

## AFRICA RISK CONSULTING

### Algeria Monthly Briefing February 2025

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#### Algeria Summary 24 February 2025

*President Abdelmadjid Tebboune (2014-present) confirms on 2 February that he has fired finance minister Laaziz Faïd and the minister of state for industry responsible for pharmaceutical production, Fouad Hajji, without providing reason. In a February 3 interview with French newspaper, L'Opinion, Tebboune says that in less than two years, Algeria should be an emerging country comparable to South European countries with a GDP exceeding \$400 billion. Energy ministry signs an agreement with United States (US)-headquartered energy giant, Chevron, aimed at assessing potential offshore oil resources in the Mediterranean. The foreign ministry condemns a visit by France's culture minister Rachida Dati to the disputed Western Sahara on 17 February.*

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#### Tebboune sacks finance minister...

President **Abdelmadjid Tebboune** (2014-present) confirmed on 2 February that he had fired finance minister **Laaziz Faïd** and minister of state for industry responsible for pharmaceutical production **Fouad Hajji**, and as is usually the case with his cabinet terminations, did not provide reasons behind the decision.<sup>1</sup> Tebboune appointed **Abdelkrim Bou El Zerd** to replace Faïd, who had been finance minister since March 2023, and **Wassim Kouidri** as the new pharmaceutical industry minister, with his ministry divorced from the industry ministry.<sup>2</sup> Hajji had held his role since November 2024. While details about Bou El Zerd's background are not readily available in public records, Kouidri was the former chief executive officer (CEO) of state-owned pharmaceutical giant, **Saidal**.<sup>3</sup>

The termination of tasks and appointees has become a common practice in Algeria since Tebboune assumed power, leading to instability in Algerian institutions, particularly in the finance ministry, which has become accustomed to ministerial change. However, no major issues have been reported in the finance ministry in recent year due to ministerial changes. In fact, the appointments have been moderately effective in reducing poverty, forecast to be 5.5% in 2024 from 6.1% in 2023, and annual inflation, which decreased to a record low of -1.50% in December 2024 from 4.18% in November 2024.<sup>4</sup> However, the country remains heavily reliant on hydrocarbons and vulnerable to fluctuations in the market.

#### ... but still sets ambitious economic targets

In an interview with **French** newspaper, **L'Opinion** on 3 February, Tebboune outlined that in less than two years, Algeria should be an emerging country comparable to southern **European** countries with a GDP exceeding \$400 billion.<sup>5</sup> Tebboune laid out Algeria's strategy to attain this ambitious objective, vowing that by the start of 2027 at the latest, his government would have:

- Completed its programme to construct 3.5 million housing units, of which two million have already been delivered;
- Resolved water issues in the country;
- Significantly cut the importation of raw materials for its factories.<sup>6</sup>

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<sup>1</sup> Algeria Press Service, 2 Feb 2025

<sup>2</sup> Anadolu Agency, 3 Feb 2025

<sup>3</sup> 24hdz, 10 Apr 2023

<sup>4</sup> Trading Economics, Dec 2024

<sup>5</sup> L'Opinion, 3 Feb 2025

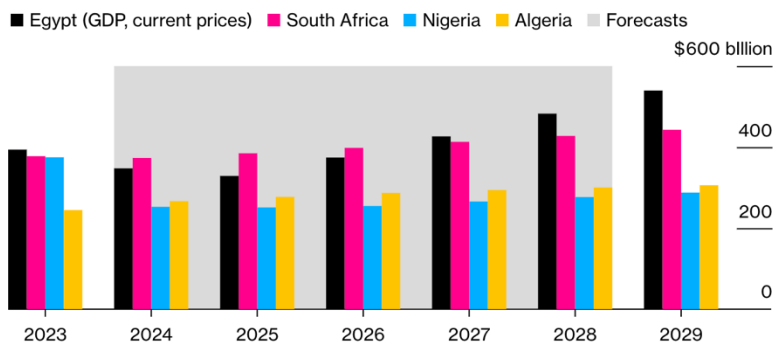
<sup>6</sup> L'Opinion, 3 Feb 2025

Tebboune added that the goal is to “*manufacture as many products as possible locally*” and added that Algeria will become one of the largest global exporters of phosphate and its derivatives.<sup>7</sup> He also noted that Algeria will focus on developing solar energy and production of green hydrogen, a key resource Tebboune said will “*enhance Algeria’s industrial appeal*”.<sup>8</sup> Tebboune further said that this strategy will reinforce Algeria’s ability to supply Europe with energy while strengthening its food security and mobilising additional water resources.

Tebboune’s multi-pronged approach signals a strong economic growth agenda. While his strategy is forward-looking and bold, attaining those objectives in less than two years is extremely ambitious. Algeria faces many challenges such as bureaucratic inefficiencies and external economic pressures. Furthermore, the **International Monetary Fund (IMF)** published projections in April 2023 indicating that Algeria’s economy will only grow steadily between 2024 and 2029 - in 2024, Algeria's GDP was recorded to be just above \$200 billion and by 2029, Algeria's GDP is projected to be slightly above \$300 billion.

### South Africa Economy to Become Africa's Largest in 2024

Nigeria's falls to fourth place and Egypt's to second



Source: International Monetary Fund, World Economic Outlook Database, April 2024

### Algeria signs agreement with Chevron for offshore cooperation

**Agence Nationale Pour la Valorisation Des Ressources En Hydrocarbures (ALNAFT)** (national development hydrocarbon agency) signed an agreement with **United States (US)**-headquartered energy giant **Chevron** on 22 January aimed at assessing potential offshore oil resources in the **Mediterranean**.<sup>9</sup> The two year deal is part of Algeria’s strategy to boost its output to satisfy growing demand and bolster its hydrocarbons sector.<sup>10</sup> ALNAFT’s president **Mourad Beldjehem** added that the agreement is part of the company’s initiatives to attract high-quality investments and “*step up*” technical expertise in offshore exploration.<sup>11</sup> This is not Algeria’s first initiative to explore its offshore energy potential - in 2018, state-owned energy giant **Sonatrach** also signed two agreements with **Italy’s Eni**, and **French** counterpart **TotalEnergies** to assess potential offshore oil reserves.<sup>12</sup>

In a related development, the Italian foreign and energy ministries said on 21 January that Italy, Algeria, **Germany**, **Austria** and **Tunisia** signed a joint declaration indicating that they will move ahead with a plan to build a hydrogen pipeline linking **North Africa** and Europe.<sup>13</sup> When completed, the project, referred to as the **SouthH2 Corridor**, will allow for the delivery of green hydrogen from the southern Mediterranean to Europe.<sup>14</sup> The SouthH2 Corridor project, which involves several

<sup>7</sup> Arab Weekly, 3 Feb 2025

<sup>8</sup> Arab Weekly, 3 Feb 2025

<sup>9</sup> Algeria’s energy ministry, 22 Jan 2025

<sup>10</sup> Reuters, 22 Jan 2025

<sup>11</sup> Offshore Magazine, 26 Jan 2025

<sup>12</sup> Offshore Magazine, 26 Jan 2025

<sup>13</sup> Reuters, 21 Jan 2025

<sup>14</sup> Reuters, 21 Jan 2025

companies including Italian gas grid operator **Snam**, has also been included in a list of **Projects of Common Interest (PCI)** by the **European Commission**.<sup>15</sup>

Despite its overreliance on hydrocarbons, which generate about 60% of its budget and 95% of export revenues, Algeria still holds substantial untapped hydrocarbon reserves, making it necessary to pursue partnerships with the SouthH2 Corridor project and Chevron, as these bring advanced technical expertise and global experience to Algeria's exploration efforts. These recent developments emphasise Algeria's dual approach to securing its energy future - leveraging its untapped hydrocarbon reserves while concurrently investing in renewable energy projects. By strengthening partnerships with major energy companies and advancing the SouthH2 Corridor, Algeria seeks to strengthen its role as a key energy supplier to Europe while gradually diversifying its energy mix.

The **European Union's (EU)** market statistics show that Algeria supplies approximately 14% of the bloc's total imports of both LNG and pipeline gas.<sup>16</sup> Algeria has greatly benefitted from skyrocketing energy prices, a consequence of the **Russia-Ukraine** conflict, which has shored up the country's foreign reserves, and gave the government more scope to cushion citizens against increasing living costs when inflation was higher.<sup>17</sup> While inflation has since moderated, economic challenges persist. Gas prices have declined, potentially impacting government revenues, and 1.4% of Algeria's 46 million people remain multidimensionally poor, highlighting ongoing social and economic disparities.

### Algeria condemns French minister's visit to Western Sahara

The foreign ministry on 19 February condemned a visit by France's culture minister **Rachida Dati** to the disputed **Western Sahara** on 17 February, calling the visit "*extremely dangerous and is objectionable on multiple levels*".<sup>18</sup> Dati told reporters that her visit to the region is a "*strong symbolic and political moment*", interpreted as backing **Morocco's** claim to sovereignty over the territory. However, the foreign ministry stated that the visit represents "*blatant disregard*" for international legitimacy by a permanent member of the **United Nations Security Council (UNSC)** and "*reflects the detestable image of a former colonial power in solidarity with a new one*".<sup>19</sup>

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. France in July 2024 became the second permanent UNSC member, after the US in 2020, to support Morocco's position. France's recognition of Morocco's autonomy plan in Western Sahara has been a source of a major diplomatic crisis between Algeria and France, who relations have been strained for decades, given France's colonial past. France has emphasised that Moroccan sovereignty is "*the only basis for reaching an agreement*" to resolve the long-running dispute, a decision which Algeria has called counterproductive. Following the recognition, Algeria withdrew its ambassador to France and downgraded its diplomatic representation to the level of chargé d'affaires in protest.

While diplomatic relations between the two countries have not been broken, French officials say Algeria is adopting a policy targeted at eliminating France's economic presence in the country, with trade dropping by as much as 30% since June 2023.<sup>20</sup> France's foreign minister **Jean-Noel Barrot** told lawmakers on 15 January that Macron would decide how to respond to what his government considers a growing "*hostile posture*" from Algeria but no action has been taken thus far.<sup>21</sup> Barrot stressed that declining relations have major economic, security and social consequences. This is backed by the fact that 10% of France's 68 million population have connections to Algeria. Barrot also offered to travel to **Algiers** to discuss and possibly resolve the diplomatic standoff.

<sup>15</sup> Reuters, 21 Jan 2025

<sup>16</sup> Bloomberg, 7 Feb 2024

<sup>17</sup> Bloomberg, 7 Feb 2024

<sup>18</sup> Middle East Monitor, 19 Feb 2025

<sup>19</sup> Algerian Foreign ministry, 19 Feb 2025

<sup>20</sup> Reuters, 15 Jan 2025

<sup>21</sup> Reuters, 15 Jan 2025

Going forward, it is evident that many French politicians want to push Algeria into adopting a more flexible stance, but the visit by Dati to the Western Sahara appears to have only annoyed the Algerians even more. A local analyst told **Africa Risk Consulting Briefing (ARC Briefing)** that it is “*not fair*” to expect Algeria to remain flexible and calm, “*when Dati straight-up said her visit is a big symbolic and political moment*”.<sup>22</sup>

### Planner

2025 **Algiers (Algeria)** New French sanctions against Algeria expected  
 2026 **(Algeria)** National assembly elections

### Chronology

20 Feb 2025 **Algiers (Algeria)** *Telcom Review Africa*. Post and telecommunications minister **Sid Ali Zerrouki** announces his sector’s ambition to achieve a 7% GDP contribution through artificial intelligence by 2027;

19 Feb 2025 **Algiers (Algeria)** *Algeria Press Service*. The foreign ministry has condemned the visit by the French culture minister **Rachida Dati** to Western Sahara;

17 Feb 2025 **Algiers (Algeria)** *Middle East Monitor*. French culture minister **Rachida Dati** begins a visit to disputed **Western Sahara** where she will meet officials and open a French cultural centre;

17 Feb 2025 **Algiers (Algeria)** *Middle East Monitor*. The foreign ministry reaffirms Algeria’s solidarity with **Lebanon** in response to what it called continued blatant violations of its sovereignty and territorial integrity by **Israeli** occupation forces;

15 Feb 2025 **Algiers (Algeria)** *Al24*. Ambassador to **Ethiopia** and permanent representative to the **African Union**, **Selma Malika Haddadi**, is elected as deputy chairperson of the **African Union Commission**;

14 Feb 2025 **Algiers (Algeria)** *Middle East Monitor*. **Ibrahim Boughali**, the speaker of Algeria’s lower house of parliament, calls on France to officially acknowledge its responsibility for “*nuclear crimes*” it committed during its colonial era in the **North African** country;

11 Feb 2025 **Algiers (Algeria)** *Middle East Monitor*. Foreign minister **Ahmed Attaf** discusses with his **Iranian** counterpart, **Abbas Araghchi**, the possibility of holding a ministerial conference under the **Organisation of Islamic Cooperation (OIC)** to address developments in **Gaza (Palestine)**;

9 Feb 2025 **Algiers (Algeria)** *The Media Line*. Foreign minister **Ahmed Attaf** meets **Lebanese** President **Joseph Aoun** in **Beirut** (Lebanon) to affirm Algeria’s support for Lebanon through economic and political challenges;

8 Feb 2025 **Algiers (Algeria)** *Anadolu Agency*. Foreign minister **Ahmed Attaf** meets with **Syria’s** President **Ahmed al-Sharaa** in **Damascus** (Syria), but details of the talks are not provided;

7 Feb 2025 **Algiers (Algeria)** *Middle East Monitor*. State owned **Soneglaz** and **German**-headquartered **Siemens Energy** sign a memorandum of understanding (MoU) to advance energy collaboration including developing renewable energy in Algeria;

5 Feb 2025 **Algiers (Algeria)** *CNews*. Algeria has once again refused to accept the return of a deported Algerian national who was arrested in the **French** city of **Nice** for domestic violence;

<sup>22</sup> ARC Source, Local Analyst

5 Feb 2025 **Algiers (Algeria)** *Middle East Monitor*. Diplomatic sources report that foreign minister **Ahmed Attaf** and his **Turkish** counterpart **Hakan Fidan** have held a phone call to discuss an array of issues, including bilateral relations and **Palestine**;

3 Feb 2025 **Algiers (Algeria)** *Tarrifa*. **Rwanda's** foreign affairs and international cooperation minister, **Olivier Nduhungirehe**, holds talks with his Algerian counterpart, **Ahmed Attaf**, focusing on improving bilateral cooperation and security concerns in the region;

2 Feb 2025 **Algiers (Algeria)** *Le Point*. President **Abdelmadjid Tebboune** confirms that Algeria will not normalise relations with **Israel** before the establishment of a **Palestinian** state;

30 Jan 2025 **Algiers (Algeria)** *OHCR*. The **United Nations (UN)** special rapporteur on the situation of human rights defenders, **Mary Lawlor**, criticises Algeria for continuing “to restrict and harass human rights defenders for their peaceful activities”;

29 Jan 2025 **Algiers (Algeria)** *Azertag*. Algeria summons **French** ambassador **Stephane Romatet** to protest provocative treatment of Algerian nationals and poor treatment at airports in **Paris (France)**;

29 Jan 2025 **Algiers (Algeria)** *Defense Scoop*. **United States** and Algeria formally pledge to strengthen their military partnership in a first-of-a-kind agreement, offering to exchange weapons and look into joint asset development;

27 Jan 2025 **Algiers (Algeria)** *Reuters*. **France** faces its worst wheat exports in decades as a rift with Algeria, a lull in **Chinese** demand and a dire harvest accelerate a loss of market share for the **European Union's** top grain grower to cheaper producers like **Russia**;

22 Jan 2025 **Algiers (Algeria)** *Reuters*. Energy ministry confirms it signed an agreement with **United States (US)**-headquartered **Chevron** for offshore cooperation;

21 Jan 2025 **Algiers (Algeria)** *France24*. **Malian** separatist group **Azawad Liberation Front** claims it helped to free a **Spanish** man kidnapped by bandits in Algeria who were hoping to sell him to an offshoot of the **Islamic State** group in Mali;

22 Jan 2025 **Algiers (Algeria)** *Middle East Monitor*. President **Abdelmadjid Tebboune** expresses surprise after reports circulate in **French** political and media circles alleging that Algeria receives financial aid and assistance from France;

### About Africa Risk Consulting:

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

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