Algeria’s Failed Transitions to a Sustainable Polity
Coming to yet another crossroads
Hakim Darbouche
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Abstract

Algeria is so far the only country in North Africa not to have experienced sustained mass protests calling for political change. The government in Algiers has by no means remained indifferent to the groundbreaking events in neighbouring countries, but it is responding to this sweeping wave of change at its own pace. This paper argues that, despite its apparent stability, the Algerian polity suffers from underlying currents of instability that risk undermining the long-term sustainability of the state. It identifies the failure of the country’s political and economic transitions and its implications as the most serious challenge confronting the Algerian state today. Unless a) the process of democratic transition that was initiated in 1989 is refined and put back on track, leading to the advent and consolidation of the rule of law, popular enfranchisement and total civilian control of the military; and b) the efforts to diversify the economy away from hydrocarbons are intensified and made more coherent, Algeria will remain susceptible to future instability. This is all the more pertinent given that the country is heading towards a crossroads where the issue of generational transition will also become imperative for the current leadership to deal with.
Contents

Introduction ................................................................................................................................... 1
The failed political transition: Bouteflika, the army and democratic reform .......................... 2
The failed economic transition: The agony of structural dependence on hydrocarbons .......... 6
9/11 and Algeria’s sense of vindication: Short-term gains, long-term uncertainties ................ 9
Algeria and the ‘Arab Spring’ ..................................................................................................... 12
Outlook ........................................................................................................................................ 16
References ................................................................................................................................... 17
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Introduction
Algeria has been in a state of ‘stable instability’ since the mid-1990s. The state as we know it today and the regime that controlled it had before then faced the most destabilising domestic challenges since being constituted in 1962. These well-chronicled challenges came in the form of a severe economic crisis, which began in the mid-1980s and resulted in a situation of near-bankruptcy by the early 1990s, and a brutal armed conflict between the security forces and Islamist insurgents that was set in motion by the army-led interruption of the parliamentary election process in January 1992. From 1995, however, the incumbent regime was able to redress the economic situation, aided by a debt-rescheduling and structural adjustment programme sponsored by the IMF, to firm up its control over the major urban centres of the country and fend off the threat of an overthrow, and to secure qualified Western support for its survival.

The coming of President Abdelaziz Bouteflika to power in 1999 marked a turning point in the Algerian crisis of the 1990s. He was the first civilian to be elected president since the introduction of pluralism in 1989. And he enjoyed widespread popularity within Algeria, having been the country’s foreign minister during its lost days of glory in the 1960–70s. Bouteflika came to the Mouradla Palace promising to restore peace, revive the economy and end Algeria’s isolation on the international stage. After 12 years in office, his record on all these fronts is deemed somewhat appreciable. Yet, the structural political and economic issues that have plagued Algeria almost since independence persist today. The lack of democracy and the rule of law continue to alienate the masses and deepen the chasm between the state and society. This is expressed routinely in the riots that have formed a distinct part of the Algerian political landscape for the best part of the last 30 years. Economically, Algeria remains heavily dependent on hydrocarbons and unable to create sufficient and sustainable job opportunities for the under-30s, who constitute the majority of the population. Finally, although the violence of the 1990s has largely subsided, terrorist groups are still active in the north and south of the country and able to pose a real security threat to national and foreign interests.

Thus, despite its apparent stability, the Algerian polity continues to suffer from the effect of underlying currents of instability that risk undermining the long-term sustainability of the state.¹ The outbreak of the Arab uprisings in 2011 served as a stark reminder of the fragility of authoritarian state apparatuses in the Middle East and North Africa (MENA) region and caused concern about the prospect of unrest spreading to Algeria, which ranked highest on most observers’ ‘contagion’ watch list in the wake of the Tunisian revolt. Nevertheless, Algeria is so far the only country in North Africa not to have experienced sustained mass protests calling for

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political change. The regime has by no means remained indifferent to the groundbreaking events in neighbouring countries, but it is responding to this sweeping wave of change at its own pace. Proposed constitutional and political reforms will only be introduced in 2012 at the earliest, and their impact is not expected to be far-reaching. The year 2012 will also mark the 50th anniversary of Algerian independence; what the regime decides to do at this delicate juncture will define the future of the polity and the country in years to come.

This paper identifies the main factors affecting the sustainability of the Algerian polity. It argues that it is the failure of Algeria’s political and economic transitions and its implications that constitute the most serious challenge confronting the stability and viability of the Algerian state in its current shape. The state of ‘stable instability’ that has prevailed since 1995 has been sustained to a large degree by Algerians’ post-conflict aversion to political uncertainty and radical change, as well as by the high hydrocarbon revenues accruing to the state since the early 2000s. But neither of these conditions is perennial. Unless a) the process of democratic transition that was initiated in 1989 is refined and put back on track, leading to the advent and consolidation of the rule of law, popular enfranchisement and total civilian control of the military; and b) the efforts to diversify the economy away from hydrocarbons are intensified and made more coherent, Algeria will remain susceptible to future instability. This is all the more pertinent given that the country is heading towards a crossroads where the issue of generational transition will also become imperative for the current leadership to deal with.

The paper focuses on the period since the accession of Bouteflika to power. It proceeds in four parts. First, it dissects the president’s political reform effort, arguing that his evident success in restoring the authority of the presidency at the expense of the army high command has been concomitant with the emasculation of the other institutions that form the basis of democratic rule, notably parliament, political parties and the media. Second, it illustrates the extent of Algeria’s structural dependence on oil and gas and examines the outcome of the economic policies pursued under Bouteflika. The third part revisits Algeria’s foreign relations in the 2000s and assesses the effect – if any – interaction with external actors may have had on the politics and economics of the sustainability of the status quo. Lastly, the paper turns to the impact of the Arab uprisings on Algeria, assessing the prospects for the announced reforms and the conditions that may force the regime to embark upon genuine political and economic change.

The failed political transition: Bouteflika, the army and democratic reform

Algeria’s transition away from single-party rule to pluralism began in 1989, but was abruptly interrupted and indeed reversed when in January 1992 army commanders intervened to prevent the Islamist Front Islamique du Salut (FIS) party from winning a majority of seats in the country’s first free, multi-party legislative election. Despite not being alone in Algeria to have opposed the coming to power of the FIS and the associated prospect of an Islamic state,2 the army nonetheless acted outside its constitutional prerogatives and emerged as the hegemonic arbiter of power on the Algerian political scene for the remainder of the 1990s. Still, by the end of the decade, the damage caused by the ensuing conflict to the army’s reputation inside and outside Algeria led to a shift of position within the high command in favour of a less visible role.

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2 The FIS obtained 3 million votes out of an electorate of 13 million and a total population of 27 million. Many within civil society opposed to the Islamist agenda of the FIS believed this result could by no means represent a popular mandate for the establishment of an Islamic state, and claimed they spoke for the ‘silent majority’ of Algerians and supported the army’s intervention in the name of ‘safeguarding democracy’.
Bouteflika came into office in 1999 as the army’s preferred candidate, promising to restore civil peace in Algeria and to open a new chapter in the country’s political history. The prospect this offered of reconciliation between the Islamists of the banned FIS party and the military leadership initially won him the support of the former as well, who had high hopes for his proposed policies. These consisted of the Law on Civil Concord of 1999 and the Charter for National Peace and Reconciliation that was introduced in 2005. Both initiatives offered qualified amnesty to members of the insurgent groups in return for submission to the authority of the state, and only very partially acknowledged the role played by the latter in the violence by compensating families of the ‘disappeared’.3 Both initiatives were approved in separate referenda by the overwhelming majority of Algerians. Having made civil peace and national reconciliation the focus of his political agenda for most of his first two terms in office (1999–2004 and 2004–09), Bouteflika had a lot at stake in these policies.4

Undoubtedly, the president’s peace initiatives succeeded to a large extent in consolidating the army’s military gains against the insurgency and in convincing, at least initially, the main elements of the Islamist armed groups to accept the truce. This resulted in a net decline in the violence, which by the mid-2000s had become limited to the activities of more isolated, splinter groups, such as the Groupe Salafiste pour la Prédication et le Combat (GSPC). Both policies suffered from a number of shortcomings, however, and their balance sheet is far from being unambiguously positive. First, neither the Law on Civil Concord nor the Charter for National Peace and Reconciliation were based on a process of genuine search for truth and reconciliation with the aim of establishing the responsibilities of the various protagonists in the crisis. Most observers recognise the reasons behind these limitations, which have to do with the nature of the Algerian political system, but agree that they have left the victims of both sides of the conflict bitterly dissatisfied.5

Second, both policies excluded the rehabilitation of the banned FIS party, and as such, offered no political solution to the crisis. This translated into the refusal of (parts of) the regime to recognise the political nature of the crisis, which it imputed to the extremist ideology advocated by the FIS, and meant that the entire approach ultimately failed to win the support of the main actors of the Islamist movement.

Lastly, it is clear that both initiatives have failed to end the violence completely, with attacks targeting mainly the security services occurring regularly since the early 2000s. In fact, with the mutation of the GSPC into al-Qaeda in the Islamic Maghreb (AQIM) in 2006–07, the phenomenon of terroristic violence in Algeria came under the increasing influence of global ‘jihadi’ networks, manifesting itself most conspicuously in the use of suicide bombings.6 The fact that some of these attacks appeared to have been carried out by militant elements that had benefitted from the amnesty further undermined the president’s approach in the eyes of many sceptics.

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Despite their chequered outcome, the amnesty and reconciliation policies provided Bouteflika with a platform to strengthen his position in the domestic power game and to portray himself in diplomatic and political terms as the figure Algeria needed for peace and stability. By appropriating both initiatives and submitting them for popular approval by referendum, he sought and obtained the legitimacy and leverage that allowed him to bargain with the army leadership and be a credible interlocutor for foreign partners. This was necessary for the achievement of his avowed objective of restoring and consolidating the role of the presidency at the expense of the army inside the power structure of the Algerian political system. Indeed, upon becoming president, Bouteflika stressed that he expected to enjoy nothing less than full constitutional prerogatives in the exercise of power. And he would not have succeeded in tilting the balance of executive power away from army commanders without persuading most of them that their and the army’s long-term interests are best (pre)served by him and imposing himself as the West’s favoured partner on matters of security and economic cooperation.7

It goes without saying that curbing the role of the army in politics is a necessary step for the advent and consolidation of democracy and the rule of law in any country. But in the Algerian case under Bouteflika, the process of restoring the civilian authority of the president came with adverse consequences for democratic rule. Some of these were directly linked to the Bouteflika-led efforts of rationalising political authority in the country, in the sense that the expressions of pluralism (parties, media, civil society organisations, etc.) had become part and parcel of the factionalism that characterised and was encouraged by the military dominance of politics. Bouteflika felt (and made no secret of the fact) that many journalists and leaders of political parties were little more than pawns of army leaders and the factions they represented, and had to be dealt with as such. Thus, manoeuvring against the army could not but entail, in a number of instances, the sidelining of political parties, the closing down of newspapers and the jailing of journalists on the basis of rather harsh defamation laws.8 But in spite of these setbacks, the Algerian press continued to militate for its freedom and remains among the most developed, diversified and independent in the Arab world.

The other main reason behind the lack of democratic advances under Bouteflika is his undeniable populist and paternalistic outlook. Despite promising a wide range of political and institutional reforms upon coming to power, it soon became clear that these were nothing but liberal pretences directed primarily at the international gallery and aimed at securing the support of Western leaders, which the new president needed to strengthen his hand at home. In reality, as it emerged, Bouteflika was far from content with the constitutional and institutional set-up he had inherited, had little tolerance for dissenting voices and sought total control of the decision-making process in as many policy areas as possible. As a result, parliament has been completely marginalised as presidential decrees have become the preferred way of legislating, even (and especially) on important issues of fiscal and economic policy. Moreover, existing political parties, including those that form part of the triadic ‘Presidential Alliance’ (Front de Libération Nationale, FLN, Rassemblement National Démocratique, RND and Movement de la Société de la Paix, MSP), have been almost totally excluded from policy debates; only one political party


8 The case of Mohamed Benchicou, editor-in-chief of the French-language newspaper Le Matin who received a two-year prison sentence in 2004 and saw his newspaper closed down, is the most high-profile and instructive illustration of this early trend in Bouteflika’s rule. See H. Darbouche, “Algeria’s Chequered Democracy Experiment”, in M. Emerson and R. Youngs (eds), Struggling Transitions and Proliferating Dynasties: Democratisation’s Trials in the European Neighbourhood, Centre for European Policy Studies, Brussels, 2009.
has been legalised since 1999 despite a greater number of applications; audio-visual media services have remained under total state control; and the state of emergency that had been introduced in 1992 remained in effect until February 2011, contradicting the government’s own repeated assurances over the defeat of most Islamist militant groups by its security forces.

By late 2005, Bouteflika had secured his ascendency over the army high command in most policy and political debates. He had succeeded in getting re-elected for a second term in 2004 in spite of fierce opposition by some of the most influential figures in the army, which eventually enabled him to push (some of) them into retirement. He was also able to bring the FLN party into the fold after it had slipped into the hands of his opponents, which put at his disposal an effective state apparatus whose influence stretches from the administration to trade unions and local religious organisations. Even with the deterioration of Bouteflika’s health from the end of 2005, which slowed his momentum and emboldened his detractors, he was still able to maintain a relatively strong position. So much so that he managed to amend the constitution in 2008, clearing the way for his re-election for a third five-year term the year after.

Still, Bouteflika’s health and the systemic sclerosis caused by his style of governance have been giving cause for concern and have reduced political debates since 2006 to the issue of succession. As much as he skillfully militated against the stultifying political order he had inherited, he has yet to formulate a clear and viable alternative. It is no secret that he has a strong preference for the presidential model of governance, as was expressed – albeit timidly – in the 2008 constitutional amendment. But while that suits his style of ruling, it may not be ideal for the specificities and long-term needs of Algeria. Instead of paving the way for a smooth transition, he has concentrated so much power in his hands, failed to prepare his succession, atrophied the opposition and the legislature and watched corruption become more endemic than ever before. If anything, these setbacks for democratic change have cast a shadow over the president’s earlier achievements, tempering people’s enthusiasm for his rule and the third term in particular. Many who had initially considered presidential authoritarianism a fair, short-term price to pay for reducing military meddling with politics, began by 2009 to question whether this was such a good idea.

In response to the Arab uprisings and the growing calls for change at home, Bouteflika announced a raft of political and constitutional reforms to be introduced by the second half of 2012. Despite the president’s pledge that the process would be transparent and inclusive, the majority of Algerians have little hope for the advent of meaningful change on the back of these proposed reforms. Besides the authoritarian outlook of Bouteflika and most of the political class and the administration upon which he relies, there appears to be a false sense of security within the regime deriving from Algeria’s currently strong financial position and the population’s aversion to political uncertainty. Indeed, it may arguably be too late now for Bouteflika to be the agent of the change Algeria so desperately needs. He enjoys much less support, both domestically and internationally, than he did in earlier years and lacks the drive and energy that are necessary to drum up fresh support or forge new alliances. Only certain elements of the Islamist movement, including the banned FIS party, may be willing to voluntarily engage with

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9 The party in question is the nationalist Front National Algérien (FNA) headed by Moussa Touati, a former military officer. It received official ministry of interior approval in September 1999.

10 The state of emergency was lifted by presidential fiat in the wake of the Arab uprisings to quell the emboldened calls for political change from opposition organisations (see below).

11 Contrary to what many observers have suggested, I do not think Bouteflika and his brother Saïd who currently serves as special presidential adviser had any plans or ambition for the latter to succeed his elder brother as president. They both know that the mere idea of dynastic succession is unpalatable in the Algerian context; and of course it is now outright impossible given the new regional context.

Bouteflika, given that they would have everything to gain from doing so, but that prospect comes with inherent risks in terms of reviving old tensions within the regime and destabilising the order that has kept the country in a state of relative stability for the last 10-15 years.

All in all, after 12 years of Bouteflika rule Algerians continue to feel disenfranchised and unable to identify with decision-makers. Fundamentally, the factors that led to the watershed events of October 1988 remain to be addressed today. Society still has no stake in decision-making processes at all levels and is therefore constantly suspicious of the state and sceptical about its decisions, as expressed in the regular riots and the high abstention rates in national elections that have marked the Algerian political landscape in recent years. The grievances this alienation and lack of legitimacy give rise to are compounded by the persistent microeconomic failures of Algerian developmental policies, at the heart of which lies hydrocarbon rent distribution.

The failed economic transition: The agony of structural dependence on hydrocarbons

The single most important issue plaguing the Algerian economy pretty much since independence has been its excessive dependence on the hydrocarbon sector. Successive governments have vowed to pursue economic diversification policies, but have failed to promote private sector-led, non-hydrocarbon growth. Even compared with other MENA/OPEC oil producers, Algeria has today one of the least diversified economies. Its exports, 97% of which originate in the petroleum sector, are among the least diversified in the world. Furthermore, in recent years the hydrocarbon sector’s share in GDP increased from 30% to almost 50% in 2008 and it now accounts for about two-thirds of government receipts (Figure 1). Another key feature of the economy, relating indirectly to its heavy dependence on hydrocarbons, is the predominance of the state. The public sector is the largest employer in Algeria, 90% of the country’s banks are public, the hydrocarbon company Sonatrach is state-owned, and government spending represents two-thirds of non-hydrocarbon GDP.

Figure 1. The share of hydrocarbons in the Algerian economy


13 Unless otherwise indicated, the data in this section has been derived from IMF (2011) and other Algerian sources of economic indicators.
These characteristics have been the cause of persistent economic policy challenges, most notably in terms of governance issues and rent-seeking behaviour, the vulnerability of fiscal policy and economic development to the volatility of international oil prices, and endemic unemployment. The latter issue is arguably the most intractable the country has faced and one that is at the core of Algeria’s social instability. At its peak in the late 1990s and early 2000s, the overall unemployment rate in Algeria reached 30%, with the youth unemployment rate exceeding 50%. Besides the weight of hydrocarbons and the low labour intensity of GDP, the relatively rapid growth of the population up to the 2000s and the economic stagnation of the 1990s are the main factors that have caused and exacerbated Algeria’s unemployment crisis over the years.

Like his predecessors, President Bouteflika came into office promising to address Algeria’s longstanding economic problems, starting with unemployment and structural reform. The challenge he faced was particularly acute given the setbacks the economy had suffered and the destruction sustained by infrastructure during the ‘lost decade’ of the 1990s. Yet, aided by a favourable international macroeconomic environment marked by high oil prices, the Bouteflika administration was able to set the Algerian economy on a path of renewed growth. Between 2000 and 2009, real GDP and non-hydrocarbon GDP grew respectively at an annual rate of 3.7% and 5.6%, whereas real GDP per capita increased by 22%. From 30% in 2001, unemployment fell to 10% in 2010, with the rate among the youth now standing at 20%. Between 1999 and 2009, the fiscal balance remained in surplus, with external reserves of about $174 billion\textsuperscript{14} and budget resources of around $60 billion (38% of GDP)\textsuperscript{15} having been accumulated, allowing a sharp reduction in public and external debt (IMF, 2011).

While the reduction of unemployment is a positive development, the rate among the youth, who are increasingly educated, remains alarmingly high and a significant share of jobs created in the last decade are temporary and precarious in nature. More to the point, government spending remains the main engine of employment creation. The growth in recent years of the non-hydrocarbon sector, which accounts for over 95% of jobs, has been driven primarily by the public investment programmes that have formed the cornerstone of the Bouteflika administration’s economic policy.

Leveraging oil windfall revenue, the Bouteflika administration spent in excess of $200 billion between 2001 and 2009 and has earmarked over $280 billion for the period 2010–14 for public investment programmes aimed primarily at enhancing infrastructure and improving access to services, such as housing, water, education, energy and health. While the transformative impact of these efforts on the economy has been palpable, their effect on the long-term prospects for growth and sustainability is less certain. The private, small- and medium-sized enterprise sector remains too small, while the size of the informal economy has continued to grow, reaching an estimated 40% of gross national income towards the late 2000s. The lagging behind of institutional and structural reforms has been a major barrier for the development of a vibrant private sector, without which the diversification of the Algerian economy out of hydrocarbons cannot happen.

Thus, despite earlier pledges, the economic policy of the Bouteflika administration has not been embedded in a wider, longer-term strategy of economic diversification. In terms of the development of human capital for instance, more attention than before has been paid to vocational training and educational reform, but the workforce continues to suffer from a knowledge gap (the so-called ‘skills mismatch’) and low levels of productivity. Financial, banking and other institutional reforms are seriously lagging behind, negatively affecting the

\textsuperscript{14} The equivalent of more than four years of imports, compared with less than one month in 1990.

\textsuperscript{15} Surplus budget resources are saved in an oil stabilisation fund (Fonds de Régulation des Recettes) aimed at covering eventual budget deficits.
The attractiveness of Algeria’s business climate. According to the World Bank’s 2011 “Doing Business” Index, Algeria ranks 136 out of 183 countries. This explains the lack of productive domestic private investment, and more importantly, Algeria’s inability over the years to attract large amounts of foreign direct investment (FDI), unlike other middle-income economies (Figure 2). This shortage of investment is compounded by the fact that about 40% of FDI inflows to Algeria have been directed to the hydrocarbon sector, which employs less than 5% of the workforce.

Figure 2. Algeria’s FDI inflows compared with other regions (in % of GDP), 1980–2009

Additionally, the twists and turns of government policy towards foreign investment have been a source of instability in the last 10 years, with further negative implications for FDI inflows. Having introduced in the early 2000s market-based and outward-oriented economic reforms, the Bouteflika administration began tightening the rules for FDI in 2006, starting with the upstream hydrocarbon sector and reaching all other sectors of the economy by 2010. The most important aspect of the new FDI legislation is the 49% limit on foreign investor shareholding in any new FDI project. Although the avowed objective was to promote national production and domestic investment and curb the growth of imports, which had grown from just under $10 billion in 2001 to $38 billion in 2008, there is little evidence that the new measures are having the desired effect, with the import bill expected to reach (if not exceed) $40 billion in 2011 and the state continuing to be the main investor in the economy.

This restrictive turn in government FDI policy is, fundamentally, the result of the Algerian leadership’s falling back on its default position of protectionist nationalism in terms of economic policy outlook. Indeed, with its newfound confidence following the arrival of the ‘new era’ of high oil prices, the consolidation of presidential power, the repayment of external debt and the restoration of Algeria’s international standing more generally, the Bouteflika administration reverted back to Algeria’s preferred model of economic development, which is centred on the state as the main agent and the hydrocarbon sector as the main lever.

This attitudinal shift has also translated into a lesser degree of trade openness than promised in the early 2000s when Bouteflika’s ascendance to power led to renewed efforts by Algeria to join the WTO and sign an Association Agreement with the EU. While WTO accession has now fallen by the wayside, the free trade provisions of the Association Agreement with the EU, which entered into force in 2005, have since 2009 been the subject of intense negotiations between the two parties. The Algerian side has demanded that the full entry into force of the free trade area with the EU, which is due to take place in 2017, be extended by three years. Although the EU has reluctantly agreed to this unprecedented demand from an associated partner country, agreement on the terms of the extension have so far proven difficult to attain. Adding to the lack of regional integration, there is little doubt that Algeria’s move away from trade openness will further undermine the prospects of economic diversification.

In the absence of a serious effort to reduce the dependence of the economy on a single sector and a limited basket of export goods, Algeria will struggle to break away from its vulnerability to the vagaries of international oil prices. The risk of being thrown back into a severe socio-economic crisis is as real today as it was 25 years ago, when a prolonged period of depressed oil prices had dramatic consequences for Algeria. The significant contraction of hydrocarbon prices in late 2008 and early 2009 served as a stark reminder of the fact that although Algeria has built large foreign exchange reserves and financial buffers since the early 2000s, its medium-term financial outlook remains highly uncertain. In 2009, the fiscal balance registered the first deficit in a decade and the current account surplus dwindled to just 0.3% of GDP from a high of 14% in 2006.

Against this background, the response of the government to the emboldened calls for political change by increasing public spending by 25% in 2011 alone does not augur well for Algeria’s economic future. The fiscal break-even price of oil Algeria now needs hovers around the $90/barrel mark. Thus, with almost 40% of the recent spending increase – i.e. around $10 billion – going towards public salary rises, basic commodity subsidies and soft-loan facilities for the youth, Algeria’s fiscal balances will be more exposed to oil price fluctuations than at any time in over a decade. This vulnerability will be aggravated in the medium to long term by Algeria’s falling hydrocarbon output, which owing to low levels of investment in production since the mid-2000s, has decreased from 234 million tons of oil equivalent (mtoe) in 2007 to 214 mtoe in 2010. And in any case, Algeria’s proven reserves of conventional hydrocarbons will at current levels of production only last another 40 years at most. With this in mind and given the possible advent of adverse developments (lower demand, competition from other sources of supply, lower prices) on the European market for Algeria’s natural gas exports, which account for almost half of Algeria’s total exports, reducing dependence on hydrocarbons has never been more urgent, especially given the added uncertainty the country now faces in light of the changing regional context and shifting Western interests in the region.

9/11 and Algeria’s sense of vindication: Short-term gains, long-term uncertainties

Bouteflika’s focus on foreign policy from the outset was as much about breaking the unspoken international quarantine that had been imposed on Algeria in the 1990s as it was about strengthening his hand at home through interaction with foreign, particularly Western, leaders. The debilitating effect of the diplomatic isolation the country suffered as a result of its internal conflict and the growing external scrutiny of the military leadership’s counter-insurgency strategy were the main reasons behind the army commanders’ decision to call on Bouteflika to return to power. His experience as Algeria’s longest serving foreign minister (1963–78) and his association with one of the country’s most popular post-independence leaders, Houari

17 In 2012, it is estimated that the government will spend almost $40 billion on public sector salaries, or about 25% of GDP.
Boumédiène, were seen as positive attributes, and they certainly appeared to have served him well initially in his effort to revive Algeria’s foreign relations and consolidate his position as president.

During the 1990s, France played a prominent – and some would say perverse – role in influencing Western, particularly European, reactions to the Algerian crisis. Algeria (and the Maghreb more generally) were still seen as France’s backyard, and the French political and military establishments did very little to change these perceptions. It could be argued that the embattled Algerian regime at the time may have benefitted from the qualified support provided by France, but the general view in Algeria has invariably been that the former colonial power should not be allowed to monopolise Algeria’s relations with the West.

Thus, it came as no surprise that upon becoming president, Bouteflika set out to diversify Algeria’s foreign relations and reach out to Western countries, while criticising France’s propensity to behave in a hegemonic fashion towards Algeria. He began by promising market-oriented economic reforms, aiming at luring foreign investors back into Algeria, and seeking to speed up the conclusion of an Association Agreement with the EU, as well as Algeria’s WTO accession. He also pushed for Algeria to join NATO’s Mediterranean Dialogue – which it did in March 2000 – as that was perceived to be important for the rehabilitation of the Algerian army’s reputation abroad and for its renewed post-conflict drive for professionalization.

Elsewhere, Bouteflika sought to reposition Algeria at the centre of Arab and African affairs by spearheading regional peace and economic development initiatives in a way reminiscent of the 1960s and 1970s when he was foreign minister. He also promoted a new drive in Algeria’s relations with other emerging economies, such as Russia, China, Brazil, Turkey and South Korea, at the heart of which were strong commercial interests. Indeed, a large number of the engineering, procurement and construction contracts for the projects that were part of the government’s investment programmes outside the hydrocarbon sector were awarded to companies from these countries.

Despite this ‘comeback’, Algeria was still finding it difficult to dispel the negative perceptions held externally of some of the dramatic events that had marked its civil conflict. Terrorist violence was on the rise again in 2000 in spite of the promulgation of the Law on Civil Concord, further doubt was cast on the role of the state’s security services in the violence of the 1990s in the wake of the testimonies of intelligence officers who had deserted, and violent riots, met with state repression, erupted in the Kabyle region in spring 2001. Indeed, by summer 2001, Bouteflika was already looking weakened and the prospects for his presidency uncertain.

It was not until the events of 9/11 in the US that the winds turned in his and Algeria’s favour. As the US and the rest of the (Western) world woke up to the realities of extremist Islamist violence, Algeria’s decade-long struggle against the phenomenon was seen in a different light; what was considered a convoluted, idiosyncratic Algerian problem was now part of a global concern. More importantly, the US-led international reaction to the 9/11 attacks through the launch of the so-called ‘global war on terror’ produced a sense of vindication within the Algerian regime. Not only were the counter-insurgency strategy and methods it used in the 1990s no longer criticised for being brutal, covert and unconventional, but the Algerian military and security services were now considered a highly experienced partner in the fight against terrorism. Bouteflika was quick to seize the opportunity offered by the changing international context post-9/11, pledging support for the military response of the US and placing security at the centre of Algeria’s foreign relations.

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In relations with Europe, this led to a speedy conclusion of negotiations with the EU for an Association Agreement. Algeria’s insistence up to this point on the inclusion in the Agreement of counter-terrorism cooperation provisions ceased to be a bone of contention in the interaction between the two parties, with EU negotiators now becoming much more receptive to Algerian demands. Furthermore, relations with some member states witnessed a marked improvement in the wake of terrorist attacks on European soil. The UK, for instance, which had controversially offered refuge to many of Algeria’s wanted Islamist activists in the 1990s, has since the London attacks of July 2005 forged a privileged, security-focused relationship with Algeria. This not only reinforced Algeria’s feeling of vindication, but it also enabled its leadership to diversify political ties with European states, carving out more strategic links with northern states to balance out relations with the traditional partners in the south.

Still, it was the relationship with the US that witnessed the most impressive rapprochement following the events of 9/11. For Washington, Algeria became “an exceptional partner in the global war on terrorism”. Military and security cooperation between the two countries intensified, particularly since the formation of AQIM in 2006–07, culminating in the launch in 2011 of a ‘bilateral contact group’ aimed at institutionalising this new-found relationship.

For the US, which created a dedicated Africa Command (AFRICOM) in 2007 to deal with the multi-faceted security threats on the continent, developing a strong military relationship with Algeria is a way of leveraging the country’s regional power ambitions and its experience in the fight against terrorism to prevent chaos and insecurity in the trans-Sahel area and protect American interests in the central Maghreb–Sahara region. Algeria, for its part, wants to become a strategic partner of the US, but without having to compromise its foreign policy positions on a number of regional and international issues. Indeed, Algeria and the US do not see eye-to-eye on issues ranging from Western Sahara and the Middle East peace process to the problems in the Levant and Iran’s nuclear programme. Prior to 9/11, such divergence, which dates back many years, meant that Algeria was never able to get as close to the US as Morocco, Egypt and other Arab countries were able to do.

Algeria’s foreign policy remains largely based on the ideological principles that emanated from its liberation struggle and largely informed its conduct of foreign relations since independence. The main tenets in question are self-determination, non-interference and the respect of state sovereignty, negotiation and multilateralism. Under Bouteflika, who has since coming to power been his own foreign minister, Algeria’s foreign policy arguably became even more entrenched in ideology. As a result, Algeria has on more than one occasion found itself en décalage [out of step] in relation to the prevailing normative and power realities underlying certain foreign policy issues, as was apparently the case in the recent Libya conflict. This has been compounded by the fact that the Algerian foreign policy machine, now controlled by the presidency, has seen its capacity to anticipate and act proactively constrained by Bouteflika’s dwindling stamina following his illness in late 2005.

This explains why, despite the rapprochement with the US, Algerian decision-makers remain cautious about the extent and pace of their engagement with the Americans. While relatively extensive in the area of intelligence-sharing, the military and security cooperation between the US and Algeria has yet to result for instance in contracts for advanced weapons procurement or in the presence – even on a semi-permanent basis – of US military personnel in Algeria. As can

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20 During the same period, Algeria–US trade relations witnessed a remarkable expansion, with Algerian crude exports increasing from $2.7 billion in 2000 to over $14 billion in 2010, making Algeria the second largest MENA oil supplier to the US after Saudi Arabia.
be seen in the many Wikileaks documents attributed to the US embassy in Algiers, considerations of national sovereignty have been at the forefront of Algeria’s approach towards its relationship with the US in the post-9/11 years. Americans’ insistence for example on end-use monitoring for the sale of specific military technology and on the conclusion of a Status of Force Agreement (SOFA)21 with the Algerians for the conduct of joint military exercises in Algeria was met with strong resistance in Algiers.

While Algeria’s rapprochement with the US has earned it the status of ‘strategic partner against terrorism’ in Washington, helped in allowing it to come out the cold through the front door, and generally spared it Western criticism over the lack of reform, nothing guarantees that this strategy will lead to long-term stability and sustainability for the state. For a start, both Algeria and the US are banking their newfound relationship on the exceptional oil windfall accruing to the former as a result of the currently high oil price environment. But the truth is that if international oil prices fall below $50/barrel and remain depressed for a prolonged period of time, which is not implausible given the shakiness of the global economic recovery, Algeria will no longer be in a position to sustain its spending on defence, which in 2011 alone stood at over $7 billion, representing about 4.5% of GDP. With a fall in oil prices likely to plunge Algeria into domestic chaos anyway, its strategic value in the eyes of the US would undoubtedly diminish, particularly if far-reaching political, economic and even foreign policy reforms have not been introduced. Unless bilateral relations are underpinned by mutual, long-term normative and strategic interests, there should be no illusion among Algerian officials as to the value attached by the US to security cooperation with Algeria – it only serves a specific purpose at a specific time. Take for example Western Sahara: the US has continued to support Morocco’s autonomy proposal and has shown no willingness in recent years to put pressure on the kingdom concerning the self-determination issue. The conflict in Libya is certainly a reminder that security cooperation with Western countries does not offer immunity to external pressure and aggression should circumstances change.

Algeria and the ‘Arab Spring’

The events that took place in the Arab world in the opening months of 2011 mark a watershed in the history of the MENA region. Spontaneous, grass-roots coalitions of mostly young people, united by shared grievances and helped by new means of civic organisation, have succeeded where traditional opposition movements had hitherto failed. They have carved out a new sense of political agency for the oppressed majority, and in doing so have forced long-serving despots out of office, and have challenged longstanding external assumptions about the philosophy and practice of politics in the Arab world. Yet, much as they have shaken the existing socio-political order in the region, the final outcome of the recent events is as yet unknown, and the longer-term consequences of the transformation process they appear to have set in motion are highly uncertain.

For all the uncertainty ushered in by the Arab uprisings, a pattern has clearly emerged in terms of the events that have taken place so far and their short-term transformative effects. The countries in the region that have experienced the most dramatic uprisings are those with nominal republican political systems and long-serving leaders (20 years and over), with a propensity to promote nepotism and dynastic succession at the expense of inclusive economic development and broader participation in the political process. Clearly, Tunisia, Egypt, Libya, Yemen and Syria fall within this category. It is no coincidence that the ‘republics’ of Algeria,

21 SOFAs define the legal status of US personnel and property in the territory of another nation. The purpose of such agreements is to set forth rights and responsibilities between the US and the host government on such matters as criminal and civil jurisdiction, the wearing of the uniform, the carrying of arms, tax and customs relief, entry and exit of personnel and property, and resolving damage claims.
Lebanon and Iraq have seen little or no unrest; besides enjoying some degree of effective political pluralism, all three countries have suffered from traumatic domestic conflicts in the recent past. In other countries, the ‘contagion effect’ has demonstrated itself through the revival and emboldening of longstanding political demands for change, some of which are based on sectarian grievances, such as in Bahrain and to a lesser extent Saudi Arabia.

Before the Arab uprisings, Algeria ranked highest on political risk assessment listings of the MENA. Protests are a regular feature of the country’s political background and the political atmosphere had felt particularly charged since the re-election of Bouteflika for a third term in 2009. With the eruption of revolt in neighbouring Tunisia, Algeria was again at the top of many observers’ ‘contagion’ watch list, especially following the outbreak on 5 January of a wave of nation-wide protests unseen in the country since the watershed events of 5 October 1988. Like in 1988, the riots were led by young people, but what was different in 2011 was that a) the government was a lot more experienced at handling such events in terms of policing, b) it had the financial means to spend itself out of trouble and c) there were no civil society organisations or Islamist networks able to channel and help protestors articulate clear political demands. Thus, the riots lasted four days and achieved little except to remind decision-makers that young Algerians were still as discontent and politically aware as the October 1988 generation.

With the removal of presidents Ben Ali and Hosni Mubarak, Algeria – like most other Arab countries – felt the shockwaves of the Tunisian and Egyptian revolutions. Subsequently, some opposition organisations, led by the secular Berberist Rassemblement pour la Culture et la Démocratie, RCD party and the Algerian League for the Defence of Human Rights, formed the National Coordination for Change and Democracy (known by its French abbreviation as CNCD), with the avowed aim of channelling the anger expressed in the 5 January riots and orchestrating a protest movement akin to those that led to the ousting of the Tunisian and Egyptian leaders. Their efforts met with a conspicuously muted popular response, however; the biggest number of protestors the CNCD was able to attract in Algiers was in the low- to mid-thousands. Besides the mobilisation by the regime of large numbers of police forces, the lack of credibility of most actors within the CNCD dissuaded ordinary Algerians from joining the protests.

More importantly, it became clear as the events in neighbouring countries unfolded that although Algerians shared the many grievances and aspirations expressed by other Arab nations, they were less prepared to engage in mass protests and violence. In the space of 50 years, Algerians have lived through two brutal conflicts – the war of independence and the confrontation with the Islamist insurgency – which have left the country suffering from a palpable sense of ‘revolutionary fatigue’. Thus, it is most of all the shared sense of aversion to political violence and further instability among large sections of the Algerian population that has so far militated against the spread of the Arab Spring to Algeria. The younger generations may be less susceptible to these inhibitions, but the absence of credible civil society organisations generally leaves them unable to articulate clear political demands.

Formulating clear demands for political change is all the more difficult given that the current Algerian regime does not exhibit a clear identifiable figure who can be blamed for all the ills of the country, in the same way that Tunisia, Egypt, Libya, Syria and Yemen did/do. The problems of governance that lie at the core of Algerians’ grievances are spread across institutions and at different levels. For all the shortcoming of his policies, Bouteflika is largely credited with the restoration of civil peace, as well as investing massively in socio-economic development. Even if he has been widely criticised for amending the constitution in 2008 to be able to run for a third term, for failing to deal with corruption and now becoming increasingly withdrawn from the political scene, the removal of President Bouteflika has neither been called for nor perceived as practical (even by the CNCD), as his departure would be no panacea to Algeria’s political problems. Thus, Bouteflika is not nearly resented as much as his longer-serving counterparts in
neighbouring countries were/are, and what is more he has harboured no dynastic succession plans despite suggestions to the contrary by his political detractors.

With Algeria being the only country in North Africa not to have experienced sustained mass protests so far, it is not surprising that the regime’s response has been hesitant and slow-paced. First, the government lifted the state of emergency that had been in place for 19 years. Then, it increased spending for 2011 by almost $25 billion, promising more social housing, higher public-sector salaries, increased subsidies for basic food products, and easier access to credit for young people. But it was not until 15 April that President Bouteflika addressed the public in a televised speech in which he acknowledged the importance of the unfolding events in the region and announced the start of a constitutional and political reform process that was to be completed by the second half of 2012. Moreover, rather than stimulate a national debate about the content of the proposed reforms, Bouteflika’s speech sparkled widespread rumours about his ill health because of the shape in which he appeared.

Shortly after his speech, Bouteflika appointed a committee of three officials tasked with ‘consulting’ a wide range of political and civil society actors about their views of the proposed reform process. The composition of this consultation committee – consisting of and headed by the speaker of the Senate Abdelkader Bensalah, who represents the second largest party in parliament, the RND (Bouteflika is honorary president of the largest party, the FLN), retired army general and presidential security adviser Mohamed Touati, as well as a member of a ‘moderate’ Islamist party and presidential adviser, Mohamed Boughazi – was interpreted by many as an indication of unity at the top of the state, notably between the army and the presidency, with Bouteflika calling the shots.

For a month from mid-May, the committee is reported to have met with hundreds of actors, but several key members of the Islamist, secular and leftist opposition, as well as former high-level government officials, declined to take part in what they described as a charade. The sole task of the committee was to collect different contributions regarding the substance of the proposed reforms and to report back to the president, who will make the ultimate decision about their content. This top-down approach has been highly criticised by some opposition groups, who called for the formation of a constituent assembly instead.

If domestically the Algerian regime’s response has reflected a sense of security – albeit potentially perilous – its reactions to the developments in neighbouring countries has revealed a feeling of confusion and apprehension. With the uprisings in Tunisia and Egypt, like many others the government initially appeared unable to appreciate the scale and significance of the events, and only after the fall of the presidents of both countries did it express “support and respect for the choices of the Tunisian and Egyptian peoples”. Subsequently, it gave $100 million to the Tunisian interim government and pledged to do more to help with the transition.

Yet, it was the reaction to the 17 February uprising in Libya and the conflict that ensued that caused the most controversy. Apprehensive of the violent nature of the uprising from the outset, the strong and conspicuous presence of Islamist elements within the Libyan insurgency and the involvement of foreign powers, the Algerian regime did not express sympathy with the Libyan insurgents, though it did not vote against the Arab League resolution that was credited with paving the way for the passing of UN Resolution 1973 and the NATO intervention as was wrongly reported in the media. For this or other unknown reasons, Algeria stood accused mainly by the Libyan National Transitional Council (NTC) of aiding the regime of Muammar

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23 In fact, it was Mauritania and Syria that voted against the resolution – not Algeria and Syria.
Qaddafi militarily and logistically, with hardly any credible evidence being offered by the NTC in support of its allegations. As a result, the relationship between the NTC and the Algerian government deteriorated even before it was born, reaching its lowest ebb when Algeria decided to offer refuge to members of the Qaddafi family in the wake of the fall of the regime in Tripoli. Although it is difficult at the time of writing to establish the truth about the role, if any, played by the Algerian regime in the Libyan conflict, a priori there is no reason to assume that it provided systematic support to the Qaddafi regime considering the following factors:

- As mentioned above, Algeria’s foreign policy behaviour is largely couched in ideology that is often out of step with post-cold war international phenomena, while its conduct is hampered by the debilitating control of the presidency. Thus, Algeria is often slow off the mark and means no disingenuousness when it invokes principled positions to justify its foreign policy choices.

- The use of violence for the overthrow of a government and the strong Islamist penchant of the Libyan insurgents are reminders of an unpleasant, not-so-distant past for the current Algerian regime.

- Qaddafi was no partner of Algeria – he was more of a nuisance. His territorial claims over parts of the Algerian desert and his attempts in 2005–06 to create a ‘Greater Sahara’ entity under the control of Touaregs from Libya, Algeria, Mali and Niger – not to mention his hosting of Algerian Islamist insurgents in the early 1990s – were seen as potentially destabilising for Algeria and challenging for its ambitions in the trans-Sahel region.

- The suggestion that the Algerian regime feared the impact the uprising in Libya would have on its own stability seems to contradict the fact that the majority of Algerians feel little affinity with Libyans and are therefore less susceptible to being influenced by events in Libya than in Tunisia or Morocco.

- While there may have been support for the Qaddafi regime from Algeria, either through the supply of fuel or the participation of Algerian nationals in the fight against the insurgents, there is as yet no evidence to suggest that such support was actively and officially encouraged by Algiers. Fuel smuggling is a routine feature of the illicit trade that takes place in the region, be it between Algeria, Morocco and Tunisia or between Libya and its neighbours. And Algerian nationals are known to have gone to Afghanistan in the 1980s and to Iraq in the 2000s to fight alongside the insurgents in both countries, but that did not mean the Algerian state actively encouraged the sending out of these fighters.

- Knowing the extent of NATO’s involvement in the Libya conflict, it would be surprising if Algeria’s involvement would have gone unnoticed to the extent that American and British officials stated repeatedly in the course of the conflict that they had seen no evidence implicating the Algerian government in the support of the Qaddafi regime. Indeed, it would be foolish on the part of the Algerian regime to jeopardise its relations with the US and the UK in this way.

Whatever Algeria’s role in the Libyan crisis may have been, the reality is that it is now perceived as a laggard and even a counter-revolutionary force in the region, with the sclerotic regime in Algiers not only unable to communicate effectively with the outside world and explain its foreign policy stances, but it also seems unable to reform voluntarily.
Outlook

So what are the prospects for change in Algeria?

The reforms announced by Bouteflika in April are focused on the ‘fundamental law of the land’, the constitution, as well as on legislation concerning political parties, civil society organisations, the media, elections, the role of women in public life and local authorities. By amending these texts, Bouteflika hopes to “consolidate Algeria’s democratisation process”, but the way he set out to introduce these reforms was criticised from the outset by several key members of the Islamist, secular and leftist opposition, some of whom refused to take part in the consultations conducted by the Bensalah Commission. Many of these figures argued that what is needed to address Algeria’s political crisis was more than just legislative and constitutional amendments and that any reforms have to emanate from an inclusive process, not a regime-led, top-down exercise. Others, such as the Front des Forces Socialistes, FFS party of Hocine Aït Ahmed, went as far as calling for the formation of a constituent assembly to effectively reconsider and reset the fundamentals of the Algerian post-independence state.

Unsurprisingly, most of these objections failed to have an impact on the course of the reform process initiated by the regime. The task of amending most of the legislative texts in question (known as lois organiques – organic laws) fell to the ministry of interior, under the supervision of the presidency, with the cabinet discussing and approving the final draft proposals before their submission to parliament in autumn 2011. As for the constitutional amendments, they will be formulated by the president, submitted for the approval of the new legislature that will be elected in spring 2012 and to popular vote thereafter.

Judging from the amendments to some organic laws that were approved by the government in summer 2011, it appears that meaningful change to the status quo is not forthcoming. While the regime will doubtless make some concessions on such issues as the legalisation process of political parties, electoral supervision, the liberalisation of the audiovisual services sector and the improvement of state–media relations more generally, it is less clear if such changes will be implemented thoroughly and indeed whether they will end up making any lasting difference to the lives of ordinary Algerians. The same goes for the constitutional reform – so long as the macro-level institutional deficiencies of the Algerian political system are not addressed, textual amendments will do very little for the resolution of the country’s predicaments. Indeed, since independence Algeria has had four constitutions and three major constitutional amendments, but has yet to see the emergence of a fully-fledged, democratic political system.

After all, a regime that has vested interests in the status quo, that still considers that Algerian society is not yet ready for fully-fledged democracy, and more importantly, that is naturally coming to the end of its road cannot be expected to be an agent of change. The truth of the matter is that, in the absence of significant domestic or international pressure, in the form of sustained mass protests or a sharp and prolonged fall in oil prices (or both), the current Algerian regime will not just be unable but also unwilling to instigate meaningful change. Consequently, what is likely to define Algeria’s immediate political future is the process of succession to Bouteflika and the intra-regime horse-trading to which this will give rise. Central to this process will be the intricate questions of returning to the status quo ante 1992 and allowing the rehabilitation in some form of at least parts of the banned FIS party, as well as of consolidating civilian control over the military and security services. Opinions on these issues within the regime tend to be divided, while in many ways the political future of Algeria hinges on how they are dealt with.

24 « Discours du President de la Republique a la Nation », 15 avril 2011 (http://www.el-mouradiaz.dz/francais/president/activites/PresidentActi.htm).
Bouteflika is a political figure who has succeeded in his efforts to conciliate between the pro- and anti-Islamists on the one hand and the military and civilian wings of the regime on the other. He has done so using a mixture of political tact and coercion, while projecting an image of neutral broker. With the end of his reign comes yet another crossroads for Algeria, for not only will his looming departure mark the end of an administration or a regime, it will also be about generational transition, with 2012 marking the 50th anniversary of independence. The war-of-independence generation that has ruled Algeria since 1962 is naturally giving way to the independence generation, which, while not entirely different in its political and even ideological outlook, is expected to have a stronger penchant for change.

All of this makes the succession to Bouteflika a delicate affair. There appear to be no clear successors, and perhaps more worryingly, no consensus within the regime as to the way forward. Many currently believe that veteran Prime Minister Ahmed Ouyahia is well positioned to succeed Bouteflika. He is an experienced politician and enjoys wide-ranging competences, but political appearances in Algeria are characteristically deceiving, especially when it comes to presidential succession. The rise (and fall) of all of Algeria’s leaders since 1979 (Chadli Bendjedid, Mohammed Boudiaf, Liamine Zeroual and Bouteflika) was hardly a predictable matter, and there is as yet nothing to suggest that the rise of the next president – and perhaps even the demise of the current one – will be any different.

If the questions about the rehabilitation of the banned Islamists and civilian–military relations are not resolved by the time Bouteflika leaves office, whether it is in 2014 or before, and the regime decides to yet again buy more time by sweeping the main issues under the carpet, despite the opportunity for reform offered by the current context and next year’s independence anniversary celebrations, then the successor to the current president is likely (and will almost certainly have) to be a figure able to perform the same conciliatory role as Bouteflika. While such an option may save the regime having to make difficult decisions in the near future, it would do nothing to reduce the risk of instability in Algeria and to improve the longer-term sustainability of the state.

References


About MEDPRO

MEDPRO – Mediterranean Prospects – is a consortium of 17 highly reputed institutions from throughout the Mediterranean funded under the EU’s 7th Framework Programme and coordinated by the Centre for European Policy Studies based in Brussels. At its core, MEDPRO explores the key challenges facing the countries in the Southern Mediterranean region in the coming decades. Towards this end, MEDPRO will undertake a prospective analysis, building on scenarios for regional integration and cooperation with the EU up to 2030 and on various impact assessments. A multi-disciplinary approach is taken to the research, which is organised into seven fields of study: geopolitics and governance; demography, health and ageing; management of environment and natural resources; energy and climate change mitigation; economic integration, trade, investment and sectoral analyses; financial services and capital markets; human capital, social protection, inequality and migration. By carrying out this work, MEDPRO aims to deliver a sound scientific underpinning for future policy decisions at both domestic and EU levels.

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<th><strong>Title</strong></th>
<th>MEDPRO – Prospective Analysis for the Mediterranean Region</th>
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<td><strong>Description</strong></td>
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