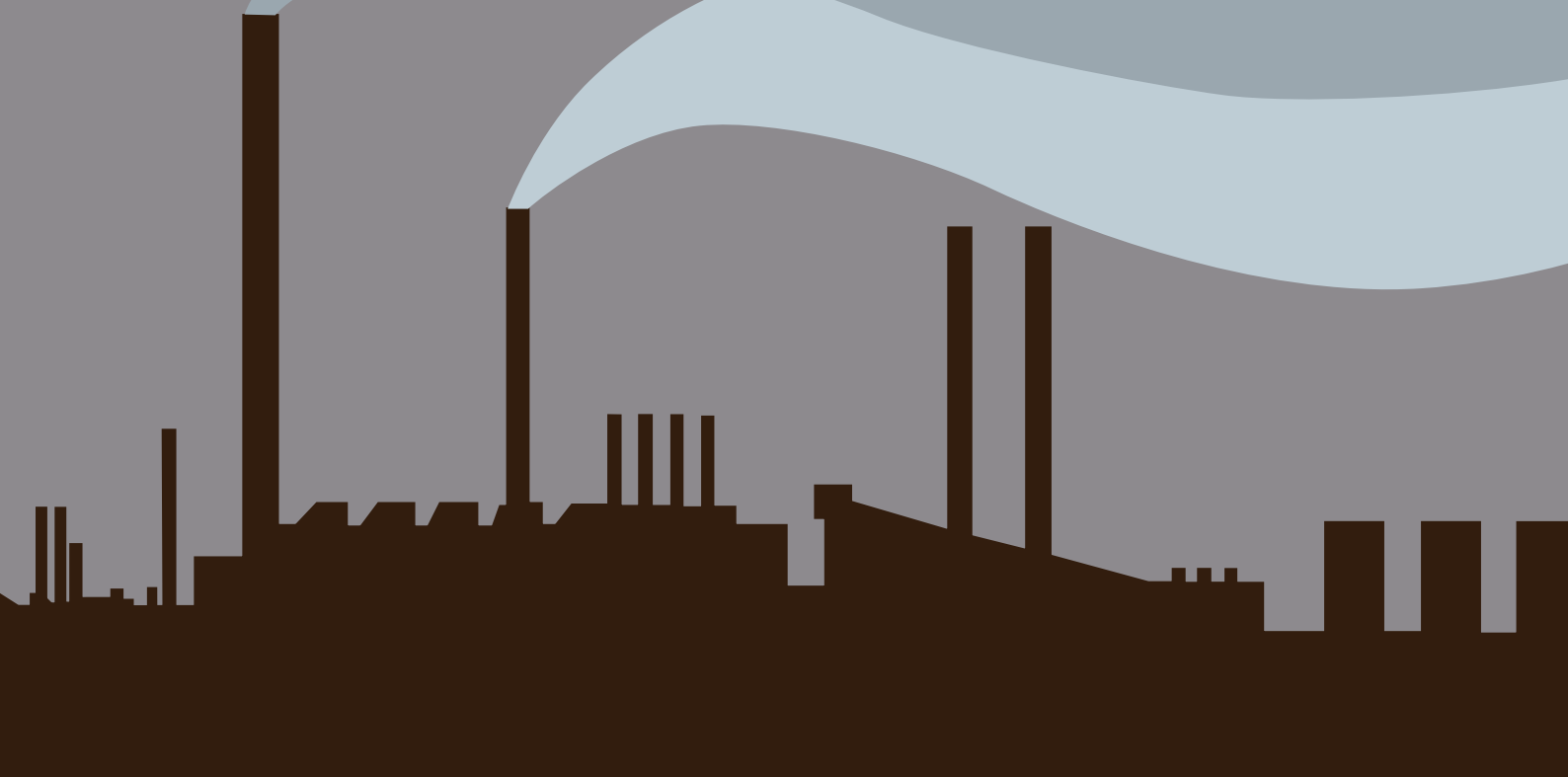




REINFORCING DICTATORSHIPS



**BRITAIN'S GAS GRAB
AND HUMAN RIGHTS
ABUSES IN ALGERIA**



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INTRODUCTION

BP signed its first joint venture in Algeria in 1995, only three years after the military coup that cancelled the first multi-party legislative elections in Algeria since independence from French colonial rule. The contract was signed while a brutal civil war was raging, with systematic violence from both the state and Islamist fundamentalists.

This signature has framed both the British government's and BP's engagement with Algeria over the past 20 years. It continues to shape the current context of torture and impunity, repression and corruption. Their eagerness to break into Algeria in the 1990s, despite the violent crackdown being enacted by the state, indicates the priorities of the British establishment. The UK favoured its own economic interests and acquiesced to the Algerian regime's 'Dirty War' of the 1990s. The same approach has continued ever since.

UK foreign policy aims to lock North African natural gas into the European and British grids and is heavily influenced by arms and fossil fuel interests. As a result, the Conservative government has courted the Algerian regime and supported arms sales between British companies and Algeria as well as encouraging an expanded role for BP. This comes despite the regime's dismal human rights record and intense repression of democratic movements in recent years.

Today, Algeria is ruled by an ageing regime and a frail president, clinging on to power and lashing out at those demanding democracy and challenging corruption. Yet BP and the British government continue to ignore social movements and civil society, instead working with the intelligence agencies, training Special Forces and strengthening military cooperation.

Despite its strategic importance and growing relations with Britain, Algeria is barely mentioned in the British media, due to a colonial perspective where the country is seen as the special reserve of France. However, last year, Algeria received international media attention due to the tragic In Amenas hostage crisis that targeted a BP-run gas plant. The attack in south-eastern Algeria in January 2013 resulted in the death of 39 foreign hostages (including six Britons and one UK resident) and the killing of 32 terrorists.

This report argues that British and EU External Energy Policies are reinforcing and strengthening a repressive and corrupt regime by prioritising corporate fossil fuel interests and a locking-in of Algerian gas over human rights and democracy.

1 BRITISH COLLUSION WITH A CORRUPT AND AUTHORITARIAN REGIME

Britain is consistently prioritising fossil fuel interests over human rights and democratic principles in relation to Algeria. In the process, foreign policy is actively helping to shore up a highly repressive and corrupt regime, contributing to its longevity.

In learning lessons from the Arab uprisings in 2011, the Foreign Affairs Committee challenged the Foreign & Commonwealth Office’s (FCO) continued willingness to downplay “criticism of human rights abuses in countries with which the UK has close political and commercial links”.¹ In a subsequent report *British foreign policy and the ‘Arab Spring’* published in July 2012, the Foreign Affairs Committee concluded that “the UK’s policy of engaging with autocratic powers in the Middle East and North Africa (MENA) region while remaining relatively quiet in public on human rights and political reform has linked the UK in the eyes of many people with those deposed and discredited governments.” It also noted that “an approach that more consistently advocated the need for human rights and democratic reforms might have helped to improve the human rights situation in each of these states, as well as having a positive impact on the public perception of the UK in the region today.”²

Following the Arab Spring, the UK government claims to have adopted a new approach to relations with the Arab world. The UK Government’s Arab Partnership programme supports “political and economic reform in the Middle East and North Africa region, to build a more inclusive, accountable MENA region.”³ In 2011, David Cameron told a Kuwaiti audience that “we stand today with the people and Governments who are on the side of justice, of the rule of law and of freedom”. He added: “I believe that the most resilient societies rest on the building blocks of democracy: Transparency and accountability of government and the removal of corruption.”⁴

Yet the FCO has ignored these conclusions and continued a ‘business first’ approach in Algeria.

The Algerian regime is a serious human rights offender, characterised by ongoing authoritarian practices and endemic corruption at a huge scale. The collusion with such a regime for the sake of business interests or securing fossil fuel supplies is in stark contrast to Western rhetoric of promoting democracy and human rights.

A) Why Britain wants Algeria’s fossil fuel reserves

Gas currently forms an integral part of the UK’s energy generation mix, generating 40% of electricity in 2011.⁵ As domestic extraction diminishes, the government is expecting that imports will account for a higher proportion of the gas supply.

Algeria is one of the UK’s closest Liquefied Natural Gas (LNG) providing countries. Algerian authorities like to emphasise the country’s reputation as a reliable and “stable” supplier of gas that honours its contracts, with few interruptions to its pipeline exports. Algeria is seen as well positioned to meet the growing demand. As the largest country in Africa, it has the advantage of both an abundance of hydrocarbons, existing gas transportation infrastructure and proximity to southern Europe.

Currently, Algeria exports 16.2 billion cubic metres (bcm) per year of LNG, with plans to expand this to 21 bcm a year by 2016. It stands as the third largest supplier of gas to Europe after Russia and Norway.⁶ The UK and Algeria have a long history of LNG collaboration spanning fifty years, with the world’s first commercial LNG shipment delivering fuel from Arzew to Canvey Island in the Thames Estuary.

Algeria has the largest proven natural gas reserves in Africa and has been identified as a priority market in the Department of Energy and Climate Change’s *Energy Security Policy*.⁷ A recent UK Trade and Investment Defence Security Organisation briefing argued that Algeria could provide about 10% of the UK’s gas demand in coming years via the newly-expanded Isle of Grain LNG terminal in Kent.⁸



The oil and gas export terminal at Arzew, Algeria. Photo: SSergey

B) British External Energy Policy

UK foreign policy aims to lock North African natural gas into the European and British grids and is heavily influenced by arms and fossil fuel corporate interests. By pushing for long-term exports of gas in a context where the Algerian public is excluded from decision-making and benefits are largely reserved for the regime elite, Britain is pursuing a “gas grab”. Since coming to power, the Conservative government has courted close relations with the Algerian regime, including arms sales and support for an expanded role for BP.

According to documents Platform obtained, the British government is actively trying to increase LNG imports from Algeria, and has been working to strengthen this relationship through numerous trade visits between the two countries and high-level energy dialogue.⁹

Lord Marland, the Prime Minister’s Special Envoy for Trade and Foreign Investment, visited Algeria twice in 2012 (February and September), leading to Lord Risby being appointed as special UK trade envoy to Algeria in November 2012.¹⁰ Lord Risby has a history of promoting energy deals with repressive regimes, taking part in trade

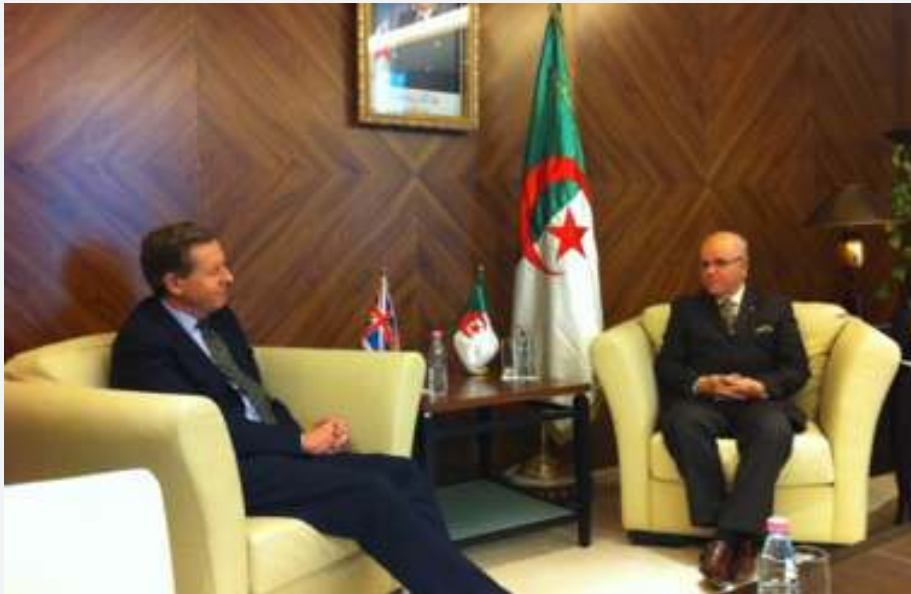
missions to Azerbaijan in 2012¹¹ and 2013¹². This came alongside the creation of a dedicated Algeria British Business Council (ABBC) lead by Lady Olga Maitland.¹³ Lady Olga is also the president and founder of the Defence and Security Forum, a lobby group set up to counter public demands for nuclear disarmament.¹⁴

Lord Risby, in his capacity as a special envoy, has paid three visits to Algeria to date (December 2012, May and September 2013) and is planning another visit in 2014. These trade visits ignore the Foreign Affairs Committee’s conclusions that business interests must be balanced with human rights. Instead, the sole priority is making connections between British companies like BP and Shell and members of the Algerian regime¹⁵.

In February 2014, Lady Olga will head a delegation of oil and gas companies to Algiers and Hassi Messaoud, and a major business promotion conference is scheduled for the same month in London.¹⁶ The British government is working alongside the International Oil Companies (IOCs) to increase their dominance in Algeria.



Lady Olga, Chair of the Algeria British Business Council, with Algerian President Bouteflika

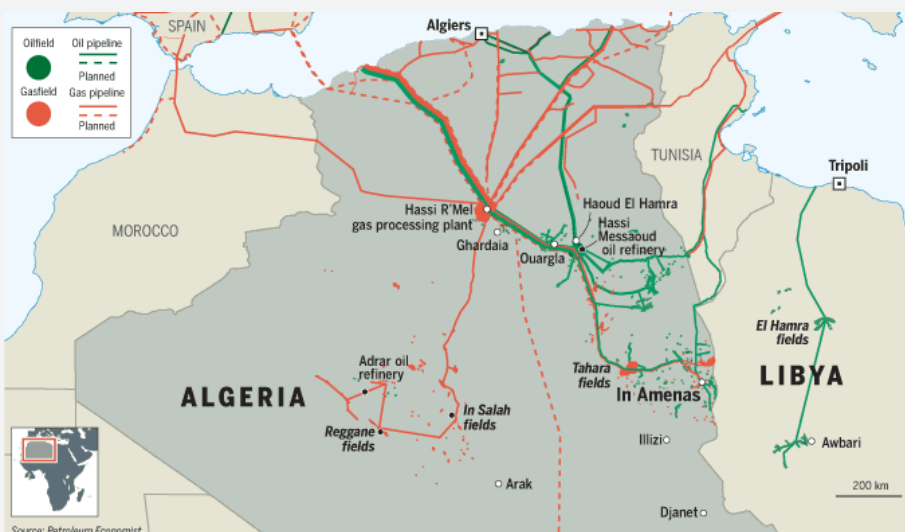


Lord Risby with the Algerian Foreign Minister Mourad Medelci

The government work closely with the IOCs to pressure the Algerian government into making further concessions to attract foreign business. For instance, a roundtable was hosted by the Foreign Office in April 2013 to give space to oil firms including BP, Shell, ExxonMobil, Hess, OMV and Petroceltic to promote their interests regarding amendments to the Algerian hydrocarbon law.¹⁷ Moreover, the Department of Energy and Climate Change (DECC) officials discussed with Algerian Energy Minister Youcef Youssi that Algeria moves away from the oil-indexed gas contracts generally favoured by gas

extractors towards hub-linked indexation. Lord Marland also hosted an exclusive dinner on 15 April 2013 at the Stafford Hotel, for select high-level representatives of British oil and gas companies to lobby the Algerian energy officials¹⁸.

There is also a danger that Britain expands its existing “gas grab” to Algeria’s significant renewable energy resources, especially solar power. The British Ambassador to Algeria, Martyn Roper has been very active since his appointment in December 2010 in this field.¹⁹



Map of Algeria showing BP operations at In Amenas and In Salah

C) BP is profiting from and underwriting repression

The 1990s Algerian experience was not only one of horrific civil war but also of forced economic liberalisations through the IMF and the World Bank. Algeria was opened up to the world markets, facilitating a scramble for oil, gas and influence. With increased deregulation of the all-important energy sector, Western companies and the European Union wooed the regime, signing a series of lucrative contracts to secure a stake in the country’s precious resources.

Such moves, paving the way to more *infitah* (neoliberal opening) and outside control would have been anathema under President Boumediene in the 1960s and 1970s.²⁰ But by the mid-1990s, the Algerian regime, desperate for international credit, submitted to the World Bank and the IMF. In order to entice would-be investors, the government created a special exclusion zone around the oil and gas fields in the south. Thus on 23rd December 1995, BP finalised a contract worth \$3 billion, giving it the right to exploit gas deposits in In Salah in the Sahara for the next 30 years. Total completed a similar deal worth \$1.5 billion one month later, and on 16 February 1996, the American firm Arco signed a contract for a joint venture to drill in Rhourd El-Baguel oilfield. In November

1996 a new pipeline supplying gas to the EU was opened, the Maghreb-Europe Gas Pipeline through Spain and Portugal.

These contracts undoubtedly bolstered the regime as it exerted systematic violence across the country and at a time of international isolation. Tied to Algeria through huge investments, these companies and the EU had a clear interest in making sure that the repressive regime did not go under. The oil and gas revenues enabled heavy militarisation and the operations of the repressive police and intelligence apparatus.

The country’s natural resources can be seen as a curse as well as a blessing. In theory, they made Algeria a rich country but in practice, the shadowy economic mafia siphoned off the money through a complex network of private monopolies and import-export companies, even gobbling up much of the 1994 debt rescheduling.²¹ The regime has shown no interest in reinvesting this wealth in the population, resulting in massive corruption.



Police crackdown on protests in January 2011.
Photo: Magharebia / Creative Commons

D) BP’s current role in Algeria

As a result of BP’s merger with Amoco in 1998 and the acquisition of Arco in 2000, BP became the number one foreign investor in Algeria with more than \$5 billion worth of investments.²² Its involvement is focused on gas extraction in two large projects at In Salah and In Amenas, in partnership with Sonatrach and Statoil Hydro, with BP holding a 33.15% share in each project.

In Amenas is one of the largest wet gas projects in the country, with the extraction of natural gas and gas liquids from fields in the Illizi basin of south eastern Algeria. First gas was produced in 2006. In Salah is one of the largest dry gas joint-venture projects in the country. The venture involves extracting gas from seven fields in the southern Sahara, 1,200km south of Algiers,

and has been on-stream since July 2004 and involves significant carbon dioxide capture / reinjection processes. BP also extracts oil from the Rhourde El Baguel field.

Despite the security threat that the In Amenas hostage crisis revealed, BP remains committed to working with the Algerian regime and continues its lobbying efforts for more profitable contract terms. While Statoil has already conducted and published its own inquiry into the hostage crisis, BP said it did not plan to follow suit. Spokesman Robert Wine claimed “Because of the nature of the incident and the fact that the response was an Algerian military operation, there are many questions arising which BP is not in a position to answer.”²³



Gendarmerie officers stand guard outside BP’s In Amenas gas plant in Algeria

E) British support for militarisation in Algeria

Algeria’s role in the global “war on terror” was strengthened in the aftermath of the In Amenas attack, with Western interests deepening the collusion with the authoritarian, repressive regime.

Despite criticising the way that Algiers handled the crisis, several Western leaders still voiced strong support and vowed to increase military cooperation to eradicate terrorism. The UK was no exception, with Prime Minister David Cameron pledging a global response to what he described as an “existential” and “global threat” to “our interests and way of life”, while making a historic trip to Algeria. Making the first post-independence visit by a serving Prime Minister, Cameron was accompanied by National Security Advisor Kim Darroch and John Sawers, the head of MI6.

Phrases such as “fighting terrorism”, “security cooperation” and “our interests” have often been euphemisms for

“militarisation” and “lucrative economic deals”. The language is part of a diplomatic agenda of promoting British interests and influence in Algeria while disregarding despotism and human rights abuses. This was the same approach that characterised British relations with ‘friendly’ dictators like Ben Ali of Tunisia and Mubarak of Egypt, who have since been swept away by the Arab uprisings, subsequently provoking critical questions about the role of the British state in shoring up dictators.

The UK has been keen to pursue arms sales to Algeria in recent years, and Algeria was listed as a ‘priority market’ by UK Trade and Investment’s Defence and Security Organisation (UKTI DSO) in 2010/11.²⁴ Special Envoy Risby’s trip in September 2013 came just ahead of the controversial DSEi 2013 (Defence & Security Equipment International) arms fair in London, one of the biggest events on the international arms fair circuit, to which Algeria has been a regular guest.



British Prime Minister David Cameron with Algerian Prime Minister Abdelmalek Sellal during a visit to Algiers in January 2013. Photo: Abayomi Azikiwe



A British RAF Merlin helicopter on deployment in Jordan

A new study by Strategic Defence Intelligence says that North Africa is expected to become a key arms market, led by regional military heavyweight Algeria, amid major upgrades for military and security forces.²⁵ Oil and gas-rich Algeria will remain the continent’s leading purchaser as it boosts its counterinsurgency capabilities. In 2012, Algeria spent 4.5% of its GDP on military expenditure, \$1.6 billion more than was spent on health.²⁶

The International Institute for Strategic Studies (IISS) in London observed in 2012 that among Middle Eastern energy exporters, Algeria’s defence spending increased by 44% in 2011 amid generally high oil prices.²⁷ The country’s defence expenditure has tripled since 2009 and is due to reach \$12.7 billion in 2014, i.e. 6.1% of the GDP and 23% of the entire government budget.²⁸

According to the IISS, “Oil exporting countries, particularly those that perceive a deteriorating security environment or face a specific threat, will probably use their growing revenues from hydrocarbon exports to continue to increase defence spending, despite imperatives of social-security spending”. As Algeria does not face an immediate significant external threat

from neighbouring states, these dramatic increases in military spending will more likely be used to quell internal instability and repress dissent.

This is the context in which Britain and Algeria are intensifying their military-security co-operation through arrangements such as the UK-Algeria Strategic Security Partnership agreed by President Bouteflika and Prime Minister Cameron in January 2013.²⁹ The partnership seems to involve sharing military expertise and possibly intelligence. High-level military and intelligence figures meet face-to-face to discuss questions of arms dealing, religious extremism and how to “improve security in the region”.³⁰ The partnership opens the way for increased military training and arms sales. According to a senior government official, an offer of training from Britain’s Special Air Service and Special Boat Service are on the table.³¹

Speaking ahead of a further visit by National Security Advisor Kim Darroch, Ambassador Martyn Roper explained that “Through the Strategic Security Partnership we are developing our wider bilateral relationship, which also includes economic cooperation” - revealing the close intertwining between military and wider economic cooperation.³²

Already in November 2010, Alistair Burt, the parliamentary under-secretary of state at the FCO with responsibilities for counter-terrorism, the Middle East and North Africa met with the Algerian government in Algiers. He described Algeria as a “key partner” in counter-terrorism, offering training and intelligence sharing in this field. He added that “London is ready to provide Algiers with military equipment required in its war on terror without any precondition”.³³

Burt also confirmed the existence of an order made by the Algerian army for helicopters from the Anglo-Italian group AugustaWestland. According to the Sunday Times, the £3.1 billion contract covered 100 aircrafts, including 40 Merlin helicopters, built at the Westland factory in Yeovil.³⁴ A training package was also provided and took place in 2010 at the then British RAF Coastal Command base at St Mawgan in Cornwall.³⁵ It has been also reported that the Algerian Ministry of Defence made an order for six Super Lynx Mk300 helicopters for the Algerian Navy, which follows on from a 2007 deal for four Super Lynx Mk 130 and six AW101 Mk 610 Merlin helicopters.³⁶

In November 2012, British frigate HMS Montrose visited Algeria for joint operations, to forge closer military links and to host a Defence and Security Industry Day. Ten prominent, defence-oriented British companies came onboard the frigate to use it as a military backdrop for explaining their products and services to the Algerian Armed Forces. The UK Armed Forces train Algerian officers in both Royal Navy and RAF training establishments, and many senior Algerian military personnel have attended Britannia Royal Naval College in Dartmouth and courses at the Maritime Warfare School at HMS Collingwood in Fareham.³⁷

Of the £303 million worth of UK export licences to Algeria approved between 2008 and June 2013, £290 million worth were classified as “military”, according to research carried out by the Campaign Against Arms Trade (CAAT).³⁸ Weapons approved for sale to the Algerians were under the categories Military Lists 4 and 10 (ML4 and ML10) that cover “small arms”, “grenades”, “bombs” and “missiles” - as well as “aircraft, helicopters and drones”.

Britain has made it clear that it will not only work increasingly closely with Algeria’s ruthless intelligence services (the DRS: Département du Renseignement et de la Sécurité) but that it would provide it with material, intelligence, training and other such needs. These secret services are known to be involved in torture, unlawful arrests and detention,³⁹ as well as massacres committed in the 1990s.⁴⁰

Why is the UK focusing on arms sales & military partnerships with Algeria? Apart from support for British arms companies, it’s also about winning the “hearts & minds” of the Algerian regime. Recognising the power of the DRS and the military in determining future decisions of Algerian oil & gas, the British government is actively wooing them.

Strengthening the military and trade partnership with Algeria is part of UK’s ‘energy diplomacy’, aimed at securing control over strategic resources in North Africa while strengthening the repressive apparatus of a despotic regime. To promote such an agenda while turning a blind eye to Algeria’s human rights abuses raises serious questions about the ethics underpinning UK foreign policy, which should be subjected to greater public and parliamentary scrutiny.

2 EU EXTERNAL ENERGY POLICY PRIORITISES GAS OVER HUMAN RIGHTS

The European Union considers Algeria as a strategic partner because of its oil and gas resources. 38% of Algerian oil extraction is destined for the European market. But the major energy interdependence relates to gas. Algeria is the third-largest source of gas imports to the EU, accounting for 14% of gas imports and 10% of total consumption. Given these energy links, many member states have developed strong bilateral relations with Algeria, most notably France, Italy, Spain and Portugal.⁴¹ Three gas pipelines link Algeria to Southern Europe and a fourth is being developed with Italy.

With North Sea gas reserves dwindling dramatically, guaranteed access to Algerian gas has been identified as an economic and strategic priority for the EU, explaining why the country features heavily in the EU energy policy. An EU-Algeria Memorandum

of Understanding for co-operation on oil & gas was signed in July 2013 between the European Commission’s President Manuel Barroso and Algerian Prime Minister Abdelmalek Sellal. Mr Barroso emphasised the potential to further deepen the relation between Algeria and the EU and declared: “Energy is a priority area of the Euro-Mediterranean partnership. (...) Algeria is a key partner for the EU. Natural gas is a strategic issue for both parties: Algeria is a major supplier to Europe, while Europe is by far the largest customer of Algeria”.⁴²

The EU has consistently supported the Algerian regime, praising its “democratic” elections that are widely seen as fraudulent, lacking transparency and taking place in a context of widespread intimidation. The most recent 2012 Parliamentary elections were condemned by the National Commission for



EU Commission President Manuel Barroso, signing an Energy Agreement with Algerian Prime Minister Abdelmalek Sellal in July 2013

the Surveillance of Legislative Elections as “marred by multiple violations and excesses”, “completely unlawful” and fraudulent.⁴³ Statistical analysis seems to indicate that the regime claimed a turnout several times higher than the reality. Nonetheless, Britain’s Foreign Secretary, William Hague, congratulated the people of Algeria “on the conduct of the elections and the progress they represent”. The EU claimed that the vote was satisfactory and that “citizens were, in general, able to truly exercise their right to vote”.⁴⁴



President Bouteflika votes in the controversial May 2012 Parliamentary elections. Photo: Magharebia / Creative Commons

It is in this context that the EU claims that it is cooperating with Algeria on democratic reform but fails to adequately condemn the repression of protests in Algiers, the restrictions on freedoms, the harassment of political and human rights activists and the endemic corruption of the ruling elite.⁴⁵



Yacine Zaid, a political activist and trade unionist has been frequently harassed, brutalised and taken to jail. Picture taken in February 2011.

3 SHALE GAS: ALGERIA’S FUTURE OR DESTRUCTION?

Algeria is considered to hold vast shale gas resources. According to a sponsored study by the US Energy and Information Administration from April 2011, Algeria had 231 trillion cubic feet (6,440 billion cubic metres) of technically recoverable shale gas resources. This was revised upwards recently by the US Department of Energy to suggest higher figures of 707 trillion cubic feet (19,800 bcm), which would make Algeria the third largest recoverable shale gas holder after China and Argentina.⁴⁶ In 2011, Eni and Sonatrach signed a cooperation agreement to extract unconventional resources, with particular focus on shale gas. Shell and ExxonMobil also held talks with Sonatrach about exploiting shale resources.⁴⁷

However, exploratory work on Algeria’s unconventional reserves is still preliminary and technical challenges remain, particularly a lack of the freshwater needed for enhanced recovery techniques and hydraulic fracturing.

Groups inside Algeria are challenging the fracking proposals. The anti-shale gas Euro-maghreban Collective (CEMAGAS) and the Collectif National pour les Libertés

Citoyennes (CNLC) have researched and publicly challenged corporate plans.⁴⁸ **Some observers such as Mehdi Bsikri, an Algerian journalist and an anti-fracking activist, have commented that the Algerian government has the restricted vision of a regime lacking legitimacy, and is only seeking a new rent to perpetuate its grip on power.** This grip on power is strengthened by Western governments and companies looking to exploit shale gas. According to Bsikri aquifers contain around 60,000 billion cubic metres of fresh water with low salt content. The use of more than 500 chemicals in the process of hydraulic fracturing seriously threatens water tables, because the wells that will be drilled will cross these water layers.⁴⁹

Moreover, the Algerian water basins are inter-connected. Therefore, if you pollute at In Salah, the chemical substances that penetrate the water would spread and reach even Ouargla and Biskra, 600 to 900 km away respectively. The agricultural regions in southern Algeria would be threatened, potentially creating further poverty and forcing people to migrate.⁵⁰



Algerians in London protest outside visit by Algerian Energy Minister Youcef Yousfi against fracking in Algeria. Photo: Guy Bell



Map of fresh groundwater aquifers covering Algeria, Tunisia and Libya

4 THE ALGERIAN STATE: A STATUS QUO OF CORRUPTION AND REPRESSION

A) Algeria and the ‘Arab Spring’



Protest in Algiers on February 2011. Protesters brandishing both the Algerian and Tunisian flags and waving red cards against the regime

Three years ago, waves of uprisings in the Middle East and North Africa swept away a series of Western-backed tyrants. After Tunisia’s Ben Ali and Egypt’s Mubarak, it seemed the list of toppled dictators was likely to continue. The rapidity with which the flames of revolt spread gave the impression that change might happen overnight and regimes would fall one after the other like a house of cards. That did not happen in Algeria.⁵¹

In many respects, Algeria represents a precursor rather than an exception. It went through a very short democratic transition when weeks of riots in October 1988 forced the regime to open up to political pluralism and an independent press. However, these gains in civil liberties and the democratic transition were aborted by the military coup and civil war of the 1990s, that left the nation traumatised and less disposed to rise up against a regime that triumphed over radical Islamism at the expense of hundreds of thousands of deaths.

Algeria did in fact see some public discontent in early 2011, but the memory of the traumatic civil war inhibits people from engaging in a revolutionary experience similar to that in Tunisia or Egypt.

However the country possesses all the elements of a powder-keg: authoritarianism, inegalitarian development, high unemployment, poverty, endemic corruption and nepotism, stifled political expression, human rights abuses, a frustrated educated youth without opportunity and a parasitic ruling elite. Outside of the international media spotlight in 2010/11, the country

saw an unprecedented number of demonstrations, strikes, occupations, and clashes with the police. In 2010 alone, the authorities counted 11,500 riots, public demonstrations and gatherings across the country. More recently, there has been growing discontent and mobilisation from the unemployed movement CNDDC (National Committee for the Defence of Unemployed Rights), especially in the oil-rich Sahara, a region that provides the bulk of Algeria’s resources and state income but that suffers from long-term economic, political and cultural marginalisation.⁵²



A 2013 protest in Ouargla by the National Committee for the Defence of Unemployed Rights

B) Corruption and Lack of Transparency: Algeria Run by Kleptocrats

Algeria’s structural economic problems include astounding levels of corruption, heavy reliance on energy exports, the deindustrialisation that has been initiated since the 1980s and a lack of serious government interest in developing the agricultural potential of the country.⁵³

The rentier nature of the economy has made corruption the defining characteristic of Algerian affairs. The scale of this corruption means that to operate in Algeria, multinationals and foreign companies often participate in these murky deals. The recent big scale scandals that touched both national oil company Sonatrach and multinationals Saipem and SNC Lavalin are only the tip of the iceberg.

Algeria has an extremely low budget-transparency score—13 out of 100 on the Open Budget Index, compared to an average score of 23 out of 100 for the Middle East and North Africa.⁵⁴ The Audit

Court is, in principle, in charge of auditing the government’s budget and the financial accounts of state-owned enterprises, as well as submitting a yearly report to the president. In practice, however, auditing is often not completed, and audit reports are rarely made public. The Audit Court does not inspect hydrocarbon taxes, which provide two-thirds of the government’s revenues, and Sonatrach does not publish audited financial reports.

The Revenue Watch Index, which assessed the revenue transparency of 41 resource-rich countries, ranked Algeria 38 in its 2010 edition, lagging behind all other oil-rich countries in the Middle East and North Africa.⁵⁵ In the 2013 edition, 58 countries were surveyed and Algeria was ranked 45 amongst the 15 countries that had failing standards of transparency, accountability and good governance in the extractive sector.⁵⁶



Algerians queue for gas canisters as cold weather killed dozens in 2012. Photo: Magharebia / Creative Common

Sonatrach Embroiled in Corruption Scandals

A corruption investigation in 2011 led to the dismissal of Sonatrach’s chief executive and many of the senior management team and to the fall of the powerful Minister of Energy, Chakib Khelil, who had been in power since 1999. An Interpol arrest warrant has been issued for his alleged involvement in bribery and embezzlement, alongside the Canadian national Farid Bedjaoui, the nephew of Mohamed Bedjaoui, a former Foreign Affairs Minister.

The Italian oil company SAIPEM

The former chief operating officer of Saipem’s engineering and construction unit was placed in detention in August 2013 for his role in bribery aimed at winning contracts in Algeria.⁵⁷ Italian prosecutors are also investigating Saipem’s dealings with the middleman Farid Bedjaoui. According to Djilali Hadjadj, spokesman of the Algerian Association to Counter Corruption (AACC), Italian judges investigating the corruption case said that Saipem paid bribes that amount to 800 million Euros (more than \$1 billion) in order to win contracts worth \$11 billion in the last 10 years.⁵⁸

The Canadian SNC-Lavalin

SNC-Lavalin, the largest engineering and construction company in Canada, has received privileged treatment from the Algerian authorities over the years. Over 10 years, it succeeded in obtaining \$6 billion worth of business. It also won 90% of the contracts that it bid for, well above the average of 10%.

Police raids in May 2013 gathered evidence of bribery, especially in relation to an \$825 million contract that SNC-Lavalin won in 2005 to build the Hadjret Ennous power plant near Algiers. Former SNC Vice-President Riadh Ben Aissa was linked to Farid Bedjaoui, who allegedly transferred about \$200 million to Algerian leaders to help several firms win contracts with Sonatrach.⁵⁹

SNC subcontracted Bedjaoui’s companies at the Rhourde Nousse Field. An investigation led by Swiss, Italian and Canadian journalists revealed that Mr Bedjaoui owned ghost companies based in the British Virgin Islands, whose accounts were based in Switzerland. These companies served to conceal millions of dollars of bribery.⁶⁰

Sonatrach London Affiliate accused of tax evasion

In February 2013, the British authorities ordered a heavy tax readjustment to the British Virgin Islands-based company Sonatrach Petroleum Corporation (SPC BVI) through its affiliate located in London. The company deals with the international business operations of Sonatrach. The British financial authorities have estimated the first tax readjustment for the 2008 business year at nearly \$45 million before extending the procedure to the years 2009, 2010, 2011 and 2012, following doubts over dubious practices by the managers of the London affiliate.⁶¹

Some reports from the Algerian press claimed that SPC BVI was clandestinely trading Algerian oil on the black market in London.⁶²

C) Human rights record: Repression today and impunity for the past

Continued suppression of basic freedoms

On 24 February 2011, the Algerian government lifted the two-decade state of emergency in response to the wave of mass protests that was sweeping across the region and reaching into Algeria itself. Almost three years down the line, these announcements, alongside some promised reforms, have not brought about an opening of the public debate or any tangible improvements in the enjoyment of basic freedoms in the country. In its latest report, *Lifting the State of Emergency: A Game of Smoke and Mirrors*, the Euro-Mediterranean Human Rights Network provided evidence of harassment of activists by police, unwarranted bans against holding demonstrations and public meetings, and abuses by the bureaucracy in attempts to prevent non-governmental organisations (NGOs) from conducting their activities. The report concludes that the repeal of the state of emergency was merely “a game of smoke and mirrors”, concealing the fact that policies based on suppressing the enjoyment of public and individual freedoms and violating human rights remained in place.⁶³

In their 2013 report, Amnesty International said that the authorities continued to restrict freedoms of expression, association and assembly, dispersing demonstrations and harassing human rights defenders.⁶⁴ Human Rights Watch reported on how the authorities relied on repressive laws and regulations to stifle dissent and human rights activities by increasingly clamping down on efforts to form independent unions and to organize and participate in peaceful protests and worker strikes.⁶⁵ Authorities have blocked demonstrations, arbitrarily arrested and prosecuted trade unionists for the peaceful exercise of their union activities.

The authorities illegally restricted rights to free movement in 2013 when they barred 96 Algerian civil society activists from travelling to Tunisia, without giving any reason. Border officials stopped the activists as they were about to enter Tunisia to attend the World Social Forum, a global gathering of approximately 50,000 activists on areas such as human rights and the environment.⁶⁶ Eric Goldstein, deputy director of Human Rights Watch’s Middle East and North Africa division declared recently to the Algerian newspaper *El Watan* that Algeria is the only country in the region to systematically block visits from international NGOs.⁶⁷

A renewed legacy of impunity

The traumatic violent civil war that ravaged the country in the 1990s spared no section of Algerian society, taking more than 150,000 lives.⁶⁸ The internal conflict was sparked by the cancellation in 1992 of the multi-party elections, which the Islamic Salvation Front (Front Islamique du Salut, FIS) was set to win. Its grim legacy continues to weigh heavily on the Algerian people and reports from international NGOs such as Amnesty International show how the Algerian authorities are seeking to erase the memory of the internal conflict.⁶⁹ “Rather than addressing this legacy, the Algerian authorities have endorsed and institutionalized impunity and effectively deprived victims of their right to obtain truth, justice and full and effective reparation in the name of “national peace and reconciliation”. Legislation that was adopted in 2006 attempts to muzzle those critical of the authorities’ conduct during the conflict, threatening them with prison terms of up to five years.



A protest called by SOS disparus in 2013 as part of their ongoing struggle to uncover the truth about the enforced disappearances of the 1990s.

The almost complete impunity enjoyed by members of the security forces and state-armed militia has been extended to members of other armed groups, who have benefited from successive amnesty measures since 1999, failing to recognize the right of victims and their families to obtain an effective remedy for past abuses. Despite outcry by victims and their families, impunity for security forces, state-armed militias and members of armed groups has been further entrenched under Ordinance No. 06-01 of February 2006, granting them complete immunity from prosecution for human rights violations such as enforced disappearances, extrajudicial executions and torture and other forms of ill-treatment, in flagrant disregard to international human rights law. Article 45 protects security forces from prosecution “No legal proceedings may be initiated against an individual or a collective entity, belonging to any component whatsoever of the defence and security forces of the Republic, for actions conducted for the purpose of protecting persons and property, safeguarding the nation or preserving the institutions of the Democratic and Popular Republic of Algeria. The competent judicial authorities are to summarily dismiss all accusations or complaints.”

Enforced Disappearances

Despite all this injustice, families of victims and activists have been vocal in demanding investigations into human rights abuses, sometimes at the risk of harassment. The movement SOS Disparus is campaigning tirelessly to uncover the truth about enforced disappearances, which are estimated to range from the thousands to the tens of thousands.⁷⁰

The Algerian authorities are now re-using arguments concerning ‘security threats’ and counter-terrorism issues used during the internal conflict to justify human rights violations. In 2009, Amnesty International reported that security forces, particularly the DRS, continue to detain terrorism suspects incommunicado in secret detention, at times for periods lasting weeks or even months, while subjecting them to torture and unfair trials.⁷¹

Little has been done to introduce much-needed judicial and institutional reforms and ensure non-repetition of grave human rights violations. This failure to combat impunity and address the structural framework that allowed such grave violations of human rights to occur not only leaves a society unable to move on, but also fails to prevent further human rights violations.

CONCLUSION

The UK’s efforts to befriend a violent and repressive regime are not unique to Algeria. British foreign energy policy is marked by repeated collusion with dictatorships and ruthless governments in order to secure certain energy and geopolitical interests, in countries including Bahrain, Saudi Arabia, Angola, Azerbaijan and Nigeria.

The Foreign Affairs Committee has tried hard to learn the lessons of the Arab Spring, warning that in Mubarak’s Egypt and Gaddafi’s Libya, engaging with autocratic powers and prioritising commercial links over human rights eventually built understandable enmity amongst wider populations. Yet the Foreign & Commonwealth Office, working together with UK Trade & Investment, is continuing “business as usual”. As a result, British foreign policy is too often shaped by the concerns and interests of oil companies like BP and Shell.

In shaping a common European external energy policy, Britain is also prioritising principles of asserting EU control over greater fossil fuel reserves, even when this means enabling increased brutality and repression.

In Algeria, the EU’s desire to lock in greater gas reserves leads it to endorse the silencing and disenfranchisement of a people. The actions of British ministers, civil servants and members of the House of Lords demonstrates a similar disdain for rights and freedoms in Algeria. In pursuit of oil & gas, external Energy Policy under the Conservative Party has become increasingly focused on corporate profiteering and hobnobbing with generals.

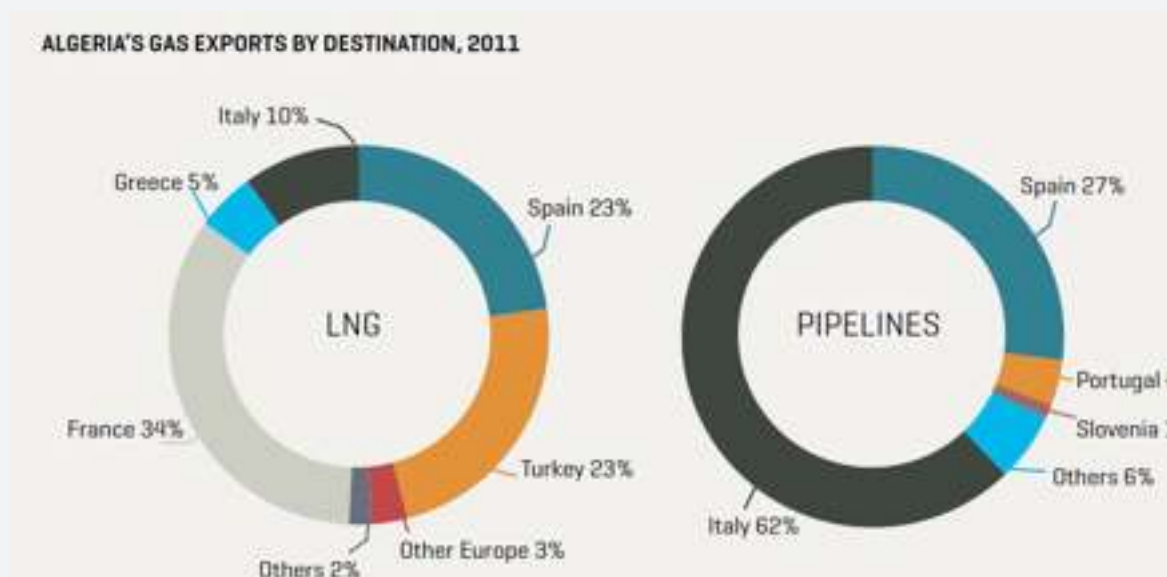
David Cameron’s announcement of strengthening the military and economic partnership with Algeria is part of the UK ‘energy diplomacy’, aimed at securing access to North African fossil fuels. However, promoting such an agenda while turning a blind eye to Algeria’s human rights abuses is morally unacceptable, must be challenged and should be subjected to greater public and parliamentary scrutiny.

APPENDIX

Gas in Algeria

The Algerian hydrocarbons sector accounts for roughly 60% of budget revenues, nearly 30% of GDP, and over 97% of export earnings.

- *With reserves of 4.5 trillion cubic meters of gas, Algeria holds the tenth-largest reserves of natural gas in the world*
- *It is the sixth largest gas exporter in the world*
- *It figures in the top 10 biggest extractors of natural gas in the world making it the top producer in the African continent with more than 50% of all African extraction.*
- *In 2011, Algeria was the world’s seventh largest exporter of LNG, exporting about 5% of the world’s total. France was the single largest destination (34%), followed by Turkey (23%), Spain (23%), Italy (9%), and Greece (6%). In Asia, India and Japan received a combined 2 percent of Algeria’s total LNG exports.*



Picture Adopted from an Op-Ed written by Francis Ghiles for Middle East Economic Survey (MEES) in March 2013

The share of Algerian gas in the domestic demand in several neighbouring countries is significant: 30% in Italy, 40% in Spain and close to 50% in Tunisia.

Gas Pipelines from Algeria to Europe

Piped gas reaches Europe via several pipelines.

- *The Trans-Mediterranean Pipeline (TransMed) is a natural gas pipeline from Algeria via Tunisia to Sicily and Italy constructed in 1978-1983 and 1991-1994.*
- *The Maghreb–Europe Gas Pipeline is a 1,620 kilometres long natural gas pipeline from Algeria via Morocco to Spain.*
- *In 2011, the country inaugurated the Medgaz pipeline, which can transport 8 billion cubic meters per year between the Algerian port of Beni Saf and the Spanish city of Almeria.*
- *Meanwhile the Galsi pipeline which was due to be built to carry gas directly to north western Italy is on hold. It was planned to be operational in 2014 but its financing is not yet decided.*



Map of existing and planned gas pipelines through Algeria. © Sémhur / Wikimedia Commons / CC-BY-SA-3.0

Oil in Algeria

Algeria is an OPEC member and stands as the 15th largest extractor of crude oil in the world. The extraction stood at 1.2 mn b/d (million barrels per day) in 2012 with minimum spare capacity of 0.02mn b/d. Total oil extraction stands at 1.9mn b/d – apart from crude, it includes condensates and Natural Gas Liquids (NGLs). Algeria produces essentially Saharan Blend crude, a light crude oil of high quality with very low sulfur and mineral content. Oil exports to the EU represent an estimated 17% of Algeria’s total oil exports but less than 2% of the EU’s total oil imports.

Algeria holds the world’s 17th largest oil reserves. According to the *Oil & Gas Journal* (OGJ), Algeria held an estimated 12.2 billion barrels of proven oil reserves, as of January 1, 2013, the third largest reserves in Africa (behind Libya and Nigeria). All of the country’s proven oil reserves are held onshore, because there has been limited offshore drilling. The majority of proven oil reserves are in the Hassi Messaoud province near the Libyan border, which contains the country’s largest oil field.

Role of British companies in the Algerian oil and gas sector:

The primary UK oil & gas companies currently active in Algeria are

BP is one of the largest foreign investors in Algeria. With joint venture partners Statoil and Sonatrach, it has delivered two of the largest gas developments in the country: In Salah and In Amenas.

BG Group has been active in Algeria since 2006 and has a 65% interest in and is the operator of the Hassi Ba Hamou (HBH) permit in central Algeria. The Group also holds 49%, and is operator of another permit: Guern el Guessa (GEG).

BHP Billiton has a 45% interest in two developments: the ROD integrated oil fields in the Berkine region which are operated by a Sonatrach-ENI joint venture and the OHANET wet gas development, operated jointly with Sonatrach.

Shell began its operations in Algeria in 1928, providing fuel and lubricants to the automotive and aviation industry. Today Shell is mainly involved in onshore drilling and the sale of lubricants to the country’s fast-growing retail and industrial markets. Shell Global Solutions is also active in Algeria. Algeria announced last year (2012) exploration agreements with Exxon and Shell regarding shale gas.

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