ENERGY COLONIALISM:
THE EU’S GAS GRAB IN ALGERIA

IN DEPTH: The role of the Spanish State and Catalonia in gas relations with Algeria
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During the first five months of 2015, Algeria witnessed an anti-fracking uprising. The people of the Algerian oil and gas-rich Sahara, in their tens of thousands, rose against the authorities and multinationals’ plans to frack for shale gas in the country. This uprising needs to be situated in its correct context, a context of political and economic exclusion; and the plundering of resources to the benefit of a corrupt elite and the predatory multinationals, ready to sacrifice human rights and whole ecosystems in order to accumulate profits.

Already in the 1990s, BP, Total and Arco signed multi-billion dollar contracts in Algeria, only a few years after the military coup in 1992 that cancelled the first multi-party legislative elections in Algeria since independence from French colonial rule. In November 1996 a new pipeline supplying gas to the EU was opened, the Maghreb-Europe Gas Pipeline, running through Spain and Portugal. These contracts were signed while a brutal civil war was raging, with systematic violence from both the state and Islamist fundamentalists.

These contracts have framed the EU’s engagement with Algeria over the past 20 years and continue to shape the current context of impunity, repression and corruption. The eagerness to break into Algeria in the 1990s, despite the violent crackdown being enacted by the state, indicates the priorities of the EU. The EU and its multinationals favoured their own economic interests and acquiesced to the Algerian regime’s ‘Dirty War’. The same approach has continued ever since.

The EU considers Algeria to be a strategic partner because of its oil and gas resources. With North Sea gas reserves dwindling dramatically and with the Ukrainian crisis, guaranteed access to Algerian gas has been identified as an economic and strategic priority for the EU, explaining why the country features heavily in EU energy policy.

This energy policy aims to lock North African natural gas into the European grid and is heavily influenced by arms and fossil fuel interests. As a result, The European Commission is promoting a ‘diplomatic energy action plan’ to diversify the EU’s natural gas supply sources, with plans for tapping Algeria’s huge unexploited reserves, and a comprehensive Liquefied Natural Gas (LNG) strategy due next year (2016). This is a euphemism for the EU’s aggressive attempts to grab more Algerian gas (be it conventional or unconventional) while ignoring the Algerian people’s will and, in the case of shale gas, grievances and concerns for their water and environment.

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 EU governments continue to ignore the social movements and civil society, instead courting the Algerian regime.

This report argues that the EU External Energy Policy is prioritising corporate fossil fuel interests and a locking-in of Algerian gas over human rights and people’s sovereignty.
1. EU collusion with a corrupt and authoritarian regime

The EU consistently prioritises 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.

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

A. Algeria’s Fossil Fuel Potential

i. Gas in Algeria

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

Figure 1. Hydrocarbons in Algeria in relation to GDP and exports

Source: own work based on data from the World Bank
Algeria is one of the EU’s closest gas providing countries (through LNG tankers and pipelines). 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 growing demand: as the largest country in Africa, it has the advantages of an abundance of hydrocarbons, existing gas transportation infrastructure and proximity to Southern Europe.

- With reserves of 4.5 trillion cubic meters of gas, the eleventh-largest natural gas reserves in the world and the second-largest reserves in Africa, behind Nigeria. Algeria is estimated to hold the third-largest amount of shale gas resources in the world (20.03 trillion cubic feet (Tcf) and 5.7 billion barrels of technically recoverable shale gas and oil resources)\(^1\)
- It is the sixth-largest gas exporter in the world, with more than 90% of Algeria’s pipeline exports going to Spain (34%), Italy (27%), and other European countries, and the remainder going to Morocco and Tunisia as payment in lieu of transit fees.
- It figures among 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 2012, 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%).
- 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\(^2\)

**Figure 2. Exports of Algerian gas by destination (2013)**

![Exports of Algerian gas by destination (2013)](source)

Source: BP Statistical Review, 2014

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1. [https://www.eia.gov/beta/international/analysis.cfm?iso=DZA](https://www.eia.gov/beta/international/analysis.cfm?iso=DZA)
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 southeastern Algeria. The first gas was produced there 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.

ii. Liquefied natural gas (LNG) plants

Algeria became the world’s first LNG producer in 1964 when the Arzew LNG facility came online. In 2013, Algeria was the world’s seventh-largest exporter of LNG, exporting about 5% of the world’s total exports. Algeria has liquefaction units located along the Mediterranean Sea at Arzew and Skikda, with a total design capacity to process almost 3.2 Bcf per day of natural gas, according to PFC Energy. Sonatrach is building another LNG train at Arzew, with a planned capacity of 0.6 Bcf per day, to process natural gas output from the Gassi Touil project. 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.3

Imagen 1. The oil and gas export terminal at Arzew, Algeria. Photo: S.Sergey

3 From information obtained in September 2013, through a Freedom of Information Act request submitted to the Department of Energy and Climate Change (DECC).
iii. Gas Pipelines from Algeria to Europe

Figure 3. Map of existing and planned gas pipelines through Algeria.

Piped gas reaches Europe via several pipelines.


- The Maghreb–Europe Gas Pipeline is a 1,620 kilometre-long natural gas pipeline from Algeria via Morocco to Spain.

- The Medgaz pipeline, was inaugurated in 2011, to transport up to 8 billion cubic meters per year between the Algerian port of Beni Saf and the Spanish city of Almeria.

- The Galsi pipeline which was due to be built to carry gas directly to northwestern Italy is on hold. It was planned to be operational in 2014 but its financing is not yet decided.

- The planned Trans-Saharan Gas Pipeline (TSGP) aims to transport gas from Nigeria to Algeria, via Niger, with a projected length of 2,602 km and a capacity of 30 bcm. However, the time-line for its construction is unclear.

Source: © Sémhur / Wikimedia Commons / CC-BY-SA-3.0

Below is a list of upcoming natural gas projects scheduled to start in 2016-2018.
Table 1. Upcoming natural gas projects in Algeria

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Companies</th>
<th>Peak output (Bcf/y)</th>
<th>Target start year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>South West Gas Project: Phase 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Touat</td>
<td>GDF Suez/Sonatrach</td>
<td>160</td>
<td>2017</td>
</tr>
<tr>
<td>Reggane Nord</td>
<td>Repsol/Sonatrach/RWE/Edison</td>
<td>100</td>
<td>2017</td>
</tr>
<tr>
<td>Timimoun</td>
<td>Total/Sonatrach/Cepsa</td>
<td>55</td>
<td>2017</td>
</tr>
<tr>
<td><strong>South West Gas Project: Phase 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ahnet</td>
<td>Total/Sonatrach/Partex</td>
<td>140</td>
<td>2018</td>
</tr>
<tr>
<td>Hassi Ba Hamou</td>
<td>BG Group</td>
<td>70-110</td>
<td>--</td>
</tr>
<tr>
<td>Hassi Mouina</td>
<td>Statoil/Sonatrach</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Timimoun expansion</td>
<td>Total/Sonatrach/Cepsa</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Isarene (Ain Tsila)</td>
<td>Petroceltic/Sonatrach</td>
<td>tbd</td>
<td>2017</td>
</tr>
<tr>
<td><strong>Other gas projects</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In Salah (expansion)</td>
<td>BP/Sonatrach</td>
<td>200</td>
<td>2016</td>
</tr>
<tr>
<td>Isarene (Ain Tsila)</td>
<td>Petroceltic/Sonatrach</td>
<td>130</td>
<td>2017</td>
</tr>
</tbody>
</table>

Source: EIA Algeria Analysis

iv) Oil in Algeria

Algeria is an OPEC member and the 15th largest extractor of crude oil in the world. In 2014, production stood at 1.42MBD (million barrels per day). Total oil production stands at 1.9MBD - in addition from crude, this includes condensates and Natural Gas Liquids (NGLs). Algeria produces Saharan Blend crude, a light crude oil of high quality with very low sulphur 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.

Figure 4. EU-28 Petroleum products imports, by origin (thousand tonnes of equivalent (TOE))
Algeria holds the world’s 16th 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.

Figure 5. Map of Algeria showing major oil and gas fields with associated pipelines.

Source: Petroleum Economist

b) EU External Energy Policy: Gas grab and contempt for People’s Sovereignty

The European Union (EU) considers Algeria to be a strategic partner because of its oil and gas resources 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. Three gas pipelines link Algeria to Southern Europe and a fourth is being developed with Italy.

With North Sea gas reserves dwindling dramatically and with the Ukrainian crisis, 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.”

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The EU has consistently supported the Algerian regime, praising its “democratic” elections, although these are widely considered to be fraudulent, lacking in transparency and to take place in a context of widespread intimidation.

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.\(^9\)

EU foreign policy aims to lock North African natural gas into the European grid 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, the EU is pursuing a “gas grab”.**

\(^9\) http://eeas.europa.eu/algeria/index_en.htm
i) EU plans major offensive to diversify gas supplies

The European Commission is promoting a ‘diplomatic energy action plan’ to diversify the EU’s natural gas supply sources, with plans for tapping Algeria’s huge unexploited reserves, and a comprehensive LNG strategy. Miguel Arias Cañete, Commissioner for Climate Action and Energy, has agreed on a “coherent approach” with the EU’s foreign affairs chief, Federica Mogherini, in dealing with gas supply countries such as Norway and Russia. “For the time being, we have been concentrating a lot of efforts on the Mediterranean,” Cañete told a small group of Brussels-based journalists in May 2015, underlining Algeria’s “enormous possibilities”. “We Europeans are not investing much in Algeria for the moment and the pipelines are either underused or not being used at all. This could be a secure supply source for the EU so we should have a closer relationship,” Cañete added.

The Commission convened a business forum to analyse the reasons behind Algeria’s chronic under-investment in natural gas extraction capacity, and the possibilities for tapping unexploited reserves – both conventional and unconventional. The offensive is part of the Energy Union, a project which received political impetus following the conflict in Ukraine, exposing the EU’s dependence on Russian gas imports.

This is all euphemisms for the EU’s aggressive attempts to grab more Algerian gas (be it conventional or unconventional) while ignoring the will of the Algerian people and, in the case of shale gas, their grievances and concerns for their water and environment. This could be called energy colonialism, especially in a context where the EU is further pushing for more liberalisations in energy contracts as it finds issue with Algeria’s preference for long-term contracts and more importantly Algeria’s ownership rules of 51-49% (which is at the lowest end of energy nationalism), which forces foreign companies to engage in a minority joint-venture with the country’s state-owned oil and gas company, Sonatrach.

ii) Multinationals are Profiting From and Underwriting Repression

The Algerian experience of the 1990s was not only one of horrific civil war but also of forced economic liberalisation through the International Monetary Fund (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, which paved the way to more infitah (neoliberal opening) and outside control, would have been anathema in the 1960s and 1970s. 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

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Rhoud 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, 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. Oil and gas revenues enabled heavy militarisation and funded the operations of a 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, a 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. The regime has shown no interest in reinvesting this wealth in the population, resulting in massive corruption.

**Image 3. Gendarmerie officers stand guard outside BP’s In Amenas gas plant in Algeria**

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 interest in developing the agricultural potential of the country. The rentier nature of the economy has made corruption the defining characteristic of Algerian affairs. The scale of this corruption means that, in order to operate in Algeria, multinationals and foreign companies also participate in these murky deals. The recent large-scale scandals, that touched both the 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. The Audit Court (Cours des Comptes) 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. 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.

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 arrested in August 2013 for his role in bribery aimed at winning contracts in Algeria.\(^{19}\) 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 EUR (more than $1 billion USD) in order to win contracts worth $11 billion USD over the last 10 years.\(^{20}\)

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 USD 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 USD 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 USD to Algerian leaders to help several firms win contracts with Sonatrach.\(^{21}\)

SNC subcontracted Bedjaoui’s companies at the Rhourde Nouss 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.\(^{22}\)

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 USD before extending the procedure to the years 2009, 2010, 2011 and 2012, following doubts over dubious practices by the managers of the London affiliate.\(^{23}\) Some reports from the Algerian press claimed that SPC BVI was clandestinely trading Algerian oil on the black market in London.\(^{24}\)

\(^{19}\) http://online.wsj.com/article/BT-CO-20130806-709157.html
\(^{21}\) http://www.huffingtonpost.ca/2013/06/03/snc-lavalin-algeria-raid_n_3379148.html
\(^{22}\) http://www.elwatan.com/actualite/plus-d-un-milliard-de-dollars-de-pots-de-vin-19-09-2013-228472_109.php
\(^{23}\) http://www.echoroukonline.com/ara/articles/157335.html
3. Accumulation by Dispossession: Oil and Gas wealth and underdevelopment in the Sahara

The uprisings and social movements that witnessed in the Sahara over the last four years are, in a way, an insurrection by the victims of fossil capitalism; of extractivism with its logic of the development of underdevelopment and accumulation by dispossession. The people of the Sahara have suffered decades of under-development, more so than any region in Algeria, and simple observations and comparisons between cities in the north and the south suffice to reveal the extent of economic disparity between the two regions, which is very ironic given the fact that Algeria’s wealth stems mainly from the oil and gas in the Sahara.

The people of the Sahara, and more generally those coming from rural areas, tend to have strong connections and links with the land, a crucial resource for their livelihoods that depend mainly on agriculture and pasturage. Hence when they perceive a threat to that livelihood, they rise to protect it. In that sense we can call them eco-warriors as they are defending the ecosystem on which they depend.

The environmentalism of the people of the Sahara is an environmentalism of the relatively poor; a social struggle against injustices perpetrated by fossil fuel and mining companies; it is a confrontation with big polluters destroying their environments and livelihoods. Their environmentalism is a quest for justice and a fight against the violence and authoritarianism of neoliberalism and its elites.  

a) Hassi Messaoud and the Unemployed Movement

Five 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.

25 Joan Martínez Alier, Professor of Economy and History at the Autonomous University of Barcelona (UAB) describes this phenomena in his book “El ecologismo de los pobres” (The ecology of the poor).
26 Hamza Hamouchene, Algeria and the Arab Spring, OpenDemocracy, May 2012 http://www.opendemocracy.net/hamza-hamouchene/algeria-and-arab-spring
In many respects, Algeria represents a precursor rather than an exception. It went through a very short democratic transition when weeks of riots forced the regime to open up to political pluralism and an independent press, in October 1988. 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. Since 2012, 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 political, economic and cultural marginalisation.27

With the bankruptcy of the party politics, growing dissent and discontent in the last four years have been increasingly expressed through the emergence of social movements organising around social and environmental issues, particularly in the gas-rich Sahara. Just 85km away from Hassi Messaoud, one of the wealth poles of the country and Algeria’s first Energy Town, where all the big oil and gas companies have offices and bases, the unemployed movement CNDDC that started in Ouargla in 2013 succeeded in mobilising tens of thousands of people in huge demonstrations demanding decent jobs and protesting against economic exclusion, social injustice and the underdevelopment of their region.

The unemployed of Ouargla rightly wondered why they are not the beneficiaries of the oil wealth that is lying under their feet. How come they continue to suffer from unemployment and political and economic marginalisation while multinationals thrive and plunder their resources? As expected, all attempts have been made by the authorities to crush, discredit and co-opt the movement, but with little success, and it continues to fight. The movement has played an important role in bringing an anti-imperialist dimension to the anti-fracking uprising that started in January 2015, following the Algerian authorities’ announcement at the end of December 2014 that drilling would begin in the first pilot shale well in In Salah in the Ahnet Basin, by a consortium of three companies: Sonatrach, Total and Partex.28

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27 Arms, oil and Algeria - Are EU gas supplies more important than human rights?, Platform, August 2013, http://platformlondon.org/2013/08/07/arms-oil-algeria-are-eu-gas-supplies-more-important-than-human-rights/
In fact Ouargla was the first town in the Sahara to move against the regime’s fracking plans back in June 2013 well before In Salah. They did so to express their rejection of yet another project that will rob them of their resources, that will allow multinationals to plunder their riches and maintain a corrupt caste at the head of a state that should serve them rather than bring destruction to their livelihoods. Their struggle has been for more jobs for the disenfranchised and economically disempowered youth, their struggle has been to confront the contemptuous authorities and challenge them in order to bring about some kind of justice.

**b) Shale Gas: another form of energy colonialism?**

France has banned Total and other companies from using fracking on its territory, yet it is pushing for it in its formal colony Algeria and it is likely that Total or GDF Suez will have a stake in exploiting shale gas in Algeria in the future. This controversial issue was on the agenda for the French President Hollande’s visit to Algeria in December 2012, and an accord has been given to France and its companies to explore shale gas.\(^ {29}\) The French Foreign Affairs Minister, Laurent Fabius, on his return from a trip to Algeria in June 2014, also declared his support for French companies that explore shale gas elsewhere.

\(^ {29}\) Algeria, an immense bazaar: The politics and economic consequences of Infitah. Hamza Hamouchene Jadaliyya, 30 Jan 2013
Some Algerian observers and campaigners even make the comparison with France’s Reggane nuclear test series, (a group of 4 nuclear tests conducted in 1960-1961 in the Algerian desert before independence in 1962) whose deleterious environmental and health consequences can still be seen today. Their slogan was: “L’Algérie n’est pas une terre d’essais et d’expérimentation pour le gaz de schiste”. (Algeria is not a land for tests and experimentation for shale gas).

What is tragic in this situation is that the Algerian regime is yet again showing its contempt for the environment\(^\text{30}\) and the Algerian people and also perpetuating Algeria’s everlasting dependence on hydrocarbons and condemning the economy to the cyclical rise and fall of oil and gas prices.

Algeria is considered to hold vast shale gas resources and according to a sponsored study by the US Energy and Information Administration from April 2011, it was estimated that Algeria had 231 trillion cubic feet, tcf (6,440 billion cubic metres, bcm) 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 (20,03 bcm), which would make Algeria the third largest recoverable shale gas holder after China and Argentina\(^\text{31}\). 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\(^\text{32}\). 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.

**Some good news but the fight continues...**

For the anti-frackers, the latest disappointing round of bidding for oil and gas contracts (launched in January 2014 with results announced on 30th September) will be music to their ears: none of the 15 permits considered to have shale potential were bid for.\(^\text{33}\) Obviously, for the International Oil Companies, Algeria’s fiscal terms remained unattractive despite financial incentives to shale exploitation introduced by amendments to the hydrocarbon law passed in January 2013. This is a game played by the IOCs to force more concessions from the Algerian authorities as oil and gas production is dwindling. It is definitely a setback for the short-term ambitions of the Algerian government to tap the “supposedly” abundant unconventional resources.

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\(^{30}\) [http://www.algeriasolidaritycampaign.com/summer-2012-forest-fires-whats-stirring-this-vast-damage/]

\(^{31}\) [http://www.eia.gov/analysis/studies/worldshalegas/]

\(^{32}\) [http://www.eia.gov/countries/cab.cfm?ips=ag]

\(^{33}\) Algeria Bid Round Flatters to Deceive, 03 October 2014. Middle East Petroleum and Economic Publications.
Resistance

Despite this good news, the Algerian authorities announced at end of December 2014 the drilling of the first pilot shale wells in In Salah in the Ahnet basin. In reaction to this announcement, Algerians have been protesting in their tens of thousands since the start of the year (2015), all over the country (In Salah, Tamanrasset, Ouargla, Ghardaia, Illizi, Adrar, Timimoun, Bordj Baji Mokhtar, Algiers, Ain Beida, Oum El Bouaghi, Bejaia and Oran) to oppose the exploitation of shale gas in In Salah, an oasis-town in the heart of the Sahara desert in Algeria and home of the largest dry gas joint-venture projects in the country (BP, Statoil and Sonatrach). The scale of the public opposition took the government by surprise, and threatens future plans to frack by multinationals including Total and Shell.

While the peaceful protests and marches in the Sahara were allowed to proceed, the sit-in in Algiers, planned to take place on Saturday 17th January in solidarity with the growing resistance movement was suppressed and a dozen people were arrested.

The huge protests that erupted in several towns in the Algerian Sahara and beyond have been going on without interruption for more than five months (from January till May), despite the Algerian authorities’ repressive and co-opting measures. The people are demanding the halt of all shale-gas exploration operations, and calling for a national debate around the issue, something that should have happened before the passing of the amendments to the hydrocarbon law, which took place in January 2013 in a climate of total opacity.

Image 5. A 2013 protest in Ouargla by the CNDDC, the National Committee for the Defence of Unemployed Rights

[Image]

Anti-fracking Protest in In Salah, February 2015. Photo credit: BBOY Lee

These big mobilisations in southern Algeria also reflect a deeper discontent at the ongoing exclusion of the Algerian people from the decision-making and demonstrate once again the long-standing socio-economic marginalisation of the inhabitants of the oil and gas-rich Sahara, a region that provides the bulk of Algeria’s resources and income.

Conclusion

The EU’s efforts to befriend violent and repressive regimes are not unique to Algeria. EU 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, Qatar, Saudi Arabia, Angola, Azerbaijan and Nigeria.

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

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 ministers and civil servants from the different EU countries (including France, Spain and Italy) demonstrate a similar disdain for rights and freedoms in Algeria. In pursuit of oil & gas, EU external Energy Policy has become increasingly focused on corporate profiteering and hobnobbing with authoritarian regimes.

The exploration and exploitation of unconventional fuels in Algeria, stimulated by export needs, will bring with it serious environmental problems, because of the technical risks involved in extraction, but also social problems, increasing tensions in the territories in the South, which are rich in hydrocarbons, but are excluded from the decision-making processes that affect them.

Thus, by pushing for long-term exports of gas in a context where the Algerian public is excluded from decision-making and the profits are largely reserved for the regime elite, the EU is pursuing a “gas grab”. 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.
The relationship between the Spanish State and Algeria, in terms of gas, is shaped by geographical proximity, Spain’s high levels of dependence on Algerian gas, the country’s large infrastructural capacity, and the recent European drive to find alternatives to Russian gas.

Geographical proximity to Algeria (just 300 km between Alicante and Oran) facilitated the construction of two gas pipelines (MEDGAZ and Maghreb-Europe) that account for 76% of imports from Algeria. Furthermore, the Spanish State has a large regasification capacity, which enables it to import liquid natural gas (LNG) from anywhere in the world, including North Africa. In total, Algerian imports make up more than 50% of total Spanish imports.

Intense commercial relations between companies such as Iberdrola, Gas Natural or Repsol, and the State-owned Algerian company, Sonatrach, have resulted in serious disputes and disagreements, that have been taken to arbitration tribunals. Despite this, Algeria has retained its reputation as a safe and stable exporter, which is why the European Union considers it to be a strategic partner in plans to diversify and reduce dependence on Russian gas. All this confers on the Spanish State and Catalonia considerable importance as a transit territory for gas transports, and as a gas hub. However, it is important to examine a number of factors (dependence, infrastructure, trade relations, etc.) in order to undertake a critical analysis of what the intensification of the gas relationship with Algeria, has meant and what it could mean in the future.

A. The Spanish State and dependence on Algerian gas.

The Spanish State has always imported large quantities of gas from Algeria. With the entry of suppliers such as Qatar, Nigeria, Trinidad and Tobago, and Egypt, the percentage of total gas imports coming from Algeria fell to just over 30% in 2006, but it has now risen again to almost 60%, which makes them an indispensable ally.

36 Data from Eurostat for 2014
Most Algerian gas comes via the two interconnecting gas pipelines: the Maghreb-Europe Pipeline and the Medgaz Pipeline, or in LNG tanker ships.

**Figure 7 Gas imports (millions of m$^3$) and % from Algeria**

Source: own work based on data from Eurostat

**Figure 8 Algerian gas imports via pipeline or LNG (millions of m$^3$)**

Source: own work based on data from Eurostat
On the other hand, in 2013 and 2014, the Spanish State was Algeria’s number-one commercial partner. In 2015 it was in second place, as measures to limit imports in order to reduce the commercial deficit particularly effected the main products sold by the Spanish State in Algeria: construction materials, steel derivatives and auto-mobiles.

B. Excess infrastructures and gas imports.

The Spanish State has 7 regasification plants along the coast where liquid gas can be unloaded from methane tankers. These plants represent 37% of the European Union’s total regasification capacity however they have always been used way under capacity.

Figure 9. Capacity of import terminals (MTPA) and usage ratio (%)

Source: World LNG Report 2016 IGU

38 Calculated based on data from GIE http://www.gie.eu/index.php/maps-data/lng-map
The construction of gas infrastructure in the Spanish State is not free from controversy, as the projects were proposed with guarantees of economic recompense even if they were not used as predicted, which was ultimately the case. Market predictions for gas consumption were extremely optimistic and the system for planning and returns provided incentives for the construction of new installations at minimum risk to the companies involved. This was condemned in the report by the National Energy Commission in March 2012. The text stated that:

“Current models of returns for transport, regasification and underground storage facilities are based on a binding planning system for those facilities included in the plan, which guarantees profitability and the recovery of investments, regardless of the actual use given to the facilities in question; On the one hand this generates incentives for companies to build these installations as returns are sufficiently attractive, even when errors in planning mean that the facilities are not necessary. On the other hand,
the risks and uncertainties over the evolution of gas consumption, and hence income, are passed to the Administration, and ultimately to the end user.”39

A review of completed and projected gas infrastructure in the Spanish State cannot ignore the failed Castor project, the geological storage plant situated between Vinarós and Alcanar, which caused more than 500 earthquakes, and that has led to a debt of more than 4,700 million Euros to be paid over 30 years in gas bills.40 The list of absurd projects could also include the combined cycle electrical plants that will receive around 700 million Euros/year in payments according to their capacity, even if they are not used.41

Another important point is that the majority of gas-import contracts between Spain and exporting countries such as Algeria are long-term (20-25 years), with the price of gas indexed to the price of oil and with take or pay clauses that mean the importer must pay for the gas even if they don’t import it in the end. This trade model was implemented at the beginning of European gas trade relations in order to ensure stable income for exporters that enabled them to finance and develop the costly export infrastructures required. Many of the contracts currently in force were signed during a period of constant growth in gas consumption, which it was predicted would keep on growing.

Table 2. Spanish gas contracts

<table>
<thead>
<tr>
<th>Origin</th>
<th>Destnation</th>
<th>Export Terminal</th>
<th>Supplier</th>
<th>Terminals</th>
<th>Buyer</th>
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<td>Sonatrach</td>
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<td>Bobdrola</td>
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<td>2002-21</td>
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<tr>
<td>Algeria/Nigeria</td>
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<td>1.65</td>
<td>2006-25</td>
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</tbody>
</table>

Source: The economist, based on data from GIIC

39 http://energia.cnmc.es/cgi-bin/BRSCGI.EXE?CMD=VERDOC&BASE=PUBL&DOCR=5&SORT=-
FECH&RNG=20&SEPARADOR=&&desc-c=+INVERSION+
The recent fall in gas consumption, combined with the *take or pay* clauses, seems to be the main reason why Spanish companies have recently been obliged to re-export gas, making the Spanish State the biggest re-exporter in the world.\(^42\)

**Table 3. Spanish re-exportation of gas in 2014 (millions of m\(^3\))**

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount (millions of m(^3))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazil</td>
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</tr>
<tr>
<td>Japan</td>
<td>1957</td>
</tr>
<tr>
<td>South Korea</td>
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<tr>
<td>Other countries</td>
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<td>Turkey</td>
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</tr>
<tr>
<td>India</td>
<td>443</td>
</tr>
<tr>
<td>Not specified</td>
<td>359</td>
</tr>
<tr>
<td>Kuwait</td>
<td>355</td>
</tr>
<tr>
<td>China (except Hong Kong)</td>
<td>282</td>
</tr>
</tbody>
</table>

Source: Eurostat

These two symptoms of appalling gas planning – with the construction of numerous, under-used infrastructures and an imports excess calculated at around 6 bcm – are viewed by part of the Spanish political and business elite as an opportunity to turn the Spanish State into the gas hub of Southern Europe.\(^43\) There is no evaluation or critique of the disproportionate costs that bad gas planning supposes for the public coffers.

**C. Corruption coming and going: the litigation between Sonatrach and Gas Natural**

There have been numerous battles over hydrocarbons relations between the State-owned Algerian company, Sonatrach, and Spanish corporations. Although the disputes are resolved in private arbitration tribunals from which very little information can be gleaned, something of the most high-profile cases always filters into the press. According to the *Arbitration Scorecard of the American Lawyer Magazine*, one of the most important conflicts in 2010-11 was the dispute between Gas Natural Fenosa (GNF) and Sonatrach, which was resolved by the Paris Court of Arbitration. Sonatrach called for a price review for exports going through the Maghreb-Europe Gas Pipeline in the period 2007 to 2009, because the price of hydrocarbons soared during that period.\(^44\) The Paris Court ruled in Sonatrach’s favour, and in October 2010 GNF announced that the total amount to be paid was 1,970 million Euros.\(^45\) The post-arbitration negotiations lead to GNF publicising the sale of 3.85% of its shares to Sonatrach for 584 million Euros, a very good price.\(^46\)


\(^{44}\) [http://www.expansion.com/2010/10/05/empresas/energia/1286233922.html](http://www.expansion.com/2010/10/05/empresas/energia/1286233922.html)


In 2014 GNF achieved recognition that part of the responsibility for the litigation fell to the public company, ENAGAS, from which GNF had inherited the contract with Sonatrach in 1994. It was therefore agreed that GNF would receive 163.8 million Euros. That will come from the gas deficit as compensation, which is to say that the compensation will ultimately be paid by the consumer.\(^7\)

The case also caused considerable controversy because of a supposed payment by GNF of €895,000 to the companies of Gustavo de Arístegui, Spanish Ambassador to India, and member of Spain’s conservative party, el Partido Popular (PP); and to Pedro Gómez de la Serna, also an ex-deputy of the PP, to produce reports that helped to improve negotiations with the Algerian government.\(^8\) Following the ruling of the Paris Court in 2011, Serna and Arístegui continued to receive payments from GNF. National Police experts in economic crime concluded in their reports that the sort of “consultancy” services offered by Serna and Arístegui included paying commissions to Algerian politicians and civil servants to fix the awarding of public contracts, such as the Ouargla tram line, awarded to the Spanish company Elecnor.

### D. The role of Catalonia

Catalonia is not exempt from this logic. Indeed, the Catalan government actually accentuates it by opting to use the strategic position of Catalonia, bordering the EU, and the territory’s gas infrastructure, which includes the most extensive network of gas pipelines in the State and the Port of Barcelona, which is the biggest regasification plant on the Iberian Peninsula, to serve the interests of the European Union.

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\(^7\) http://economia.elpais.com/economia/2014/07/05/actualidad/1404582687_349805.html

The most important factor for these aims is the international interconnection with France. The Iberian Peninsula is frequently called the “Energy Island” due to the low ratio of interconnection it has with other member states. So, on the 4th March 2015 the Presidents of Spain, France, Portugal, the European Commission and the European Investment Bank met in Madrid at the summit on energy interconnections, to sign the Madrid Declaration to promote those interconnections.

In terms of gas interconnection, the principal infrastructure is the MIDCAT, the gas pipeline that should connect the Catalan town of Hostalric with Le Perthus in France. This pipeline has been included in the list of Projects of Common Interests (PCI) and, as such, may receive the support of public funds and administrative advantages. The MIDCAT, which according to the files for PCIs should be up and running between 2020 and 2022, aims to transport 7 bcm/year, which would double the capacity for gas exchange via pipeline with France, which is currently just under 7 bcm/year via the interconnections through Irún and Larrau.

In fact, the first phase of the MIDCAT pipeline was built in 2011, under the name of the Martorell-Figueras Gas Pipeline. Many social and ecologist’s organisations, joined in the Plataforma Gasoducte Martorell-Figueres (the Martorell-Figueras Pipeline Platform) to condemn bad planning and improvisation and the environmental impact of the gas pipeline which can still be seen in the town of Castellar del Vallès. In 2012, construction was stopped because the French Minister for Energy and Industry announced that

Source: own work based on data from Datacomex

52 http://gasoducte.blogspot.com/
he was cancelling the project due to “low demand”. The Spanish government reacted by temporarily suspending the second phase of construction on the pipeline.

To date, the completed section of the MIDACT has never been used, although it is considered to be strategic to the EU’s gas plans. The 9th Report of Generalitat de Catalunya’s Consell per la Transició Nacional stated that:

“With the MidCat, Catalonia would meet the double aim of providing a route for Maghreb gas from the LNG regasification plants to France, at the same time as reinforcing and ensuring Catalan gas demand. This would favour the creation of a commercial and logistical hub for natural gas in Southern Europe which would ensure fewer difficulties for supply and therefore provide increased energy security and price stability.”

This text leaves no room for doubt as to the importance of the MidCat as a strategic piece in completing the Iberian route for Algerian gas, without ever contemplating the implications that it could have for increased dependence on fossil fuels and the impacts on the Catalan territory itself.

E. Solidarity between peoples: “Fracking: Not here, not anywhere”

Everything points to the fact that gas relations between the Spanish State, Catalonia and Algeria, far from decreasing, are going to intensify in response to the desires of Madrid, Barcelona and Brussels. Diversification from Russian gas, and the strategic position of the Iberian Peninsula, existing and projected infrastructures, and the current state of diplomatic and trade relations, mean there are more imports of Algerian gas to come in the near future. Although it is worth noting that production figures in the North African country have fallen recently due to the depletion of existing reserves and the lack of new investment. This is why the Algerian government views new explorations and the exploitation of unconventional fuels as a solution for the short- and medium-term.

In December 2014, the Algerian authorities announced that they will carry out testing in In Salah for the future extraction of shale gas, leading to protests in several towns in the country, where fracking is perceived as a strategy of energy neocolonialism. Unfortunately, the sensation that the exploitation of unconventional fuels is imposed over and above the sovereignty of the people is something that is also being suffered by the peoples of Europe.

Fracking has been met with powerful responses from innumerable platforms and local and regional opposition networks. The reality is that, if Algeria increases its capacity for gas exports, to satisfy the EU, sooner or later, it will end up exploiting its large reserves of shale gas. The strong social response to fracking in Algeria, tensions between the North of the country (an area of economic power) and the South (an area rich in hydrocarbons) and high levels of repression, are a genuine powder-keg for this Maghreb country highly dependent on its hydrocarbons exports.

Thus, popular struggles against fracking form the basis for a common front for affected peoples. Although the struggles may be geographically far apart, they can unite under the slogan: “Fracking: not here, not anywhere!”

In the Spanish State and Catalonia, it is also worth opening the debate and reacting to these offensives and proposals that aim to convert the peninsula into a transit space for gas en route to Europe. There are tireless Anti-fracking platforms in the areas around Castellon; Aturem el Fracking (Catalonia); Riudaurajunts against Fracking; Anti-fracking Cronos (Soria); Anti-fracking Guadalajara; Anti-fracking Extremadura; Anti-fracking Cuenca del Segura (Murcia, Alicante and Albacete); Madrid No Fracking; the Anti-fracking Assembly of Merindades, to the North of Burgos; Anti-fracking FAO Campos de Hellín and Tobarra (Albacete); Asturian Anti-fracking; Fracking EZ (Basque Country); Teruel Sin Fractura; Zaragoza Sin Fractura; Fracking No La Rioja; Fracking-Free Seville; Fracking-Free Cadiz; Fracking-Free Cordoba; Fracking-Free Gerena; Fracking-Free Camas; Fracking-Free Castilleja de Guzmán; and many more. They constitute one of the spaces for challenging the gas model in its entirety; together with actors such as the Platform for a New Energy Model and the Network for Energy Sovereignty, they could constitute a real front for actions and proposals that respond to the current fossil and nuclear energy regime.

Imagen 7. Stop Fracking Initiative, Meeting of Iberian Platforms Against Fracking. Madrid 09/09/15.

55 http://www.nuevomodeloenergetico.org/
56 http://xse.cat/