

The Evolution of Energy Relations between Algeria and Italy in the 1970s

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Abstract

In the 1970s, the global energy landscape experienced significant shifts, with oil emerging as a powerful political weapon. This period marked a crucial turning point in the energy relations between Algeria and Italy. Algeria, a key oil-producing nation, sought to strengthen its position in the international market, while Italy grappled with the impact of the 1973 oil crisis. This article delves into the intricate dynamics between Algeria and Italy during this transformative period, exploring the evolution of their energy relations, the role of oil as a political tool, and the efforts to diversify energy sources.

Keywords: energy crisis, Eni, gas pipeline, Arab-Israeli conflict, natural gas, water research, hydraulic infrastructure, collaboration

1. The 1973 Oil Crisis and Its Impact

The 1973 oil crisis had far-reaching consequences for Italy, particularly in terms of energy supplies and international trade (Pacioni 1976; Bini & Garavini & Romero 2016; Gazioğlu 2023). Italy heavily relied on crude oil imports, and the sudden increase in oil prices and decrease in production posed significant challenges (Labbate 2011; Petrini 2012). In response to these challenges, the Saudi Arabian and Algerian Energy Ministers embarked on a tour of the West, advocating for the use of oil as a political weapon. Italy, being one of their destinations, faced the dilemma of balancing its interests in energy security and maintaining relationships with oil-producing nations.

2. Italy's Approach to Energy Relations with Algeria

Prior to the 1970s, Italy had a close relationship with Algeria, stemming from their shared history during the Algerian war of liberation (De Lucia Lumeno 2020). However, as the energy landscape evolved, Italy had to navigate its investments in Algeria while exploring alternative resources such as uranium. Italy's national oil company, Eni, played a pivotal role in maintaining energy ties with Arab nations, including Algeria, and supported their efforts to develop their national oil industries. Eni's collaboration with Arab governments extended to projects in Saudi Arabia, Morocco, Tunisia, Libya, Egypt, and the Gulf countries.

3. The Arab-Israeli Conflict and Its Impact on Oil Supplies

The Arab-Israeli conflict further complicated energy relations between Algeria and Italy. Algeria expected Italy to unequivocally support Palestine and condemn Israel, but Italy viewed Algeria as a "neutral" rather than "friendly" nation. This discrepancy in political assessments created tensions between the two countries. The Arab ministers visiting Italy emphasized the importance of Western countries' attitudes towards the conflict, suggesting a differentiated policy based on each country's stance. Italy, however, aimed to maintain a balanced position, which strained its relations with Algeria.

4. Italian Investments in the Oil Field

Italy's heavy dependence on crude oil imports from the Middle East and Africa prompted Eni to explore diversification strategies. The construction of the Algeria-Tunisia-Italy gas pipeline presented an opportunity for collaboration. Eni, Sonatrach (Algeria's national oil company), and Etap (Tunisia's national oil company) signed an agreement to construct and manage the pipeline. However, the project faced challenges, including disagreements over certain terms of the agreement. Despite these obstacles, Eni displayed goodwill and actively participated in the pipeline's construction committee.

5. Algeria's Economic Development and Oil Dependence

While Algeria sought to enhance its hydrocarbon sector, it also recognized the need for diversification. The country secured loans and signed research agreements to develop its oil infrastructure. Algeria aimed to position itself as a leader in gas supplies, emphasizing the importance of natural gas in its development model.

The Algerian government also explored collaborations in other sectors, such as animal feed and chilled meat production, water exploration, and pharmaceutical manufacturing.

These efforts reflected Algeria's aspiration to move beyond oil dependence.

6. The Role of Eni in Algeria's Energy Sector

Eni played a crucial role in Algeria's energy sector, with its investments and collaborations spanning various industries. Eni's involvement extended to joint ventures and projects related to gas pipelines, refineries, and petroleum product distribution. The establishment of joint companies, such as Alrid and Alcip, exemplified the growing cooperation between Italy and Algeria. Eni's diversification efforts also included uranium research, although negotiations faced challenges due to Algeria's inflexibility in canceling agreements unilaterally.

7. Water Research and Hydraulic Infrastructure

Water scarcity posed a significant challenge for Algeria, prompting the exploration of collaborations in water research and hydraulic infrastructure. Eni's subsidiary, Idrotecneco, offered to partner with Algerian construction companies to undertake projects in the study, design, and construction of hydraulic structures. The proposed partnership aimed to leverage the expertise of both parties and address Algeria's water-related needs. The involvement of Italian engineering firms in these projects showcased the potential for mutual benefit and technological exchange.

8. Overcoming Challenges and Building Collaborations

The evolving energy relations between Algeria and Italy required overcoming various challenges and addressing diverging interests. Both countries recognized the importance of collaboration and sought to establish mutually beneficial partnerships. Italy's willingness to adapt and diversify its investments in Algeria, coupled with Algeria's efforts to enhance its economic development beyond oil, set the stage for long-term collaborations in various sectors.

9. The Impact of Energy Relations on Algeria and Italy

The evolving energy relations between Algeria and Italy had profound implications for both countries. Algeria's focus on gas supplies and diversification strategies contributed to its economic development, while Italy's investments in alternative resources and collaborations positioned it as a key player in the international energy landscape. The partnerships between Eni and Algerian entities laid the foundation for future cooperation and highlighted the potential for shared growth and prosperity.

10. Conclusion

The energy relations between Algeria and Italy in the 1970s witnessed a complex interplay of political, economic, and strategic interests. The Arab-Israeli conflict, the 1973 oil crisis, and the need for energy diversification shaped the dynamics between the two countries. Despite challenges and differences in political assessments, both Algeria and Italy recognized the importance of collaboration and sought to build partnerships in various sectors. The evolution of their energy relations laid the groundwork for future cooperation and highlighted the potential for mutual benefits.

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