

AFRICA RISK CONSULTING

Algeria Monthly Briefing June 2025

Algeria Summary 27 June 2025

Parliament approves legislation that allows foreign companies to own as much as 80% of mining projects in the country, a major move for Algeria as it aims to diversify its economy. The European Union (EU) on 10 June adds Algeria to its list of “high-risk” countries with deficiencies in their national anti-money laundering and countering the financing of terrorism (AML/CFT) regimes, a designation that carries serious economic and reputational consequences. In a major blow for Algeria, the United Kingdom (UK) announces on 1 June that it is backing Morocco’s plan to govern the disputed Western Sahara.

Algeria eases restrictions on foreign investment in mining sector

Parliament approved legislation on 16 June that allows foreign companies to own as much as 80% of mining projects in the country, a major move for Algeria as it aims to diversify its economy.¹ A majority of parliamentarians in attendance voted to approve the new legislation, which government says will streamline the investment process, boost extractive industries and enable the country to cut costly imports. Authorities also hope this will allow for a quicker response to investment applications and subsequently attract both domestic and foreign investors. Under the new mining regulations, foreign companies will be able to secure a single mining permit that will be valid for at least 30 years and would cover both exploration and extraction.

However, the cornerstone of the new legislation is the mandatory requirement for Algerian companies to participate in mining projects, with local firms entitled to hold up to a 20% stake in project capital.² This new provision aligns with the country’s broader economic strategy of safeguarding national interests while using foreign investment and expertise to stimulate sector growth.

The new legislation is particularly significant because despite being a key natural gas supplier to **Europe**, Algeria, which borders countries that are major mineral exporters, such as gold-rich **Mali** and phosphate-mining **Morocco**, exports very little itself.³ The country is now developing substantial discoveries of iron ore, phosphate, zinc and lead. President **Abdelmadjid Tebboune** (2019-present) has in the past also spoken publicly about developing rare earths, tungsten, phosphates, baryte and other minerals while authorities hope to develop production of around 30 undeveloped minerals, including gold, diamonds, cobalt, manganese, cerium and neodymium.⁴ There has also been talk of producing lithium, and available geological surveys suggest major potential in copper, platinum group elements, uranium and others.⁵

The new legislation comes after the energy, mines, and renewable energy minister, **Mohamed Arkab**, in a presentation before the national assembly’s **Economic Affairs Committee** on 4 March, announced that Algeria would overhaul its mining laws, marking a significant shift in the country’s approach to industrial expansion and resource management (*see ARC Briefing Algeria Mar 2025*). Arkab noted that the proposed laws seek to accelerate investment, bolster national participation in strategic projects, expedite licensing, enhance regulatory oversight and strengthen public-private partnerships.

¹ Bloomberg, 16 Jun 2025

² Dzair Tube, 5 Mar 2025

³ Bloomberg, 16 Jun 2025

⁴ Yaqut, Mar 2025

⁵ Yaqut, Mar 2025

The approved mining legislation signals a significant shift in Algeria's economic strategy, reflecting the government's ambition to rejuvenate its mineral industry, attract high-level investments and bolster its position in the global mining industry. It also strengthens the mining sector, which authorities hope will help the country transition away from its historic dependence on hydrocarbons, which make up more than three-quarters of exports and about half of state revenue. This leaves Algeria particularly vulnerable to volatile energy prices. The **International Monetary Fund (IMF)** has urged authorities to pursue other income streams and attract more private capital.

These new mining laws are also particularly significant as international mining companies have often shunned Algeria, put off by legislation that "*was anything but investor friendly*".⁶ With this new mining code, authorities are completely changing this. Having struggled to develop the mining sector with domestic public and private companies alone, Algeria knows it needs foreign investment and expertise to bring these important resources into production - and is revolutionising its legislative approach accordingly.⁷ The law will now move to the senate, which usually does not veto the lower house's decisions.⁸

European Union designates Algeria high risk for money laundering

The **European Commission** on 10 June added Algeria to its list of "*high-risk*" countries with deficiencies in their national anti-money laundering and countering the financing of terrorism (AML/CFT) regimes, a designation that carries serious economic and reputational consequences.⁹ While the EU says the classification is intended to protect its financial system, many in Algeria argue it ignores recent reforms Algeria has taken targeted at curbing illicit finance.¹⁰ Since 2020, Algeria has implemented a series of legal and institutional measures to boost transparency and oversight, including the 2021 law on the prevention of money laundering and terrorist financing, expanding the powers of financial intelligence units, creating an independent national body in 2022, and implementing stricter monitoring of capital flows in 2023. Authorities say these efforts show a clear commitment to aligning with international norms, suggesting the commission's move is less about technical compliance and more about geopolitics, especially considering Algeria's growing ties with **China, Russia, and Turkey**, and its increasingly tense relationship with **France**.

The implications of being on this list are far-reaching for Algeria. European institutions will now increase scrutiny on Algerian transactions, leading to delays, complications and stricter compliance procedures.¹¹ Foreign investment could also likely take a hit, with heightened risk perceptions making Algeria less attractive for international capital.¹² Access to loans and banking services could also become more difficult, hurting businesses and trade. It has also negatively impacted Algeria's global reputation as a reliable trading and financial partner, potentially affecting its diplomatic and economic relationships with key partners, particularly in Europe.

This designation, which comes after Algeria was added to the **Financial Action Task Force (FATF)** grey list of countries under increased monitoring in October 2024 after the country failed to meet international standards, also places added pressure on Algeria's banking sector to modernise, improve data transparency and work more closely with international financial bodies.¹³ Going forward, Algeria will need to double down on reforms and diplomatic engagement, not only to restore investor confidence but also to push back against the narrative that it is not doing enough.

United Kingdom recognises Morocco's sovereignty over Western Sahara

⁶ ARC source, MENA expert, Paris

⁷ Yaqut, Mar 2025

⁸ Bloomberg, 16 Jun 2025

⁹ European Commission, 10 Jun 2025

¹⁰ Atalayar, 14 Jun 2025

¹¹ Morocco World News, 12 Jun 2025

¹² Atalayar, 14 Jun 2025

¹³ Morocco World News, 12 Jun 2025

In a major blow for Algeria, the **United Kingdom (UK)** in a historic shift, announced on 1 June that it was backing **Morocco's** plan to govern the disputed **Western Sahara**, aligning itself with previous endorsements by the **United States (US)** and France.¹⁴ Speaking to reporters in the Moroccan capital, **Rabat**, UK foreign Secretary **David Lammy** said that the UK considers Morocco's autonomy plan, under which it would maintain sovereignty over the territory while granting its **Sahrawi** population limited sovereignty, the "*most credible, viable and pragmatic basis*" to resolve the half-century dispute.¹⁵ Lammy further noted that a "*long overdue*" resolution to guarantee a better future for the Western Sahara's population must be secured ideally before the dispute marks its 50th anniversary in November.¹⁶ He further noted that the UK is also taking steps to bolster economic relations with Morocco and the two countries are "*beginning a new era*" in their relationship that has lasted more than 800 years.¹⁷ Lammy concluded by saying that the UK's new stance on the Western Sahara will unlock public procurement opportunities for UK firms across Morocco.

Speaking on the matter alongside Lammy, Morocco's foreign minister, **Nasser Bourita**, praised the UK's position as historic, saying it was part of "*a momentum to speed up the solution of the conflict.*" The two foreign ministers also said areas of cooperation between their countries will also include the UK helping fund investments in Western Sahara. Algeria, which rejects Morocco's plan for the territory and cut diplomatic relations with Rabat in 2021, said it "*regrets*" the UK's decision to support Rabat's autonomy plan,

"In 18 years of existence, this plan has never been submitted to the Sahrawis as a basis for negotiation, nor has it ever been taken seriously by the successive UN envoys".¹⁸

Morocco claims complete sovereignty over the Western Sahara, while Algeria backs the local **Sahrawi** population's right to self-determination and backs the separatist **Polisario Front** armed group. Sporadic clashes between Morocco and the Polisario Front claimed about 9,000 lives over 16 years. The **United Nations (UN)** brokered a ceasefire in 1991 but a planned referendum on independence was never held and the final status of the territory remained unresolved.

The UK has now become the third permanent member of the **United Nations Security Council (UNSC)** to endorse Morocco's autonomy plan for Western Sahara. France in July 2024 became the second permanent UNSC member, after the US in 2020. This marks a major diplomatic setback for Algeria, but a significant boost for Morocco as it gains growing international backing for its claim over the disputed territory. The alignment of three UNSC heavyweights strengthens Rabat's position and further shifts the diplomatic balance in its favour.

Planner

2026 **(Algeria)** National assembly elections 2025

Chronology

25 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. Permanent representative to the **United Nations (US)**, **Amar Bendjama**, calls for the establishment of a nuclear-weapon-free zone in the **Middle East** during a **United Nations Security Council** session;

24 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** receives a delegation from **United States**-headquartered **Chevron** to continue negotiations on the agreement for Chevron to assess potential offshore oil blocks in the **Mediterranean**;

23 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** opens the 56th **Algiers International Fair** which has **Oman** as its special guest this year;

¹⁴ Middle East Monitor, 2 Jun 2025

¹⁵ Bloomberg, 1 Jun 2025

¹⁶ Reuters, 1 Jun 2025

¹⁷ Bloomberg, 1 Jun 2025

¹⁸ France24, 2 Jun 2025

22 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ahmed Attaf** holds a bilateral meeting with **Iran's** foreign minister **Abbas Araghchi** during the 51st session of the **Organisation of Islamic Countries Council of Foreign Ministers**;

19 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ahmed Attaf** receives a call from **Jordan's** deputy prime minister and foreign minister, **Ayman Safadi**, highlighting ongoing diplomatic communication between the two countries;

18 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** receives **United Kingdom (UK)** ambassador **James Robert Stephen Downer** as part of diplomatic relations between Algeria and the UK;

16 Jun 2025 **Algiers (Algeria)** *Daily Sabah*. **Germany's** President **Frank-Walter Steinmeier** calls President **Abdelmadjid Tebboune** to discuss the global situation, including the **Russia-Ukraine** war, the **Gaza** conflict, **Israel's** attack on **Iran** and developments in the **Sahel**;

15 Jun 2025 **Algiers (Algeria)** *Al Jazeera*. **France** expels 12 Algerian diplomats and recalls its ambassador from Algiers in response to Algeria's decision to expel 12 French officials, following the arrest of an Algerian consular employee in France over the alleged kidnapping of activist **Amir Boukhors**;

8 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. The **People's National Assembly** becomes a founding member of the **Parliamentary Observatory on Climate Change and Just Transition**, an initiative launched by various **Latin American** and **Caribbean** countries;

5 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. Foreign trade and export promotion minister, **Kamel Rezig**, chairs a coordination meeting with Algerian exporters to **Libya**, focusing on finding ways to ease the delivery of Algerian goods and services to the Libyan market;

4 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** chairs a meeting of the **High Security Council** with the national defence minister, **General Saïd Chanegriha**;

4 Jun 2025 **Algiers (Algeria)** *Bloomberg*. Algeria is poised to allow wider foreign ownership of mines as the gas-rich nation looks to boost production of minerals including phosphate, iron ore and lithium to diversify its economy;

3 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** meets with **Rwanda's** President **Paul Kagame**, emphasising Algeria and **Rwanda's** shared commitment to resolving conflicts peacefully and rejecting foreign interference in African affairs;

1 June 2025 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** chairs a meeting with the council of ministers to set up two national bodies responsible for imports and exports;

31 May 2025 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ahmed Attaf**, attends a ministerial meeting alongside his **Egyptian** counterpart **Abdel-Atty** and **Tunisian** counterpart **Mohamed Ali**, as part of a tripartite consultation mechanism between Algeria, Egypt, and Tunisia;

29 May 2025 **Algiers (Algeria)** *Algeria Press Service*. Prime minister **Nadir Larbaoui** chairs a government meeting to review presentations on several key topics, including water security, the 2025 harvest campaign and boosting the international presence of national companies;

28 May 2025 **Algiers (Algeria)** *Algeria Press Service*. Three new ambassadors to Algeria - **United Nations** resident coordinator **Ammassari Savina Claudia**, **Sahrawi Arab**

Democratic Republic's ambassador **Khatri Addouh**, and **Malawi's** ambassador **Catherine Nurujean Kunje** – present their credentials to President **Abdelmadjid Tebboune**;

27 May 2025 **Algiers (Algeria)** *Algeria Press Service*. Foreign affairs minister **Ahmed Attaf** affirms that Algeria is dedicated to enhancing its efforts within **African** institutions and the **United Nations Security Council (UNSC)** to unify and amplify Africa's voice on the global stage;

About Africa Risk Consulting:

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