation and bad governance*”.<sup>26</sup> In August, Algeria proposed a six-month transition plan under the supervision of a “*civilian authority led by a consensual figure accepted by all sides*” targeted at the “*re-establishment*” of constitutional order in Niger (see *ARC Briefing Algeria Sep 2023*).<sup>27</sup> The Algerian foreign ministry released a statement on 2 October noting that Niger’s foreign ministry had sent official correspondence stating that it had accepted Algeria’s mediation aimed at developing a political solution.<sup>28</sup> However, Nigerien authorities on 3 October denied reports that its military regime had accepted an offer from Algeria to serve as a mediator, stating that the CNSP was “*surprised*” by this assertion.<sup>29</sup> The statement also rejected all the conclusions made in Algeria’s announcement. Nigerien prime minister **Ali Mahaman Lamine Zeine** revealed that he had learned of the supposed acceptance of mediation on social media and accused Algeria of “*manipulation*”.<sup>30</sup>

Algeria is heavily invested in finding a political solution to the crises in the region amid concern that continued instability could lead to a power vacuum, a rise in militias, displaced persons and refugees and overall greater instability in the region. However, its strategy to resolve the security challenges is threatening diplomatic relations with both Niger and Mali. With regards to Mali, while diplomatic relations have resumed with the return of Ayadi to Bamako on 6 January, any further disputes between the two countries could further threaten peace efforts in Mali, where new clashes between Tuareg rebels and the Malian military have erupted in recent months.<sup>31</sup>

<sup>18</sup> Malian Information and Press Bureau, 22 Dec 2023

<sup>19</sup> Malian Information and Press Bureau, 22 Dec 2023

<sup>20</sup> Algerian Foreign Affairs Ministry, 22 Dec 2023

<sup>21</sup> Algerian Foreign Affairs Ministry, 22 Dec 2023

<sup>22</sup> ABC News, 22 Dec 2023; AP News, 29 Nov 2023

<sup>23</sup> AP News, 29 Nov 2023; Bloomberg, 23 Dec 2023

<sup>24</sup> AP News, 29 Nov 2023

<sup>25</sup> Africa News, 10 Oct 2023; AFP 10 Oct 2023

<sup>26</sup> Aljazeera, 26 July 2023

<sup>27</sup> The East African, 10 Oct 2023

<sup>28</sup> Middle East Monitor, 3 Oct 2023; Anadolu Agency 3 Oct 2023

<sup>29</sup> Bloomberg, 3 Oct 2023; Middle East Monitor, 3 Oct 2023

<sup>30</sup> Africa News, 10 Oct 2023

<sup>31</sup> Bloomberg, 23 Dec 2023

## US adds Algeria to special watch list countries for violations of religious freedom

The United States **Department of State** has added Algeria to a list of countries it accuses of “*engaging and tolerating severe violations of religious freedom*”.<sup>32</sup> In a press statement published on 4 January, US secretary of state **Antony Blinken** announced that he had designated Algeria, the **Central African Republic (CAR)**, **Comoros**, **Azerbaijan** and **Vietnam** as “*Special Watch List countries*” for violations of religious freedoms.<sup>33</sup> Blinken called on the four countries to put an end to abuses of religious freedoms, such as attacks on members of religious minority communities and their places of worship, communal violence, and imprisonment for peaceful expression.<sup>34</sup> Algeria’s minister of foreign affairs, **Ahmed Attaf**, said on 8 January that the US statement is not reflective of the reality on the ground and ignores Algeria’s efforts,

*“to enshrine the principle of freedom of belief and religious practice, which is guaranteed by the constitution in a clear and unambiguous way.”*<sup>35</sup>

This is not the first time that Algeria has been included among countries accused of committing or tolerating violations of religious freedoms, as it was also placed on the State Department’s “Special Watchlist” in December 2022.<sup>36</sup> In January 2023, the international non-governmental organisation (NGO) **Open Doors** released a report on the treatment of Christians in Algeria and claimed that they are “*limited*” in exercising their faith.<sup>37</sup> The report claimed that discrimination and harassment are some of the problems that Christians in Algeria face, for example, challenges in finding employment or keeping a job. The **2020 Freedom of Religion report** cited several religious rights violations in Algeria, such as the closure of several churches.<sup>38</sup> It is unclear what the repercussions will be for continued violations of rights, as Blinken did not list them in his statement. However, given its significance to Europe’s energy needs, Algeria could avoid any strong sanctions. A local source told **Africa Risk Consulting (ARC) Briefing (ARC Briefing)** that it is “*hypocritical*” of the US to place Algeria on such a list when,

*“Israel is not on the list, and Biden is sending billions in weapons to kill innocent Gazans”.*<sup>39</sup>

<sup>32</sup> United States State Department, 4 Jan 2024

<sup>33</sup> United States State Department, 4 Jan 2024

<sup>34</sup> Morocco World News, 7 Jan 2024

<sup>35</sup> Algerian Foreign Affairs Ministry, 8 Jan 2024

<sup>36</sup> Morocco World News, 7 Jan 2024

<sup>37</sup> Morocco World News, 7 Jan 2024

<sup>38</sup> Morocco World News, 7 Jan 2024

<sup>39</sup> ARC source, local resident

## Planner

2024 (**France**) **Algeria's** President **Abdelmadjid Tebboune** to visit France;  
 Dec 2024 (**Algeria**) Presidential elections;

## Chronology

9 Jan 2024 **Algiers (Algeria)** *Reuters*. Energy minister **Mohamed Arkab** discusses oil and gas investments in Algeria with **United States (US)** energy giant **ExxonMobil**, with a deal between the two parties expected to be reached in the next few days;

9 Jan 2024 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** receives the head of the **European Union (EU)** delegation to Algeria, **Thomas Eckert**;

8 Jan 2024 **Cairo (Egypt)** *Arab News*. The **Arab Parliament** condemns a statement by **United States (US)** secretary of state **Anthony Blinken** regarding religious freedom in **Algeria**, saying the statement contained misleading and incorrect information;

6 Jan 2024 **Bamako (Mali)** *Barrons*. Official sources say that **Algeria's** ambassador to Mali, **Noureddine Ayadi**, has returned to Bamako, more than two weeks after being recalled by **Algiers** in connection with rising diplomatic tensions between the two neighbouring countries;

4 Jan 2024 **Algiers (Algeria)** *Algeria Press Service*. The official visit by **Sierra Leone's** President **Julius Maada Bio** to Algeria culminates in the signing of a joint communiqué on discussion with President **Abdelmadjid Tebboune**;

3 Jan 2024 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** receives **Sierra Leone's** President **Julius Maada Bio** and exchanges views on regional and international issues of common interest;

1 Jan 2024 **Agadez (Algeria)** *Africa News*. **Niger's** prime minister, **Ali Mahaman Lamine Zeine**, commences regional consultations in Agadez (northern Algeria) to address various issues, including determining the duration of the transition initiated by the military following the coup in late July;

29 Dec 2023 **Algiers (Algeria)** *Reuters*. Foreign affairs minister **Ahmed Attaf** says the state visit of President **Abdelmadjid Tebboune** to **France** is "still the subject of preparations" and that that it depends on the settlement of certain conditions by **Paris**;

28 Dec 2023 **Bamako (Mali)** *AFP*. Supporters of prominent religious and political figure **Imam Mahmoud Dicko**, one of a few local figures to openly express disagreement with the junta that overthrew president **Ibrahim Boubacar Keïta** in a military coup in 2020, denounce an "orchestrated cabal" against him for his trip to **Algeria** more than a week ago;

26 Dec 2023 **Algiers (Algeria)** *Yabiladi*. Foreign affairs minister **Ahmed Attaf** receives his **Nigerien** counterpart, **Bakary Yaou Sangaré**, in **Algiers**, with the Algerian foreign ministry noting that the ministers evaluated cooperative relations in different areas, notably the trans-**Saharan** road and Algeria's role in the development of the **Sahel**. Relations between **Algiers** and **Niamey** have been tense since the 26 July coup in Niger;

24 Dec 2023 **Bamako (Mali)** *Atalayar*. **Mali** and **Algeria** are reportedly on the brink of diplomatic breakdown, with recall of the two countries' ambassadors resulting in closure of official channels for dialogue;

23 Dec 2023 **Bamako (Mali)** *North Africa Post*. Mali summons **Algeria's** ambassador to **Bamako**, **Noureddine Ayadi**, to protest Algerian president **Abdelmadjid Tebboune's** reception of a religious leader backing the **Touareg** independence rebels, **Mahmoud Dicko**, an opponent of the ruling regime in Bamako;

21 Dec 2023 **Bamako (Mali)** *Jeune Afrique*. The **Permanent Strategic Framework (CSP)**, an alliance of armed rebel groups, says it had decided on the "introduction of a total blockade on the

*axes from the Algerian border to the cities of Ménaka, Kidal, Gao, Timbuktu and Taoudeni", the main localities in the north that extend over a vast area between Mauritania, Mali and Niger;*

### 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.

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