



FORTUNE AND HAZARD FOR ALGERIA

*War in Ukraine has brought new cash flow to Algiers,
but the state must walk an ever-narrowing path to
maintain its non-alignment*

By Zine Labidine Ghebouli

On February 24, 2022, Russian President Vladimir Putin launched an invasion against Ukraine after years of military and diplomatic tension between Moscow and Kiev. Unlike the Crimean crisis in 2014, this conflict appears to carry significant strategic shifts that risk setting off a new cold war. In their statements, Western leaders stress the unique nature of this conflict as Europe's acutest security threat in decades.

Beyond heated debates on the origins of the Russian–Ukrainian conflict, fallouts of this aggression are clearly far from being restricted to Eastern Europe, or even the West. Ten months in, the war is heading toward a sensitive and decisive moment that will likely determine the future of regional and global alliances. Regions such as Asia and Africa are seeing shifts in these alliances. As the biggest African country and a pioneer of the non-aligned movement since 1961, Algeria finds itself encircled by complex and consequential events. Freshly out of protest dynamics and amidst its recovery process from the COVID-19 crisis, Algiers is now at the heart of difficult international equations.

Understanding Algeria's stances and perspectives on the current conflict entails a careful analysis of its diplomatic maneuvering, current interests, and possible limitations. Despite simplistic perceptions that have shadowed Algiers' positions recently, which have marked a certain rapprochement with Russia, current developments suggest that the leadership is essentially motivated by financial, strategic, and geopolitical interests. Nonetheless, the ruling elite faces an increasingly tense and ambiguous environment that is likely to shape relations not only with Russia but also with vital partners in the United States, Europe, and China.

The Path of Non-alignment

Since the outbreak of the war in Ukraine, Algiers has been wary not to endorse either camp. Capitalizing on their reputable

◀ A worker is seen at the Zarzaitine gas field in In Amenas, southeast of Algiers, Jan. 22, 2013. *Louafi Larbi/Reuters*

mediation legacy since independence in 1962, authorities seized the opportunity to join a ministerial contact group within the Arab League, which was charged with coordinating cohesive responses to the crisis. Senior civilian and military officials have also stressed their commitment to Algeria's non-aligned doctrine: Algerian President Abdelmadjid Tebboune and Army Chief of Staff Saïd Changriha have reiterated Algeria's international principles and sought to cultivate closer ties with Western leaders. At the same time, authorities refused to limit the state's bilateral cooperation with Russia despite U.S. pressures, and were keen to deepen relations with Moscow in anticipation of President Tebboune's rumored visit to the Russian Federation in December 2022.

In this sense, Algiers has remained outside of the conflict as it prepared for an expected increase in demands for gas supplies from Western partners. For the

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past twenty years, Algeria's Saharan oil and gas fields served as a preferred, stable, and committed energy source, particularly for southern Europe's needs and markets. Therefore, it was only natural to see the presidential palace recently become a hub for visits by several senior Western officials seeking to cut their countries' dependence on Russian energy. The financial benefits of this diplomatic revival created the first base of the Tebboune administration's approach to the war in Ukraine. Algiers aims to maximize its profit margins,

leverage its energy industry to attract investment, and rehabilitate its depleting foreign exchange reserves.

Catching a Windfall from the War in Ukraine

Over the past few months, state-owned oil and gas company Sonatrach engaged in a negotiations marathon with eleven partners to revise its gas prices. Capitalizing on new discoveries throughout 2022 and a revised hydrocarbons law that was passed in 2019, Algeria wanted to attract companies not only to continue their activities but also to invest in renovating ailing infrastructure. These efforts yielded agreements with six pivotal partners including Italian Eni, French TotalEnergies, and American Occidental on July 18. Sonatrach's CEO Toufik Hakkar also said that talks reached advanced stages with another five partners and other accords are expected to be signed before the end of 2022. These energy deals will reportedly generate about 50 billion dollars in annual revenues.

It is worth noting that Algeria's recent energy deals are not indicative of a more sustainable and developed economic model. Significant energy revenues have

encouraged the ruling elite to maintain its policy of buying social peace at the expense of urgent and necessary reforms. In February 2022, President Tebboune announced an unprecedented unemployment allowance and increase in wages to address severe socioeconomic grievances. In line with this rentier governance philosophy, previously scheduled talks on reforms of subsidies, which cost the public treasury about 17 billion dollars back in 2019, were again postponed out of fear of social upheavals. To be sure, Algeria's social welfare policies are popular and represent a fundamental element of the state's ability to ensure social stability. They are also key to the establishment's overall tactic to sell and defend its foreign policy doctrine locally.

What Algiers Can Do with New Funding

The war in Ukraine came at a time when Algiers was attempting to reclaim its place on the regional and international scene. Beyond Tebboune's domestic socioeconomic agenda, the financial windfall created by the conflict is also assisting Algiers in upholding its regional policies and stances.

In March 2022, a letter from Spain's prime minister to Morocco's Royal Palace indicated a surprising shift for Madrid's policy on Western Sahara, a disputed territory in Northwestern Africa. Madrid endorsed Rabat's autonomy plan for the territory instead of a self-determination referendum, which was in line with UN Resolution 690 of 1991 and demanded by the Polisario Front, an independentist movement dating to 1973 which enjoys diplomatic and logistical Algerian support. Algiers swiftly recalled its ambassador to Madrid and on June 8 suspended a 20-year-old friendship treaty with Spain. This dispute indicates that energy diplomacy has become a vital asset for the country's policy kit for a stronger regional posture (Madrid reluctantly agreed in October to double the price of Algerian gas imports for 2022 as talks continue for 2023 prices). It also means that third-party countries are now at risk of bearing collateral damage as Algiers leverages its energy sources to defend its interests.

For decades, relations between Algiers and Rabat have had their ups and downs. Yet, regional developments including the Abraham Accords and leadership shifts in Algeria are signaling a new phase of tensions. The ongoing regional cold war may not signal imminent military escalation, but it hints at increased Algerian and Moroccan assertiveness. These dynamics could complicate both regional cooperation and relations with international partners.

Algeria's agreements with other partners also highlight the importance of energy as part of the establishment's strategy to "grab a chair" at the international table. For that purpose, the new leadership is consolidating strategic partnerships with neighboring European and Arab countries from Italy to Tunisia and Mauritania. Facing strong Moroccan lobbying, Algiers is mobilizing its energy resources as a comparative advantage to sway countries on the conflict in Western Sahara.

Shifting the Global Order

Algeria's diplomatic maneuvering since the Russian invasion of Ukraine sheds light on another aspect that seems to influence the current administration's attitude. Earlier in 2020, President Tebboune called out the "dysfunctionalities" of the current international system in a speech before the UN. This argument would later surface in Algiers's reasons for abstaining from condemning Russia at the UN level and even opposing attempts to exclude Moscow from the Human Rights Council. Algeria's diplomatic missions underlined the "double standards" of global powers regarding the war in Ukraine in comparison with other crises, alluding to the Israeli–Palestinian conflict. This criticism is not new, however, and reflects a classical narrative reigning since the era of former President Houari Boumédiène (1965–78). The new global crisis represents an opportunity for Algiers to advance its demands for a reform of the international system in favor of developing countries, especially across the African continent.

On June 24, Tebboune, along with Egyptian President Abdel Fattah El-Sisi, took part in an enlarged BRICS virtual meeting (referring to the five major emerging economies: Brazil, Russia, India, China, and South Africa) where

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he defended a new economic order. Tebboune further announced in July Algiers's willingness to join the BRICS group, saying it exemplified the right international direction based on Algeria's non-alignment doctrine. Economic cooperation between Algiers and Beijing has also boomed in recent years within the framework of China's Belt and Road Initiative. In this context, the Tebboune administration is likely to view the conflict in Ukraine as "the moment" to push for a rejuvenated anti-

colonial struggle, especially on the economic front. With Chinese assistance, the establishment may seek to portray itself as a "defender" of African awakening in favor of a revisited geopolitical international order.

Challenges and Uncertainties

Looking at different energy deals, high-level visits and international recognition, Algiers seems on a path to inaugurate a new era of diplomacy. On the other hand, the war in Ukraine is still unfolding with several variables that could challenge the aspirations and promises of the Tebboune administration. Examining Algeria's approach also requires a sober reflection on the limitations of its tools and positions. Recent developments point to serious concerns both regarding the country's international direction and regional environment. Therefore, it is

essential to analyze the risks of what may be perceived as Algeria aligning with one side, as well as a broader emerging geopolitical and security disorder.

Since independence in 1962, Algerian authorities have cultivated strong military bonds with the Eastern camp. Russia achieved and sustained a privileged status as the first arms' supplier for the North African country despite efforts to engage with the Chinese and German security industries. Until recently, Western international partners appeared at ease with such military cooperation, but since Putin's uncertain adventure in Ukraine, this has been complicated. In September, twenty-seven members of the U.S. Congress sent a letter to Secretary of State Antony Blinken to impose sanctions on Algeria in accordance with the Countering America's Adversaries Through Sanctions Act. While such calls remain marginal for the time being, the aggravation of war and domestic politics in the United States could undermine Algiers's standing.

Of course, Algeria established its post-independence foreign policy doctrine on its sovereigntist decisions. Successive administrations refused all types of geopolitical alignment and followed a pragmatic approach centered on their immediate military and financial needs. But the Kremlin's anti-Western rhetoric and blatant violations of international law are likely to make it harder for its Arab and African partners to juggle their commitments and relations with Western capitals. While influential capitals still look at Algiers as a vital safety valve for the region, the "negative silence" on Moscow's imperialist appetite may not be tolerated in the long run. Ultimately, nurturing special relations with Russia in such tense geopolitical times could suggest a certain alignment that would harm the administration's regional agenda and international reputation.

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Even if military operations are still isolated geopolitically in Eastern Europe, there are indications that the fallout of this conflict will impact other zones of influence. In April, the French army accused Russian mercenaries working for the private Wagner Group, a Russian paramilitary outfit, of anti-Western propaganda campaigns in Mali. While mutual accusations between Paris and Moscow are not new, Algeria may be strangled in an emerging security turmoil in the Sahel. It is safe to say that the international battle for influence will lead to remarkable outcomes across the African continent. Algiers's strategy of appeasing all its partners is useful today but could prove problematic to uphold as the world enters a dangerous phase of geopolitical disorder.

Furthermore, Algerian energy infrastructure is crucial not only for its economy but also for its national security. The deterioration of the situation in the Sahel

following France's expected full withdrawal and the infiltration of the Kremlin's Wagner group could lead to serious security breaches like the hostage situation at the In Amenas gas facility in 2013. Indeed, the Algerian armed forces announced in October the capture of three fleeing terrorists in Bordj Badji Mokhtar (in southwestern Algeria). The Algerian army can claim significant counter-terrorist experience after the infamous 1990s civil war that involved local Islamist rebels. Nonetheless, the intensity of this geopolitical disorder could eventually create a serious threat for Algeria's vital economic and energy infrastructure.

In light of these regional and international variables, Algiers will have to make complex calculations in the months ahead to score strategic points and avoid geopolitical liabilities. Facing a hostile environment and under the pressure of an international spotlight, the Tebboune administration is likely to focus its strategy on two primary goals: First, the dependency of Algeria's armed forces on Russian weaponry calls for the development of a sovereign defense industry that capitalizes on recent energy revenues. Second, the contentious international scene will require striking balanced relations and firm red lines.

Ahead of Tebboune's planned visit to Moscow in December 2022, talks are emerging on a new strategic document that would structure Algerian–Russian relations and cooperation. Based on a 2001 agreement, Algiers is bound to consolidate its technical cooperation with the Russian army especially in knowledge transfer. Moscow will remain the primary military supplier for the North African country as it provides necessary equipment with no end-user license agreement, allowing Algiers to use such weaponry as it sees fit. But as alluded to in the October issue of the army's official gazette, Algeria is also keen to develop its own defense industry whose equipment was proudly displayed at the last July 5 parade. This would permit Algiers to sustain its military capacities and head off any strategic vulnerabilities with Western partners looking to sanction Algeria for its relationship with Russia or block its foreign policy agenda within international organizations.

At the same time, Algiers understands that its booming energy field is attractive for many Western companies, especially those engaged in renewables. With this in mind, Sonatrach is likely to expand its cooperation with international partners, particularly the European Union, benefiting from its natural resources (notably solar energy and potentially green hydrogen). With President Tebboune's economic agenda, this strategy would help Algeria to increase its revenues and penetrate new emerging markets both within its immediate neighborhood and across the European continent. This financial balancing will also offer greater maneuvering capacity with powerful capitals to push for Algeria's regional agenda on central dossiers including Western Sahara, Mali, and Libya.

Meanwhile, Algiers's strategic direction is a work in progress. Despite last year's rapprochement with Beijing, the current leadership is still evaluating its comparative advantages and offers from various partners. After almost a decade of diplomatic absence during the era of former President Abdelaziz Bouteflika, Algeria has decided to stand up and improve its posture. But the growing international interest in the country's potential does not come free of engagements and expectations. The Tebboune administration will continue to navigate a complex environment, and the strategy of "sitting between two chairs" may not be an eternally viable one.

The intensity of these ongoing battles for influence could hinder the administration's missions and result in substantial collateral damage. The Algerian establishment potentially understands the gravity of today's geopolitics and is ready to adapt its narrative and policies accordingly. In the end, flexibility is perhaps one of the strongest assets of the ruling elite both domestically and internationally. For now, Algeria is embracing a "wait and see" mode ahead of decisive local presidential elections in 2024. One thing which remains clear in Algerian politics today is that any foreign policy shift will not be one man's decision, but the outcome of a long and nuanced unofficial dialogue between the ruling establishment's actors. 