



ALGERIA: DETERMINING VECTORS OF ITS RELATIONSHIP WITH THE EUROPEAN UNION. UPDATING THE CENTER-PERIPHERY RELATIONSHIP IN THE MEDITERRANEAN REGION

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Abstract:

Since the last third of the twentieth century and up to the present, the relations of the European Union with Algeria have evolved parallel to the international system and following a natural dynamic center-periphery. Thus, the signing, in 1976, of a Cooperation Agreement consisting of, above all, the facilitation of trade exchanges and the provision of technical and economic assistance to the Maghrebi country, progressed in the adoption, in 2002, of the Agreement of Association, which granted Algeria the status of strategic partner of the EU. In this way, in addition to the economic component, issues arising from the globalization process such as immigration, terrorism and, especially, energy security have become the determining vectors of Euro-Algerian relations. Changes in the nature of this bilateral relationship define the main thesis of this article: Algeria is no longer perceived by the EU only as a trade partner but as a strategic partner.

Key words: Algeria, European Union, Cooperation Agreement, Association Agreement, Energy security.

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Resumen:

Desde el último tercio del siglo XX hasta el presente, las relaciones de la Unión Europea con Argelia han evolucionado paralelamente al sistema internacional manteniendo un centro-periferia natural y dinámico. Así, la firma, en 1976, de un acuerdo de cooperación consistente, sobre todo, en la facilitación de intercambios comerciales y la prestación de asistencia técnica y económica al país magrebí, dio paso a la adopción, en 2002, del acuerdo de asociación que concedió a Argelia la condición de socio estratégico de la UE. De este modo, además del componente económico, las cuestiones derivadas del proceso de globalización como la inmigración, el terrorismo y, sobre todo, la seguridad energética se han convertido en uno de los vectores determinantes de las relaciones euro-argelinas. Los cambios en la naturaleza de esta relación bilateral definen la tesis principal de este artículo: Argelia ya no es percibida por la UE sólo como un socio comercial, sino como un socio estratégico.

Palabras Clave: Argelia, Unión Europea, Acuerdo de Cooperación. Acuerdo de Asociación, Seguridad energética

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1. Introduction

In such an uncertain international scenario, in which the United States appears rethinking its role as an international hegemonic power and where new actors emerge to be considered in the new system, the European Union should rethink to redefine its role as a global power. In this context the analysis of the EU's Neighborhood Policy, within its relations with Algeria are framed, is particularly relevant.

The EU, coherently (perhaps excessively) with its integration model based on functionalism, extends this behavior pattern to its international relations by using trade policy (and, therefore, economic issues) as a substitute for its foreign policy including, in many cases, the policy of development aid. Algeria, traditionally, has not been an exception and its relations with the EU have been, for decades, purely trading relations in a double aspect: encouraging economic growth and promoting progress and development.

However, the aforementioned changes in the international system seem to lead, both from a positive and normative point of view, to a change in the way the EU acts with its neighboring countries, in a paradigm in which security is covered of a new meaning. It is no longer just an issue of protecting European borders against immigration, especially from Northern Africa, but also of refugee crises fleeing wars in Middle East countries (such as Syria) or the terrorist attacks perpetrated on European soil claimed by groups of jihadist inspiration which require a strategic partnership with countries such as Algeria, surpassing the agendas that until now conditioned the EU's external action.

Obviously, the problem of terrorism of Islamic origin raises a great social concern among the European population at a time when, precisely, Salafism (within its heterogeneity) gains adherents in Algeria², where Salafism and terrorism have gone quite hand in hand. Therefore, it is essential to strengthen the cross-border cooperation also within the framework of the Neighborhood Policy in order to guarantee a greater efficiency of the security policy, as well as a greater involvement and effort of the EU in the stabilization of the Mediterranean region.

In addition, we could consider the term "security" in a broader sense, referring to the guarantee of energy supply. In regard to this matter, the collaboration with Algeria is particularly substantial, since it is the third largest supplier of gas to the EU, only behind Russia and Norway. Undoubtedly, Algeria has a great opportunity in its attempt to establish itself as a reliable partner in European gas imports as opposed to Russia, since Europe has overpaid its energy dependence with this country in terms of Putin's geostrategic sways. Precisely, the convenience of the Algerian gas not only reaching the Southern Europe, but also the core of the continent (especially to diversify the energy dependence of Germany) along with the EU consensus on any secessionist aspirations arising in its member countries would be the two main reasons that would be behind the eventual construction of a gas pipeline through Catalonia.³

As we will see, the Euro-Algerian relations have experienced an important qualitative leap but, due to the mentioned issues, their evolution would be convenient. It is essential to overcome the old framework of the 1990s adopted by the Euro-Mediterranean Partnership and fulfill the commitments made at the 1995 Barcelona Summit, including, as a flagship proposal,

² Boukhars, Anouar: "Salafismo "silencioso" e "instigador" en Argelia", Fride Policy Brief, nº 133 (December 2015), at <https://docplayer.es/26680803-Salafismo-silencioso-e-instigador-en-argelia.html>

³ "El gas de Argelia, factor decisivo para que la Unión Europea apoye al Gobierno de España en Cataluña", *Instituto de Estrategia*, 22nd October 2017, at <http://www.institutodeestrategia.com/articulo/sociedad/gas-argelia-factor-decisivo-union-europea-apoye-gobierno-espana-cataluna/20171022142359007317.html>

the creation of a free trade area composed of the EU and the Mediterranean countries, in addition to the promotion of multilateral and interdisciplinary cooperation in social, cultural and human development.⁴ The geographical proximity should be an additional factor that would make both Europeans and Algerians aware of the existing ties on both sides of the Mediterranean, not only from a trading and economic point of view, but also from a cultural one. It is time, therefore, for a better balance in the practical expression of the different aspects that make up those links and it is, precisely in this framework of strategic Mediterranean cooperation, in which the EU should take advantage of the full potential that, as a strategic partner, Algeria can offer.

2. Methodology.

In this research, the qualitative methodology has been applied, which is the one of the political economy. It is a descriptive methodology in which, unlike the quantitative one, the new knowledge is not discovered, but is created through the explanatory intention of the phenomenology of the observable fact itself. However, it goes beyond mere explanation, trying to reach an understanding of the economic phenomenon: using the inductive method, it does not try to measure the degree of given quality, but to understand and determine what qualities occur in that phenomenon. Also, being an inductive method, allows us to know how far we can induce.

The use of qualitative methodology in applied economics research fulfills at least a double function: on the one hand, the mere fact of using a method more typical of other scientific disciplines allows us to carry out a kind of "scientific benchmarking", leading to novel results that we would not get with other methods. On the other hand, being the qualitative method of a holistic nature, it establishes results that go beyond the economic sphere itself and allows to relate the economic phenomenon to other areas of the social sciences such as sociology, political science or even philosophy and history. It is true that, precisely because of its own holistic character, the more knowledge it relates to, the less generalizable are its results -a consequence of its particularism-. Even so, it should not be forgotten that the different disciplines that make up scientific knowledge are divided into different branches to facilitate their systematization and subsequent analysis, which should not lead us to the mistake of considering them watertight compartments: being aware of their interrelation, the application of the qualitative method also contributes to finding points of union between the branches of the social sciences.

Throughout history, the method used in economic science has clearly evolved until qualitative investigations. This fact has not been arbitrary, since the quantification of the magnitudes allows the maximum objectivity when analyzing them. Therefore, there has been a tendency towards the measurement of variables and the attempt to convert those quantities that are not measurable into measurable ones. In the latter case, the understanding of phenomenology by applying the qualitative method, also contributes to that conversion in a more precise way.

The use of the inductive method on which the qualitative approach is based can also save time and labor by arriving at conclusions, in certain respects, in which quantitative approach is not necessary. As we have already pointed out, in attempting to explain, not the magnitude of the economic phenomenon, but its nature, we seek the dynamic structure of the observable event itself, as opposed to its static structure, thus allowing valuable results to understanding human phenomena. This discursive method does not necessarily generate

⁴ Vid. Lombráña Domínguez, Abraham: "Reacción de la Unión Europea ante las revoluciones del Norte de África: hacia una nueva política para la zona y gestión de la inmigración", *Cuadernos Cantabria Europa*, nº 10 (2011), pp. 10-30.

scientific laws, but it does create a greater knowledge and understanding of the phenomenology of the economic fact itself, going beyond its mere explanation.

So, the qualitative method in applied economics complements the quantitative approach and its general vision, allowing us to ascertain "how far" it is necessary to generalize, that is to say, to what extent the results of the quantitative study are extrapolable. In this sense, the analysis carried out helps us to a better understanding of the bilateral relations between the European Union and Algeria, a Maghrebian country that, due to its geographical location and the importance of the global phenomena in which it is involved -immigration, terrorism and, energy security, among others- obliges us to practice a broader approach than economic science alone allows us and take into account the tools that other social sciences can give us. The nature of strategic partner that the EU grants to Algeria implies that the bilateral relations between both blocks exceed purely economic and trading issues, covering a series of diverse areas that impels us to observe the phenomenon from a prism more typical of international relations.

3. The trading background between the EEC and Algeria: the 1976 Cooperation Agreement.

On April 26th 1976, the so-called Cooperation Agreement between the so-called in that time European Economic Community and the People's Democratic Republic of Algeria was signed in Algiers, entering into force on November 1st 1978. The Agreement, as established in Article 2 had the objective of "*promoting exchanges between the Contracting Parties, taking into account their respective levels of development and the need to achieve a better balance in their trade exchanges, in order to accelerate the growth rate of Algeria's trade and improve the conditions of access of their products to the Community market*".⁵ In other words, it was about contributing to the economic development of Algeria through trade, so that it provided for the free entry of non-agricultural Algerian products into the Community market without any consideration, in addition to the granting of certain preferences of a tariff nature in those agricultural products of which the Algerian economy was more dependent.

The 1976 Agreement represented a great impact on the economic relations between both blocks from a qualitative point of view since, in addition to the purely trading aspect, it also included two sections referring to Technical and Financial Cooperation and free circulation of labor, consisting of the latter, basically, in the assumption, on the part of the EU, of an equal treatment to the Algerian workers with respect to the communitarian ones referring to the performance of its labor activities. However, the effectiveness of this agreement was altered by various issues, such as the economic crisis that began in the country in 1986 or the political situation suffered in 1991 and its serious and subsequent institutional crisis.

The financial assistance provided for in the Agreement was fixed for a period of time starting in 1976, the part of the Community Budget dedicated to it being complemented by the European Investment Bank (EIB). In total, there were four protocols (1976-1981, 1981-1986, 1986-1990, 1990-1999). In the first and the second ones, this aid was concentrated in training programs in agricultural and fishing sectors. The EIB, for its part, financed infrastructures related to the energy and transport sectors. The other two financial protocols were seriously affected by the political situation experienced by Algeria in the early 1990s.⁶

During the first half of the 1980s, bilateral relations between the EU and Algeria were relegated to the background due to the political-economic conjuncture of that time: high oil prices (which made the country less dependent on external aid), a certain degree of isolationism

⁵ "Acuerdo entre los Estados miembros de la Comunidad Europea del Carbón y del Acero y la República Argelina Democrática y Popular", at <https://www.boe.es/doue/1978/263/L00119-00127.pdf>

⁶ "Relaciones entre la UE y Argelia", at http://europa.eu/rapid/press-release_MEMO-95-128_es.htm

of the Algerian Government in that time and a rather limited contribution by the EEC to financial aid. However, the economic situation changed in 1986 with the collapse of the oil price, together with a strong devaluation of the dollar (the currency with which this product is traded in international markets). As a result, the increase in unemployment, foreign debt and inflation resulting from that economic situation were the breeding ground that gave rise to the victory of the Islamic Salvation Front (ISF) in the elections of December 26th 1991, that culminated with the taking of power, on January 11st 1992, of the Algerian army led by then-Minister of Defense, General Khalid Nizar.

Since that time, the Association Agreement, whose validity was conditioned to the fulfillment of certain commitments related with human rights and democratic criteria, was questioned. The EU's position on the Algerian conflict, from that moment on, exposed the serious inherent contradiction in the EU itself in trading matters and, especially, in terms of the implementation of its Foreign Policy and of Common Security (CFSP). Some countries, such as the United Kingdom, were in favor of suspending all aid granted to Algeria, while those members of the EEC with closer links with the Maghreb country (such as Spain, France and Italy), joined forces to prevent the execution of the British position.⁷

4.The Barcelona Process. The 2005 EU-Algeria Association Agreement.

Within the framework of the Euro-Mediterranean Agreement, the European Union and Algeria concluded a new Association Agreement, signed on April 22nd 2002, which entered into force on September 1st 2005. The final objective, from an economic point of view, of that Euro-Mediterranean Agreement associated with the so-called "Barcelona Process" was the constitution of a free trade area between the EU and the rest of the countries in the area. This Euro-Mediterranean Free Trade Area should be reached in a period of twelve years, although today this objective has not yet been achieved. It is important to note the qualitative jump that occurs with this agreement with respect to the one of 1976 since, as its name suggests, it is an association agreement, unlike that of 1976, which is a cooperative one. Therefore, with the Agreement of 2005, the relationship between the EU and Algeria goes beyond the purely economic and trading scope to reach a more strategic nature. Then-Commissioner for External Relations, Chris Patten, called it a "*political agreement*", covering areas such as education, culture or the fight against terrorism. In addition, the commitment of the Algerian Government in the defense of democracy and human rights is also contemplated and the agreement may be suspended if one of the two parties fails to comply, as stated in Article 104: "*If one of the Parties considers that the other Party has not fulfilled any of the obligations derived from this Agreement, it may take the appropriate measures*".⁸ In some way, this agreement also represents a normalization in international relations between the EU and Algeria after the crisis suffered by the Maghrebi country in 1991.

The Association Agreement also includes political cooperation through dialogue at different levels. First, this dialogue takes place at a ministerial level through the so-called Association Council. Secondly, at a civil service level, through the so-called Association Committee. Finally, third, there is a whole series of technical subcommittees specialized in diverse issues such as justice, migration or social affairs.⁹

⁷ Vid. Uruburu Colsa, Juan Manuel: "La dimensión política en las relaciones Unión Europea-Argelia: crisis y normalización", *UNISCI Discussion Papers*, nº 25 (January 2011), at <https://www.ucm.es/data/cont/media/www/pag-72500/UNISCI%20DP%2025%20-%20URUBU%20COLSA.pdf>

⁸ "Acuerdo Euromediterráneo", at <http://eur-lex.europa.eu/legal-content/ES/TXT/?uri=celex:32005D0690>

⁹ "Algeria and the EU", at https://eeas.europa.eu/delegations/algeria_en/9481/Algeria%20and%20the%20EU



In addition, since 2013, Algeria has been included in the so-called European Neighborhood Policy, having established, within the framework of this policy, a set of priorities to be developed in the 2016-2020 period related to the promotion of the rule of law and fundamental rights through the strengthening of the judicial system, agreements on security and cooperation in the fight against terrorism through integration and regional stability, organization of cultural events to promote the common culture between both parties or cooperation on immigration, especially in aspects such as the fight against illegal immigration or the right of asylum.¹⁰

With regard to the purely economic sphere, the Association Agreement includes funding from the EU to Algeria to contribute to the diversification of its productive structure by encouraging certain economic sectors of the country, with the aim of reducing its excessively high dependence on the energy sector. For this, there are several financial programs supervised with certain periodicity. The first of these supervisions took place in 2009 and, in 2017, a second supervision was completed. Some of these programs place special emphasis on the promotion of certain more vulnerable sectors, such as agriculture, or in certain more depressed geographical areas, such as the northwest.¹¹

4.1 Analysis of bilateral EU – Algeria trade. Impact of the Association Agreement.

The Association Agreement of 2005 has had a significant impact on the trade exchanges of those products that it affected, although the real impact of this was very much conditioned by the enormous Algerian dependence of its hydrocarbons on exports. In fact, the free entry of Algerian industrial products into the territory of the European Union was already contemplated in the 1976 Agreement and, even taking this into account, one could say that there is only a limited penetration of this type of goods in the European Union Community market, considering that 98.2% of the country's exports to the EU consist of raw materials such as hydrocarbons or minerals, whose total value is 31.2 billion euros. Even so, the EU is the main trading partner of Algeria, with a share of more than 54% of its foreign trade and, as a result of the Agreement, Algeria was dismantling its entire protectionist framework, one of the highest in the world with an average tariff of 24.5%.¹²

Thus, the impact of the Association Agreement of 2005 was more important in agricultural products, since the regime of these varied with respect to the Cooperation Agreement of 1976. Specifically, the latter included, in its agricultural section, a total of 108 products, of which 50 were guaranteed free entry into European markets and 4 of them were not subject to tariffs even though certain quotas were applied to them (these four products were wine, tomato concentrate, potatoes and fruit mix preparations, with limits of 448,000 hectoliters and 100, 2000 and 100 tons respectively, while the other 54 products, although no quotas were applied, were subject to tariffs, applying discounts ranging from 40% to 80%. The 2005 Agreement incorporated, in the agricultural section, 123 products, all of which are subject to a 0% tariff, and quotas are established for only 23 of them.¹³ In addition, another difference between the two agreements is that, in 2005, Algeria also agreed to liberalize its markets to European products, that is, on this occasion there is reciprocity. In fact, already in January 2002,

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² Martín, Iván: “Unión Europea-Argelia: una asociación de alto riesgo”, *Nación Árabe*, nº 47 (Summer 2002), at <https://algeria-watch.org/?p=54550>.

¹³ Bedrani, Slimane (2005): “El capítulo agrícola en el acuerdo de asociación Argelia-Unión Europea”, at *La Agricultura y la Asociación Mediterránea*, pp. 178-195, at <https://www.iemed.org/publicacions/detalls/agriculturalibre/bedrani.pdf>

Algeria carried out a significant tariff simplification, leaving only three types of tariffs: 5%, 15% and 30%.¹⁴

Table 1. Merchandise trade between the EU and Algeria (in billions of euros)

	2012	2013	2014	2015	2016	2017	2018
Imports	32.8	31.9	29.5	20.9	16.5	18.5	21.0
Exports	21.1	22.4	23.4	22.3	20.4	18.8	18.9
Balance	-11.6	-9.5	-6.0	1.3	3.9	0.3	-2.1

Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

As can be seen in Table 1, bilateral trade in goods between Algeria and the EU has undergone a major change in recent years, as it evolved from a clear deficit for the European block in 2012 to become a surplus in 2016 (although, in 2018 the balance is negative again). Exports, although they slightly decreased, remained relatively stable in those years. However, imports fell drastically, being, in 2016, half of what they represented in 2010, although they seem to recover since 2017.

Table 2. Trade in services between the EU and Algeria (in billions of euros)

	2012	2013	2014	2015	2016	2017	2018
Imports	1.7	1.5	1.6	1.7	1.5	1.6	n.a.
Exports	2.7	2.9	3.3	3.5	3.7	3.3	n.a.
Balance	1.0	1.4	1.7	1.8	2.2	1.7	n.a.

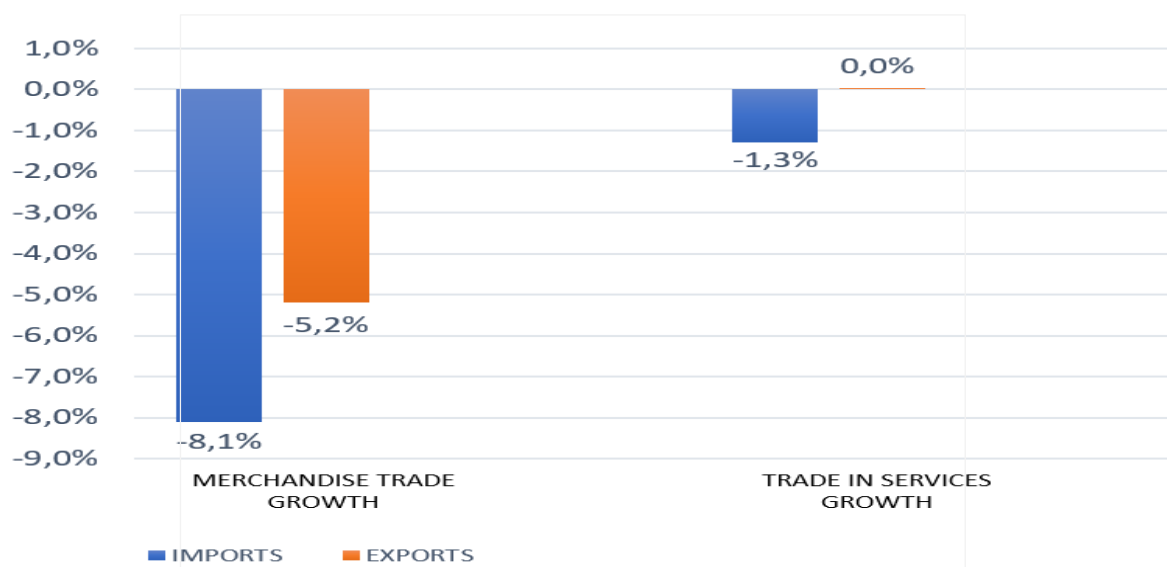
Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

With regard to trade in services, as shown in Table 2 imports remained stable for the period, while exports experienced a substantial increase, strengthening the bilateral trade surplus in this sector.

¹⁴ Jaso Cortés, Gustavo: “La zona de libre comercio UE-Argelia”, *ICE Boletín Económico*, no. 2781 (6th – 12th October 2003), at http://www.revistasice.info/cachepdf/BICE_2781_15-33__3DA26B5CDD5D6807447A2775E062AD0A.pdf

Figure 1. Annual average trade growth EU - Algeria (2014-2018)



Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

In Figure 1, we can observe how the dynamism of the EU-Algeria bilateral trade has been slowing down for the referred period, although it has done so with a serious imbalance: while exports of European services remarkably steady, imports of Algerian goods - that is, the sector in which Algeria should have greater competitiveness compared to the EU - have dramatically declined.

Table 3. Trade in agricultural products between the EU and Algeria (in billions of euros)

	2012	2013	2014	2015	2016	2017	2018
Imports	67	100	77	56	91	103	74
Exports	2,844	3,199	3,611	3,211	2,586	2,422	2,660
Balance	2,778	3,100	3,534	3,155	2,496	2,318	2,586

Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

Table 3 reflects another contradiction in Euro-Algerian bilateral trade, since European imports of agricultural products - in which Algeria has a superior relative advantage than the EU - are practically testimonial in comparison with exports. The reasons for this should be sought in the Common Agricultural Policy (CAP), which exerts a strong protection on agricultural goods of the European Union and prevents products from developing countries competing with them on equal terms.

Table 4. Trade in non-agricultural products between the EU and Algeria (in billions of euros)

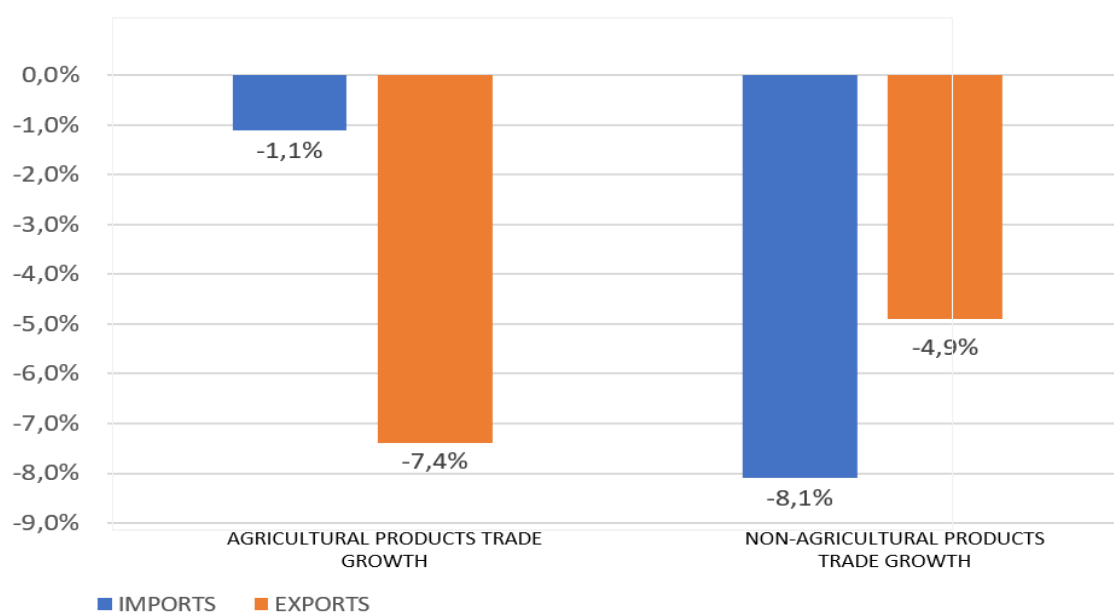
	2012	2013	2014	2015	2016	2017	2018
Imports	32,698	31,820	29,381	20,852	16,418	18,419	20,973
Exports	18,280	19,193	19,831	19,041	17,814	16,412	16,245
Balance	-14,417	-12,628	-9,550	-1,810	1,396	-2,007	-4,728

Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

Due to the small volume of trade in agricultural products, the data in Table 4 bear a very direct relationship with those shown in Table 1, especially as regards imports. It is noteworthy, also as in Table 1, the change of trend in the balance of non-agricultural products, going from a clear deficit to a surplus (although becoming deficit again since 2017).

Figure 2. Trade growth in agricultural products and non-agricultural products EU - Algeria (2014-2018)



Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

Figure 2 reflects data apparently contradictory with that observed in Tables 3 and 4 since, despite the fact that the volume of imports of agricultural products from Algeria is scarcely noticeable, they have decreased only slightly. On the other hand, exports and non-agricultural products have experienced a sharply decline despite its greater relevance in absolute terms.

Table 5. Trade of food products and raw materials between the EU and Algeria (in billions of euros)

	2012	2013	2014	2015	2016	2017	2018
Imports	74	107	87	65	101	123	99
Exports	3,260	3,659	4,117	3,664	2,991	2,672	3,091
Balance	3,185	3,552	4,030	3,598	2,890	2,549	2,993

Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

Data in Table 5 repeat a very similar pattern to those in Table 3. Paradoxically, and contrary to what the most basic theories of international trade would indicate, the European Union stands as a net provider of food and raw materials for Algeria, although it is important to note that in the raw materials section, fuel products are excluded.

Table 6. Trade in fuel products between the EU and Algeria (in billions of euros)

	2012	2013	2014	2015	2016	2017	2018
Imports	32,141	31,411	28,551	19,912	15,566	17,722	20,159
Exports	2,674	2,564	1,572	1,720	1,254	1,557	1,873
Balance	-29,466	-28,848	26,978	-18,192	-14,312	-16,165	-18,286

Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

Data in Table 6 show two worrying aspects of bilateral trade with the EU for the Maghreb country: on the one hand, its high concentration of exports of energy products to the EU and, on the other hand, the negative evolution of this kind of exports in absolute terms (although they are recovering since 2017). The EU increasingly supplies itself with energy from other partners to the point that its trade balance with Algeria for this type of goods, although there is still a clear deficit, has been reduced to less than half in just five years (but increasing again in the last two years).

Table 7. Trade in chemical products between the EU and Algeria (in billions of euros)

	2012	2013	2014	2015	2016	2017	2018
Imports	421	300	687	818	590	534	606
Exports	2,609	2,923	3,015	3,056	3,107	2,927	2,940
Balance	2,188	2,623	2,328	2,238	2,517	2,392	2,335

Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

Data in Table 7 are also similar to those in Table 5 in terms of raw materials (excluding energy products). The trade balance in terms of chemical products is also favorable for the European Union, remaining relatively stable in the analyzed years, although data are somewhat more volatile when analyzing imports and exports separately.

Table 8. Trade of machinery between the EU and Algeria (in billions of euros)

	2012	2013	2014	2015	2016	2017	2018
Imports	62	44	38	56	67	68	82
Exports	7,657	7,994	8,766	8,255	7,344	6,596	7,072
Balance	7,595	7,950	8,728	8,199	7,277	6,528	6,989

Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

Finally, data in Tables 8 and 9 show, once again, a contradictory trade pattern since, while the exchange of machinery does respond to the trading logic described by the economic theory in which the advanced countries provide industrial goods and, therefore, equipment to developing countries, European textiles imports from Algeria are null.

Table 9. Trade of textiles and clothing between the EU and Algeria (in billions of euros)

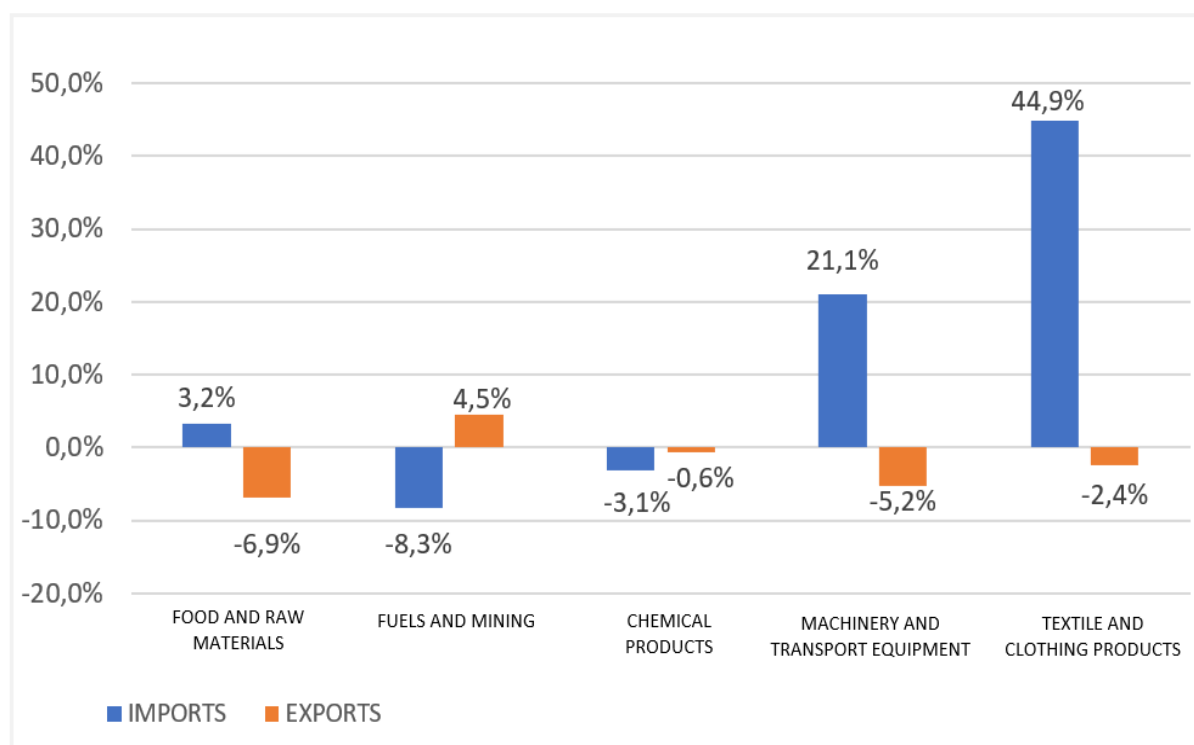
	2012	2013	2014	2015	2016	2017	2018
Imports	0	0	0	1	1	1	2
Exports	189	192	209	230	236	195	189
Balance	189	191	208	230	235	195	187

Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

Once analyzed the Euro-Algerian trade by sectors in absolute terms, Figure 3 shows the dynamism that each of them is experiencing. The main conclusion is that the less important sectors in absolute terms are, however, the ones that have evolved in a more positive way in terms of relative growth for the shown period. This would be the case of European imports of machinery or textiles. On the other hand, the most important sector in absolute terms with regard to European imports - fuel products - is the one that has suffered the greatest drop.

Figure 3. Trade growth by sectors EU - Algeria (2014-2018)



Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

Returning to the analysis of the Association Agreement, we must take into account the fact that it acts as a catalyst for the qualitative improvement of Algeria in its bilateral relations with some of the EU member countries, especially France. In fact, the objectives of the Algerian terrorist groups in recent years have been, mainly, French national interests.¹⁵

Alongside its colonial past, France's intervention in the area has often been perceived as foreign interference by both Algeria and other countries in the region. This is what has happened, for example, in Mali's conflict (a country with which Algeria needs to secure its borders), with relations with Morocco or with the role played by France itself in the Libyan war¹⁶ However, in 2012 different Franco-Algerian projects were launched in the pharmaceutical and petrochemical industries and it is intended to relaunch similar initiatives with other members of the European Union such as Spain or Germany.¹⁷ In addition, taking into account that Algeria has made significant defense expenditure in recent years, some EU countries have also benefited from this, by establishing themselves as suppliers of military

¹⁵ Botha, Anneli: "Atentados suicidas en Argelia 2007-2008: al-Qaeda en el Magreb islámico (AQMI)", *Real Instituto Elcano*, nº 33/2009 (24th February 2009) at

http://www.realinstitutoelcano.org/wps/portal/rielcano_es/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/terrorismo+internacional/ari33-2009

¹⁶ Echeverría Jesús, Carlos: "La situación de seguridad en Argelia", *Real Instituto Elcano*, working paper 19/2015 (23rd December 2015) at

<http://www.realinstitutoelcano.org/wps/wcm/connect/116877804b0b8bc894b8d7c12a87c07d/DT19-2015-EchevarriaJesus-Situacion-de-seguridad-de-Argelia.pdf?MOD=AJPERES&CACHEID=116877804b0b8bc894b8d7c12a87c07d>

¹⁷ Mikail, Barah: "El engañoso silencio de Argelia", FRIDE Policy Brief, nº 75 (March 2012) at

http://www.observatori.org/paises/pais_50/documentos/Enganoso_silencio_de_Argelia%20elecciones.pdf

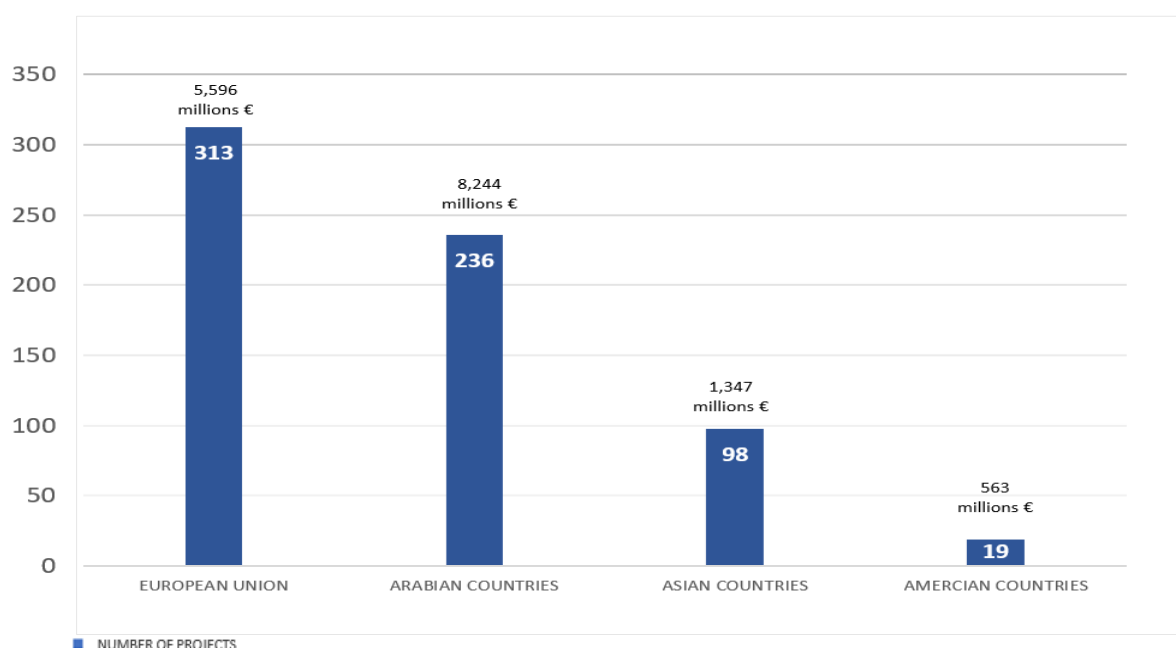
equipment of various kinds. In this regard, we can highlight the purchase, in 2014, of a helicopter carrier to Italy and 926 armored personnel carriers to Germany.¹⁸

In March 2017, in the Association Council, three new agreements were signed, one of which is directly linked to the support for the application of the Association Agreement worth 20 million euros (the other two agreements refer to the promotion of renewable energies and energy efficiency and the reform of the Public Treasury, worth 10 million euros each), in what has meant the beginning of the revision of the agreement by both parties, already advanced in 2015.

5. EU-Algeria foreign direct investment.

The European Union has traditionally been the main economic block from which the Algerian FDI has proceeded. Even so, this has been relatively scarce due to its low sectoral diversification and capital restrictions on foreign investors. According to the finance laws of 2009 and 2010, the partnership is the only possibility of entry into the country for the FDI and the percentage of national capital varies depending on the activity being, for example, 51% for productive activities, 30% for those related to foreign trade and 40% for maritime transport.¹⁹ In the period 2002 - 2016, the European Union has submitted 313 projects in Algeria worth 5,596 million euros and, to contextualize these data, we can compare them with those from other geographical areas, as shown in Figure 4.

Figure 4. Submitted projects in Algeria by geographical areas (2002-2016)



Source: Economic and Trade Office of Spain in Algiers (2014): Informe Económico y Comercial. Argelia. Secretary of State for Trade (updated to April, 2018), at <http://www.comercio.gob.es/tmpDocsCanalPais/EB03C2E0176099EC3C69ED7E0E5E9994.pdf>

Currently, Algeria is making considerable efforts to try to make international investors perceive the country as an attractive destination to invest in, and this is demonstrated in the budget approved in 2015 with the reforms carried out in that regard. On November 30st of that year,

¹⁸ Echeverría, *op. cit.*

¹⁹ Economic and Trade Office of Spain in Algiers (2014): *Informe Económico y Comercial. Argelia*. Secretary of State for Trade (updated to January 2014), at <http://www.comercio.es/tmpDocsCanalPais/3CF867424BD35B72613F145C787C8708.pdf>

the Assembly of Algeria approved the Finance Law 2016, with an austere budget that, above all, implemented a structural reform that facilitated the conduct of business in the country. In fact, the aforementioned regulation to limit the participation of foreign capital to 49% was made more flexible in certain sectors with this Law, although not in the energy sector. Article 76, for example, establishes that foreign investments may be made through the Algiers Stock Exchange without a right of pre-emption by the State, while Article 2 eliminates the obligation by foreign companies to reinvest taxes advantages. These measures have been the subject of great controversy and have led to large protests by political groups in the opposition, who believe that this type of reforms go against the social nature of the country and that, beyond a structural economic renewal to combat the current crisis situation and, thus, contribute to the reception of foreign direct investment, it is a cession of the Government to the pressures from different business groups.²⁰

Furthermore, it should not be forgotten that, due to many structural reforms carried out by the Government, a necessary (although not sufficient) condition to increase the attractiveness of FDI by Algeria lies in the improvement of the economic situation, since a high and extremely volatile inflation linked to the decline, in recent years, of GDP per capita, are data that discourage investment.

As can be seen in Table 10, foreign direct investment between the European Union and Algeria is clearly uneven:²¹

Table 10. Foreign direct investment from the EU to Algeria (in billions of euros)

	2013	2014	2015	2016	2017	2018	Annual average growth
Inside stock	1.1	1.9	1.8	1.8	1.9	n.a.	-0.4
Outside stock	14.0	14.1	14.8	14.6	14.9	n.a.	1.7
Stock Balance	12.9	12.2	13.0	12.7	13.0	n.a.	-
Internal Flow	0.3	0.2	0.2	26.7	0.0	n.a.	-54.4
External Flow	2.2	0.8	2.5	1.9	1.3	n.a.	20.3
Flow balance	1.9	0.5	2.3	-24.7	1.3	n.a.	-

Source: European Commission. Directorate-General for Trade.

https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_algeria_en.pdf

By countries, the main suppliers of foreign direct investment are those that follow in Table 11:²²

²⁰ Vid. Escribano, Gonzalo: "Argelia aprueba un presupuesto al límite", *Real Instituto Elcano*, ARI 72/2015 (15th December 2015) at

http://www.realinstitutoelcano.org/wps/portal/rielcano_es/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/mediterraneo+y+mundo+arabe/ari72-2015-escribano-argelia-aprueba-presupuesto-limite

²¹ Vid. *European Neighbourhood Policy and Enlargement Negotiations. Algeria*, at http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_111616.pdf

²² Vid. *Cifras del Comercio Exterior en Argelia*, at <https://es.portal.santandertrade.com/analizar-mercados/argelia/cifras-comercio-exterior>

Table 11. Foreign direct investment to Algeria by countries in 2016 (as a percentage of total)

Turkey	12.0
France	8.0
Spain	4.0
Italy	2.0
China	1.0

Source: Santander Trade Portal.

<https://es.portal.santandertrade.com/establecerse-extranjero/argelia/inversion-extranjera>

6. Energy policy: the gas sector.

The energy sector and, more specifically, the gas sector, transcends economic relations between the EU and Algeria to become a clearly strategic issue. Without going any further, the gas dependence of Spain on the Maghrebi country is extreme, since more than 60% of the gas that Spain imports comes from Algeria while, as far as the whole of the EU, Algeria is the third gas supplier, just behind Russia and Norway. Thus, the strategic partnership would be to guarantee the energy flow at affordable prices.

In addition, in the last Association Council, it was decided to boost the investments of European companies in the hydrocarbons sector (hence the allocation of 10 million euros for the energy agreement referred to above).

A greater direct foreign investment from the European Union would mean higher production and, therefore, higher Algerian exports to the EU, thus ensuring the supply of energy and eliminating, in turn, the possibility of repeating episodes as the one experienced in January 2017, in which a demand for gas higher than expected in Spain and France could not be met with normality by the energy companies in Algeria and generated a considerable increase in the price of hydrocarbons.²³

In any case, the biggest contribution that Algeria can make to its bilateral relations with the EU (referring to the energy sector) is to present itself as a reliable provider, as opposed to the ongoing problems caused by Russia in that sense.

There are also several factors that make Algeria a strategic partner of great value for European energy security. One of those factors is, without a doubt, the large size of the Algerian gas reserves, estimated at some 4.5 trillion cubic meters already found plus another 1.5 trillion to be discovered, which would place Algeria with some reserves greater than those of Libya or Egypt, (in spite of which these two countries would continue to be competitors that should not be disdained). And a second factor to consider is the price of Algerian gas, since its cost is significantly lower than the one of Russia or Norway. In fact, the cost of technical supply through Medgaz and Galsi gas pipelines is approximately 50% lower than that of the countries mentioned above, which translates into a significant competitive advantage over the rest of the suppliers, especially in a context of low energy prices.²⁴

²³ Escribano, Gonzalo: "Argelia y el precio de la electricidad en Europa", Real Instituto Elcano, 21st February 2017, at

http://www.realinstitutoelcano.org/wps/portal/rielcano_es/contenido?WCM_GLOBAL_CONTEXT=/elcano/elcano_es/zonas_es/comentario-escribano-argelia-precio-electricidad-europa

²⁴ Ghilès, Francis: "Argelia: gas para la UE", *Política Exterior*, vol. XXI, nº 118 (July/August 2007), pp. 87–98.

As mentioned in the previous section, the new Finance Law of 2016, which relaxes the 49% limit on foreign capital in Algerian companies, does not apply to the energy sector, which is not surprising given that hydrocarbons they account for 63% of the State's income (according to the IMF, it came to represent 69% in 2011, with a contribution of 36% to the national GDP).²⁵ 80% of the gas exported by Algeria is consumed by four Mediterranean countries (Spain, France, Italy and Turkey), of which three are members of the EU.²⁶ As a member of OPEC, it is also the eighth largest supplier of oil to the European Union (behind Russia, Norway, Nigeria, Saudi Arabia, Kazakhstan, Iraq and Azerbaijan).

However, its greatest contribution to European energy supply is through gas which, as can be seen in Table 12, the percentage of total gas imports from Algeria has a clear downward trend (in the same way as Russian imports in some specific years), in favor of other partners such as Norway or even Qatar, which has come to threaten the third Algerian position in the ranking.

In 2008, negotiations began and culminated in the so-called Memorandum of Understanding between the EU and Algeria on a strategic energy partnership for the year 2013, whose objective was to strengthen the energy relationship between the two blocks and expand it to new sources of energy beyond hydrocarbons (such as, for example, renewable energies), in addition to including considerations on aspects such as infrastructure or energy efficiency.

Once again, the European Union's great concern regarding the security of its supply should be stressed, since by 2030 world demand for energy will increase by 27% at the same time as the energy production in the interior of the European Union itself decreased by 20% between 1995 and 2012. Thus, the EU's energy dependence on external suppliers is 50%. Also in 2012, the EU imported 90% of the oil, 66% of the gas and 42% of the solid fuels that ended up being consumed in European territory, which meant a total cost of 1,000 million per day.²⁷ In 2013, the total cost of energy imports was 400,000 million, representing 20% of total European imports.²⁸

In Table 12, we can observe the origin of EU energy imports:²⁹

²⁵ Boukhars, Anouar: "Political tensions mount in Southern Algeria", FRIDE Commentary, nº 22 (March 2015) at <https://carnegieendowment.org/2015/03/25/political-tensions-mount-in-southern-algeria-pub-59786>

²⁶ Vid. Artetxe Larrabide, Aintzane (2015): *La Unión Europea y España en su relación con el Magreb: los casos de Marruecos y Argelia*, Doctoral Thesis, Basque Country University (December 2015), at https://addi.ehu.es/bitstream/handle/10810/18490/TESIS_ARTETXE_LARRABIDE_AINTZANE.pdf;jsessionid=2E4113CB95594C18D0BCA25BE411F980?sequence=1

²⁷ Vid. *Seguridad energética: la Comisión presenta una estrategia completa para reforzar la seguridad de abastecimiento*, at http://europa.eu/rapid/press-release_IP-14-606_es.htm

²⁸ Vid. Segoviano, Soledad: "Nuevos planteamientos en la seguridad energética de la Unión Europea y opciones en el Mediterráneo Occidental", *UNISCI Magazine*, no. 39 (October 2015), at <https://www.ucm.es/data/cont/media/www/pag-74789/UNISCIDP39-2SEGOVIANO..pdf>

²⁹ This table has been obtained from *Producción e importaciones de energía*, at http://ec.europa.eu/eurostat/statistics-explained/index.php/Energy_production_and_imports/es

Table 12. Origin of imported energy in the EU-28, 2006-2016 (as a percentage of total)

	Solid fuels										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Russia	25.0	24.8	26.1	30.0	26.9	26.0	25.5	28.8	29.1	28.9	30.2
Colombia	11.4	12.7	12.3	17.4	19.9	23.5	24.1	21.8	21.1	23.9	23.4
Australia	12.0	13.0	11.7	7.5	10.5	8.7	7.3	7.5	6.3	9.8	14.6
United States	7.8	9.1	14.0	13.5	16.8	17.9	22.9	22.4	20.5	16.1	14.1
South Africa	23.1	20.1	16.5	15.8	9.6	7.8	6.3	6.7	9.8	7.7	5.1
Indonesia	9.3	7.8	7.3	7.0	5.5	5.0	4.5	3.1	3.4	3.5	3.0
Canada	2.8	3.0	2.6	1.4	2.0	2.2	1.6	1.8	2.5	1.6	2.0
Mozambique	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.3	0.3	0.5	0.8
Kazakhstan	0.2	0.1	0.3	0.2	0.2	0.3	0.3	0.3	0.5	0.5	0.8
Others	8.5	9.4	9.2	7.3	8.6	8.6	7.4	7.5	6.4	7.4	6.0
	Crude oil										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Russia	33.8	33.7	31.8	33.6	34.7	34.8	33.7	33.7	30.4	29.1	31.9
Norway	15.4	15.0	15.0	15.1	13.7	12.5	11.2	11.8	13.1	12.0	12.4
Iraq	2.9	3.4	3.3	3.8	3.2	3.6	4.1	3.6	4.6	7.7	8.3
Saudi Arabia	9.0	7.2	6.8	5.7	5.9	8.0	8.8	8.7	8.9	7.9	7.8
Kazakhstan	4.6	4.6	4.8	5.3	5.5	5.7	5.1	5.7	6.4	6.6	6.8
Nigeria	3.6	2.7	4.0	4.5	4.1	6.1	8.2	8.1	9.1	8.4	5.7
Azerbaijan	2.2	3.0	3.2	4.0	4.4	4.9	3.9	4.8	4.4	5.2	4.5
Iran	6.2	6.2	5.3	4.7	5.7	5.8	1.3	0.0	0.1	0.0	2.9
Algeria	2.5	1.9	2.5	1.6	1.2	2.6	2.9	3.9	4.2	4.2	2.8
Others	19.7	22.4	23.3	21.8	21.6	16.1	20.9	19.7	18.7	19.0	17.0
	Natural gas										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Russia	39.3	38.7	37.4	33.0	31.9	34.4	34.9	41.1	37.4	37.6	39.9
Norway	25.9	28.1	28.5	29.7	27.9	27.6	31.8	30.4	32.1	32.0	24.8
Algeria	16.3	15.3	14.7	14.1	13.9	13.1	13.3	12.6	12.0	10.8	12.4
Qatar	1.8	2.2	2.3	5.9	9.7	11.6	8.3	6.5	6.8	7.7	5.6
Nigeria	4.3	4.6	4.0	2.4	4.0	4.4	3.1	1.7	1.5	2.0	2.0
Libya	2.5	3.0	2.9	2.9	2.7	0.7	1.9	1.7	2.1	2.1	1.3
Peru	0.0	0.0	0.0	0.0	0.0	0.0	0.8	0.5	0.5	0.3	0.5
Trinidad and Tobago	1.2	0.8	1.7	2.0	1.4	1.2	0.9	0.7	0.9	0.6	0.2
Turkey	0.0	0.0	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Others	8.8	7.3	8.3	9.7	8.2	6.8	4.8	4.5	6.5	6.7	13.1

Source: Eurostat (online data codes: nrg_122a, nrg_123a and nrg_124a)

7. The European Neighborhood Policy and humanitarian aid.

The Association Council held on March 13th 2017 agreed the priorities in the EU-Algeria bilateral relationship until 2020. Among these, aspects related to political cooperation in the promotion of good governance, defense of human rights, socio-economic development through trade relations, sustainable development and energy, security and dialogue based on cultural and religious aspects and cooperation on migration issues. For all this, a financial program that will cover the period 2018 – 2020 was established.³⁰

It is clear that EU's relations with Algeria are much deeper as a result of the signature, in 2002 (with entry into force in 2005) of the Association Agreement linked to the Barcelona Process which, in turn, replaced the former Cooperation one of 1976. The Association

³⁰ “The European Union and Algeria adopt their Partnership Priorities”, at <http://www.consilium.europa.eu/en/press/press-releases/2017/03/13/eu-algeria>



Agreement includes areas that go far beyond cooperation through trade and financial aid, such as defense of democratic principles, defense of human rights and the rule of law, sustainable development, implementation of the principles of the market economy and Good Government practices. And, all this, without forgetting the humanitarian aid that the EU continues providing to Algeria, especially with regard to the refugee camps (five in particular) where approximately 90,000 Sahrawis live in the city of Tindouf, to the south from the country.³¹

Since 1993, the EU has contributed to these refugee camps with more than 220 million euros, of which 9 million were in 2016. The money goes, essentially, to the purchase of basic food products such as oil, sugar, rice and other protein-rich products to combat malnutrition, such as fish. Of the 9 million euros allocated in 2016, 5 million were allocated to food and the remaining 4 million to obtain drinking water through the construction and sanitation of local supply systems, awareness campaigns for the application of basic standards of hygiene in order to prevent the spread of diseases in schools and hospitals, to the direct provision of medicines and, also, to the financing of entrepreneurship support programs, so that refugees can obtain a certain level of income that makes them less dependent of the humanitarian aid.

The main financial instrument on which the cooperation between the European Union and Algeria is based is the so-called European Neighborhood Instrument (ENI), which foresees the funds allocated for this purpose for the period 2014-2020, replacing the old European Neighborhood Instrument and Association (ENIA). The ENI finances different programs (including TAIEX and SIGMA).³² In addition, Algeria also benefits from the so-called "Emergency Trust Fund for Stability that allows addressing the root causes of irregular migration and the displacement of people in Africa" to which, in 2015, the European Commission undertook to allocate 1,800 million euros.³³

Specifically, for Algeria, a single aid framework was established in 2014 (better known as the Single Support Framework or SSF) and another framework for the period 2018 - 2020. The first one, covering the period 2014-2017, represented a total aid for Algeria of 148 million euros for employment creation, labor market reform, aid for economic diversification, justice reform and citizen participation in public life. Specifically, the breakdown of funds, by years and subject, has been as follows:³⁴

- 2014: a total of 26.3 million euros were committed from the budget allocated for the European Neighborhood and Partnership Instrument, of which 9 million were allocated to justice reforms, 7.3 million to the media and remaining 10 million to education and professional training.
- 2015: 25 million euros were allocated divided into two items. 17 million euros were allocated to the first of them for projects of economic diversification and improvement of the Algerian business climate. To the second one were assigned the remaining 8 million, destined to the promotion of citizen participation in public life.

³¹ "Algeria and the EU", at https://eeas.europa.eu/delegations/algeria_en/9481/Algeria%20and%20the%20EU

³² "European neighbourhood Policy and Enlargement Negotiations", Algeria, at https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/algeria_en

³³ "Comunicación de la Comisión al Parlamento Europeo, al Consejo Europeo y al Consejo. Gestión de la crisis de refugiados: medidas operativas, presupuestarias y jurídicas inmediatas en el marco de la Agenda Europea de Migración", Brussels, 23.9.2015 COM (2015) 490 final, at http://eur-lex.europa.eu/resource.html?uri=cellar:305ccf53-61e2-11e5-afbf-01aa75ed71a1.0018.02/DOC_1&format=PDF

³⁴ "European neighbourhood Policy and Enlargement Negotiations", Algeria, at https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/algeria_en



- 2016: 30 million were assigned. 10 million for the modernization of public finances, 10 million more for the improvement of energy efficiency and promotion of renewable energies and another 10 million in technical assistance for the implementation of the Association Agreement.
- 2017: The rest of the assignment was used to finance two new programs related with the agricultural sector and with the preservation and valorisation of Algeria's cultural heritage.³⁵

For the period 2018 – 2020, there is an allocation range of 108 million and 132 million euros.³⁶

In total, for the period 2007 - 2013, the EU committed 366.1 million euros through the European Neighborhood and Partnership Instrument for projects related to agriculture, education or rural development (among other areas), some of them still in execution.³⁷ Among the most outstanding, we find the following ones:³⁸

- Pilot project against radicalization and violent extremism in the Sahel-Maghreb region. It covers the period 2015 - 2019. Budgeted with 5 million euros. Participating Algeria, Morocco, Libya, Tunisia, Burkina Faso, Chad, Mali, Mauritania and Niger.
- South Interpol, whose objective is the exchange of information and cooperation in the fight against terrorism, immigrant trafficking and general organized crime. It covers the period 2017 - 2020. Budgeted with 3 million euros. Participating Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia.
- Mechanism for the Middle East and North Africa (MENA), to support financial institutions, minimizing their exposure to the risk of loans to SMEs. It covers the period 2017 - 2024. Budgeted with 24 million euros. Participating Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.
- Venture capital fund for the southern neighborhood, with the objective of providing financing to SMEs in the region in order to strengthen the private sector. It covers the period 2015 - 2025. Budgeted with 50 million euros. Participating Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.
- Support to the European Foundation for democracy, to cover the operating costs of the foundation that promotes democracy and the defense of human rights. It covers the period 2015 - 2018. Budgeted with 12 million euros. Participating Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestine, Syria, Tunisia, Ukraine and Russia.
- Promotion of investment in the Southern Mediterranean, jointly with the OECD. It covers the period 2016 - 2020. Budgeted with 3 million euros. Participating Algeria, Egypt, Jordan, Lebanon, Morocco, Palestine and Tunisia.

³⁵ European Commission: "2017 Annual Activity Report", at

https://ec.europa.eu/info/sites/info/files/file_import/near_aar_2017_final.pdf

³⁶ "European neighbourhood Policy and Enlargement Negotiations". Algeria, at

https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/algeria_en

³⁷ "European neighbourhood Policy and Enlargement Negotiations". Algeria, at

https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/countries/algeria_en

³⁸ "EU Neighbours. South", at

<http://www.euneighbours.eu/en/south/eu-in-action/projects?f%5B0%5D=country%3A72&page=1>



- Youth mobility and regional integration for the Maghreb countries. It covers the period 2015 - 2017. Budgeted with 800,000 euros. Participating Algeria, Libya, Morocco and Tunisia. (Also, Mauritania as an observer country).
- Technical assistance program in support of the Mediterranean Urban Projects Financial Initiative to promote sustainable development projects in urban projects. It covers the period 2012 - 2017. Budgeted with 5 million euros. Participating Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia and Palestine.
- Support for economic research, studies and dialogue of the Euro-Mediterranean partnership. It covers the period 2015 - 2019. Budgeted with 4 million euros. Participating Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine and Tunisia.
- Project "Towards an ecologically representative and efficiently managed network of Mediterranean Marine Protected Areas", to ensure long-term marine biodiversity. It covers the period 2015 - 2018. Budgeted with 3 million euros. Participating Algeria, Egypt, Lebanon, Morocco and Tunisia.
- Strengthening the business climate in the Southern Mediterranean. It covers the period 2014 - 2017. Budgeted with 3 million euros. Participating Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia.
- EUROMED investment (EU support to trade and investment associations in the Southern Mediterranean). It covers the period 2014 - 2017. Budgeted with 5 million euros. Participating Algeria, Egypt, Israel, Jordan, Morocco, Palestine, Syria and Tunisia.
- European Neighborhood Program for Agriculture and Rural Development. It covers the period 2012 - 2017. Budgeted with 4 million euros. Participating Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestine, Tunisia.
- TAIEX (Technical Assistance and Information Exchange), which is a short-term aid instrument for greater understanding and approximation of European legislation to its partners. It covers the period 2014-2020. Participants are Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestine, Syria, Tunisia and Ukraine.
- Development of the private sector in the Southern Mediterranean. Budgeted with 12 million euros. Participants include Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, the Occupied Territory of Palestine, Syria and Tunisia.

8. Conclusions.

The relations between the European Union and Algeria have evolved in parallel with the international system. As a result of its independence, its ex-colony status of an EU member country made it, basically, a trading partner which was also included in the European development aid programs, within a natural center-periphery scheme. However, the problems posed by international relations in the new paradigm governed by the process of globalization classify Algeria as a strategic partner. Of course, humanitarian and technical assistance continues to be an important vector in its bilateral relations with the EU. However, it is much



more aware of the importance of cooperation with its neighbors in order to solve, in origin, issues that affect European territory as immigration or the fight against terrorism are. It is, precisely, for this reason, that the so-called European Neighborhood Policy began to be implemented.

Thus, issues related to security (not only trading ones) become a priority for the EU relations with its Maghreb partners, which, in the case of Algeria, reach a double dimension by including aspects related to energy supply. In this sense, Algeria must show itself as a reliable partner for the EU and take advantage of the decline in European imports of Russian gas as a result of the geopolitical position that this country has adopted. This circumstance has not been sufficiently exploited by Algeria since, in the face of problems from Russia, the EU has turned to Norway. It is also important to note the role that investment flows from European countries can play in the energy sector.

In short, the transition from the 1976 Cooperation Agreement to the Association Agreement of 2005 showed progress, both qualitative and quantitative, in Euro-Algerian relations. However, there are still many pending challenges not only with Algeria, but also with other countries in the area, especially with regard to the conformation of the EU-Mediterranean free trade area. Only through the promotion of regional integration and closer cooperation on both shores of the Mediterranean will we be able to obtain all the benefits that this strategic partnership can derive and face all the imbalances originated in two so close and so unequal powered centers of gravity.



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