

Portugal and Algeria: Still looking for greater strategic depth?

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As part of a wider ongoing effort to strengthen bilateral relations with the Maghrebi states, Portugal holds regular summits with them.¹ The Maghreb as a whole has drawn Lisbon's attention over the last few years. Although not geographically a Mediterranean country, Portugal is perceived as such by Maghrebi states due to its history and culture, and is not considered an outsider in the region. Moreover, unlike other European countries, such as France or Spain, bilateral ties with Portugal do not stir controversy within the Maghreb's societies and elites. Nowadays, the Maghreb is becoming increasingly important within Portugal's foreign policy. Aside from the traditional three pillars – European, Lusophone (Portuguese-speaking countries) and Transatlantic – one might say that the Maghreb has the potential to become the fourth pillar of Lisbon's foreign policy.²

As far as Algeria is concerned, the relationship was not always easy. During the 1960s and the beginning of the 1970s, Algiers supported the self-determination of the Portuguese territories in Africa, a political stand that did not contribute to sound bilateral relations. After the end of Portugal's authoritarian regime in 1974 and the subsequent transition and consolidation of democracy, Portugal's foreign policy was driven towards Europe

and the process of European integration. Therefore, and although Portugal and Algeria established diplomatic relations in March 1975, Algeria was far from being a priority to Lisbon. In the 1990s, Portugal's relations with Morocco as well as instability in Algeria – caused by Islamist terrorism and a harsh military regime – kept Lisbon and Algiers politically distant. However, the arrival of Abdelaziz Bouteflika to the Presidency of Algeria in 1999 opened an opportunity for rapprochement. Bouteflika ended the military rule – which does not mean that he was able to completely eliminate military leverage in Algerian politics – began to liberalize the country's economy and opened Algeria to the international community. As part of the process of reclaiming the space of civilian leadership, Bouteflika was also able to mitigate the consequences of Islamist terrorism, which changed the dynamics of the conflict and brought some peace to Algeria – creating a favorable setting for attracting foreign investment. It was within this political framework inaugurated by Abdelaziz Bouteflika that Algeria and Portugal signed the Treaty of Good Neighborhood, Friendship and Cooperation in 2005, an agreement which entered into force in March 2006. This is the cornerstone of contemporary relations between Portugal and Algeria, since it gave bilateral ties a new depth, by setting high-level meetings in a wide array of issues such as political, economic, cultural, security and defense.

Strengthening bilateral relations

During the first summit, held in Algiers on the 21st and 22nd of January 2007, several agreements were signed: the suppression of visa requirements for diplomats and

1 The third Portuguese-Algerian summit will be held in Lisbon on November 9th, 2010. Portugal has regular bilateral summits with Algeria, Morocco and Tunisia. Relations with Libya are greatly improving, especially after the signature of a cooperation framework-agreement in 2008. The only exception is Mauritania.

2 See Diogo Noivo, "Portugal and the Maghreb: Latest phase of a new possible foreign policy axis" (*IPRIS Lusophone Countries Bulletin*, No. 6, April 2010): 4-5; and, Paulo Gorjão, "The end of a cycle: Rebalancing and redefining of Portugal's foreign policy" (*IPRIS Lusophone Countries Bulletin*, No. 3, January 2010): 5-6.



state personnel; extradition and judiciary assistance in penal, civil and commercial domains; and maritime transportation. These agreements, particularly in the case of visas and judiciary assistance, are indicative of how slim bilateral ties were before the signature of the 2005 Treaty of Good Neighborhood. Still, the agenda had a clear economic and financial *leitmotiv*: both parties focused on the interest Portuguese companies have expressed – and partially materialized – in investing in Algeria, namely in the fields of construction, transportation, water treatment, tourism, metallurgy, textiles, banking, telecommunications, among others. Portugal and Algeria pledged to facilitate these investments and to diversify them, specially bearing in mind Algeria's economic and development recovery plan. In the financial realm, Algeria's Finance Ministry and Portugal's state-owned bank *Caixa Geral de Depósitos* signed a cooperation agreement with the purpose of sharing technical know-how, a step towards the modernization of the financial system. Portugal's AICEP (Business Development Agency) and its Algerian counterpart ALGEX also signed a cooperation protocol. The energy sector was identified as a strategic issue, able to create a long-lasting and privileged bilateral relation, and therefore a matter for serious mutual commitment. Portugal receives Algerian gas since 1997,³ and Lisbon's recent experience with renewable energies has attracted Algiers' attention. Still, despite the importance given to economic relations, both countries also addressed political topics and pledged to work together to assure the concretization and success of the II EU-Africa Summit, which was indeed held during Portugal's EU Council Presidency in December 2007.

In the second summit, exceptionally held again in Algiers, on June 8th and 9th 2008,⁴ both countries took the opportunity to positively evaluate the economic and political achievements of the bilateral relationship since the first summit. Algeria expressed its satisfaction with the visit of Portuguese Prime Minister José Sócrates to Algeria in December 2007, then also acting President of the European Council. Algeria was also pleased with Portugal's commitment to the organization and with the outcome of the II EU-Africa Summit held in Lisbon, as well as with the result of bilateral talks held on the sidelines. Both parties expressed their intent to promote bilateral consultations each time similar events take place. Portugal and Algeria also congratulated themselves for positive developments in other political domains such as defense⁵ and cultural cooperation. Regarding economic issues, the increase of

Portuguese involvement in Algeria's economy, namely in transports, public works, water resources and energy was seen as a significant step forward and as a foundation for a mutually desired long-term relation. Small and Medium Enterprises (SME) and the bilateral efforts in this domain were presented as key factors towards further enhancing commercial relations. In the specific sector of energy, the memorandum of understanding signed by the Portuguese energy company *Energias de Portugal* (EDP) and the Algerian national oil company Sonatrach on November 1st, 2007 is of special importance. By and large, the economic relation is focused on the opportunities that Algeria's openness to foreign investment offers Portuguese companies, thus being a one-way investment path.⁶ As far as the summit itself was concerned, several agreements were signed: a cooperation agreement on international road transportation; a protocol on the financial sector; a convention between both national insurance entities; an agreement between both national postal companies; a framework-agreement between *Caixa Geral de Depósitos* and its Algerian counterpart *Banque Nationale d'Algérie*; and another memorandum of understanding between EDP and Sonatrach aiming for external cooperation, namely in Latin America. On the other hand, Portugal and Algeria expressed their resolve to promptly address other potential areas for agreement such as education and science, but specially to implement a joint working group of senior officials in charge of monitoring bilateral economic relations, and to obtain an agreement between the public media (TV, radio and news agencies) of both countries. Moreover, both parties also expressed the need to close negotiations on a convention for counterterrorism and the fight against organized crime.

After the first and second summits, there is an obvious emphasis on economic, rather than political issues. Indeed, Algeria needs to attract foreign investment to modernize its economy. However, the mere acceptance of Portuguese participation in Algeria's development plan has a political angle to it, far beyond commercial relations: it allows Algiers to diversify its foreign partners and find in Portugal another – probably more stable – ally in Europe. In turn, Portugal needs to promote exports, as well as business opportunities beyond Europe. In fact, in the last few years Portugal's foreign policy has been increasingly focused on what has been called "economic diplomacy".

For the third summit, the first to be held in Portugal,⁷ the agenda will not surprisingly have a preponderance

3 Through the Maghreb-Europe Gas Pipeline, also known as Pedro Duran Farell Pipeline.

4 The second summit was supposed to take place in Lisbon. However, since Portuguese Prime Minister José Sócrates would visit Algeria's 41st International Fair, it was decided that it would take place in Algiers once again.

5 The bilateral defense agreement, just as the Treaty of Good Neighborhood and Friendship, was signed in 2005, which is more evidence that the Treaty was a turning point in bilateral ties. A defense joint committee was established shortly after, in September 2006.

6 There are a few cases of Algerian investment in Portugal. The most obvious is the 2.23% capital that Sonatrach holds in EDP, or Sonatrach's 25% stake in two of EDP's combined cycle gas plants, one in Portugal (Lares, Figueira da Foz) and the other in Spain (Soto 4). While the latter deal is concluded, the former is still under negotiation.

7 The third summit should have taken place in 2009, but probably did not happen because it was an important election year for both José Sócrates and Abdelaziz Bouteflika.



of economic over political aspects. To be fair, political issues are always discussed and have seen significant advances. Still, the most solid steps have been taken elsewhere. The summit is expected to study the possibility of an agreement regarding the media, and new agreements on public works and water resources, issues that have been in progress since the summit of 2007. On the other hand, no agreements are expected regarding counterterrorism cooperation, nor regarding the joint working group of senior officials in charge of monitoring bilateral economic relations – issues that, in the second summit, were passed over to be addressed in the third. The lack of developments in these issues demonstrates that political agreements have a slower progression, while the economic and business cooperation keeps bearing improvements. Defense is probably the only domain of political nature that has improved as fast as the economic dimension. After the signature of the bilateral defense cooperation agreement in 2005, Portugal and Algeria established a joint committee in 2006. Since then the relationship has become more fluid, and in 2009 both countries signed a triennial Indicative Plan that gives more depth and structure to their defense cooperation.

Final remarks

The signature of the Treaty of Good Neighborhood, Friendship and Cooperation was a turning point in bilateral relations: political dialogue became more fluid and trade witnessed an impressive development. Both the achievements and the time needed to get them are noteworthy. Between 2000 and 2005, Algeria rose from Portugal's 41st export market to the 40th. However, in only four years, Algeria went from being the 40th in 2005 to the 21st in 2009. A similar evolution happened regarding imports: between 2000 and 2009, Algeria rose

from Portugal's 42nd import market to the 27th. In 2009, Portugal imported from Algeria €275 million (97% is gas) and exported €198 million. The trade ratio is not as unfavorable as it seems to Portugal since close to 40% of the country's gas comes from Algeria.

In the political domain, common ground was initiated in the first summit and has continued so far. Moreover, the regular meetings established by the Treaty of Good Neighborhood, Friendship and Cooperation – not only summits, but also the talks that precede summits as well as consultations in different sectors – promote political trust and create informal personal contacts.

The third summit between Portugal and Algeria will be another step forward in the process of gradually acquiring greater strategic depth in bilateral relations. However, this is not a process of linear progression, since some roadblocks lay ahead. The difficult Portuguese economic and financial situation will dramatically affect the budget of all ministries and seriously cripple the investment capability of many companies, a situation that will surely persist over the next three years. Consequently, given the predominance of economic issues in the bilateral relation, ties between Lisbon and Algiers could be affected in the forthcoming years. Indeed, it is likely that Portugal will not be able to build itself up as a relevant partner for Algiers as much as it would like. If the Maghreb is to become the fourth pillar in Lisbon's foreign policy, then the substance of the relationship must acquire the same amount of strategic depth in political matters as it has obtained already in economic issues. Therefore, greater developments regarding political issues are required in order to balance bilateral ties, and to assure the durability and structural dimension of this partnership.

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