

AFRICA RISK CONSULTING

Algeria Monthly Briefing July 2025

Algeria Summary 17 July 2025

United States (US) President Donald Trump (2025-present) notifies President Abdelmadjid Tebboune (2019-present) on 9 July that the US will implement a steep 30% tariff on Algerian exports from 1 August. International Monetary Fund (IMF) completes its Article IV Mission on 30 June, noting that while the economy remains broadly positive despite global uncertainty, fiscal vulnerabilities are high. European Parliament on 10 July officially validates Algeria's addition to the list of high-risk countries regarding terrorism financing and money laundering, a designation that carries serious economic and reputational consequences.

Trump hits Algeria with higher tariffs of 30%

United States (US) President Donald Trump (2025-present) notified President **Abdelmadjid Tebboune (2019-present)** on 9 July that the US will implement a steep 30% tariff on Algerian exports from 1 August. Trump later added on his **Truth Social** platform that any retaliation would trigger even tougher counter-measures.¹ In his letter notifying Tebboune, Trump said that their bilateral relationship is “*far from reciprocal*” and stressed that the US would no longer tolerate what he calls long-standing trade imbalances caused by Algeria’s tariff and non-tariff restrictions:

*“We must move away from these long-term, and very persistent, trade deficits engendered by Algeria’s tariff, and non-tariff, policies and trade barriers”.*²

While the new tariffs are framed as reciprocal, Trump admitted the 30% hike does not even fully cover the current US trade deficit with Algeria - \$1.4 billion, a 20.9% drop compared to 2023 - and also warned that any attempt to reroute goods to avoid the tariffs will be penalised.³ US-Algeria total trade stood at an estimated \$3.5 billion in 2024.⁴ In addition to Algeria, some other countries that also received trade notices include **Brunei, Libya, South Africa, the Philippines, Iraq and Moldova**, with each country facing its own reciprocal tariff rate.

The move fits into Trump’s broader ‘trade, not aid’ strategy as he continues reshaping US trade relationships with the rest of the world. The US currently has a 10% baseline tariff on imports from most countries. The higher rates fall under Trump’s reciprocal tariff policy, first announced in early April but then paused for 90 days. These reciprocal tariffs were meant to kick in on 9 July for countries that had not made direct deals with the administration. However, Trump signed an executive order on 7 July pushing back the actual collection of those tariffs to 1 August. This leaves Algeria with a short window to possibly negotiate some sort of trade deal with the US - failure to do so “*locks it into a one-sided trade setup that could prove difficult to reverse once the tariffs bite.*”⁵

IMF says economy remains broadly positive despite global uncertainty

Following the completion of its 2025 **Article IV Mission** to Algeria from 16 to 30 June, the **International Monetary Fund (IMF)** released an end-of-mission press release outlining its preliminary findings, noting that while near-term prospects for Algeria’s economy remain broadly positive despite global uncertainty, fiscal vulnerabilities are high.⁶ The IMF mission team’s lead,

¹ North Africa Post, 9 Jul 2025

² US President Donald Trump, 9 Jul 2025

³ North Africa Post, 9 Jul 2025

⁴ Barlaman Today, 10 Jul 2025

⁵ ARC Source, local analyst, Algiers

⁶ IMF, 30 Jun 2025

Charalambos Tsangarides, noted that economic growth eased to 3.6% in 2024 from 4.1% in 2023, mainly due to **Organisation of the Petroleum Exporting Countries + (OPEC+)** production cuts that hit the hydrocarbons sector. Despite this, nonhydrocarbon activity remained strong, expanding by 4.2%, which helped keep the broader economy relatively stable.⁷

Foreign reserves remain high at \$ 67.8 billion, sufficient to cover about 14 months of imports, while inflation in Algeria saw a huge drop from an average of 9.3% in 2023 to 4% in 2023, mainly due to lower food prices, with core inflation also declining. **Bank of Algeria's** (central bank) monetary policy also stayed accommodative into the first half of 2025. The central bank's interest rate, also known as the policy rate, is currently 3%.⁸

However, Algeria's budget deficit ballooned to 13.9% of GDP in 2024 due to of lower hydrocarbon revenues, along with rising wage and investment spending.⁹ Unless significant changes are implemented, the IMF expects the deficit to remain high in 2025. Such a scenario leaves Algeria in a tight spot, as growing deficits will drive up public debt in the medium term. The IMF further warned that Algeria's economic prospects face several risks, mainly from volatile hydrocarbon prices - amid shifting trade policies and geopolitical tensions - and persistent budget deficits that strain debt sustainability and deepen financial linkages between the government, state-owned enterprises (SOEs) and public banks. Despite this, Algeria's medium-term economic prospects could improve with sustained reforms to diversify the economy, and effective implementation of the government's **Action Plan** and structural reforms. Algeria's economy remains heavily reliant on oil and gas, which account for over 90% of export earnings, leaving the country highly vulnerable to external shocks and price volatility.

The IMF made several key recommendations including gradual fiscal rebalancing to manage rising debt and financing needs, more exchange rate flexibility to absorb shocks and tighter oversight of the financial sector. Reforming subsidies and boosting nonhydrocarbon revenues would also help Algeria rebuild fiscal buffers and free up space for spending that directly supports vulnerable households. The IMF mission welcomed the government's efforts to diversify the economy and modernise the business environment to boost private investment. Notable progress includes a new one-stop digital shop for real estate access, aligning exports with international standards and promoting online trade. The IMF mission encouraged Algeria to continue these reforms but cautioned against overusing fiscal incentives that could widen revenue gaps. Overall, the IMF mission recognised Algeria's progress in monetary and banking reforms, while urging continued commitment to transparency, economic diversification and financial sustainability.

EU parliament validates Algeria's inclusion on list of high-risk countries

European lawmakers on 10 July approved a **European Commission** resolution from 10 June that added Algeria to the **European Union's (EU)** 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.¹⁰ Other countries on the list include **Côte d'Ivoire, Angola, Kenya, Nepal, Lebanon, Laos, Namibia, Monaco** and **Venezuela**. The **European Parliament** also approved the resolution following a risk assessment in June led by the **Financial Action Task Force (FATF)**, which identified Algeria among jurisdictions under increased monitoring.¹¹ Algeria was added to the FATF grey list of countries under increased monitoring in October 2024 after the country failed to meet international standards.

The timing is particularly significant, as Algeria has been lobbying against **United States (US)** legislation to designate the **Polisario Front**, a **Sahrawi** political and armed group fighting for the independence of **Western Sahara** from **Morocco**, as a terrorist group.¹² Morocco claims complete

⁷ IMF, 30 Jun 2025

⁸ Trading View, 2025

⁹ IMF, 30 Jun 2025

¹⁰ European Commission, 10 Jun 2025

¹¹ Morocco World News, 10 Jul 2025

¹² North Africa Post, 11 Jul 2025

sovereignty over the Western Sahara, while Algeria backs the Sahrawi's right to self-determination and backs the Polisario Front. 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. Reports indicate that Algeria funds, hosts and supplies the Polisario Front with military equipment, which it has used to launch a series of terror acts against Morocco's southern province of **Es-Semara**. The separatist group also issued threats in May to deter foreign investment in Morocco's southern provinces. Should the Polisario Front be classified as a terrorist group, Algeria could face sanctions for supporting the group.

Algeria's inclusion on the high risk list means it will face increased scrutiny and mounting pressure to reform its financial system or risk deeper isolation from global markets. European institutions will now increase scrutiny on Algerian transactions, leading to delays, complications and stricter compliance procedures.¹³ Foreign investment could also likely take a hit, with heightened risk perceptions making Algeria less attractive for international capital.¹⁴ 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. 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.¹⁵

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. Justice minister, **Lotfi Boudjemaa**, made this case on 9 July, noting that a current draft law in parliament on the prevention and combating of money laundering and terrorist financing is part of an ongoing effort by the government to align national legislation with Algeria's international commitments, particularly in response to the evolving nature of these crimes.¹⁶ Boudjemaa also informed lawmakers on 6 July that the move by the government to adapt national legislation to international standards, particularly the recommendations of the FATF, is in accordance with Tebboune's directives.¹⁷ He further said that the fight against such types of crimes requires constant revision of legislation to protect the national economy and financial institutions against risks and that the fight against corruption will continue "with rigour".¹⁸

Algeria's designation as a high-risk jurisdiction leaves the country at a critical juncture. While the government has indicated a willingness to align with international standards, only sustained reform and credible enforcement will determine whether the country can begin to restore investor confidence and shift the narrative.

Planner

1 Aug 2025 (**Algeria**) US 30% reciprocal tariffs on Algerian goods take effect

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

Chronology

16 Jul 2025 **Algiers (Algeria)** *Algeria Press Service*. Secretary of state in the foreign affairs ministry **Bakhta Selma Mansouri** announces that a joint Algerian-**Zimbabwean** business council will be established to strengthen bilateral cooperation and stimulate investment between the two countries;

¹³ Morocco World News, 12 Jun 2025

¹⁴ Atalayar, 14 Jun 2025

¹⁵ Atalayar, 14 Jun 2025

¹⁶ Algeria Press Service, 9 Jul 2025

¹⁷ Al24 News, 11 Jul 2025

¹⁸ Al24 News, 11 Jul 2025

15 Jul 2025 **Algiers (Algeria)** *Africa News*. President **Abdelmadjid Tebboune** accuses the **United Arab Emirates's (UAE)** President **Mohamed bin Zayed Al Nahyan** of fomenting trouble in the Sahel;

14 Jul 2025 **Algiers (Algeria)** *AL 24 News*. Justice minister, **Lotfi Boudjemaa**, states that the recent amendment to Algeria's law on money laundering and terrorism financing aligns with its international commitments, particularly the recommendations of the **Financial Action Task Force**;

12 Jul 2025 **Algiers (Algeria)** *Algeria Press Service*. State-owned oil company **Sonatrach** engages in a series of high-level meetings with **France**-headquartered **TotalEnergies**, **China's Sinopec**, and **Italy**-headquartered **ENI** during the 9th **OPEC Forum**;

9 Jul 2025 **Algiers (Algeria)** *North Africa Post*. **United States (US)** senior advisor for **Africa Massad Boulos** meets with Algeria's secretary of state for Africa, **Bakhta Selma Mansouri**, on the sidelines of the **US-Africa Business Summit** held in **Luanda (Angola)** and reaffirm their mutual commitment to driving peace and prosperity on the continent;

7 Jul 2025 **Algiers (Algeria)** *North Africa Post*. A report on **Moroccan** publication **Le360** raises concerns over the militarization in the **Western Sahara** separatist group **Polisario Front's** run **Tindouf** camps in southwestern Algeria, accusing both Algiers and the Polisario of destabilising acts targeting **Mauritanian** territory;

7 Jul 2025 **Algiers (Algeria)** *Reuters*. State oil and gas company **Sonatrach** and **Italy's Eni** sign a \$1.35 billion production sharing contract to explore and develop hydrocarbons in Algeria;

6 Jul 2025 **Algiers (Algeria)** *Algeria Press Service*. Foreign minister **Ahmed Attaf** arrives in **Singapore** for an official visit, acting on behalf of President **Abdelmadjid Tebboune** to strengthen diplomatic and cooperative ties between Algeria and **Singapore**;

4 Jul 2025 **Algiers (Algeria)** *African News Agency*. Prime Minister **Nadir Larbaoui** reaffirms Algeria's pledge to allocate \$1 billion to support development projects across Africa through its **International Cooperation Agency**;

3 Jul 2025 **Algiers (Algeria)** *Algeria Press Service*. President **Abdelmadjid Tebboune** receives the **Venezuelan** agriculture and lands minister, **Julio César Leon Heredia**, who delivers a letter from **Venezuelan** President **Nicolás Maduro**;

1 Jul 2025 **Algiers (Algeria)** *Algeria Press Service*. Prime minister **Nadir Larbaoui** holds bilateral talks with his **Egyptian** counterpart, **Moustafa Madbouli** during the **4th International Conference on Financing for Development (FfD4)**;

30 Jun 2025 **Algiers (Algeria)** *Bloomberg*. Algeria jails **French** sports journalist **Christophe Gleizes** for seven years on charges of "*glorifying terrorism*" amid a simmering feud between the North African country and its former colonial ruler;

29 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. Prime minister **Nadir Larbaoui** travels to **Seville (Spain)** to represent President **Abdelmadjid Tebboune** at the **4th International Conference on Financing for Development**;

29 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. The **56th Algiers International Fair** records a 42% increase in participation since 2022, attracting 684 companies from 31 countries;

26 Jun 2025 **Algiers (Algeria)** *Algeria Press Service*. Energy minister, **Mohamed Arkab** meets with **African Union** commissioner for energy and infrastructure **Lerato Dorothy Mataboge** during her visit to participate at state-owned oil company **Sonatrach's** **12th Scientific and Technical Days in Oran**;

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**;

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