

Algeria's Sonatrach renews gas export deal with France's Engie



ALGIERS, Nov 19 (Reuters) – Algerian state energy firm Sonatrach has renewed a gas export contract with France's Engie, it said on Tuesday, a few days after Kamel Eddine Chikhi was appointed as its new chief executive.

Energy sales represent a crucial source of foreign currency for Algeria, but have been declining since oil prices dropped in 2014.

Rising domestic demand and stagnant output have also made it hard for Sonatrach to maintain Algerian export levels. That had raised some doubts over whether the Engie deal would be renewed, an industry source in Algeria said.

Sonatrach said the contract covers the medium and long term, but did not specify how much gas it will deliver to Engie.

The state energy firm has already renewed gas export contracts

this year with Enel, Galp Energia, Eni, Botas, Naturgy, and Edison. Its total gas exports in 2018 were 51.4 billion cubic metres, with Italy and Spain accounting for two-thirds of the volume.

“We will work to renew our oil and gas reserves that have been declining in the past decade,” Kamel Eddine was quoted as saying on Sunday after his appointment.

Algeria’s lower house of parliament has passed a new energy law to boost the country’s attractiveness to international oil companies investing in the sector, but has kept a rule preventing majority foreign ownership of hydrocarbons projects. (Reporting By Lamine Chikhi; Editing by Angus McDowall and Jan Harvey)