

# Algeria's Position Regarding Mediterranean Integration

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The title, "A Battle Is Raging between Algiers and Brussels," headed a front page article appearing in the newspaper *El Watan* on 23 May 2009. Indeed, since the Union for the Mediterranean (UfM) was launched on 13 July 2008, Algeria has the feeling that it is not receiving the support it expected from the EU. Direct European investments, except in the oil and gas sector, remain stagnant and the country's request to join the World Trade Organization (WTO) is on hold. The meeting of Foreign Affairs Ministers from 43 Member States of the Euro-Mediterranean Partnership on 3 and 4 November 2008 did not reduce Algeria's criticism of the UfM. Whereas the latter defined the "priority areas" for action (De-pollution of the Mediterranean; Maritime and Land Highways; Alternative Energy: Mediterranean Solar Plan; Euro-Mediterranean University), the Algerian authorities expressed their refusal to participate in financing the salvaging of the "Dead Sea" during the course of 2009. In fact, Algeria's criticism of Euro-Mediterranean policy should be viewed in the context of a profound distrust of the forms of Mediterranean integration. Following Libya's example, Algeria has an oil revenue that fuels its "resistance" to a policy seen as "hegemonic."

## Algeria and the European Neighbourhood Policy

By encouraging bilateral relations, the European Neighbourhood Policy (ENP) broke with the previous decade, which worked towards the construction of regional integration in the Maghreb: "Central to the ENP are the bilateral Action Plans between the EU and each ENP Partner," mutually approved by the EU and the respective Partner States. In the Maghreb, Libya and Algeria have not yet adopted Action Plans, the former because it does not meet the conditions, i.e. Libya is not a signatory of the Euro-Mediterranean Partnership (EMP) and has therefore not signed an Association Agreement with the EU. As for Algeria, after signing an Association Agreement with the EU in April 2002, to be implemented in September 2005,<sup>1</sup> it first expressed its refusal to accept the ENP (in September 2007), then expressed interest in drawing up a plan (in 2008). However, in 2009, Libya and Algeria were the only two countries in North Africa not to have signed an Action Plan. When it took over from the dying EMP (the hoped for "virtuous circle" was not set into motion and the results of the Barcelona Process were less than spectacular), the ENP caused concern in Algiers due to its political and economic ambition. In fact, for Algeria, the ENP institutionalises "a hegemonic approach"<sup>2</sup> within the framework of bilateral relations that can only be disadvantageous insofar as it is likely to dispossess the

<sup>1</sup> On 22 April, 2002, Algeria signed an Association Agreement with the EU in April 2002, to come into force in September 2005. The aim of the agreement was to reduce customs duties, foster the free circulation of capital relative to Foreign Direct Investment (FDI) in Algeria, foster political dialogue, respect for democratic principles and human rights and work towards regional integration.

<sup>2</sup> BARBÉ, E. "L'UE et son voisinage en Méditerranée," in J. RUPNIK (ed.), *Les banlieues de l'Europe*. Paris: Presses de Sciences Po, 2007, p. 162.

country of control over the agenda of economic and political reforms to be implemented. In 2002, Algeria signed the association agreement with the EU only grudgingly; in 2009, it decried the lack of support by the EU to Algeria's joining the WTO and the absence of investment other than in oil and gas. Through this criticism, it expressed its disappointment vis-à-vis the EU and therefore its refusal to rush into an Action Plan. In fact, its "resistance" to the ENP is the product of its oil wealth. Like Europe, Algeria is interested in the energy market and security cooperation, but not in the political dimension of the ENP and even less so in its intrusionism with regard to the economic reform agenda. Why would Algeria agree to impose restrictions upon itself? Why Morocco, Tunisia and Egypt are playing Europe's game is easy to understand. These countries expect a return on their participation in the ENP in investments, which can take the form of diverse types of financial aid. In addition, depending on Turkey's future, they can accelerate political reforms or stop them and settle for economic reforms if EU-Turkey negotiations end in denial of its accession. In the absence of "common values,"<sup>3</sup> interests and expectations explain the acceptance of "hegemony."

### **Oil Revenue: The Fuel of Resistance to EU "Hegemony"**

But for Algeria, with funds of some 140 billion dollars in 2009, EU financial aid seems a very bland carrot considering what is expected of it. And all the more so since this European "hegemony" could, though not topple them, at least shake up the "coalitions dedicated to income exploitation,"<sup>4</sup> which have succeeded in surviving through thick and thin. Moreover, the ideal relations for Algeria would be to limit itself to actively participating in the energy architecture of the EU and integrating itself into regional security strategy. Yet, in the face of the EU's persistent attempts to make this country accept the Neighbourhood Policy, Algeria enjoys indicating that, contrary to other countries in the region, though it accepts

discussing the ENP, it does not feel the need to participate in it. This calculated indifference is a formidable asset to negotiations with the EU, because it forces the latter to significantly reduce its political demands and expectations, or even to avoid dealing with the fundamental problems of lack of democracy and poor governance.

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A strategy document on Algeria (2007-2013) indicates three spheres that could foster change without increasing Algeria's hostility to the ENP: reform of the justice system; economic growth and greater employment; the strengthening of basic public services. The approach is progressive, as Rosa Rossi explains: "A step-by-step or progressive approach towards EU neighbouring countries is also required in order to introduce a gradual engagement for each state depending on its willingness to progress with economic and political reform. The way to pursue this policy is no longer political conditionality but rather benchmarks: clear and public definitions of the actions that the EU expects the partners to implement."<sup>5</sup> The aim is to take the necessary time to draw up a policy capable of stabilizing the tools and instruments of the State in order to establish a relationship of at least some confidence between the authorities and the users (in 2008, Transparency International ranked Algeria 92nd).

The EU's progressive approach to Algeria is structured on two levels. First, a strategic level, consisting of building a common policy aiming to meet concerns on security (terrorism, migrations, borders) and energy (securing the supply). And second, a political level, concerned, not with changing regimes, but

<sup>3</sup> BAFOIL, F. "Variété des processus d'eupéanisation en Europe centrale et orientale," in F. BAFOIL & T. BELCHELT (eds.), *L'eupéanisation d'Ouest en Est*. Paris: L'Harmattan, 2008, p. 59.

<sup>4</sup> FAVAREL-GARRIGUES, G. "Violence mafieuse et pouvoir politique en Russie," in Jean-Louis BRIQUET & Gilles FAVAREL-GARRIGUES. *Milieux criminels et pouvoir politique*. Paris: Karthala, 2008, p. 188.

<sup>5</sup> ROSSI, Rosa. "The European Neighbourhood Policy in Perspective," in *European Neighbourhood Policy: Political, Economic and Social Issues*. Catania: Jean Monet Centre "Euro-Med" Department, 2004, p. 11.

rather encouraging the exportation of EU norms and values.

In the face of Algerian “resistance,” the economic and security dimension of EU policy has by far taken the lead over the political reform dimension. Democracy is the poor relative in this policy, and yet, how can economic change be conceived if the satisfaction of the population is not the focal point of the political leaders’ concerns? Do the success in building up the gas market and the struggle against terrorism and illegal migrants allow the EU to garner enough confidence to take on political problems? On the verge of implosion ten years earlier, Algeria equipped itself with a Reserve Fund in order to regulate the colossal sums that the third oil price shock allowed it to collect but that the economy cannot absorb. Hence, this country, ostracised by the international community in the 1990s, has now become highly popular due to its regained wealth. The disbursement of this new financial manna is the object of numerous signs of attention from foreign investors: the EU, Russia, USA, China, etc.

### Russia, a Useful Parapet

Insofar as strategic partnerships with Algeria, Russia offers the latter strategic cooperation free from any political restrictions (since 2001). In contrast to the EU, which links strategy (energy and security) and politics (democracy and governance), Russia focuses solely on energy and security, thus offering Algeria a flexible framework. On a visit to Algiers, Putin declared that “Algeria is a key Russian partner in the Mediterranean Region.” For Russia, considering its importance in the EU’s gas supply system, Algeria has become a country to tip the balance in Gazprom’s strategy, in order to increase EU dependence and at the same time, raise profits for both countries.<sup>6</sup> A dispatch from the Russian international news agency, “Russia loses its footing in Algeria” (13/12/2007), summarized the imperatives of Gazprom’s presence in Algeria well: “Due to their assets in natural resources, the two countries could have controlled some 40% of the EU’s gas supply. However, European gas consumers, in an attempt to neutralise Gazprom’s growing pressure, decided to target Al-

geria and Libya. The public opinion battle initiated by the EU for the diversification of energy supply renders the presence of Gazprom in these countries inadmissible for gas purchasers.”<sup>7</sup>

## Algeria was willing to rearm itself via Russia but not to give away its gas, because between the EU’s demands and those of Russia, Algeria could pick and choose from then on

Hence, while Russia accepted the conversion of Algerian military debt, which it contracted in the 1960s-70s (4.7 billion dollars) for the purchase of arms to the amount of 3.5 billion dollars, Vladimir Putin made it contingent to Gazprom’s gaining a 15% share in Sonatrach. A condition that was rejected by A. Bouteflika, to the great relief of the European partners, who feared that Gazprom would manage to make Sonatrach its satellite. The Algerian army, considered pro-Russian (80% of its material is Russian), was “won over” by the Sonatrach “energeticicians,” considered pro-EU. Algeria was willing to rearm itself via Russia but not to give away its gas, because between the EU’s demands and those of Russia, Algeria could pick and choose from then on. Indeed, it continues to use Russia as its main arms supplier – in 2008, it became the second most important importer of Russian arms – and the EU remains its main gas outlet.

### Mediterranean Integration and Political Asymmetry

Thanks to the French Union for the Mediterranean initiative, the opportunity arose to rediscuss the role of political reforms within the framework of Euro-Mediterranean relations. The very balance of EU politics rests on the principle of non-interference and respect for sovereignty. By joint agreement, in order not to offend undersigning authoritarian regimes, issues relating to the violation of human rights and liberties were excluded from public ex-

<sup>6</sup> H. DARBOUCHE, “Russian-Algerian Cooperation and the ‘Gas OPEC’: What’s in the Pipeline?” *CEPS Policy Briefs*, No. 123, March 2007.

<sup>7</sup> <http://fr.rian.ru/russia/20071213/92235860.html>

changes and relegated to the private level or the level of “firm yet friendly” criticism. In addition to this self-censorship, a method based on a gradual approach with authoritarian regimes was introduced. Rather than directly addressing the issues of democratic deficit, electoral fraud, human rights violations and corruption, the ENP “invested” in key sectors such as liberty and justice. In fact, the basic idea consisted of avoiding imposing any conditions due to their non-productive effects on regimes. The problem is that after 11 September 2001, the EU’s political ambitions are limited by fears relating to a secure energy supply and an obsession with Islamic terrorism.

## The 2004 “gas riots” in Algeria remind us that securing Europe’s energy supply requires ensuring the well-being of producing countries’ populations

In 2004, the administered price of butane gas rose in Algeria, going from 170 to 300 Algerian Dinars (DA). In January 2005, in full winter, riots broke out qualified by the press as “gas riots,” first in the Djelfa *Wilaya* and then expanding throughout central and western Algeria. Since then, southern Algeria has experienced regular rioting induced by a sense of injustice: why would the main source of foreign revenue, namely oil and gas, be controlled, managed and distributed by the “foreign” elite (from Algiers) to the gas and oil-producing regions? For the first time, the population expressed its right to control Algeria’s main resource and demanded the government to account for its expenditure choices. Why is Algeria’s richest region in energy resources not the best equipped with civil infrastructure? Disturbingly, the reply made to the rioters was their Berberophone identity. In May of 2008 in the M’zab Valley, the city of Berriane became the symbol of confrontation between “Arabs” and “Berbers.” In the

streets of that city, individuals convinced that the redistribution of the oil wealth depended on their ethnicity or race initiated conflicts. After the disputes and violence by Islamists, it seemed the time had come for the revenge of the regions, from Kabylia to the M’zab Valley.

The fear of an energy supply crisis certainly accounts for Europe’s weakness when tackling political problems in Maghreb supplier countries. Its great dependence on Russia obliges it to be lenient with Algeria. The gas choice constrains consumer and producer States to the minimum common rules necessary for building a secure pipeline network. In addition, diplomatic (the Western Sahara conflict) and political (democracy and governance) issues are considered as conflict and dissention-inducers to be kept separate from the energy architecture being designed. A part from these problems, there are also concerns arising from the fear of “the end of oil,” making the gas supply even more necessary. Between the terrorist attacks of 11 September 2001 and the world financial crisis, the rise in the price of the oil barrel, which had reached 147 dollars in 2008, had become a source of panic for consumer States, as demonstrated by the publication of pessimist writings announcing the “end of the world,” the one built up in the 20th century based on cheap, abundant energy. In any case, while waiting for the energy revolution, the third oil shock was useful for A. Bouteflika’s Algeria. It allowed the transition from an oil revenue to a gas revenue brought about by coming more into the line of European energy policy. Still, if the EU does not wish to see the adversity associated with the past uses of oil wealth recur in Algeria, a real policy of exportation of democratic norms and values must be undertaken, without which it would risk not only managing instability in Algeria but also facing supply problems if local populations were to decide to sabotage an energy architecture that offers them neither employment nor civil infrastructures meeting their expectations. The 2004 “gas riots” in Algeria remind us that securing Europe’s energy supply requires ensuring the well-being of producing countries’ populations.