

## AFRICA RISK CONSULTING

### Algeria Monthly Briefing March 2025

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#### Algeria Summary 11 April 2025

*France's foreign minister, Jean-Noel Barrot, says on 6 April that ties with Algeria were "back to normal" following months of tensions that have damaged France's economic and security interest in Algeria. Italian energy giant Eni's CEO Claudio Descalzi announces on 8 April that his company will invest €24 billion (\$26.24 billion) in Algeria, Egypt and Libya over the next four years to boost energy production. Algeria and Mali on 7 April both closes their airspace to each other, escalating a diplomatic rift that erupted when a Malian drone was shot down near their border on 31 March.*

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#### France and Algeria mend ties

France's foreign minister, **Jean-Noel Barrot** held a two and a half hour meeting with President **Abdelmadjid Tebboune** (2019-present) on 6 April after months of tensions damaged France's economic and security interest in **Algeria**, affirming that ties with Algeria were "back to normal".<sup>1</sup> Barrot said in a statement at the presidential palace after talks

*"We are reactivating as of today all the mechanisms of cooperation in all sectors. We are going back to normal and to repeat the words of President Tebboune: 'the curtain is lifted'".<sup>2</sup>*

Barrot's visit to Algeria calls came after a 31 March call between Tebboune and his French counterpart, **Emmanuel Macron** (2017-present), during which the two leaders agreed to a broad roadmap to calm tensions.<sup>3</sup> Algerian-French relations have been increasingly strained since last July when Macron recognised **Morocco's** sovereignty over the disputed **Western Sahara**. 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 **United Nations Security Council (UNSC)** member, after the **United States (US)** in 2020, to support Morocco's position. While France's recognition of Morocco's autonomy plan has been a source of a major diplomatic crisis between Algeria and France, relations have been strained for decades given France's colonial past.

In recent months both countries have threatened sanctions against each other, with Algeria notably implementing several that have riled French authorities who vowed to retaliate (*see ARC Briefing Algeria Jan, Feb and Mar 2025*). French officials claimed that Algeria had put obstacles to administrative authorisations and new financing for French firms operating in the country.<sup>4</sup> These obstacles were largely felt in the wheat sector following Algeria's grains agency **Office Algérien Interprofessionnel des Céréales' (OAIC)** October 2024 decision to exclude French wheat companies in its import tenders.<sup>5</sup> French officials further note that a poor relationship with Algeria has major economic, security and social repercussions for France as trade is extensive and about 10% of its 68 million population has a connection to Algeria.<sup>6</sup> Speaking on the matter, Barrot said that he specifically brought up the difficulties regarding economic exchanges, particularly in agrobusiness, automobile and maritime transport sectors and Tebboune assured him of his intension to "give them

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<sup>1</sup> Reuters, 6 Apr 2025

<sup>2</sup> TimesLive, 7 Apr 2025

<sup>3</sup> Reuters, 6 Apr 2025

<sup>4</sup> TimesLive, 7 Apr 2025

<sup>5</sup> Reuters, 6 Apr 2025

<sup>6</sup> Reuters, 6 Apr 2025

*new impetus*".<sup>7</sup> On the issue of the arrest in November 2024 of 80-year-old Franco-Algerian author **Boualem Sansal**, which also worsened the relationship, Barrot said he hoped Algeria could make a gesture of "*humanity*" given his age and health.<sup>8</sup>

While it is a positive major step that Algeria and France have decided to resolve their issues, diplomatic tensions between the two countries frequently resurface, mainly due to the historical impact of French colonial rule over the country:

*"Algeria will not hesitate to make it difficult for French companies to operate here if issues with the Western Sahara flare up again".<sup>9</sup>*

### Italy's Eni to invest \$26 billion in North Africa over next four years

**Italian** energy giant **Eni**'s CEO **Claudio Descalzi** announced on 8 April that Eni will invest €24 billion (\$26.24 billion) in Algeria, **Egypt** and **Libya** over the next four years to boost energy production, coinciding with the Italian government's efforts to relaunch its political and economic links with Africa as part of its signature €5.5 billion (\$6.23 billion) **Mattei Plan for Africa**.<sup>10</sup> Speaking at an energy conference in Italy, Descalzi said that the three countries can play a significant role as hydrocarbon suppliers for **Europe**, but that they need foreign investment to increase their energy production:

*"Internal demand in these countries - because of demographic growth - is increasing at about 7-8% every year, this means they need gas ... they need investment".<sup>11</sup>*

An investment of approximately €8 billion (\$9.06 billion) will be made in each country.<sup>12</sup> In January, Algeria's **Agence Nationale Pour la Valorisation Des Ressources En Hydrocarbures (ALNAFT)** (national development hydrocarbon agency) also signed an agreement with US-headquartered energy giant **Chevron** aimed at assessing potential offshore oil resources in the **Mediterranean** (see *ARC Briefing Algeria Feb 2025*).<sup>13</sup> The two year deal is part of Algeria's strategy to boost its output to satisfy growing demand, better technical expertise in offshore exploration and bolster its hydrocarbons sector.<sup>14</sup> That was not Algeria's first initiative to explore its offshore energy potential - in 2018, state-owned energy giant **Sonatrach** also signed two agreements with Eni and French counterpart **TotalEnergies** to assess potential offshore oil reserves.<sup>15</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>16</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>17</sup> The SouthH2 Corridor project, which involves several companies including Italian gas grid operator **Snam**, has also been included in the **European Commission's** list of **Projects of Common Interest (PCI)**.<sup>18</sup>

By strengthening partnerships with major energy companies like Eni and advancing the SouthH2 Corridor, Algeria seeks to strengthen its role as a key energy supplier to Europe. Algeria greatly benefitted from skyrocketing energy prices, a consequence of the **Russia-Ukraine** conflict, which shored up the country's foreign reserves, and gave the government more scope to cushion citizens

<sup>7</sup> TimesLive, 7 Apr 2025

<sup>8</sup> Reuters, 6 Apr 2025

<sup>9</sup> ARC source, local analyst, Algiers

<sup>10</sup> MSN, 8 Apr 2025

<sup>11</sup> Reuters, 8 Apr 2025

<sup>12</sup> MSN, 8 Apr 2025

<sup>13</sup> Algeria's energy ministry, 22 Jan 2025

<sup>14</sup> Reuters, 22 Jan 2025

<sup>15</sup> Offshore Magazine, 26 Jan 2025

<sup>16</sup> Reuters, 21 Jan 2025

<sup>17</sup> Reuters, 21 Jan 2025

<sup>18</sup> Reuters, 21 Jan 2025

against higher living costs.<sup>19</sup> However, gas prices have declined, impacting government revenues, and 1.4% of Algeria's 46 million population remain multidimensionally poor, highlighting ongoing social and economic disparities. Algeria also remains reliant on hydrocarbons, which generate about 60% of its budget and 95% of export revenues.

Algeria is also one of Italy's most important partners and prime minister **Giorgia Meloni** (2022-present) made Algeria one of her first international trips in January 2023, to discuss building a strategic partnership amid Italy's efforts to wean off Russian energy supplies.<sup>20</sup> Meloni has largely succeeded in building on her predecessor, **Mario Draghi's** (2021-2022) successful efforts to boost Algerian energy supplies to Italy and strengthen bilateral relations. Through Eni's new energy investment, relations between the two countries are expected to continue to move in a positive trajectory.

### Algeria closes airspace with Mali

Algeria and **Mali** on 7 April both closed their airspace to each other, escalating a diplomatic rift that erupted when a Malian drone was shot down near their shared border on 31 March. Algeria's defence ministry said in a statement that the government had taken the decision to close its air navigation from or to Mali after the country had repeatedly violated its airspace.<sup>21</sup> The foreign affairs ministry also said that the drone was downed after it violated Algerian airspace and adopted "*an offensive trajectory*".<sup>22</sup> The ministry further criticised the Malian junta's dependence on foreign mercenaries to try and secure its vast country.<sup>23</sup>

Malian junta ruler, **Assimi Goita** (2021-present), called the downing of the drone an act of aggression and summoned Algeria's ambassador over the incident.<sup>24</sup> Mali's junta on 6 April subsequently decided to recall its ambassador to Algeria.<sup>25</sup> The juntas in neighbouring **Niger** and **Burkina Faso**, which together with Mali formed the **Alliance des États du Sahel (AES)** (alliance of Sahel state), also recalled their envoys on the same day.<sup>26</sup> The AES in a statement published on 6 April condemned Algeria and said the downing of the drone was a "*irresponsible act*" that violated international law.<sup>27</sup> However, Niger and Burkina Faso have not followed Mali by closing their airspaces to Algeria.

Mali's prime minister **Abdoulaye Maiga** also disputed Algeria's claims that the drone had violated its airspace by over two kilometres and said the action proves that Algeria sponsors international terrorism.<sup>28</sup> While Mali said that it will file a complaint with "*international bodies*" about the incident, it will not be able to conduct a thorough investigation to support its case –rebels near the border town of **Tin Zaouatine (Guezzam Province)**, where the drone was found, posted videos of them in possession of the remains of the **Turkish** manufactured **Akinci** drone.<sup>29</sup> Mali and other AES countries are also not in a position to engage militarily against Algeria given their focus on eliminating jihadist groups.

However, the drone incident further increases existing diplomatic tensions between Algeria and its southern neighbours, including Mali. Mali has been struggling with conflict since the 2010s after a loose alliance of primarily ethnic **Tuareg** separatists and Islamist jihadist fighters with communal ties to Algeria and Libya captured large swathes of the north in 2012.<sup>30</sup> Algeria once served as a key mediator in the between Mali and Tuareg rebels but the two countries have grown apart since a military junta staged coups in 2020 and 2021, putting military personnel in charge of Mali's key

<sup>19</sup> Bloomberg, 7 Feb 2024

<sup>20</sup> Africa News, 25 Jan 2023

<sup>21</sup> Algerian defence ministry, 6 Apr 2025

<sup>22</sup> Algerian ministry of foreign affairs, 6 Apr 2025

<sup>23</sup> Algerian ministry of foreign affairs, 6 Apr 2025

<sup>24</sup> Wadr, 7 Apr 2025

<sup>25</sup> France24, 6 Apr 2025

<sup>26</sup> France24, 6 Apr 2025

<sup>27</sup> New Arab, 7 Apr 2025

<sup>28</sup> New Arab, 7 Apr 2025

<sup>29</sup> New Arab, 7 Apr 2025

<sup>30</sup> Bloomberg, 7 Apr 2025

institutions.<sup>31</sup> **Russian** paramilitary, **Wagner Group**, deployed its forces to Mali in 2021 to help stabilise the country, further expanding Russia's influence in the region.<sup>32</sup>

Algeria also remains highly concerned about the security in the region. Algeria and Mali share a 1,400km border and there are concerns that continued instability in Mali could lead to a power vacuum, a rise in militias, displaced persons and refugees and overall greater instability in the region. The diplomatic fallout between Mali/AES and Algeria also risks further destabilising the **Sahelian** region, which is already dealing with increased Islamic insurgency, in addition to a series of military coups in Mali, Burkina Faso and Niger.

## Planner

2026 **(Algeria)** National assembly elections

## Chronology

- 9 Apr 2025 **Algiers (Algeria)** *Anadolu Agency*. Foreign minister **Ahmed Attaf** begins a visit to **Tunisia** to discuss ways to strengthen collaboration and integration between the two neighbouring countries;
- 10 Apr 2025 **Algiers (Algeria)** *Middle East Monitor*. Algeria says it regrets the statement by the **United States** secretary of state **Marco Rubio** expressing support for **Morocco's** proposal for "autonomy" for the disputed **Western Sahara** region;
- 9 Apr 2025 **Algiers (Algeria)** *New Arab*. **Economic Community of West African States (ECOWAS)** expresses concern over tensions between Algeria and **Mali**;
- 8 Apr 2025 **Algiers (Algeria)** *Reuters*. **United States** secretary of state **Marco Rubio** says talks to resolve the conflict over **Western Sahara** should take place on the sole basis of a Moroccan plan that would give the region some autonomy under the country's sovereignty;
- 6 Apr 2025 **Algiers (Algeria)** *Business Day*. President **Abdelmadjid Tebboune** holds talks with **France's** foreign minister, **Jean-Noel Barrot**, after months of tensions, with Barrot announcing that ties will return to normal;
- 3 Apr 2025 **Algiers (Algeria)** *New Arab*. Franco-Algerian author **Boualem Sansal** appeals his five-year jail term for charges of undermining national unity;
- 2 Apr 2025 **Algiers (Algeria)** *Anadolu Agency*. Algeria requests an emergency **United Nations Security Council (UNSC)** meeting to discuss the situation in **Palestine**;
- 1 Apr 2025 **Algiers (Algeria)** *Middle East Monitor*. Defence ministry says its army shot down an armed surveillance drone on the border with **Mali**, while Mali claims one of its unmanned aircraft crashed near the border;
- 31 Mar 2025 **Algiers (Algeria)** *Atalayar*. President **Abdelmadjid Tebboune** holds a phone call with his **French** counterpart, **Emmanuel Macron**, during which the two agree to resume dialogue and relaunch cooperation after a period of tension;
- 31 Mar 2025 **Algiers (Algeria)** *Agence Ecofin*. Algeria's **Société Nationale de L'Électricité et du Gaz in Algeria (SONELGAZ)** (state-owned electricity and natural gas distributor) and **Burkina Faso's Société Nationale d'Électricité du Burkina Faso (SONABEL)** (national electricity company) lay the foundations for a future memorandum of understanding to strengthen energy cooperation between the two countries;
- 28 Mar 2025 **Algiers (Algeria)** *Middle East Monitor*. International human rights organisations, including **Amnesty International**, call on the Algerian authorities to drop the charges against

<sup>31</sup> Africa News, 7 Apr 2025

<sup>32</sup> Bloomberg, 7 Apr 2025

former Algerian soldier and anti-corruption activist **Mohamed Benhalima** and release him immediately;

27 Mar 2025 **Algiers (Algeria)** *Al 24*. Algeria declares acting manager of **Morocco's** consulate general in Algiers, **Khalid Chihani**, persona non grata asking him to leave within 48 hours, citing suspicious behaviour;

27 Mar 2025 **Algiers (Algeria)** *Bloomberg*. Algeria jails **French-Algerian** novelist **Boualem Sansal** for five years on charges of undermining national unity, in a case that's inflamed the country's already tense ties with France;

25 Mar 2025 **Algiers (Algeria)** *New Arab*. Parliament officially relaunches the process to draft a law that would criminalise French colonialism, amid a growing diplomatic crisis with **Paris**;

23 Mar 2025 **Algiers (Algeria)** *New Arab*. President **Abdelmadjid Tebboune** says that **French** counterpart **Emmanuel Macron** is the "only point of reference" for mending frayed ties with its former colonial ruler;

20 Mar 2025 **Algiers (Algeria)** *Bloomberg*. Algeria refuses to accept a list of Algerian nationals set for deportation from **France**, describing the list as selectively compiled;

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