

Algeria inks \$4bn Italy gas supply deal

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Algeria will supply "very big volumes of gas" to Italy through a \$4bn deal, President Abdelmadjid Tebboune said earlier this week, hailing a "strategic partnership" with Rome during a visit by Italian Prime Minister Mario Draghi.



Algeria's President Abdelmadjid Tebboune. Jacquelyn Martin/Pool via Reuters

An official Algerian source said last week that state energy company Sonatrach would increase gas supplies to Italy by a further 4 billion cubic meters (bcm) a year beyond the 21bcm previously planned.

The deal, signed with Eni, TotalEnergies and Occidental on Tuesday, comes as Algerian gas supplies become more important for southern Europe because of reduced exports from Russia after its invasion of Ukraine.

Draghi, speaking after his meeting with Tebboune in Algiers, said Italy was a "privileged partner" of Algeria and that the 4bcm increase in gas supply represented "an acceleration of what we had expected".

"In recent months, Algeria has become the leading supplier of gas to our country," he said.



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Developing alternative energy sources

Draghi said Algeria and Italy would also now work together to develop renewable energy sources including green hydrogen, solar, wind and geothermal energy.

For Algeria, tighter global energy markets have represented a major opportunity to turn the page on years of declining revenues that sharply reduced foreign currency reserves and led to unpopular fiscal tightening.

Sonatrach is also an important supplier of gas to France and Spain. However, Algeria's ties with Spain have suffered this year because of a row over Madrid's decision to back Morocco's stance on the Western Sahara dispute.

Draghi said he and Tebboune had agreed to work towards peace in the Mediterranean region and had discussed the crisis in Libya and the difficulties facing Tunisia.

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