

AFRICA RISK CONSULTING

Algeria Monthly Briefing June 2019

Algeria Summary 26 June 2019

Algeria's transitional constitutional council has cancelled elections slated for 4 July with no dates set for fresh presidential polls. Algeria's post-independence political transition continues at a snail's pace, although what direction it will take and its outcome remain uncertain. General Ahmed Gaid Salah has emerged as the power behind the political elite. He may use Independence Day on 5 July to consolidate his power further. Allies in the Gulf States may back Gaid Salah and a more authoritarian approach. Nevertheless, hundreds of thousands of protesters continue to protest every Friday keeping their demands peaceful and simple and demanding democratic change. Oil production continues unabated though investment in the oil sector is deferred. It is unlikely that the current Algerian regime will approve the sale of United States-based Anadarko's assets to France-based Total.

Military rulers cancel elections

The constitutional council has cancelled elections slated for 4 July. This comes after the council rejected the only two candidates' applications. No dates have been set for fresh presidential elections and interim President **Abdelkader Bensalah's** (2019-present) calls for all parties to launch an inclusive dialogue to prepare for future presidential elections fell on deaf ears.

The cancellation of the elections removes a focal point of political tension and a possible clash between **Le Mouvement** – the civilian street protesters – and the ruling elite that is at times pushed, and sometimes led by, the de facto military leader, septuagenarian **General Ahmed Gaid Salah**. For now a clash of wills has been averted.

*"We are far from in the final straight of the protests. Things could get nasty in so far as the military leader is getting frustrated and wants to push back. As it is, he is using the oldest trick in the book. He is trying out divide and rule tactics, and trying to divide the protestors along ethnic and regional lines."*¹

That Gaid Salah is the de-facto leader is becoming clearer, although Gaid Salah and other members of the ruling clique known as **Le Pouvoir** (the power) aimed to align themselves with Le Mouvement following the resignation of former president **Abdelaziz Bouteflika** (1999-2019). Several businesspeople close to Bouteflika and his brother have been arrested and charged with corruption. An **Algiers** court on 18 June jailed businessman and close Bouteflika associate **Ali Haddad**, sentencing him to imprisonment for six months for holding two passports, which is the first conviction in a string of corruption probes.² Others, including former finance minister **Karim Djoudi** and the former prime minister, **Ahmed**

¹ ARC source, Algeria expert, Paris (France)

² Arab News, 18 Jun 2019.

Ouyahia, have appeared in the supreme court as part of the anti-graft investigation though neither has been charged.³

“It is clear that the Bouteflika clique are less and less useful to Gaid Salah in creating the impression that there is a difference between the military and Bouteflika’s ousted regime. It is clear that it is now the protesters and the military.”⁴

Statements from the military are starting to show that Gaid Salah is getting frustrated: On 18 June he was reported as saying that those who oppose military are “*enemies of Algeria*”.⁵ Earlier, Gaid Salah made another controversial statement, that Algeria has only one flag, that it was insulting to “*martyrs who had died to liberate Algeria*” to celebrate other flags.⁶ Members of *Le Mouvement* have been carrying flags associated with the **Berber** nomadic ethnic group.

In response, protesters came out in even larger numbers continuing their demands for the resignation of interim President Abdelkader Bensalah and the prime minister, **Noureddine Bedoui**; several were reportedly wearing signs with slogans “*No regionalist here. We are all brothers.*”⁷ The protests now draw hundreds of thousands of people from all walks of life every Friday. Protesters have been careful not to call for a general strike or a permanent occupation of public squares, which might see the situation escalate tensions with the military. Instead protesters keep their demands simple. As one protester’s sign read, “*It’s not for you to decide, but it’s for the people.*”⁸

It is clear that what some commentators are talking of as “*the second act of Algeria’s independence story*”⁹ includes ridding the country of Gaid Salah and changing the role of the army in the state. This will be a substantial transition, as the role of the armed forces is integral to the independence history of the country. Algeria was born after the most brutal war of independence from France. Bouteflika himself was a young captain in the army. Indeed, Independence Day is celebrated on 5 July which is also Army Day – a day when the armed forces are celebrated and when traditional military honours are awarded. Gaid Salah has already intimated that several awards will be made, although ARC sources anticipate that Gaid Salah will use 5 July to consolidate his already significant hold on the power of the armed forces.

Events in **Sudan** have sharpened everyone’s focus. In Sudan similarly peaceful protests forced the ouster of Sudan’s President **Omar al-Bashir** (1993-2019) and resulted in the military rulers being forced into transition discussions with protesters and civil society. However, on 3 June the military unleashed the **Rapid Support Forces (RSF)**, more popularly known as the **Janjaweed** militia, who attacked the protesters’ camp, killing several people and injuring 200.¹⁰

The broader regional context is important, too. Gaid Salah and the military elite behind le Pouvoir have stronger links with the leadership of the **Arab** world than with the **United**

³ Al Jazeera, 16 Jun 2019.

⁴ ARC source, Algeria expert, Paris

⁵ Al Jazeera, 18 Jun 2019.

⁶ ARC source, Algeria expert, Paris

⁷ ARC source, Algeria expert, Paris

⁸ ARC source, Algeria expert, Paris

⁹ Jeune Afrique, May 2019

¹⁰ Dabanga Sudan, 20 May 2019

States (US), African Union (AU) or neighbouring European Union (EU).¹¹ Leaders in the **Middle Eastern** countries, namely the **United Arab Emirates** and **Saudi Arabia**, look with horror on a renewed Arab spring. Instinctively they are going to seek to give support to a more authoritarian outcome.

An element of anxiety has returned to the tone of the protests as people fear that either the protesters will lose patience and start throwing stones or rocks, or the military might seek to provoke.¹² There is still no sign of any specific leadership emerging from the ‘**Hirak**’ as the movement has become known, so named after 2017 rolling protests in neighbouring **Morocco**. Remarkably the protest movement has avoided being hijacked by Islamist groups and has been consistent in its demands for democratic rule. Sources report there is a diverse range of civil society groups that are starting to formulate ideas for a way forward but the environment remains too febrile for any leadership to emerge.

Economy may slow as investment dries up

While it is clear that the protests have had an overall impact on investment in the economy, notably in the oil sector, the protesters’ determination not to cause strikes or upheavals that would give the military an excuse to step in has allowed oil production to continue as normal. **Rachid Hachichi**, the post-Bouteflika CEO of state-owned energy company **Sonatrach**, has wasted no time ensuring that projects go ahead in the oil and gas and energy sector. Sonatrach has extended an agreement with **Portugal**-based **Galp** to continue gas exports for 10 more years.¹³

However, there are signs that other investment decisions in the oil sector have been delayed pending a resolution to the political environment. Of particular concern is the plan for US-based energy company **Anadarko** to sell its Algerian assets to France-based **Total** as part of US-based **Occidental’s** global acquisition of Anadarko’s assets. On 5 May, Total announced that it had reached an agreement with Occidental to acquire Anadarko’s assets in **Africa** (Algeria, **Ghana**, **Mozambique** and **South Africa**).¹⁴ However, the current political environment has placed the Algeria part of the deal very much in doubt, following energy minister’s **Mohamed Arkab’s** evasive comments on the deal.

“Algeria’s rulers are blowing hot and cold on the Total-Anadarko deal. They have said many contradictory things – but it is politically impossible for Total to acquire Anadarko’s assets. Anadarko accounts for 30% of Algeria’s oil production. Handing that to the French is highly sensitive [given that France was formerly the colonial power]. Certainly it is unlikely at the moment. General Gaid Salah is very anti-French. He is more aligned to Gulf states than to France.”¹⁵

¹¹ ARC source, Paris; FT 11 Jun 2019.

¹² ARC source, Algeria expert, Paris (France)

¹³ Xinhua, 11 Jun 2019

¹⁴ Press release, Total, 5 May 2019

¹⁵ ARC source, Algeria expert, Paris.

Planner

5 Jul 2019 **(Algeria)** Independence Day, Military Day

2019 (Trade ministry) Diversification strategy for exports for 2019-2023

Chronology

21 Jun 2019 **Algiers (Algeria)** *Al Jazeera*. Protests continue in **Algiers**, demanding the resignation of interim President **Abdelkader Bensalah** and prime minister **Nouredine Bedoui**;

18 Jun 2019 **Algiers (Algeria)** *Arab News*. An Algiers court jails businessman and close associate of former President **Abdelaziz Bouteflika**, **Ali Haddad**, for six months for holding two passports, the first conviction in a string of corruption probes;

18 Jun 2019 **Algiers (Algeria)** *Al Jazeera*. Army chief **Ahmed Gaid Salah** says those who oppose the military are “*enemies of Algeria*”;

17 Jun 2019 **Algiers (Algeria)** *The Publics Radio*. Army chief **Ahmed Gaid Salah** says that political dialogue is needed before presidential elections can be held and that those responsible for corruption would be arrested;

16 Jun 2019 **Algiers (Algeria)** *Al Jazeera*. Former finance minister **Karim Djoudi** appears before the supreme court on corruption accusations, though he has not been charged;

12 Jun 2019 **Algiers (Algeria)** *Ennahar TV*. Former prime minister **Ahmed Ouyahia** appears in the supreme court as part of an anti-graft investigation;

11 Jun 2019 **Algiers (Algeria)** *Xinhua*. State-owned energy company **Sonatrach** extends an agreement with **Portugal**-based **Galp** to continue gas exports for 10 more years;

10 Jun 2019 **Algiers (Algeria)** *Anadolu Agency*. A high court orders the arrest of businessman and affiliate of former President **Abdelaziz Bouteflika**, **Mahieddine Tahkout**, on corruption charges;

7 Jun 2019 **Algiers (Algeria)** *Al Jazeera*. Protestors continue demonstrations in **Algiers** calling on interim President **Abdelkader Bensalah** to resign after the constitutional council cancelled 4 July elections;

6 Jun 2019 **Algiers (Algeria)** *France24*. Interim President **Abdelkader Bensalah** calls on all parties to launch an inclusive dialogue to prepare for presidential elections after cancelling the 4 July elections;

3 Jun 2019 **Algiers (Algeria)** *Xinhua*. The **Bank of Algeria** states that foreign exchange reserves decreased to \$79.8 billion in 2018, down from \$97.3 billion in 2017;

2 Jun 2019 **Algiers (Algeria)** *Al Jazeera*. The constitutional council cancels the planned 4 July elections after it rejected the only two candidates’ applications and did not set a new date for elections;

About Africa Risk Consulting:

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