

## AFRICA RISK CONSULTING

### Algeria Monthly Briefing September 2019

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#### Algeria Summary 25 September 2019

*Interim president Abdelkader Bensalah (2019-present) announces that presidential elections will take place on 12 December. The government doubles down on its strategy of giving with one hand while taking with the other, by prosecuting some of the former ruling elite and pressuring protesters and opposition parties. Army chief Ahmed Gaed Salah orders security forces to block protesters from entering Algiers and responds for the first time to protesters rejecting the planned election by urging for widespread participation. Government says it is looking into scrapping local ownership requirements in non-strategic sectors of the economy, which does not include the oil and gas sector.*

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#### Government steps up pressure ahead of planned election

Interim president **Abdelkader Bensalah** (2019-present) said in a televised speech on 15 September that presidential elections will take place on 12 December.<sup>1</sup> Bensalah's announcement came amid continued demands by protesters and opposition parties to delay a vote until there has been a complete purge of the former ruling elite to ensure that they do not manipulate the election to keep their grip on power. Sources in Algeria say prime minister **Noureddine Bedoui** will resign soon.<sup>2</sup> In preparation, the military-backed government has ramped up its judicial pursuits and increased pressure against protesters.

Army chief **Ahmed Gaed Salah** has repeatedly called for an election as soon as possible and says that the election will be held under different circumstances from previous rigged votes. Authorities cancelled an election previously scheduled for 4 July reportedly due to a lack of candidates. On 15 September, Bensalah proposed the creation of an independent election authority to organise the vote in replacement of the interior ministry, which has traditionally been in charge of elections. Bensalah said,

*"This [election] body is a concrete response to demands from our people, including those seeking a radical change of the system. These changes confirm that the state will go ahead to meet all demands."<sup>3</sup>*

Sources close to prominent figures including former prime minister **Mouloud Hamrouche** and human rights lawyer **Mustapha Bouchachi** have said they are considering running for president if the election is called.<sup>4</sup>

Algeria's political environment has been in limbo since mass demonstrations forced former president **Abdelaziz Bouteflika** (1999-2019) to end his 20-year-rule in April. The military-backed government, opposition parties and protesters have since been in a standoff over when and how to fill the power vacuum. Protesters see Bensalah and Bedoui as part of the old guard.

Authorities have sought to appease demonstrators by prosecuting Bouteflika's allies for suspected involvement in corruption cases. However, the targeting of individuals for prosecution has been

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<sup>1</sup> Jeune Afrique, 15 Sep 2019

<sup>2</sup> Reuters, 10 Sep 2019

<sup>3</sup> Reuters, 15 Sep 2019

<sup>4</sup> Reuters, 10 Sep 2019

politically motivated (see below) and protesters remain unappeased. In fact, protesters have become increasingly galvanised by the military's actions (see *ARC Briefing Algeria August 2019*).

### ... as pressure against protesters and opposition intensifies...

An Algerian court held in custody opposition party **l'Union Démocratique et Sociale (UDC)** leader **Karim Tabou** on 12 September on charges of contributing to weakening the army's morale for his role in weekly protests.<sup>5</sup> While the government has made more concessions to protesters by detaining and charging numerous senior figures close to Bouteflika with corruption, it has also intensified pressure on protesters and opposition parties.

Prominent anti-government protester and former state TV journalist and university professor **Fodil Boumala** was arrested on 18 September on accusations of "*undermining national unity*" after a hearing with an investigative judge at an **Algiers** court.<sup>6</sup> Activist **Samir Benlarbi** was arrested on 16 September for similar charges. War of independence veteran **Lakhdar Bouragaa** was detained by authorities in June and charged with "*contributing to weakening the army's morale*" and "*insulting the authorities*".<sup>7</sup>

The government has also recently stepped up pressure on opposition political parties with the election approaching. **Front de Libération Nationale (FLN)** general secretary **Mohamed Djemai** was arrested by Algerian authorities on 19 September for "*destruction of official files and documents*".<sup>8</sup> The FLN had been the ruling party since independence from **France** in 1962.

Army chief Gaed Salah responded on 24 September for the first time to protesters rejecting the planned vote and urged widespread participation in the presidential election scheduled for the end of the year. Several days earlier he had ordered police to seize buses and other vehicles transporting protesters into Algiers.<sup>9</sup> Authorities have also increased the police presence at demonstrations. The interior ministry said two civilians were killed in clashes between police and protesters in **Oued Rhiou** on 18 September. All of this indicates that the patience of the authorities is running out.

A military court in **Blida** on 24 September sentenced **Said Bouteflika**, the brother of former president Bouteflika, and three co-defendants to 15 years in prison for plotting against the state and undermining the army.<sup>10</sup> Authorities have arrested two former prime ministers, 11 ex-ministers and several prominent businesspeople close to Bouteflika, many of them on corruption charges. The arrests were intended to appease protesters who demand change after decades of unrepresentative rule and growing corruption.

The military court also sentenced **Mohamed Mediene** and **Bachir Tartag**, two former intelligence heads and **Parti des Travailleurs** (Workers' Party) head **Louisa Hanoune** to 15 years in prison. All four defendants were convicted of "*undermining the authority of the army*" and "*conspiring*" against the state to bring about regime change.<sup>11</sup> Said Bouteflika was widely seen as the real power behind the presidency after his brother suffered a stroke in 2013.

### Foreign companies invited to non-strategic industries

The government announced on 11 September that it was looking into allowing majority foreign ownership in non-strategic sectors of its economy.<sup>12</sup> The proposal was included in the first draft of the state budget agreed by the government, but it has not yet been passed into law. Scrapping local ownership requirements would make the Algerian economy more attractive to much needed foreign

<sup>5</sup> Reuters, 12 Sep 2019

<sup>6</sup> France24, 18 Sep 2019

<sup>7</sup> Reuters, 12 Sep 2019

<sup>8</sup> Reuters, 19 Sep 2019

<sup>9</sup> France24, 19 Sep 2019

<sup>10</sup> Al Jazeera, 24 Sep 2019

<sup>11</sup> Al Jazeera, 24 Sep 2019

<sup>12</sup> Xinhua, 11 Sep 2019

investors, which have primarily kept clear of Algeria in recent years due to bureaucracy and an unattractive legal framework. However, much depends on what industries are opened up.

Importantly, government announced on 23 September that it plans to keep unchanged the 51% local ownership law in the energy sector, limiting foreign stakes in oil and gas projects.<sup>13</sup> **Official Direction Générale des Douanes (DGD)** (customs) data released on 13 August showed energy revenues dropped 6.30% in the first half of 2019 from the same period a year ago, which was a significant factor causing a 12% rise in the trade deficit to \$3.18 billion (see *ARC Briefing Algeria August 2019*). Oil and gas exports reached \$17.65 billion during the first quarter of this year, down from \$18.84 billion during the same period a year before. Oil and gas exports accounted for 93.10% of total sales abroad. The state-owned oil company, **Société nationale pour la recherche, la production, le transport, la transformation et la commercialisation des hydrocarbures (Sonatrach)**, and other firms operating in Algeria's largely untapped energy sector are eagerly waiting for a bill that will loosen regulations. Scrapping local ownership could be just the solution.

Algeria prevents foreign investors from holding stakes of more than 49% in companies, and large parts of the economy remain under state control. Given the government's decision to maintain local ownership requires in the oil and gas sector, it is reasonable to assume that it will do the same for its other main revenue-generating industries. If government is to go ahead with partially scrapping local ownership laws, expect the agriculture, minerals and finance industries to be ringfenced, along with the state's money-maker, the oil and gas sector.

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<sup>13</sup> Reuters, 23 Sep 2019

## Planner

13-15 Oct 2019 **Cic D'Alger (Algeria)** Algeria Future Energy Summit & Exhibition;  
 1 Nov 2019 **(Algeria)** Revolution Day (national holiday)  
 19-21 Nov 2019 **Sidi M'Hamed (Algeria)** Algeria Oil & Gas Summit;  
 12 Dec 2019 **(Algeria)** Presidential elections scheduled to take place;  
 2019 **(Algeria)** (Trade ministry) Diversification strategy for exports for 2019-2023;

## Chronology

24 Sep 2019 **Algiers (Algeria)** *Reuters*. Army chief **Ahmed Gaed Salah** responds for the first time to protests rejecting the planned vote urging massive participation in a presidential election planned for 12 December;

24 Sep 2019 **Algiers (Algeria)** *Al Jazeera*. Military court sentences **Said Bouteflika**, brother of former President **Abdulaziz Bouteflika**, and three co-defendants to 15 years in prison for plotting against the state and undermining the army;

23 Sep 2019 **Algiers (Algeria)** *Reuters*. Government announces its plans to keep unchanged the main clauses in its energy law including the 51/49 ownership rule limiting foreign stakes in oil and gas projects;

21 Sep 2019 **Algiers (Algeria)** *Jeune Afrique*. Former tourism minister **Abdelkader Bengrina** announces he will run for president on 12 December, the first candidate thus far;

20 Sep 2019 **Algiers (Algeria)** *Al Jazeera*. Demonstrators march in Algeria demanding the removal of army chief **Ahmed Gaed Salah**;

19 Sep 2019 **Algiers (Algeria)** *France24*. Army chief **Ahmed Gaed Salah** orders security forces to block protesters from entering **Algiers**;

19 Sep 2019 **Algiers (Algeria)** *Reuters*. Algerian authorities detain **National Liberation Front** chief **Mohamed Djemai** for "destruction of official files and documents";

18 Sep 2019 **Algiers (Algeria)** *France24*. Activists say authorities arrested prominent opposition activist and anti-government protester **Fodil Boumala**, which follows the detention of three other leading opposition activists in recent weeks;

17 Sep 2019 **Algiers (Algeria)** *APS*. Agriculture minister **Cherif Omari** says that grain output exceeded six million tonnes in the 2018/2019 financial year;

15 Sep 2019 **Algiers (Algeria)** *Jeune Afrique*. Acting head of state **Abdelkader Bensalah** says that presidential elections will take place on 12 December;

12 Sep 2019 **Algiers (Algeria)** *Reuters*. A court orders that opposition leader **Karim Tabou** be held in custody on charges of contributing to weakening the army's morale for his role in weekly protests;

11 Sep 2019 **Algiers (Algeria)** *Xinhua*. Government announces it is looking into abolishing an investment rule which stipulated that an **Algerian** must own at least 51% of a company, in order to attract more foreign investment;

10 Sep 2019 **Algiers (Algeria)** *Reuters*. Sources say that prime minister **Noureddine Bedoui** will resign soon, which may facilitate the holding of elections this year;

9 Sep 2019 **Moscow (Russia)** *Vedomosti*. **Algerian Air Force** orders additional **Su-30MKA** and **MiG-29M/M2** military aircraft from **Russia** after contracts worth nearly \$2 billion were signed;

3 Sep 2019 **Algiers (Algeria)** *Al Jazeera*. Army chief **Ahmed Gaed Salah** says the delayed presidential election will happen before the end of 2019;

### About Africa Risk Consulting:

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