

AFRICA RISK CONSULTING

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Algeria Summary 30 April 2019

President Abdelaziz Bouteflika (1999-2019) has resigned. Interim president Abdelkadar Bensalah (2019-present) has set elections for 4 July. Real political power is in the hands of the military, notably Lieutenant General Ahmed Gaïd Salah. Salah is dismantling the business side of Algeria's elite, *Le Pouvoir*. The regime has arrested five of Bouteflika's close business allies and fired state-owned oil company Sonatrach's CEO, Abdelmoumen Ould Kaddour, throwing the critical oil and gas sector into disarray. Popular, nationwide peaceful political protests continue into their eleventh week but neither a clear political leader or nor an agenda has emerged.

Algeria's business elite unravels ...

The political system that has been in place in Algeria for 20 years is unraveling in uncertainty and the direction of its outcome has yet to become clear. The three tiers that made up the ruling structure are crumbling – the presidency, the business elite, and the military structure. What will replace them is unknown. As protests move into their 11th week, what is clear is that although the atmosphere is febrile, the military appears determined to maintain peace.

As the speaker of the **Conseil de la nation** (senate), **Abdelkadar Bensalah** (2019-present) has assumed office in terms of the constitution following the resignation on 2 April of ailing President **Abdelaziz Bouteflika** (1999-2019).¹ The president's resignation technically opens a period of ninety days at the end of which a presidential election must be held. Bensalah has set 4 July as the date for presidential elections.² In terms of his office as speaker, Bensalah – a 77-year-old former journalist from the state-owned newspaper *Ech-Chaab* (the people) – is unable to stand but must organise elections with the support of the minister of interior.

Bensalah is president in name only. Real power rests with Army Chief of Staff Lieutenant General **Ahmed Gaïd Salah** who is also deputy minister of defence and head of the 500,000-strong armed forces. In the febrile atmosphere, and with one eye over his shoulder, Salah has set about consolidating power first within the military and intelligence services, and secondly within Bouteflika's loyal elite. Behind the scenes, he reportedly has the support of other retired military players, including Major General **Mohammed Tewfik Mediène**.³

*"It is essential to keep an eye on Gaïd Salah's pronouncements – increasingly frequent, denoting a measure of anxiety – thinly veiled messages, not just to the population at large, but to other wing(s) of regime."*⁴

Gaïd Salah has replaced the internal security services head, **Bachir Tartag**, with the head of external security services, Major General **Mohammed Youssef Bouzit**. Major General **Ali Bendaoud** now takes over as head of the **Direction générale de la sécurité extérieure**

¹ Le Monde, 3 Apr 2019.

² Aljazeera, 10 Apr 2019.

³ Africa Confidential

⁴ ARC source, political analyst, Paris

(DGSE). He has removed, but not replaced, the Bouteflika loyalist deputy prime minister, **Ramtane Lamamra**.

Gaïd Salah has also moved against the business and civil service elite known as **Le Pouvoir**, which may disrupt international business dealings until a political solution emerges. Corruption among the political, military and business elite has been a major complaint of the Friday protests. Le Pouvoir is a fluctuating network of individuals and family members: wealthy business people, current and former senior civil servants and military officials, and current and former politicians that were formerly informally consulted on major political and economic issues.⁵ For over 20 years, this group has built businesses and wealth through their high-level links between the presidency, military and military intelligence that effectively ran the country in concert with each other's goals. Frequently these had strong links to the ruling **Front de libération nationale (FLN)**.⁶

Shortly after Salah pledged in public to crack down on corruption to appease protesters, police made a series of arrests.⁷ The crackdown had begun even before Bouteflika's resignation became public: on 31 March, gendarmes arrested **Ali Haddad**, former head of pro-Bouteflika **Forum des chefs d'entreprise (FCE)** (business leaders' forum), at the **Tunisian** border, carrying a **British** passport and large sums of money.⁸ Haddad was particularly close to **Said Bouteflika**, brother of the former president and key member of the political and business elite. Algeria's national gendarmerie has subsequently arrested several members of Le Pouvoir, notably its most prominent billionaire, **Issad Rebrab**, the founder of Algeria's largest conglomerate, **Cevital**. The gendarmerie accused Rebrab – whom **Forbes** magazine in January claimed was worth \$3.8 billion – of "*having made fake statements concerning the transfer of funds to and from abroad*" and "*having imported 'used equipment' despite enjoying tax and customs breaks made available by authorities for the purchase of new material*".⁹ Rebrab, whose agribusiness empire employs 18,000 workers, was questioned for six hours before being taken to the **El Harrach** prison in **Algiers**. Four businessmen known as the "**Kouninef brothers**" who made their fortune in oil, food and advertising businesses, were detained on 21 April for

"... allegedly misusing their influence and failing to fulfil their obligations as laid down in contracts concluded with the state".¹⁰

Finally, Salah has fired **Abdelmoumen Ould Kaddour**, the technocratic head of the state-owned oil company, **Sonatrach** – a position that has always been a cornerstone role in Le Pouvoir. In recent weeks Kaddour had valiantly sought to continue his reform programme despite opposition from the national labour federation, l'**Union générale des travailleurs algériens (UGTA)**. Sonatrach's production and exploration head, **Rachid Hachichi** has replaced Ould Kaddour.¹¹

FCE member **Hassan Khelifati** urged the opposition and those in power to work together quickly to come up with a political solution before peaceful uncertainty gives way to damaging instability:

⁵ Source, political analyst, North Africa

⁶ EIU Algeria, Jul 2012.

⁷ Anadolu Agency (AA), 22 Apr 2019

⁸ El Watan, 31 Mar 2019.

⁹ France24, 22 Apr 2019

¹⁰ France24, 22 Apr 2019

¹¹ Oil and Gas Middle East, 25 Apr 2019

"It's urgent. There's a looming economic crisis. Everything is frozen. No economic actor dares to take a risk."¹²

... but elections are unlikely to go ahead

Salah's moves are unlikely to curry the favour wanted with the protesters whose weekly protests are likely to continue. Key members of the elite, including members of the ruling FLN, are starting to side with the protesters, raising suspicions among the Friday protesters that this is Algeria's former security state trying to infiltrate and rot the movement from within. According to respected newsletter *Africa Confidential*, by mid-March, 72 of 120 FLN regional party cells had aligned themselves with the movement. Key members of the septuagenarian elite such as former prime minister and arch Bouteflika loyalist **Ahmed Ouyahia** have reconstituted the **Rassemblement national démocratique (RND)** and publicly sided with the demonstrators.¹³ An Algerian activist spoke to an ARC source and said of the regime:

"They are hoping to rot the movement from within and hope it runs out of steam. As long as the movement is massive, they are stuck. They await Ramadan with impatience."

ARC sources in Algiers say that there is little sign of the movement running out of steam even though this is the message that the military seems to be pushing out to journalists and observers. Salah and the military elite hope that Ramadan – the Muslim holy month that starts on 5 May and ends on 4 June this year – will break the back of the weekly protests.

As Ramadan ends, election season will begin. However, elections are unlikely to go ahead on 4 July despite the pressure from the military to honour the constitution as it stands. Civil society in the form of the country's magistrates has refused to participate in the elections if they are held under the current constitutional dispensation.¹⁴ Although the movement has no formal leadership, structure, or common set of demands, it is known to be opposed to the political and military structure as it stands.

*"The Movement is still badly in need of figures who could take the helm in a transition with the trust of the mass of protesters. There are people to watch: human rights lawyer **Mustapha Bouchachi** is one. It seems very likely to me he will play some sort of role, also perhaps ex [**Front des forces socialistes**] FFS leader, **Karim Tabou**."*

Since Salah has become more prominent, protesters have increasingly led the chant "*The army isn't the solution*" and for Salah to "*get out*".¹⁵ There is widespread feeling that the military is motivated by regime preservation rather than any desire to dismantle the system that they have controlled since independence from **France** in 1962.¹⁶ Academics and some protesters are starting to talk about a Tunisian-style solution where civil society forms a constitutional assembly to chart the way forward. Others talk of a 'Second Republic' that represents a complete break with the past. They distrust the piecemeal arrests on corruption charges as "*not enough*". There is a desire to change the whole system and then start investigating corruption.

Both Bouchachi and Tabou have their roots in Algeria's socialist FFS party. Bouchachi is a lecturer in law at the **University of Algiers** and an advocate at the Algerian bar. He is also

¹² Canada News, 27 Apr 2019

¹³ Africa Confidential 5 Apr 2019.

¹⁴ Al Jazeera, 14 Apr 2019.

¹⁵ Canada News, 27 Apr 2019

¹⁶ Financial Times, 28 Apr 2019

trained in **United Kingdom** law. In 2012 he was elected as a deputy in the national assembly but resigned in 2014. Tabou is the former leader of the FFS. In recent television appearances Tabou talks of a “*new political and social contract*” that needs to be negotiated between the protesters and the state, saying that the country is at a crossroads.¹⁷

... and the outlook is uncertain

Neither the current political establishment nor the protest movement offers a clear structure for the way forward to a new political and social contract. Although the regular Friday protests have frozen politics, business and normal day-to-day life, there is a clear sentiment that these will continue. They are also likely to continue to be organised and peaceful. Civil society and protesters are clear that Salah, as part of the political and military elite, must go – they reject a transition that has the former regime in control. Salah and the establishment insist that the constitution provides the framework to move forward. The military and police, although they have used water cannon to disperse protesters in Algiers, show no appetite for a hard-line response. The standoff will continue until after Ramadan and if elections do not take place on 4 July, Algeria will be in uncharted territory.

Planner

4 July 2019 **Algeria** Presidential elections scheduled

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

Chronology

28 Apr 2019 **Algiers (Algeria)** Official end of presidential term;

28 Apr 2019 **Algiers (Algeria)** *Agence Ecofin*. Algeria’s state-owned petroleum exploration and development company, **Sonatrach**, and **Italy**-based **Eni** sign an MOU for the supply and transport of fuel;

26 Apr 2019 **Algiers (Algeria)** *El Watan*. Anti-government protests continue across major cities;

25 Apr 2019 **Algiers (Algeria)** *Agence Ecofin*. State-owned petroleum exploration and development company **Sonatrach** announces it will not renew its agreement with **Switzerland**-based **Vitol** to provide oil in exchange for petroleum products;

23 Apr 2019 **Algiers (Algeria)** *The Africa Report*. **Issab Rebrab**, CEO of Algeria’s largest private conglomerate **Cevital**, is arrested on allegations of corruption;

23 Apr 2019 **Algiers (Algeria)** *Reuters*. Interim president **Abdelkader Bensalah** appoints **Rachid Hachichi** as the new CEO of state-hydrocarbons corporation **Sonatrach**;

22 Apr 2019 **Algiers (Algeria)** *Reuters*. State television says that five **Algeria**-based billionaires are arrested as part of an anti-graft investigation;

14 Apr 2019 **Algiers (Algeria)** *Al Jazeera*. Magistrates say they will boycott the 4 July presidential election if it is held under the same judicial framework and institutions of

¹⁷ UDS TV, 19 Feb 2019

the former government;

10 Apr 2019 **Algiers (Algeria)** *Al Jazeera*. Interim president **Abelkader Bensalah** sets 4 July for presidential election dates as protests continue against the new government;

9 Apr 2019 **Algiers (Algeria)** *Reuters*. Parliament appoints **Abdelkader Bensalah** as interim president;

6 Apr 2019 **Algiers (Algeria)** *Al Jazeera*. Parliament plans to meet 9 April to name an interim president following the resignation of President **Abdelaziz Bouteflika**;

3 Apr 2019 **Algiers (Algeria)** *Reuters*. Protests continue as demonstrators demand wide-scale change to government despite the resignation of President **Abdelaziz Bouteflika**;

1 Apr 2019 **Algiers (Algeria)** *Jeune Afrique*. President **Abdelziz Bouteflika** says he will resign by 28 April;

1 Apr 2019 **Algiers (Algeria)** *Ennahar*. Authorities seize the passports of seven businessmen under investigation for corruption and arrest close associate of President **Abdelziz Bouteflika**, **Ali Haddad**, in an attempt to stop funds leaving the country as Bouteflika steps down;

31 March 2019 **Algiers (Algeria)** *Africa Confidential*. Officials announce that President **Abdelaziz Bouteflika** will stand down before his term expires on 28 April;

31 Mar 2019 **Algiers (Algeria)** *El Watan*. President **Abdelaziz Bouteflika** appoints a 27-member cabinet, retaining eight members of previous government including prime minister **Noureddine Bedoui** and army chief of staff and vice minister of defence **Ahmed Gaid Salah**;

29 Mar 2019 **Algiers (Algeria)** *Jeune Afrique*. Protests emerge against the call by army chief of staff and vice minister of defence **Ahmed Gaid Salah** for the application of article 102 of the constitution against President **Abdelaziz Bouteflika**;

27 Mar 2019 **Algiers (Algeria)** *Al Jazeera*. Opposition parties reject **Ahmed Gaid Salah**'s proposal to remove President **Abdelaziz Bouteflika** because it would preserve power within the ruling **Front de libération nationale**;

26 Mar 2019 **Algiers (Algeria)** *Jeune Afrique*. **Algerian** army chief of staff and vice minister of defence **Ahmed Gaid Salah** calls for the application of Article 102 of the constitution, which institutes a vacancy of office for the president if he or she is ill;

26 Mar 2019 **Algiers (Algeria)** *Ennahar*. President **Abdelaziz Bouteflika** removes **Lofti Chriet** as head of the state-owned television channel;

25 Mar 2019 **Algiers (Algeria)** *Al Jazeera*. Ruling **Front de Libération Nationale** spokesman **Hocine Khaldoun** says that **Algeria** needs a new president;



About Africa Risk Consulting:

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