



GREEN LIGHT

Algeria: Tebboune relaunches Cevital megaproject blocked by Bouteflika clan

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The Cevital group's headquarters in Algiers © Ramzi Boudina/REUTERS

Algeria's President Tebboune has given the private group Cevital the green light to launch an oil production plant. The project aims to generate \$2.2bn in sales, including \$750m in exports.

In Algeria, a word or a hint is enough to unblock an industrial project that has been on hold for ages. Until 24 September 2022, the Cevital group, which is owned by the Rebrab

family, was struggling to get its oilseed crushing plant in Béjaïa, Kabylia, off the ground.

That day, while delivering a speech to the country's *wallis* and senior officials, President Abdelmadjid Tebboune used this major industrial project – without mentioning it by name – as an example to illustrate the **blockages and prohibitions suffered by some 8,500 projects** due to administrative red tape or political reasons dating back to deposed President Bouteflika's former regime. "This project has been blocked due to a lack of authorisation, even though the factory is already 80% built," said Tebboune. "It would allow Algeria to produce its own oil within six to seven months. Algerian oil, from the producer to the consumer."

1,000 direct and 100,000 indirect jobs

It is an understatement to say that the managers and employees of Cevital, the leading Algerian agri-food group, breathed a great sigh of relief when they heard the presidential address. However, they will need to be patient for a little while longer as it is easier in Algeria to understand the ways of the Lord than to emerge victorious from the bureaucratic maquis. Even so, the president's declaration sounds like a green light for work to commence at this factory, the construction of which has been an obstacle course.

In the mid-2000s, the Cevital group (already the owner of a large oil and sugar production complex in Béjaïa) purchased a piece of land to build an oilseed crushing plant. **This ambitious investment of more than \$145m** aims to process 11,000 tonnes of seeds per day to produce crude oil, enough animal meal to satisfy the local market and free up shares for export. Eventually, the plant also aims to create 1,000 direct and 100,000 indirect jobs, and is expected to generate \$2.2bn in annual sales, including \$750m in exports.

Necessary diversification of the economy

Considered one of the largest crushing plants in the world, this project also aims to develop local seed cultivation by acquiring agricultural land and cooperation with farmers. In a country where 95% of foreign exchange earnings are dependent on hydrocarbons, Cevital's plant forms part of the necessary diversification of the economy and food security. This is all the more true as the group aims to satisfy local demand for oil, a highly strategic necessity. The 2011 riots, which left five people dead, were partly caused by a severe oil and sugar shortage. This shows the importance of such an

investment.

The problems began in 2017 **when the group faced multiple bureaucratic problems** that completely froze the project. The port of Béjaïa's management decided to block the import of the industrial infrastructure necessary to launch the factory. The ban extends to all Algerian ports. The administration even ordered the export of the containers imported by Cevital, thus causing the latter significant financial damage. Despite all the steps and interventions of the group's leaders, at the time headed by Issad Rebrab, and despite a peaceful protest movement and a surge of solidarity from workers and the local population, the blockades persisted.

Serial sabotage

A prosperous businessman known for his outspokenness, Rebrab was not in the 'odour of sanctity' within the upper echelons of the state. He paid for refusing to finance Bouteflika's 2004, 2009 and 2014 electoral campaigns, unlike the former presidential clan's oligarchs who are now serving heavy prison sentences for corruption. The Cevital project in Béjaïa was not the first to be sabotaged.

In 2008, Rebrab's conglomerate set out to build a 20km² port hub, including a petrochemical complex, a power plant, a car manufacturing plant, a steel plant and a seawater desalination plant, with a turnover of \$35bn (€29.9bn) by 2025. **This project will never see the light of day**, as President Bouteflika himself vetoed it. "I don't want a Kabyle Berlusconi," he told the council of ministers.

Undoubtedly, the crushing plant planned for Béjaïa will suffer the same fate. From Bouteflika's fourth term in 2014, and while the influence of the oligarchs who surround him is stronger than ever, a real enterprise of scuttling Cevital's projects is set up. **To reduce the latter's influence and with the aim of progressively stripping it** of its activities in the agri-food, industrial and automotive sectors, the former regime set out to favour and encourage the projects of competitors, such as Ali Haddad, the Kouninef brothers, Tahkout and Mazouz.

Very close to the Bouteflika family, the Kouninef brothers launched – at the same time – the construction of an oilseed crushing factory in Jijel, 100km away from Cevital. The site requires an investment of €250m, which will be largely financed by public banks. It was **nationalised in 2022** [<https://themaghrebtimes.com/algeria-transfer-of-ownership-of-the-factories-of-haddad-mazouz-and-the-kouninef-brothers->

detained-in-prison/] following the conviction of the three brothers.

Favouring the oligarchs

Were the blockages that hit Cevital's project directly linked to a desire to favour the project of this powerful family close to Saïd Bouteflika, the ex-presidential advisor who is now languishing in prison? Presumably. The reason is that the former oligarchs had solid connections in all the administration's workings, complicity and support in the executive and the state's upper echelons.

Cevital was dispossessed of its automotive subsidiary, Hyundai Motors, at the behest of the former minister of industry, Abdesselam Bouchouareb, who was on the run abroad, and entrusted to businessman Mahieddine Tahkout. The way in which this was done is another illustration of the **connivance between the business community and the former regime's officials**, to the group's detriment.

In Béjaïa, five years after work started, the crushing plant project, which is 85% completed, is still at a standstill, and it took President Tebboune's intervention for it to finally see the light of day. This outcome comes as the Cevital group is beginning a new transition following the retirement of its founder, Issad Rebrab, and the appointment of his son Malik to head the family conglomerate. A discreet man, much less inclined than his father to politics and media appearances, the new CEO can boast solid experience in the management of the group's affairs, where he has spent most of his career.

"The factory is **expected to start production in March 2023 at the latest**," says an internal source, who makes no effort to hide his relief at the release.

"We are able to produce 2,200 tonnes of crude oil per day to satisfy the local market and then release shares for export. Cevital has already produced the total amount of rapeseed for the year 2022-2023. We intend to exploit 40,000 hectares in Algeria and develop the local sectors. We are currently regularising all our projects and this bodes well for both the group and the country's economy," added the source.