

Spain and the North African energy dispute

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A gas crisis in Europe caused by Russia's decision to reduce flows of gas, as it faces Western sanctions for invading Ukraine, is forcing Europe to diversify its energy supply. Africa's gas resources are increasingly in the spotlight as the European Union looks to move away from depending on Russian energy.¹

Algeria and Nigeria are Africa's major gas producers and the main African gas suppliers of Europe. Algeria is Africa's largest exporter of gas and due to the country's location along the Mediterranean, Algeria is Europe's biggest gas supplier after Russia and Norway, sending the fuel via subsea pipelines to Spain and Italy, and also shipping it in liquefied form (LNG).²

There are two gas pipelines linking Algeria to Spain: the Maghreb-Europe GA gas crisis in Europe caused by Russia's decision to reduce flows of gas, as it faces Western sanctions for invading Ukraine, is forcing Europe to diversify its energy supply. Africa's gas resources are increasingly in the spotlight as the European Union looks to move away from depending on Russian energy.³

There are two gas pipelines linking Algeria to Spain: the Maghreb-Europe Gas Pipeline (MEG) via Morocco and the direct MEDGAZ pipeline. The combined export capacity of these two pipelines is about 20 billion cubic meters (bcm).⁴

The Maghreb-Europe Gas (MEG) pipeline

The high-capacity Maghreb-Europe Gas Pipeline (MEG), which crosses Morocco, had been used by Algeria to transport gas to Spain and Portugal. Since November 1996, Algiers has exported around 10 billion cubic

meters (bcm) of gas to the Iberian Peninsula through this pipeline per year. As part of the deal, Morocco received about 1 bcm per year in transit fees, which accounted for over 90 percent of the country's needs.⁵

The Medgaz pipeline

The Medgaz pipeline is a 210km subsea pipeline between Beni Saf in Algeria and Almería in Spain. The 24in diameter pipeline laid under the Mediterranean Sea has the capacity to carry 8 billion cubic meters per year of natural gas. The pipeline was built by Medgaz which is also responsible for operating it. The Medgaz project started operations in 2011 and is owned by Algeria's state-owned Sonatrach owns 51 percent and Spanish gas group Naturgy 49 percent.

In 2021 Naturgy and Sonatrach signed an agreement to expand the gas pipeline capacity by 2 bcm/year, representing an increase of 25%, reaching 10 bcm/year.⁶

The conflict between Algeria and Morocco

The rivalry between Morocco and Algeria goes back decades, but it has taken a dramatic turn for the worse in the last year. The confrontation between Morocco and Algeria is complex and multidimensional and focuses on four major issues in dispute:

The territorial dispute - the Moroccan government is claiming portions of Algeria's Tindouf and Bechar provinces that French colonial administrators had awarded to Algeria.

October 1963 marks the first major outbreak of violent conflict between Algeria and Morocco, resulting largely from the Moroccan government's claim to portions of Algeria's Tindouf and Bechar provinces.

Moroccan attempts to seize the territory in 1963 led to fighting between the two countries that was dubbed the "sand war". After a few weeks of fighting the parties agreed a ceasefire.

The " Strategic Corridor" - Algeria has a common border of several kilometers with Western Sahara and the establishment of an independent state controlled by the Polisario Front will allow Algeria to create a strategically important trade corridor from the Tindouf region to the Atlantic coast.

The ideological conflict - ideological differences between Morocco's conservative monarchy and Algeria's prominent role as a supporter of third-world revolutionary movements.

The geopolitical rivalry - for the leading role in the region.

The conflict in Western Sahara - since 1975, the dominant issue between the two countries has been the conflict in Western Sahara. After the former colonial power Spain withdrew its forces and handed control of the territory to Morocco and Mauritania, Algeria threw its support behind the local Sahrawi people's claims for self-determination and the Polisario movement fighting on their behalf.

Since November 2020, three political and military developments have taken place and have a major impact on the security and stability of the region.

On November 13, 2020, the Polisario Front, Western Sahara's independence movement, backed by Algeria, broke the 1991 cease-fire agreement and declared a "state of war."

In December 2020, the Trump administration recognized Moroccan sovereignty over the Western Sahara and Morocco normalized relations with Israel.

On March 18, 2022, Spanish Prime Minister Pedro Sanchez's issued a letter backing Morocco's plans to give limited autonomy to the disputed territory of Western Sahara.

The recent crisis between Algeria and Morocco

Algeria is the main supporter of the Polisario Front and considers the conflict over Western Sahara a part of the long-term strategic goal to become a dominant regional power.

In response to Algerian support for Polisario, Morocco launched in July 2021 a campaign promoting the cause of the separatist movement in Algeria's Kabylia region.

Since August 2021, Algeria has severed diplomatic relations with Morocco, cut off gas shipments that previously ran through Morocco to Spain, and closed its airspace to Moroccan planes.

In November 2021, a commercial convoy of Algerian lorry drivers travelling through the Polisario-controlled part of Western Sahara was hit by an apparent bombing attack, killing three men. Algeria accused Moroccan forces of killing the Algerian citizens.

Spain and Morocco

On March 18, 2022, Spanish Prime Minister Pedro Sanchez's issued a letter backing Morocco's plans to give limited autonomy to the disputed territory of Western Sahara.

It was a part of a bigger deal with Morocco that includes an agreement on migration and Spanish enclaves of Ceuta and Melilla management.

Spain's move came after relations with Morocco hit a new low in May 2021, when Spain gave medical treatment to the leader of the Polisario front, Brahim Ghali.

Morocco used migrants as a weapon and retaliated with opening its borders to the island of Ceuta, where roughly 10,000 migrants arrived in the island in a few days.

Until recently, Spain has been aligned with the UN on the Western Sahara dispute, supporting a referendum as the most acceptable solution to end the current stalemate.

Madrid's shift strengthens its bilateral relationship with Rabat. The announcement of the content of the Spanish prime minister's letter by the Moroccan Ministry of Foreign Affairs was followed by diplomatic gestures and agreements.

After the letter, Prime Minister Sanchez visited Morocco and the kingdom reconfirmed commitments to control its borders and refrain from laying claims to Ceuta and Melilla.

Rabat has returned its ambassador to Madrid, and Prime Minister Sanchez visited Morocco, where a "new page" in the two countries' relations was declared. During the visit, both countries announced that the traffic of passengers and goods on sea and land crossings had been resumed, a critical measure to revitalize the struggling economies of Ceuta and Melilla. Madrid has reassured Rabat that Morocco could use the Spanish regasification plants.

In February 2022, Spain said it would help Morocco to ensure its energy security following a political and energy supply crisis with Algeria. Algiers, which in the first quarter of 2022 supplied about 25 percent of Spain's gas imports, had in April 2022 warned Madrid not to re-export any of its supplies to Morocco, warning it could endanger its own contract with Algeria.⁷

Spain said that Enagas, which operates four (liquefied natural gas) LNG terminals and the national gas grid, will check the origin of the tanker carrying the gas acquired by Morocco to ensure the source of the gas is not Algiers. The first shipment via the Maghreb gas pipeline involved LNG which Morocco bought on the international markets and unloaded at a Spanish regasification plant.⁸

The crisis between Spain and Algeria

Algeria, the main supporter of the Polisario Front, has referred to the Spanish shift on Western Sahara as a “historical betrayal” of the Sahrawi people and recalled its Madrid representative for consultations.⁹

Spain imports all of its gas requirement and Algeria is Spain’s leading natural gas supplier, accounting for nearly half of the natural gas consumption.

The closure of the Maghreb Europe pipeline (MEG) has pushed Madrid to diversify its sources of gas supplies and end its dependence on Algerian gas. Since January 2022, gas imports from the United States have exceeded those from Algeria for the first time.¹⁰

Algeria had cautioned Madrid in April 2022 not to re-export any of its supplies to Morocco, warning it could endanger its own contract with Algeria. But in June 2022, Spain has started sending natural gas supplies to Morocco through the Maghreb-Europe gas pipeline (MEG).¹¹

On June 8, 2022, Algeria has suspended, its 20-year-old treaty of friendship, good neighborliness and cooperation with Spain.¹²

Algerian gas exports to Spain were down by 15 per cent in June 2022 compared with May 2022, according to figures recorded by Enagas and

Algeria’s national banking association ordered a stop to payments to and from Spain, which, according to Algerian sources, affects all trade apart from gas supplies.¹³

On July 3, 2022, after Spain began re-exporting gas to Morocco in reverse flow via the MEG pipeline, the state oil and gas producer Sonatrach's CEO, Tewfik Hakkar, said that Algeria is negotiating with its clients to review gas prices.¹⁴

The energy relations between Algeria and Italy

While the crisis between Algeria and Spain continues, another member of the European Union – Italy, signed new contracts to increase the supply of gas from Algeria to Italy

Italy buys the majority of its natural gas from abroad and the country is especially dependent on natural gas to generate electricity, heat and cool homes, and power its industry. Prior to the war, Russia provided Italy about 45 percent of its gas imports (about 29 billion cubic meters of gas per year).

Amid fears over the risk of a potential Russian gas cut-off, Italy has increasingly looked to Algeria, historically its second biggest supplier, to reduce that dependence on Russian gas supply.

Already this year Algeria has delivered 13.9 billion cubic meters to Italy via the Trans-Mediterranean pipeline, a 113% rise over forecasts, according to Algerian energy giant Sonatrach.¹⁵

The Italian government has finalized in July 2022 a major energy deal with Algeria. The agreement will provide Italy with an additional 4bn cubic meters of gas, making Algeria Italy's biggest gas supplier.¹⁶

It is the first step toward a broader energy collaboration between the two countries, which will also involve procurement of "green hydrogen, as well as solar, wind and geothermal energy."

Nigeria and the pipelines to Europe

Nigeria is Africa's top oil producer and major supplier of gas and has the largest proven reserves in Africa and the seventh largest globally. Nigeria's LNG is owned by state-oil company NNPC Ltd, Shell, Total Energies and Eni. Last year, Nigeria exported 23 billion cubic meters (bcm) of gas to the EU.¹⁷

In order to significantly increase the gas supply to Europe, Nigeria has to improve the gas production capacity in the country and a large investment is required in a mega project of building a gas pipeline that will carry gas from Nigeria to Algeria or Morocco and from there to Europe.

The pipeline from Nigeria to Morocco

Nigeria's government has directed its state-run oil company Nigerian National Petroleum Corporation (NNPC) in June 2022, to implement a deal on a gas pipeline to Europe through Morocco.¹⁸

Nigeria's Petroleum Minister, Timipre Sylva, told reporters in Abuja that approval for a memorandum of understanding (MoU) on the gas project with West African regional bloc ECOWAS, the Economic Community of West African States, was given after a cabinet meeting in June 2022. The minister said that this gas line will take gas to 15 West African countries and to Morocco and through Morocco, to Spain and to Europe".¹⁹

Four years ago, Morocco's King Mohammed VI and Nigerian President Muhammadu Buhari agreed to move ahead with the mega-project to carry gas along the Atlantic Coast, after an initial deal was signed in 2016. Under the deal, both countries plan to extend the pipeline that has been pumping gas from Nigeria to Benin, Togo and Ghana since 2010.²⁰

The Trans-Saharan gas pipeline (TSGP)

At a meeting held in the Nigerian capital of Abuja on June 20, 2022, energy ministers from Algeria, Nigeria and Niger agreed on the revival of a decades-old project to pipe gas across the Sahara to Europe - the Trans-Saharan gas pipeline (TSGP). The three countries have set up a task force for the project and designated an entity to update the feasibility study.²¹

The Trans-Saharan gas pipeline is an estimated \$13 billion project. With a length of 4,128 km, the pipeline would link Warri in Nigeria to the major Hassi R'Mel gas hub in Algeria, passing through Niger. The Trans-Saharan gas pipeline (TSGP), could carry 30bn cubic meters per year of gas exports to Europe.²²

The idea is not new, but for a long time, the security situation in the Sahel region and tensions between the governments of Algiers and Niger did not allow the project to go ahead.²³

The TSGP was first floated in 2002 when Algeria and Nigeria first signed off on a memorandum of understanding (MoU) to go ahead, but little progress was made until 2021 that Algeria and Niger reopened their border. Since then, the pipeline construction has been revived.²⁴

Nigeria has already started construction on a leg of the pipeline that traverses the country from south to north. The Ajaokuta-Kaduna-Kano pipeline is already under construction and this pipeline from the end of Nigeria will go all the way to Algeria through Niger.²⁵



https://en.wikipedia.org/wiki/Trans-Saharan_gas_pipeline

Concluding Remarks

The current energy crisis following the war between Russia and Ukraine is the golden opportunity for Algeria to become the dominant player in the European gas market but a *political crisis between Algeria and Morocco and Spain could further complicate Algeria's role as a key supplier of natural gas to Europe.*

The gas pipelines connecting Algeria to Spain are a critical component not only for gas exports from Algeria but also for future gas exports from Nigeria to Europe.

The revival of the plans for pipelines to take Nigeria's gas resources to North Africa comes at a strategic time, as Europe seeks to diversify its energy supply following Russia's invasion of Ukraine. *The Nigeria – Morocco pipeline and the TSGP pipeline are a potential opportunity for Europe to diversify its gas sources.*

The new agreements signed between Algeria and Italy to increase gas sales indicate that Algeria wants to increase its gas sales to Europe and that the crisis with Spain does not reflect an inclusive policy of Algeria.

The EU and its member states are required to make more efforts to resolve the crises between Morocco and Algeria and between Spain and Algeria. At the same time, large-scale financial assistance is needed to improve the capacity of gas production in Algeria and to build the gas pipelines from Nigeria to the shores of the Mediterranean where they will be connected to existing pipelines connecting Algeria and Morocco to Europe.

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