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CONFRONTING DEPENDENCY:
FRENCH-ALGERIAN RELATIONS IN THE POST-COLONIAL WORLD

by

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A dissertation submitted to the Graduate Faculty in Political Science in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York.

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Abstract

CONFRONTING DEPENDENCY:

FRENCH-ALGERIAN RELATIONS IN THE POST-COLONIAL WORLD

by

Harvey Asher Himberg

Adviser: Professor Benjamin Rivlin

According to Galtung, dependency relationships are reinforced by a "fedual interaction structure" which discourages subordinate states from diversifying their foreign relations. Zartman takes this observation a step further, challenging the dependency model of post-colonial relations with an alternative paradigm (the "decolonization" model) in which the multilateralization of post-colonial relations enables subordinate states to open up more options, gain greater freedom of action, and to counter-balance of the influence of the dominant state.

Post-colonial relations between France and Algeria provide a useful case-study of the decolonization model in that the two countries have experienced a post-colonial relationship characterized by sequential periods of bilateralism and multilateralism. In the bilateral period (1962-1969) interests were identified, articulated and negotiated with a conspicuous absence of outside intervention, whereas in the multilateral period (1970-1975) bilateral relations were frequently subordinated to the interactions of multilateral organizations, including the European Economic Community and the Organization of Oil Exporting Countries.

An analysis of three sectors of economic cooperation - trade, oil and labor - leads to the conclusion that structural relationships, while often acting as a catalyst in periods of crisis, do not, in themselves, reverse the fundamental inequalities between dominant and subordinate states.

This dissertation is dedicated to my parents.

ACKNOWLEDGEMENTS

This dissertation owes its inspiration, encouragement and completion over four years of research and writing to a great number of individuals, only a few of whom can be acknowledged here.

It is, first and foremost, the fruition of a ten-year fascination with North Africa, initiated and sustained by Professor Benjamin Rivlin since the Fall of 1967 when I enrolled in his course on "North African Politics" at Columbia University. My friendship with Professor Dankwart A. Rustow, as teacher and adviser at the City University Graduate Center has provided me with an inspiring example of an approach to political science that combines the scientific method with the art of clear and creative thinking.

A summer at the Istituto Affari Internazionali in Rome, Italy, where the proposal for this dissertation was generated, was made possible by the suggestion of Professor Steven J. Warnecke and the kind cooperation of Professors Cesare Merlini and Stefano Silvestri. I am likewise indebted to the Board of Foreign Scholarships and the Franco-American Commission for University and Cultural Exchange for the award of a Fulbright-Hays research fellowship, which permitted me to spend the 1975-76 academic year in Aix-en-Provence, France, gathering the data for this study. Oberlin College generously provided alumni fellowship funding for an additional summer of research..

I owe a special debt of gratitude to Professors Maurice Flory and Werner Ruf for the use of their most excellent library at the Centre de Recherches et d'Etudes sur les Sociétés Méditerranéennes, a branch of the Centre National de la Recherche Scientifique. There, I was assisted beyond the call of duty by Mlle. Bianquis, Mme. Dubosq and Mme. Gisbert, who contributed resourcefully to my research. I also wish to thank Professor Bruno Etienne and Dr. Raoul Wexteen for extremely useful discussions concerning the past, present and future of French-Algerian relations.

The writing of this dissertation benefited greatly from comments on portions of an earlier draft offered by Professor William Zartman and from the very thorough, constructive criticisms of Dr. Jacques Fomerand, Professor Abraham Bargman and Professor Bernard Brown. I also wish to express my deepest gratitude to Congresswoman Cardiss Collins and her staff for their encouragement and support during the final stages of preparation and to Diana Roper, Brenda and Mrs. Mignones for their patient and tireless efforts in the typing of this manuscript. Errors of fact and interpretation are, of course, mine alone to bear.

A joyous feeling comes in sharing this moment with Ann, my wife and constant companion from the beginning of this journey.

Washington, D.C.

May, 1978

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INTRODUCTION

Recent criticisms of the "dependency approach" assert that in its "static" view of international relations, it "leaves out too much . . . minimizing rather important events"[1] that might provide subordinate states with "emancipatory potentials"[2] and strategies of "counterdependence"[3] with which to challenge their dependent status in the international system.

This thesis will respond to this critique by presenting a more dynamic model of the dependency relationship, as derived from Galtung's "structural theory of imperialism"[4] as developed by Zartman, and others, and applied to an analysis of post-colonial relations between Algeria and France.

From Dependency to Interdependency: A Structural Approach

Like its parent-concept, imperialism, dependency theory has been criticized as suffering from "a confusion as to what the dependent variable is, what its causes are, and how one measures both."[5] Dependency itself has been variously defined as "a central aspect",[6] or, "the historical consequence"[7] of imperialism, as well as "an attempt to look at imperialism from the bottom up."[8] Likewise, some have found dependency "lying at the core of the question of neocolonialism,"[9] while others have identified neocolonialsim as "a form of external . . . dependence."[10] Moreover, there is widespread disagreement over the question of whether dependence causes underdevelopment,[11] or rather, some form of "dependent development."[12]

This thesis will attempt to avoid these confusions by defining dependency in Caporaso's terms as a "relational inequality"[13] between nations, characterized by what Galtung calls an "asymmetry of . . . interactor effects."[14] As such, dependency can be contrasted with a condition of "interdependence" in which two or more states are "roughly equally dependent on each other."[15]

As a dependent variable in Galtung's "structural theory of "imperialism", dependency takes the form of a "vertical interaction" between the more powerful "Center" (C)--consisting of industrialized, developed nations of the world and the weaker "Periphery" (P)--comprised of agricultural, underdeveloped or developing--nations.[16]

While Galtung joins other dependency theorists in seeing "the tremendous inequality within and between nations" as the major cause of dependency, he adds as a dynamic element to his model a "feudal interaction structure" in the international system, having as its effect, the "reinforcement" of dependency relationships, by "protecting" them from the interventions of other C and P states. The feudal interaction structure consists of a C state and an exclusive clientele of P states dependent solely upon it. While C countries interact with each other in "horizontal" or interdependent ways, P countries interact almost exclusively in a "vertical" (unequal and dependent) direction, with their particular Centers. What limited interaction does take place among Ps and between Ps and Cs other than "their own," is conducted almost entirely through their Centers, their "windows to the world."

Under these circumstances, P's bargaining power in the international system is limited to what it can obtain from and through a single

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C partner. The prospects from a Peripheral state's reducing its dependency on its Center by interacting with other Ps and Cs is limited so long as the international system "reduces multilateralism to a minimum." Or, as Samir Amin puts it in the context of international trade relations, "it is this difference in structure that implies an essentially unequal relation of strength."[17]

However, Galtung sees in the pluralism of Center states a potential for a restructuring of the international system, a process which he calls the "defeudalization" of ties between Periphery and Center. While the alternative structures he proposes are hypothetical in conception, some of them, as he notes, resemble such existing systems of multilateral interaction as, for example, the association agreements signed by the European Economic Community with the former colonies of its member states (see Figure 1: g, h, i).

While speculating that "a world with more empires is . . . a world with more possibilities," Galtung remains cautious concerning the potential impact of these multilateral relationships on the dependent status of Peripheral states, adding that:

> None of these strategies will lead to any changes in the vertical interaction relation, only, to some extent, in the feudal interaction structure. As such, they attack only one aspect of dependency not the other, possibly more important aspect.

The Galtung model is accepted implicitly by Zartman who challenges the dependency approach with an alternative paradigm which he calls "decolonization theory."[18] According to this view, post-colonial relations are "caught up in an evolutionary process as various forms of bilateral, metropolitan influence are replaced with multilateral relations."[19] This "polycentrism" implies that "while a great

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state may still have zones of influence, other great states can penetrate these zones and establish good relations with member states, who can then use these relations to open up more options, gain greater freedom of action, and counterbalance the influence of the predominant state."[20]

Applying this interpretation to the succession of post-colonial agreements negotiated between the E.E.C. and its African associates, Zartman concludes that "over fifteen years, the African states have . . . demanded and received more and more favorable provisions and the European signatories have received less and less in exchange."[21]

However, Zartman's assumptions, as well as the utility of the Galtung model, are contested by others who see the significance of multilateralism in a more limited light.[22] Gilbert, for example, finds such measures as geographic trade diversification to be but a "marginal remedy" which only places the dependent nation in a better bargaining position with respect to the metropolis. "Dependency is not actually broken."[23] Likewise, Dos Santos concludes that the most a dependent nation can hope to achieve in the international system is a sort of "negotiated dependence, . . . from which no dependent country has yet succeeded in liberating itself."[24]

In a thoughtful essay addressed to this point, Barratt-Brown explores the implications of the "ambiguous relationship" of the E.E.C. to the countries of the Third World, characterized on the one hand by the increasing "self-sufficiency" of the Community as evidenced in the relative increase in intra-E.E.C. trade, and on the other hand, the continuing interest in the Third World evident in the treaties of trade and association.[25] Reviewing the terms of the various agreements, Barratt-Brown arrives at a conclusion contrary to that of Zartman: that while multilateral relations do provide "some room for manoeuvre" for the associated states, their status remains "neocolonial" in that economic development is limited to "a framework that incorporates the peripheral state into the economic strategy of the giant European companies."[26]

However, the E.E.C. association agreements represent only one type of multilateral interaction possible between P and C states in the post-colonial world. Another pattern is illustrated by the rise of the Organization of Petroleum Exporting Countries as a bargaining agent for (some would say, formerly) Peripheral oil producers in negotiations with individual and groups of companies supplying oil-importing Center countries. While O.P.E.C.'s success in improving the bargaining positions of its member states cannot be disputed,[27] serious questions remain concerning the extent of O.P.E.C.'s relative dependency on the international financial system as well as the dependency of certain individual members on other member states, particularly on Saudi Arabia.[28]

Although, as Galtung observes, it may be difficult to see how dependent relationships become less so by being established between "super-C and super-P" rather than between the original P and C nations, there are alternative, less formal structures of multilateral interaction possible, in addition to those represented by the previous examples. For instance, one might consider a "diversification model"[29] of interaction, as illustrated by Galtung's "e", in which P and C states interact freely without formal agreements between or among them pre-structuring their relations. Examples of this might include UNCTAD, the Law of the Sea Conference as well as various _ad hoc_ multilateral

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negotiating sessions. This diversity of possibilities leads Galtung to conclude that "a multi-empire world would not only create more bargaining possibilities but also is a more realistic model of the world in which mankind lives at present."

Algeria and France: A Case Study

This thesis will evaluate the explanatory power of the Galtung model and propositions derived from it through an analysis of the post-colonial relationship between Algeria and France in the context of multilateral actors represented by both the E.E.C. and O.P.E.C.

The French-Algerian relationship is a particularly suitable subject in that the two countries experienced an archetypical colonial relationship culminating in a seven-year armed struggle before France recognized Algeria's formal independence in 1962. Moreover, the two countries agreed to terminate hostilities under a set of conditions explicitly prescribing a set of future relationships to be conducted in the name of "cooperation".

If for France, cooperation with independent Algeria was a means of maintaining vested interests and opening up "a narrow doorway . . . to the Third World,"[30] for Algeria it represented a marriage of necessity and opportunity aimed at utilizing the continuing French presence as a means of eliminating the causes of dependency that made it possible.[31]

While French-Algerian cooperation extended to a multiplicity of political, economic and social relations, the three sectors of trade, oil and labor stand out as most significant in both bilateral and multilateral terms. One or another of these sectors dominated French-

Algerian relations at any given time during the period from 1962 through 1975. This is not surprising from an Algerian point of view, since the three sectors combined have provided an ever-increasing proportion of its foreign-exchange earnings in the period since independence (see table 1). Furthermore, while one could certainly argue that financial, military, technological and cultural dependency also merit attention, the scope of this study must necessarily be limited to that which is technologically feasible, utilizing the resources of one individual. Given this limitation, the complex relationships to be analyzed in the three sectors of trade, oil and labor present a sufficient challenge.

Moreover, the terms of French-Algerian cooperation in these three sectors from the colonial period through approximately the decade following Algerian independence were conceived and conducted in almost complete isolation from third parties in general, and from multilateral actors, including the E.E.C. and O.P.E.C., in particular. It was not until 1967 that the French-Algerian trade relationship began to acknowledge the existence of the Common Market and 1969 before O.P.E.C. intruded on what had amounted to a bilateral monopoly in the oil sector.

In the case of E.E.C., the "special" trade relations that France and Algeria had elected to maintain under the Evian agreements came into increasing conflict with the elaboration of the Common Agricultural Policy with its restriction on Algerian exports, such as wine and citrus that competed with the production of certain member states, particularly Italy. In the labor sector, the privileged access granted to Algerians in relation to other foreign workers in France began to

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conflict with the policy of free circulation for European workers within the Community as implemented progressively beginning in 1968. With respect to O.P.E.C., Algeria's membership, effective in June, 1969, soon began to challenge the highly particular taxation and pricing agreements made between France and Algeria at Evian, renewed in 1965 and due for renegotiation in 1970.

These developments coincided with a series of crises resulting in the breakdown of French-Algerian cooperation in all three sectors between 1966 and 1975. French cutbacks on imports of Algerian wine in 1967 and 1968, in violation of an agreement reached in 1964, resulted in Algerian retaliation against French products and the eventual elimination of preferential tariffs for French goods on the Algerian market. Both countries diversified their commercial relations such that by 1970, the special trade relationship prescribed in the Evian agreements no longer obtained.

The failure of the 1970 oil negotiations led to the nationalization of French oil companies in Algeria and to a fundamental reorientation of both French and Algerian international oil policies, with Algeria's status reduced from a major to a minor supplier of crude petroleum to France. In the labor sector, the social and economic effects of the recession of the early 1970's increasingly jeopardized the security of Algerian workers in France, followed by the Algerian government's decision to suspend emigration to France in September, 1973 and to the French ban on immigration from non-E.E.C. countries in the summer of 1974.

In spite of serious diplomatic efforts to revive the "spirit" of cooperation between the two states, including an unprecedented visit to Algeria by the French President Giscard d'Estaing in the spring of 1975, too little remained of the post-colonial pact to bind Algeria effectively to France. The precariousness of their relations became evident in the rapid escalation of their 1976 dispute over Morocco's claims to the Spanish Sahara, a confrontation that both countries would have gone to great lengths to avoid in the past.

It should, of course, be acknowledged that the economic decolonization of French-Algerian relations could also be viewed as a likely sequel to the process of political decolonization leading up to formal independence, and therefore, as a development that could have occurred in the absence of multilateral influences altogether. The following study, while providing no definitive evidence to refute this interpretation, investigates the interaction between the multilateralization of post-colonial relations and the process of decolonization in three economic sectors. From this analysis, it will be possible to draw certain conclusions concerning the extent to which multilateral factors modified the <u>terms</u> of the bilateral relationship between Algeria and France, and thus contributed, directly and indirectly, to the process of decolonization.

Until now, the post-colonial relationship between France and Algeria has received surprisingly little attention from the perspectives of dependency theory. The efforts of Samir Amin, including his major work on North Africa, <u>L'Economie du Maghreb</u>,[32] as well as his more recent work <u>Le Maghreb moderne</u>,[33] pre-date his major contributions to dependency theory.[34] In both cases, the emphasis is placed on

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internal structures that tend to perpetuate metropolitan interests in the former colony rather than on the external structural links that characterize the Galtung model of dependency.

To date there has been no single effort to systematically apply dependency theory to Algeria's post-colonial relations in a comprehensive manner. The only study published thus far which attempts to link the French-Algerian case specifically to the dependency literature is Stephen Adler's monograph on Migration and International Relations: The Case of France and Algeria,[35] which, while providing a thoughtful account of bilateral relations between France and Algeria in the labor sector, fails to take into account the possible role of the E.E.C. in influencing French immigration policy.

In the trade sector, there is Zartman's groundbreaking study of the North Africian-E.E.C. negotiations,[36] which provides a good summary of Algeria's somewhat peripheral role in the multilateral negotiations leading to the association agreements signed by Tunisia and Morocco only in 1969. There is, however, no effort to relate these developments back into the bilateral framework of Algeria's trade relations with France. Likewise, in the case of oil, accounts by Kolodziej[37] and others[38] of the French-Algerian oil crisis of 1971 acknowledge, but fail to fully analyze, the role of O.P.E.C. in influencing the background as well as the outcome of the negotiations. Finally, none of these efforts explore the linkages among the three major sectors of French-Algerian cooperation.

Operationalizing Dependency

This thesis will apply the Galtung model of dependency to the French-Algerian case by postulating a relationship between bilateralism, multilateralism and dependency in terms of the following three propositions:

1. The pursuit of exclusive bilateral relationships between Center and Periphery impedes the implementation of effective strategies of interdependence on the part of peripheral states (Galtung's "feudal interaction structure").

2. The multilateralization of exclusive bilateral relationships diversifies interests and patterns of interaction between and among Center and Periphery, thus creating more bargaining opportunities for peripheral states (Galtung, Zartman).

3. The multilateralization of bilaterally dependent relationships reduces the dependency of the Periphery on the Center (Zartman).

For purposes of testing the propositions France and Algeria will be taken to represent, respectively, central and peripheral states in the international system. Multilateral actors will include the European Economic Community and O.P.E.C. as well as the international oil company cartel formed for the purpose of bargaining with O.P.E.C. during the 1970-1971 international oil crisis. This analytical distinction between "bilateralism" and "multilateralism" is, however, complicated by the roles that France and Algeria have played in the E.E.C. and O.P.E.C., respectively. Therefore, it will be necessary to take into account, to a certain extent, the possible influence of the French-Algerian relationship on the structure of these multilateral organizations.

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Only recently have dependency theorists begun to approach in a systematic way, the problem of measuring dependency.[39] Precise measurements of dependency have been most fruitfully applied to those aspects of international relationships that are most easily quantified. In the economic field, commerce, due to its highly visible nature, lends itself to relatively simple and straightforward analysis from the perspective of dependency theory. For example, bilateral dependency can be measured in terms of a share-of-trade ratio:[40] the ratio between the percentage of French foreign trade accounted for by Algeria and the percentage of Algerian foreign trade accounted for by France (table 3). On a more macroeconomic level, the Russett trade-to-gross domestic product ratio can be used to compare the relative importance of French-Algerian trade within the French and Algerian economies as a whole (table 4).

However, valid measurements of dependency are somewhat more difficult to arrive at in the oil and labor sectors. Although in the case of oil, the market analogy has been used to study international pricing patterns,[41] such an approach would not be valid for France and Algeria due to the fact that until 1971 France was both the leading producer and consumer of Algerian oil. Since the real political contest between France and Algeria was over the issue of control over production (including exploration, extraction, and transport to the Algerian coast) the degree of control, measured in terms of the ownership of productive capacity (surface, oil and pipelines) will be used as a primary measurement of dependency (table 9). Alongside ownership, a second index of control is the structure of employment in the oil industry, by nationality --i.e., the degree to which the top managerial and technical posts are occupied by French or Algerian personnel (table 10).

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In the labor sector, dependency can theoretically be determined as a function of the comparative contributions of Algerian workers to the French and Algerian economies. However, migratory labor has played a multifaceted role in international relations, one that defies direct comparisons between labor-exporting and labor importing countries. While for Algeria the massive emigration of workers to France has represented a regular source of foreign exchange as well as a "safety valve" for siphoning off potential social and political problems stemming from capital-intensive development, for France, Algerian workers have meant substantial savings to employers in the form of lower wages and social security payments, along with greater opportunities for occupational mobility for the French working class. Due to limitations of data, including reliable estimates of unemployment in Algeria and the relative productivity of Algerian workers in France, it is extremely hazardous to treat Algerian labor migration as a simple transaction. However, given the fact that both countries placed a large value on the exchange, the salient issue, as in the case of oil, was one of control, in terms of access to the French labor market and conditions of work and residence in France. Throughout the first decade following Algerian independence the two countries contested for control over the flow of workers, which otherwise responded quite naturally to the cycles of the French, and, to a lesser extent, the Algerian labor market (table 13). During the last five years, the E.E.C. Commission began to assert its mandate, under the Treaty of Rome, to regulate the flow of workers among the member states, and by extension to and from the Community as a whole. Thus, as in the case of trade, the question of relational inequality began to

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pass from the bilateral level of French-Algerian relations to the multilateral level of interaction between France, Algeria and the E.E.C.

Focusing on these indices of dependency, this thesis will take the form of an historical analysis of French-Algerian relations in the trade, oil and labor sectors from Algeria's independence in 1962 through 1975. For this purpose the post-colonial period will be divided into two phases. The first phase, analyzed in Part One of the thesis, corresponds to a period of exclusive bilateralism from 1962 through approximately the end of the 1960's, during which time, post-colonial interests were identified, articulated and adjusted through a process of unilateral action and bilateral negotiation with a minimum of multilateral interaction.

Chapter I will analyze the Evian agreements, the "post-colonial pact," against the background of French-Algerian relationships in each sector at the close of the colonial era. The events of the Ben Bella years, from the adoption of the radically anti-neocolonial Tripoli Program in June, 1962 through the overthrow of the Ben Bella regime in June, 1965, will be the subject of the second chapter, which will focus on the development of "special post-colonial relations" between France and Algeria in the trade and labor sectors. The third chapter will undertake a detailed analysis of the July, 1965 French-Algerian oil cooperation agreement in the context of the international oil industry.

In Part Two of the thesis, the "decolonization of cooperation" will be analyzed in terms of the respective roles of the E.E.C. and O.P.E.C. Beginning with the French government's decision to suspend imports of Algerian wine in February, 1967, Chapter IV will trace the diversification of the French-Algerian trade relationship in the context of France's commitments to the Common Market and Algeria's evolving status with respect to the E.E.C.

The fifth chapter will seek to determine the role of O.P.E.C. in the breakdown of the oil negotiations in 1970 leading to Algeria's nationalization of French companies set against the background of the simultaneous negotiations taking place in Teheran and Tripoli between O.P.E.C. and an international oil company cartel. The respective Algerian and French decisions to suspend the migration of Algerian workers to France in 1973 and 1974 will be analyzed in Chapter VI along with the E.E.C. policy of free circulation for European workers and its effect on the relative status of Algerian workers in France.

In the conclusion, the thesis will make some general observations concerning the relationship between bilateralism, multilateralism and dependency on the basis of the French-Algerian experience. It is, of course, understood that one case study cannot, by itself, "prove" anything about these relationships. A case study can, however, be used to evaluate the analytical utility of a model (in this case Galtung's "structural" model of dependency) as well as the explanatory power of propositions derived from the model.

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PART ONE

FROM COLONIZATION TO COOPERATION: THE BILATERALISM OF DEPENCENCY

"We have transformed into relations of cooperation
. . . the relations of colonization."

President Charles de Gaulle, April 6, 1962

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I.

THE EVIAN AGREEMENTS: THE POST-COLONIAL PACT

After 130 years of colonization followed by seven years of intense armed conflict, a policy of bilateral cooperation between France and newly independent Algeria required a strong rationale from both sides of the Mediterranean.

Although Algerian independence left France with substantial material interests in its former colony, domestic public opinion was not overwhelmingly ready to continue paying the high costs of its maintenance. To justify the French commitment, de Gaulle unveiled on the eve of Algeria's independence, a grand design for French cooperation with the Third World, to be based initially on continuing close relations with its former colonies, particularly those in Africa.

In global terms, France's Third World policy was designed to "inter the remains of the French Empire and create a new source of influence among the developing states," while securing for France a means of leverage in the East-West struggle.[1] Against domestic and foreign critics charging "neocolonialism" on the one hand, and "utopianism" on the other, the Gaullist regime set forth its position in a parliamentary report drawn up by Jean-Marcel Jeanneney (former Minister of Industry and France's first ambassador to independent Algeria) and published, with the Government's approval, in January, 1964.[2]

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Justifying the policy of cooperation in moral and political terms, the "Jeanneney Report" disavowed neocolonialism in favor of "exemplary" bilateral relations with France's African partners, in the form of preferential trade and aid agreements. Utilizing relations with former colonies as "an embryo of cooperation" de Gaulle hoped to eventually diversify the geographic distribution of French interests to other parts of the Third World, including Asia, Latin America and the Middle East.

Algeria's central role in this design became apparent from the moment that de Gaulle acknowledged the principle of Algeria's future self-determination. In September 1961, the term "cooperation" (already applied to France's relations with newly independent Black Africa) was substituted for the term "association" to describe future relations between France and Algeria.[3] At the time of the Evian agreements in March, 1962 de Gaulle spoke of French-Algerian cooperation as the ultimate triumph of French foreign policy over the burden of its colonial history.[4]

However, the major political factor justifying France's post-colonial interest in Algeria did not become apparent until nearly two years after independence, when Algeria began to capitalize on its prestige as a revolutionary Third World country. Invoking the Soviet interest in Algeria along with occasional allusions to the United States' failure in Cuba, French policy-makers began to speak of Algeria as France's "narrow doorway . . . to the Third World." By 1964 it had become an operating principle of French policy that while a dispute between France and another African state would amount to "only a simple bilateral tension," a conflict with Algeria "would go beyond the limits

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of French-Algerian relations and imperil the efforts of [French] diplomacy in the whole world."

For newly independent Algeria, the prospect of a continuing close association with France was seen in sharply ambivalent terms. While the Ben Bella regime frequently acknowledged the need for French aid and preferential treatment, it made its cooperation with France contingent upon full respect of its new-found sovereignty. This position was often stated during the many disputes over the implementation of the Evian agreements, and was summarized by Ben Bella in the following terms while responding to French Government protests over Algerian land take-overs in March, 1963:

> We consider cooperation [with France] to be a valuable thing for our country. This cooperation will undoubtedly have its ups and downs . . . contradictions will appear between what we desire and what the French Government intends. However, what is certain is that this cooperation must never become a constraint or a bond. If by misfortune it should become so, we will no longer accept it.[6]

Taking these political considerations into account, a precarious equilibrium of economic interests, based essentially on the Evian agreements was forged during the period from 1962 through July, 1965 when the Ben Bella regime was in power. Despite recurrent challenges to both the letter and to the spirit of the accords, the Evian agreements stood as the basic framework of French-Algerian relations throughout the first decade of Algerian independence. While some of its provisions, such as the political and economic guarantees designated for approximately one million French nationals residing in Algeria were, indeed, short-lived, other interests--in particular, those involving trade, oil and labor, survived the tensions of the period preceeding and immediately following

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Algerian independence and went on to dominate French-Algerian relations throughout the post-colonial era. The following analysis of the Evian agreements, will, therefore, concentrate on these three key sectors, as they evolved up to the date of Algerian independence on July 3, 1962.

From Customs Unity to "Privileged Relations"

Under the Evian agreements, France and Algeria agreed to maintain, "subject to their respective commitments . . . privileged relations in trade and finance."[7] Supplemented by deGaulle's pledge to continue then-current aid levels of one billion francs per year for a period of three years following independence,[8] and supported by an infrastructure of financial dependency, French-Algerian trade could be expected to continue its development in the post-colonial period.

Following the examples of France's Black African colonies (with the exception of Guinea), Algeria elected at Evian to remain formally within the franc zone, utilizing the common currency pool of the Bank of France for all of its foreign exchange transactions. However, as in the cases of Morocco and Tunisia, the value of the Algerian franc would no longer benefit from the unlimited backing of the French Treasury, nor would France, at least nominally, dictate the credit policies of Algeria's bank of emission. Free capital transfers between the two countries would be permitted, subject to "the imperatives of Algeria's economic and social development."[9] This was the formula that was deemed most appropriate to Algeria's aspirations to financial independence as well as to French economic interests, valued at approximately 30 billion francs in direct investment at the time of independence.[10]

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Throughout the colonial period commercial relations between France and Algeria benefited from a customs union under which France, its colonies and overseas departments exchanged goods duty-free and, with a few exceptions, applied a common external tariff to goods from other countries. Under this system, Algerian commercial institutions and regulations were tightly subordinated to French control, and with the exception of unusual cases of competition between metropolitan and colon interests, were designed to apply systematic preferences to French products. Consequently, French-Algerian trade flourished, a product of geographic proximity and of the purchasing power of the French settler community in Algeria, as well as of the structures of financial and commercial dependency.

Trade relations as analyzed over the seven-year period preceeding the Evian agreements, placed Algeria in a highly and increasingly dependent position with respect to France. While the French share of Algeria's total exports averaged 79.3 percent from 1955 through 1959, Algeria's share of France's total exports amounted to 15.5 percent. As the negative impact of the war on the Algerian market in 1960 and 1961 reduced Algeria's share of French exports to 12.2 and 7.6 percent respectively, the commercialization of French-owned Algerian oil deposits in 1960 increased France's share in Algeria's total exports to over 90 percent in 1961.

With respect to imports it was much the same story with France supplying 75.1 percent of Algerian purchases from 1955 to 1959, 79.9 percent in 1960 and 77.5 percent in 1961. At the same time, Algeria

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supplied France with 7.3 percent of its imports from 1955 to 1959, 8.2 percent in 1960 and 8.9 percent in 1961.

For Algeria, trade dependency was reflected in a chronic and growing trade deficit, highly unfavorable terms of trade, and a high degree of commodity concentration, both in absolute terms and relative to France.

Algeria's foreign trade deficit grew steadily from 388.5 million francs in 1950 to 819.2 million francs in 1955, then soared to 3.8 billion francs at the height of the war of independence in 1959, declining to 3.6 billion in 1960 and to 1.8 billion in 1961 under the impact of oil exports.[11] This was accompanied by extremely poor terms of trade (as measured by the ratio between the average price per ton of imports to the average price per ton of exports), roughly 3:1 during the decade preceding independence, as compared with Morocco 5:2 and Tunisia, 5:4.[12]

Algeria's exports both to France and elsewhere were highly concentrated on a few commodities, chiefly unprocessed agricultural products and after 1960, significant quantities of crude oil, while Algerian imports, particularly from France, were relatively diversified. In 1961, food products and oil together accounted for approximately 92 percent of the value of Algerian exports to France, while French exports to Algeria were broadly distributed among such categories as dry goods (33.2%), food products (25.5%), semi-finished goods (16.3%), agricultural and industrial equipment (16.0%).[13]

Among the agricultural commodities exported from Algeria to France during the colonial period by far the most important, both

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quantitatively and qualitatively, insofar as the post-colonial relationship was concerned, was wine.

Large-scale viticulture was introduced to Algeria in the 1880's after a devastating phylloxera epidemic destroyed nearly all of the French vineyard. Thousands of French farmers emigrated to Algeria, increasing the size of the Algerian vineyard from 30,482 hectares in 1881 to 103,407 hectares in 1888.[14] Due to its longer growing season, lower labor costs and duty-free export to France under the customs union described above, the Algerian vineyard flourished and by 1907 was producing 7.6 million hectoliters per year, which, in the absence of a significant domestic market among the abstemious Muslim population, provided the metropole with 5.7 million hectoliters per year, or nearly one-half of its import requirements and equivalent to approximately one-sixth of French domestic production.[15]

Qualitatively, due to its full body and high alcoholic content, Algerian wines became an essential ingredient in the *vin ordinare* consumed by most working-class French families, most often blended with the weaker reds and rosés of central and southwestern France. At the same time, its attractive prices posed a potential threat to the heavier wines that were again beginning to be produced in the Midi, as the French vineyard regained its former vitality and as the newer plantings reached maturity.

This threat was foreseen as early as 1920 when the Fédération des Associations Viticoles de France et d'Algérie (FAV) proposed limiting Algerian imports to ten percent of metropolitan production if the latter surpassed a ceiling of 60 million hectoliters per year.[16]

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The issue was again raised, this time more urgently, at the 1926 Congress of the FAV. However, the Algerian lobby successfully resisted and quotas were applied instead to Tunisian wine. In 1931 the Algerian question was temporarily superceded by the adoption of the Statut du Vin, which was designed to regulate production and to apply its provisions equally to France and Algeria.[17]

Although the Statut du Vin remained in effect through the 1950's it did little to halt the rapid growth of either the French or the Algerian vineyard, leading the National Economic Council to warn in 1934 that "if the growth of the Algerian vineyard is not halted, both the French and Algerian winegrowers will be ruined."[18]

As conflict between Algerian and Midi winegrowers intensified, the French government resorted to various forms of market intervention, including compulsory distillation, temporary blockage of sales, and ultimately, to strict limitations on wine imports from all foreign countries, with the exception of Algeria.

The latter option was not without serious consequences for French commercial relations with Italy and Spain, both of which retaliated by withdrawing most-favored-nation treatment from French goods at various times during the period from 1931 through the outbreak of the Second World War.[19] Although the French government formally relaxed import restrictions after 1936, the gradual application of a 1931 qualitative prohibition against blending French and foreign wines effectively reduced the demand from Italian and Spanish table wines while continuing to exempt North African wines and thus, further entrenched the privileged position of Algerian wine on the French market.

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By 1961 Algerian wine production was averaging about 15 million hectoliters per year of which 13 million hectoliters were exported to France, accounting for approximately one fifth of French consumption of vin ordinaire.[20] In Algeria, the vineyards, of which ninety percent of the productive area remained in the hands of French owners, employed over one-half of the Algerian agricultural labor force, and accounted, in 1961, for 40 percent of gross income from agriculture and 60 percent of the total value of Algerian agricultural exports.[21]

So long as Algeria remained French, the influence of the Algerian wine lobby was sufficient to maintain the privileged status of the Algerian wineyard. However, it was clear to at least one observer in 1960 that "should Algeria's independence be granted . . . it is a question as to how long the [French] government could resist the pressure for a stiff tariff on Algerian wines."[22]

After wine, the most important Algerian agricultural exports to France were citrus, dates, fresh vegetables and animal feed. Non-agricultural exports, in addition to crude oil, which will be discussed in detail below, consisted of minerals, and, in a very small proportion to total exports (2.2%) manufactured goods.

Although Algeria was, as was illustrated above, a much less significant trading partner for France than France was for Algeria, the Algerian market was increasingly important, if not crucial, for a number of specific French export industries, many of which were concentrated in areas, such as Lyon and Marseilles, which were becoming increasingly important as regional centers of economic and political strength. In the particular cases of textiles, dairy products, sugar and pharmaceuticals, the Algerian market counted for between 20

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and 25 percent of French exports in 1961.[23] Overall, Algeria was France's third trading partner for both exports and imports.[24]

Beyond the metropole, Algeria divided the remaining twenty percent of its foreign trade among other members of the franc zone, the rest of the European Common Market, Britain, the United States and Spain.

Although trade between the Maghreb countries of Algeria, Morocco and Tunisia might have benefited from geographic proximity, cultural affinities and reciprocal customs preferences on overland imports, their commerce was in effect, severely limited due to the lack of complementarity between the three economies, all primary producers, and developed to serve the French metropolitan market. In 1960, Algeria's North African neighbors collectively accounted for only 2.5 percent of its imports and 1.5 percent of its exports.[25]

Algeria's trade with Britain, its second most important client, consisted largely of iron ore exports, while the United States occupied second place among Algeria's suppliers by virtue of Algeria's chronic grain deficit, a direct consequence of settler colonialism and the replacement of a subsistence-based cereal culture with viticulture oriented for export.[26]

With respect to the European Economic Community, Algeria's status was defined by Article 227 of the Treaty of Rome, and was thus identical to that of other French overseas departments and territories. This meant that Algerian products were to be treated as French products for purposes of trade within the Community, a provision which gave Algeria a theoretical advantage over Morocco and Tunisia, whose exports continued to benefit from French preferences only since their

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independence in 1956. In addition, under Article 16 of the Convention of Application to Overseas Territories, Algeria was also eligible for financial aid from the European Development Fund.[27]

However, these provisions had a negligible effect on Algeria's commercial ties within the European Economic Community. Excluding France, the E.E.C. Five's share of Algerian imports barely increased from 2.0 percent at the start of the application of the provisions of the Treaty of Rome in 1958 to 2.7 percent in 1961, while Algerian exports to the Five fared slightly better rising from 2.9 percent of total Algerian exports in 1958 to 5.6 percent in 1961, due to the European-wide demand for Algerian crude oil.[28]

Moreover, Algeria's future commercial integration within the Common Market was legally circumscribed by its exclusion from the newly-established Agricultural Orientation and Guarantee Fund, a members-only financial arrangement that would serve as the basis of the Common Agricultural Policy.[29]

Negotiated within this historical context, the portion of the Evian agreements relating to French-Algerian trade relationships was clearly designed to maintain the colonial structure of Algeria's foreign trade while paying lip-service to the notion of Algerian independence. Although the French government formally recognized Algeria's "trade and customs sovereignty" the two countries agreed to maintain "privileged commercial relations" based on "a reciprocity of advantages . . . corresponding to relations of cooperation between the two countries."[30] This was a reference to, and a reminder of, the fact that the Evian agreements were, in the words of one of the negotiators, a "package deal" in which respective interests in one sector were often linked with interests in other sectors.[31] In this case, France's interest in purchasing Algerian wine exports would be contingent upon Algeria's respect for continued French ownership of Algerian vineyards as well as Saharan oil. Algeria would continue to permit France to occupy the lion's share of the Algerian market, so long as France would continue to absorb Algeria's wine production and emigrant workers.

The Evian agreements provided that privileged trade relations would be embodied in a future "special agreement" including a system of preferential tariffs and guaranteed markets for surplus Algerian products (an obvious reference to wines and, to a lesser extent, citrus). Restrictions on the free movement of merchandise could, however, be justified for reasons of Algeria's "national economic development" as well as by reason of France's "international commitments" (presumably a reference to the European Economic Community and the General Agreements on Tariffs and Trade).

The specification of these arrangements was left to future negotiations. Furthermore, the Evian agreements left Algeria in a most ambiguous position with respect to the European Economic Community, with which its status continued to be defined in colonial terms.

French Oil in Algerian Sands

Under the Evian agreements, France and Algeria agreed to cooperate "in the framework of Algerian sovereignty . . . to ensure the continuation of efforts to develop the natural resources of the Sahara."[33]

These efforts, largely French financed and operated, and increasingly under direct French government supervision, had begun in

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1952 with concessions granted to an association of two companies - la Compagnie Française de Pétrole (CFP) and la Société Nationale de Recherche et d'Exploitation des Pétroles en Algérie (SNREPAL) - both controlled by French public capital. They were joined in 1953 by la Campagnie de Recherches et d'Exploitation de Pétrole au Sahara (CREPS) a private French firm and by la Compagnie des Pétroles d'Algérie (CPA), controlled by Royal Dutch Shell.[34]

Development drilling began in 1956 and resulted in important discoveries, particularly at Hassi-Messaoud in the eastern Sahara. This stimulated an infusion of both public and private foreign capital: British Petroleum (BP) appeared in association with French interests, while American companies, including Standard Oil of Indiana, Standard of New Jersey and Caltex obtained both independent and joint ventures.[35]

Faced with what was perceived as both an economic and a political threat, the French government adopted, in 1958 and 1959, a set of legislation which soon became known as the Saharan Oil Code.[36] Designed to increase French administrative control over Saharan oil fields, the Code was also designed to attract foreign capital by offering more favorable terms than those generally available elsewhere in the Middle East and Africa.

The Code was thus a mixture of administratively protectionist measures and liberal fiscality, by the then-current standards of the international oil industry. French government control over foreign interests was assured by the requirements that operating companies be constituted under French law and that French nationals predominate of their boards of directors. Disputes between companies and the conceding authority of the French government were to be resolved "in first and

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last resort" by the French Council of State.[37] This conformed with the French Code of Civil Procedure which required that cases involving an administrative jurisdiction be submitted to state tribunals rather than to international or other arbitration procedures, in recognition of the primacy of public over private interest.[38]

The liberal fiscal regulations attested to the French government's prime concern with assuring the nation an adequate and secure supply of crude oil (if necessary at the expense of government revenues and the interests of the consumer), and was consistent with the policy initiated between the two world wars and executed with considerable determination under the Fourth and Fifth Republics.[39]

The problem of secure supplies had been demonstrated dramatically during the First World War and more recently during the Suez crisis of 1956 when France, the object of an Arab League boycott, was forced to turn to the United States and its oil companies to supply its domestic needs.[40] French oil dependence was aggravated by a balance-of-payments problem due to the minority position of French oil interests in those Middle Eastern concessions which provided the country with the bulk of its crude oil imports, requiring France to pay for most of its oil in dollars or sterling.[41]

The tax regulations included in the Code were designed to encourage the investment of foreign capital and expertise, without which French companies could not hope to develop the Sahara to anywhere near its estimated potential. The profits tax, while based on the "fifty-fifty" formula then common to Middle Eastern and other international oil concession agreements, was calculated on the basis of the real selling price of crude, rather than on the generally higher posted prices that served as a tax base in the Middle East.[42] Furthermore, contrary to the O.P.E.C. principle (although not yet effectively implemented) that royalties be considered as costs to the producer,[43] companies operating in the Sahara could continue to claim the royalty as a tax credit.[44] Added to the Fund for the Reconstitution of Deposits, a five-year deferment of 27.5 percent of the value of crude produced, up to a limit of 50 percent of net profit, these tax credits reduced the effective tax rate from a theoretical 50 percent of net profits to 13.6 percent during the first five years of production and to 38.6 percent thereafter.[45]

With respect to crude oil pricing the Code was designed to provide French oil companies with a remunerative product and thereby to strengthen their position on the international market. To this end, it provided that the sale price of Algerian crude oil be determined by the current price of comparable products on the international market and delegated clearly to the French government the right to modify the prices accordingly.[46]

The market price for Algerian crude was a function of several factors including exploration and pipelining costs, as well as qualitative and geographical considerations. Due to the great depths of Saharan oil deposits and their distance from the sea, the costs of producing and transporting the oil to the Mediterranean coast would have placed Algerian crude at a competitive disadvantage relative to Middle Eastern crudes of comparable quality. However, these added costs were just about precisely offset by the freight differential which accrued to Algerian oil shipped from ports that were between

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two and five times less distant from Europe than other Middle Eastern and Mediterranean ports of embarkation.[47]

Thus, while the posted price for Algerian crude before shipment ($2.90 f.o.b. Bougie) was considerably higher in 1958 than the posted prices for Arabian ($2.08 f.o.b. Ras Tanura), Iranian ($2.04 f.o.b. Fao), Iraq ($1.98 f.o.b. Khary) or Kuwaiti ($1.85 f.o.b. Mina El Ahmadi) light crudes, their costs-after-freight upon arrival in Western Europe were roughly comparable.[48] In addition, Algerian oil benefited from a qualitative premium due to the near-total absence of sulfuric impurities.[49]

Accompanying the general turndown in world oil prices in the late 1950's, the posted price of Algerian crude fell from $2.90 f.o.b. Bougie in 1958 to $2.77 in 1959 and to $2.65 in 1960, where it remained at the time of the Evian agreements.[50]

Its position in the Sahara reinforced by the protectionism of the Oil Code, the French government went to Evian in full control of all of the productive phases of the Saharan oil industry, with the exception of the American-dominated service sector. As of early 1962 French public and private interests controlled 75.8 percent of the prospecting surface, 84 percent of production, and owned 69.9 percent of the two operating pipelines carrying crude oil to the Mediterranean coast, while leaving the relatively insignificant refinery and domestic distribution markets to British, American and Dutch interests (table 9).

Throughout the colonial period virtually all of the oil produced in Algeria was destined for export, with the exception of about 100,000 metric tons per year refined at the Hassi-Messaoud oilfields and used to service the needs of the oil industry. Of the

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quantities of crude oil exported in 1961, 74.6 percent (87.4 million barrels) went directly into the French market where it constituted 30.4 percent of France's crude oil imports, relieving the French economy of a substantial portion of its precarious dependence on Middle Eastern oil (table 11). Algerian oil also helped to alleviate France's balance-of-payments problem: whereas oil imports cost the French economy approximately $350 million in foreign currency in 1959, this figure was reduced to $240 million with the start of Saharan production in 1960 and to $151 million in 1961. Proponents of the "pétrole-franc" argued that every million metric ton of Algerian crude refined in France "saved" the French economy approximately $13 million in foreign currency. Thus, it was optimistically predicted that with Algerian reserves estimated at 500 million metric tons, France could, by expanding Algeria's production from 16 million metric tons in 1961 to 25 million metric tons by 1965, eventually close both its oil and balance-of-payments deficits. Besides France the remainder of Algeria's crude oil was exported in 1961 to West Germany, Italy, Holland and the United Kingdom.[51]

Despite extremely heavy initial overhead, French investments in the Saharan oil industry were beginning to pay off in respectable profits by the time of the Evian agreements. Of 7.08 billion francs of accumulated investment, approximately one-third had been amortized as of the end of 1961. Of 1,310 millions of francs in net taxable profits accumulated by French oil companies operating in Algeria in 1961, between 495 and 769 million francs (depending on the extent of reinvestment of the Fund for the Reconstitution of Deposits), remained in Algeria in the form of salaries and local taxes, leaving between 541

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and 815 million francs to be repatriated to France in the form of profits and dividends.[52] Investment in infrastructure also benefited the French siderurgical industry which doubled its capacity between 1950 and 1960 to keep pace with the development of pipelines in Algeria.[53]

On the other hand, the activities of the foreign-dominated Saharan oil industry had a negligible, if not negative effect on Algeria's domestic economy. Relatively few Algerians benefited from the employment opportunities offered in a region of the country where working the land was no guarantee of subsistence and jobs where extremely scarce. Of 8,770 employees working directly in the Saharan oil industry in 1961, fewer than half (4,136) were Algerian Muslims, of whom 3,757 or 90.8 percent, were semi-skilled or unskilled workers. Algerians supplied only 0.2 percent of the qualified engineers and 9.0 percent of the white collar force.[54]

Of the minimal revenues collected under the weak fiscal regime only half of Algeria's total income from royalties and taxes (amounting to a total of 200 million francs in 1961) went to the local Treasury--the rest financed the operations of the Organisation Commune des Régions Sahariennes, a regional organization chartered by the French government to develop the infrastructure of the Sahara, including Mauritania, Mali and Chad.[55]

The extroverted nature of the Saharan oil industry not only excluded Algeria from participation and profit, it also had the effect of rendering Algeria dependent on French suppliers and foreign distributors for its domestic energy needs. Due to the near absence of commercial-scale refineries on Algerian soil, Algeria imported about

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85 percent of the oil products it consumed in 1961 of which 92% came from France.[56] This situation was particularly unfavorable for Algeria's terms-of-trade, as after 1958 crude oil prices began to fall, not only in absolute terms, but relative to the prices of petroleum products that Algeria was obliged to re-import.[57]

Despite these unfavorable terms, the Algerian nationalist leadership showed surprisingly little interest in the ownership or management of Saharan oil deposits up to the time of the Evian agreements. Instead, the issue was posed in territorial terms, as a counter-thrust to the French proposal to partition Algeria for the sake of protecting French military and economic interests in the Sahara.[58] The de Gaulle government exploited these nuances in outlining a prospective solution to the problem at a press conference given by General de Gaulle on September 5, 1961:

> Concerning the Sahara, our policy is that which safeguards our interests and which takes account of realities. Our interests consist in . . . the free exploitation of the oil and gas that we have discovered and which we will discover . . . . The reality is that there is not a single Algerian . . . who does not think that the Sahara must be a part of Algeria and that there will not be a single Algerian government, whatever its relationship to France, which will not claim . . . Algerian sovereignty over the Sahara.[59]

At about the same time the French government began to discreetly revise the Saharan Oil Code with the effect of strengthening the autonomy of the oil companies at the expense of the conceding authority, soon to be vested in an independent Algerian government. Under the decrees of January 6 and September 16, 1961 and February 16, 1962[60] uncommented upon (and quite probably unnoticed by the Algerian nationalists) the Governor General of Algeria relinquished all authority over the nationality of concessionaries, and over the real selling

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price of crude oil produced in Algeria. Revisions in the tax code reduced the statute of limitations on retroactive tax assessments from four years to one, and permitted the depreciation of fixed assets to include those already amortized along with the distribution of the difference to shareholders in the form of profits.

Further concessions to French interests were made at Evian, with the Algerians apparently content to accept nominal sovereignty over the Sahara and to inherit the concessionary authority and minority holdings of the former colonial government of Algeria, amounting to 10 percent of oil production, 9 percent of pipelines and 10 percent of domestic refinery.[61]

In exchange for these meager concessions, France obtained recognition of "the integrality of the rights attached to mining and transport titles accorded by the French Republic in application of the Saharan Oil Code,"[62] and assurance that French oil companies would be granted priority over other foreign companies in the awarding of concessions over a six-year period following independence.[63] In addition, the Algerians agreed that all sales of Saharan oil destined for France or other members of the franc zone would be payable in francs.[64] This guaranteed that Algerian oil would remain a *pétrole-franc* rather than a drain on France's balance-of-payments.

Another important decision made at Evian was to eliminate the arbitrational authority of the French Council of State. Instead, however, of transferring it to its Algerian counterpart, presumably the Supreme Court of Algeria, this authority was vested in an international tribunal to be constituted by the French and Algerian governments under the ultimate jurisdiction of the International Court of Justice.

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Together with other revisions of the Saharan Oil Code, this provision rendered Algeria's sovereignty over the Saharan oil industry rather more fictitious than real. Lacking institutions, capital, expertise, trained manpower and allies, Algeria was in no position to challenge French oil interests in the course of the negotiations at Evian. However, this condition could in no way be taken to imply Algerian acceptance of the status quo: quite the contrary, no sooner did an independent Algerian government come into being when the struggle to assert control over Algeria's most precious natural resource began.

Algerian Workers in France: The Human Bond

> There is something heroic about their presence in France . . . these prisoners of sweat and toil . . . who live among themselves, apart.
>
> Malek Haddad, La Dernière Impression[66]

Historically, the result of "contrary demographic, economic and social trends on the two sides of the Mediterranean," the direction, volume and structure of Algerian worker emigration up to the time of independence was conditioned entirely by French public and private interests.

The French conquest of Algeria, which took place between 1830 and 1871, severely disrupted the traditional agricultural basis of the indigenous economy. The massive expropriation of land by French and other foreign settlers drove the Arab and Berber populations of the coastal areas back into the less fertile mountains and plains where traditional agricultural methods could not keep the pace of production up to the requirements of the rapidly growing population. The introduction of modern medical techniques during the twentieth century

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reduced the mortality rate and intensified the pressure on the land, resulting in a massive drift to the cities and towns, which themselves, industrially under-developed, could scarcely begin to absorb the influx of unemployed, landless and unskilled peasants.[68]

The emigration of Algerians to France began spontaneously around the turn of the century and was from the very beginning, a function of overpopulation and unemployment. In France, on the other hand, the root stimulus of worker immigration from Algeria and elsewhere was underpopulation resulting in acute and recurrent shortages of unskilled labor.

Ravaged demographically and economically by the two World Wars, France was obliged to call on its colonies to periodically replenish the ranks of its manpower for purposes of mobilization and reconstruction. The first government-sponsored recruitment drive occurred during the First World War when nearly 200,000 colonial subjects were put to work in French factories, farms and mines.[69] Worker immigration continued through the period of post-war reconstruction, halting abruptly at the start of the worldwide depression of the 1930's, and continuing in abeyance until the liberation of Paris in 1944.[70]

During the 1920's a period of reconstruction and rapid economic growth in France, there was a resurgence of migratory pressure from Algeria and 175,000 Algerians entered the metropole from 1922 to 1924. The exodus from Algeria threatened to be so massive that, faced with a possible shortage of skilled labor, the <u>colons</u> of Algeria pressured the Governor General into reestablishing restrictions on emigration. These included the prior obtainment of a work contract, an identity card and a medical certification. The regulations had the desired

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effect of curtailing emigration until, on June 15, 1926, the French Council of State rescinded them on the grounds that the Governor General had exceeded his authority. The latter then responded on August 4, 1926, with a more moderate set of provisions, not including a work contract, the effect of which was to stabilize the rate of migration at an average rate of 35,000 per year from 1927 through 1929, or approximately what the French economy could absorb without harming colon interests.[73]

By 1930, however, the effects of the coming depression were already being felt in France and the voluntary return of unemployed Algerian workers nearly balanced out the arrivals. By 1932, immigration from Algeria had slowed to a trickle and resumed only in 1936 when the Popular Front government instituted a forty hour work week and paid vacations, resulting in a new labor shortage and the reinstitution of free circulation. However, the acceleration of Algerian worker migration up to pre-depression levels was cut short by the German occupation which effectively halted all emigration from Algeria during the Second World War.[74]

Up until the Second World War, the migration of Algerian workers to France depended essentially on the cyclical fluctations of the French economy, reinforced to some extent by French government policy as mitigated occasionally by the semi-autonomous decisions of the French colonial authorities in Algeria. Under these conditions, the immigration of Algerian workers generally paralleled the migratory patterns of the various other foreign populations which came to France in search of work.[75]

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Following the Second World War, the needs of post-war reconstruction led the French government once again into a coordinated effort to stimulate worker immigration.[76] However, this time social considerations influenced a decision to actively recruit potential immigrants from those countries with sufficient cultural affinities to eventually produce "Frenchmen in spirit" as well as productive workers. Explicitly excluded from this effort were North Africans, Black Africans and other "non-European" ethnic groups.[77] To implement this policy the governments of the Fourth Republic signed labor agreements with Belgium, Italy, Poland, West Germany, Spain, Britain, Portugal, Greece and Yugoslavia,[78] and in November, 1945, established the National Office of Immigration (O.N.I.) expressly for the purpose of recruiting workers from these countries.[79] In the context of this new effort, Algerians, along with other colonial subjects, were expected to remain a supplementary contingent, of declining importance and therefore not subject to O.N.I. regulations.[80]

However, for several reasons, including competition from other vigorous Western European economies (particularly West Germany, Belgium and Switzerland) as well as the cumbersome new obstacles created by the new institutions and regulations, the volume of workers migrating from European countries to France fell far short of the goals set by the Ministry of Labor throughout the period between 1945 and 1962. For example, the French-Italian agreement of February 22, 1946, foresaw the recruitment of 200,000 Italian workers in 1947; in fact fewer than 50,000 immigrated to France during that year, while the Algerians surpassed their anticipated contingent of 80,000.[81]

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Furthermore, the lack of controls over the immigration of Algerians and the resulting sufficiency of their numbers for the additional manpower needs of French industry, had the secondary effect of reducing the usefulness of the O.N.I. for French employers. By the early 1950's its role had shifted from an instrument of active recruitment to one of monitoring, registering and otherwise administering the largely spontaneous inflow of workers from all foreign countries, with the exception of Algeria and the colonial territories. The limits of its effectiveness were illustrated by the fact that between 1950 and 1955 more Algerians (150,000) immigrated to France than the number of workers recruited by the O.N.I. from all foreign countries with which France had labor agreements for that purpose.[82]

The desire to restrict the immigration of Algerians for social reasons, conflicted not only with economic interests, but also with the legal status of Algeria within the French administrative system. Eager to legitimize its hold over Algeria in the wake of internal and international pressures calling for decolonization, the French government passed the Organic Law of September 20, 1947.[83] One of its immediate effects was to extend the juridical principle of free movement of persons and property within the metropole of Algeria and to relations between Algeria and France, thus creating a serious legal obstacle to the reinstitution of controls on migration. Under these liberal circumstances, over 200,000 Algerians migrated to France between 1946 and 1954.

The outbreak of the Algerian war of independence introduced a new set of political considerations into French immigration policy. Initially, the increased wartime authority of the Ministry of

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the Interior was used to restrict migration to the Metropole resulting in a sharp decline in the number of departures from nearly 200,000 in 1955 to just over 40,000 in 1958. However, as the war progressed, the French call-up of 700,000 men between January, 1955 and the end of 1957, along with the protraction of military service from 18 months to two years in January, 1959, created acute manpower shortages on the French labor market, for which the most likely source of recruits was, given the dimensions of French immigration policy, Algeria. Responding to this manpower shortage, French employers worked through the Ministry of Labor to promote immigration by arguing that Algerian workers would be less vulnerable to the extreme nationalist appeal of the National Liberation Front, if they were well-integrated into the metropolitan French economy.[84]

Furthermore, the effects of the war in Algeria were such as to accelerate the economic and social pressures that generated potential emigrants. The destruction of whole villages and agricultural units together with the uprooting and pauperization of an estimated 2,350,000 peasants resulted in an unprecedented level of rural and urban unemployment throughout Algeria.[85] The resulting social and psychological dislocations, so aptly recounted by Fanon,[86] posed an additional threat to the security of the *colon* population in Algeria.

After 1958, economic and security considerations both contributed to spur continued migration of Algerian workers to France, such that between 1954 and 1962, the number of Algerians in the metropole increased from 208,540 to 350,484. While in 1954, Algerians comprised the fourth largest group of foreign workers in France, after Italian,

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Spanish and Polish workers, in 1962, they were in second place, occupying 16 percent of the foreign work force.[87]

Throughout the period leading up to independence, and increasingly, relative to other categories of foreign workers, Algerians occupied a significant, if not crucial role in French industrial expansion, particularly in the construction industry where they made up 8.0 percent of the total labor force and 35 percent of the foreign labor force.[88] Commenting on the post-war housing effort of the Fourth Republic, the official French organ, Notes et Etudes Documentaires, noted that "the government housing effort . . . would have been impossible without recourse to foreign and North African labor."[89]

More generally, estimates of the overall economic contribution of Algerian workers at the time of independence, taking into account their contribution to France's Gross Domestic Product (as 2 percent of all wage earners), minus salaries and social benefits, suggests a rough figure of approximately 1.3 billion francs per year of profit to the French economy.[90] This enormous margin was due largely to the fact that Algerians occupied the lowest-paying jobs in the industrial sector, as well as to the lower amounts paid to them in the form of social benefits by virtue of their unmarried status and the Algerian residence of their families (reducing their eligibility for family allowances by approximately two-thirds).[91] In addition, it was sometimes argued that by importing a young worker at the peak of his economic value, without incurring the expenses of rearing, educating and training him, the French economy "saved" an additional 5,000 francs per worker, an amount equal to the cost of these "services" in Algeria.[92] Furthermore, from a

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social point of view, the reliance on Algerians and on other foreign workers in general, to fill lower-level jobs, broadened the occupational opportunities for French workers and thus contributed indirectly to the economic and political stability of French society.[93] Alongside these benefits, however, must be considered the social tensions generated by the uneasy coexistence of two distinct cultures, antagonized by war and contrasting economic circumstances.

From the Algerian point of view the emigration of an increasing percentage of the active labor force to France, constituted, at the time of independence, both a vital input for a stagnant, traditional economy, and a potential obstacle to the development of a dynamic, modern industrial base. With respect to the former criterion, an estimated 2 million Algerians benefited directly and indirectly from the estimated 550 million francs repatriated by the 200,000 Algerians working in France in 1961.[94] These sums, which amounted to approximately 15.0 percent of Algeria's G.D.P. during the decade preceeding independence, provided an increasingly important source of monetary income for many localities which were deprived of manpower or other means of subsistence during the war. From a macroeconomic point of view, emigration could be viewed as desirable both as a source of foreign exchange and as a deflationary factor by reducing the number of consumers without affecting the level of production.

From a social and political point of view, emigration was viewed as a "safety valve," capable of siphoning off the discontent and alienation of those suffering from prolonged unemployment attributable to the priorities of the colonial economy. In the absence of immediate

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labor-intensive economic development, an independent Algerian government could well desire to maintain this temporary escape route for potential dissidents.

However, viewed from the prospect of future industrial development, the massive emigration of Algerian workers to France posed a potential problem of shortages among categories of skilled labor. The ten percent of the Algerian labor population in France characterized as skilled in 1962, represented more than one-half of the total estimated total skilled labor force in Algeria.[95] Without a systematic effort to train Algerian workers in France, in the skills needed by Algerian industries, and/or a selective policy of emigration control by the Algerian authorities, migration could be viewed as an obstacle to industrial development and thus a factor of economic dependency in its own right.

Given the complexity of these problems, and the extent to which worker migration had become, by the date of Algerian independence, "a permanent, structural feature of both the Algerian and French economies,"[96] very little space was devoted to the question of Algerian workers in the context of the Evian agreements.

Of the two clauses in the Evian accords which refer to Algerian workers, the first restated the principle of free circulation between France and Algeria as it had applied during the colonial period, particularly since 1947.[97] The guaranteed right of access to the French labor market was a major concession on the part of the French authorities, considering the cumbersome regulations governing the entry of all other categories of foreign workers. To recapitulate this point it should be noted that under the common law regulations that continued to apply to

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Europeans, and, since 1956, to North Africans from independent Morocco and Tunisia, an immigrant needed working papers, a specific job contract, residence papers and medical certification in order to work legally in France. An exceptional system applying to migrants from the former French Community of Black Africa required job contracts and medical certification. As of 1962, only Algerians and French citizens from the Overseas Departments of Guyana, Guadeloupe, Martinque, and Réunion were completely exempt from all requirements, except for the valid identification card required of all foreign visitors.[98]

The second clause pertaining to Algerian workers in France guaranteed them "the same rights, with the exception of political rights, as French nationals."[99] This referred specifically to trade union activity, in which Algerian participation was, as of 1962, quite minimal. This condition was due partly to social factors contributing to the low rate of unionization among foreign workers in general, and partly to the particular political role of Algerian labor in the struggle for independence.

The low rate of unionization among foreign workers reflected their heavy concentration in unorganized industries, along with linguistic, educational and cultural obstacles to full participation in union activity. From the perspective of the unions themselves, there was a great deal of ideological variation both within and among them over the whole question of worker immigration. Consequently, outreach efforts were sporadic and were occasionally followed by periods of hostility toward immigrant workers. With respect to immigration policy, there is little evidence that the French labor movement had

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serious impact on government decisions following the departure of the Confédération Générale du Travail from the O.N.I. Administrative Council in February, 1948.[100]

After the outbreak of the 1954 revolution, the majority of Algerian workers in France who were union-affiliated joined one of three Algerian labor unions, where each identified with one of the nationalist fractions. At the time of the Evian agreements only one, the UGTA, linked with the victorious National Liberation Front enjoyed any significant following among Algerian workers. Its purposes, however, were uniquely political, and its legitimacy was not recognized under the Evian agreements.[101]

A noteworthy feature of the clause guaranteeing rights to Algerian workers was its inclusion as part of the Declaration of Economic and Financial Cooperation rather than as part of the Declaration of Guarantees applying to persons under which the clause relating to free circulation had been inserted. This may have been intended to underscore the extent to which Algerian worker migration was viewed, in the Evian negotiations, as part of a quid pro quo for Algerian cooperation with France in other economic fields, or, in other words, as part of the "package deal" of future French-Algerian cooperation. This interpretation is consistent with a view expressed by General de Gaulle immediately before the opening of the Evian negotiations in April, 1961, when he said:

> If the Algerian populations wish, definitively, to let themselves be led to a rupture with France . . . we would not create any opposition to this. Naturally, we would forthwith cease to sink our resources, our men, our money, into an enterprise which would be from then on be hopeless . . . . Conversely we would send back home those Algerians living in France who would cease to be French.[102]

Despite the concrete promises made by the French government in the text of the Evian agreements, the fate of Algeria's emigrant workers would continue to hinge on the future of French-Algerian relations, particularly in the critical sectors of trade and oil.

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NOTES

[1]Kolodziej, p. 448.

[2]La Politique de coopération avec les pays en voie de développement, Rapport de la Commission d'étude institutée par le décret du 12 mars 1963 remis au gouvernement le 18 juillet 1963 (Paris: La Documentation française, 1964).

[3]Andre Passeron, ed., de Gaulle Parle (Paris: Plon, 1962), p. 305.

[4]Ibid., p. 442.

[5]Kolodziej, p. 464.

[6]Annuaire de l'Afrique du Nord 1963 (Paris: Centre National de la Recherche Scientifique, 1964), p. 344.

[7]Declarations gouvernementales du 19 mars 1962 relatives a l'Algérie (here and throughout, unless otherwise noted: Evian). Preamble to the Declaration of Principles on Economic and Financial Cooperation, Année Politique, 1962 (Paris: Presses Universitaires de France), p. 637.

[8]Speech of March 26, 1962, Année Politique, 1962, p. 652.

[9]Evian, Declaration of Principles Relative to Economic and Financial Cooperation, Article 10.

[10]Torti, "Evian: la coopération 'amicale et fructueuse'", Revue politique et parlementaire, 65 (735), June, 1963, pp. 23-37.

[11]R. Riva-Roveda, Le Commerce Extérieur de l'Algérie, Ph.D. dissertation, Université de Strasbourg, 1972, p. 264.

[12]Ibid., p. 32.

[13]Ibid., p. 52

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[14]Charles K. Warner, The Winegrowers of France and the Government Since 1875, (New York: Columbia University Press, 1960), p. 15.

[15]Ibid., p. 31.

[16]Ibid., p. 81.

[17]Bernard Blanchet, ed., Code du Vin et textes viti-vinicoles français et communautaires, (Montpellier: édition de la "Journée Vinicole," 1970), p. 5.

[18]Warner, p. 82.

[19]Ibid., pp. 86-88.

[20]Gerard Blanc, "Les circuits de commercialisation du vin algérien en France," Revue Algérienne des Sciences Juridiques, Economiques, et Politiques, Vol. II, No. 1 (March, 1965), pp. 109-169.

[21]H. Isnard, "La viticulture nord-africaine," Annuaire de l'Afrique du Nord, 1965, pp. 37-48.

[22]Warner, p. 193.

[23]Riva-Roveda, p. 197.

[24]Ibid., p. 57.

[25]Ibid., p. 54.

[26]Ibid., p. 56.

[27]Paul Tavernier, "Aspects juridiques des relations économiques entre la CEE et l'Algérie," Revue trimestrielle de droit européen, Vol. VIII, No. 1 (January-March, 1972), pp. 1-35.

[28]Riva-Roveda, p. 58.

[29]Tavernier.

[30]Evian, Declaration of Principles Relative to Economic and Financial Cooperation, Article 4, Année Politique 1962, p. 638.

[31]Robert Buron, Carnets politiques de la guerre d'Algérie, (Paris: Plon, 1965), p. 193.

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[32]Evian, Declaration of Principles Relative to Economic and Financial Cooperation for the Valorization of the Resources of the Sahara, Articles 5 and 6, Année Politique 1962, p. 638.

[33]Evian, Declaration of Principles Relative to Economic and Financial Cooperation, Preamble, Année Politique, p. 639.

[34]Henri Madelin, Pétrole et Politique en Méditerranée Occidentale, (Paris: A. Colin, 1973), pp. 152-153.

[35]Ibid.

[36]Ordonnance 58-1111 and 58-1113 of November 22, 1958, Journal officiel de la Republique Française, (Here and throughout, unless otherwise noted: JORF), November 23, 1958 and décret 59-1334, November 22, 1959, JORF, November 23, 1959, summarized in Madjid Benchikh, Les Instruments juridiques de la Politique algérienne des hydrocarbures, (Paris: Librairie générale de droit et de jurisprudence, 1973), pp. 3-130.

[37]Ordonnance 58-1111, Article 41.

[38]Benchikh, p. 117.

[39]Madelin, p. 150; the low priority given to oil tax revenues was articulated in the Preamble to Ordonnance 58-1111, Benchikh, p. 99.

[40]Jean Choffel, "Le Problème pétrolier français," Notes et Etudes Documentaires, No. 4279, (April 12, 1976), pp. 4-6; Madelin, p. 195.

[41]Jean-Marie Chevalier, Le Nouvel enjeu pétrolier, (Paris: Calmann-Lévy, 1973), pp. 28-9; Madelin, pp. 108-109.

[42]Marcel Brogini, L'Exploitation des Hydrocarbures en Algérie de 1956 à 1971, Ph.D. dissertation, Université de Nice, 1973, p. 211; Benchikh, p. 104; Chevalier, p. 145.

[43]Rustow and Mugno, p. 7.

[44]Benchikh, pp. 100-101.

[45]Amin, L'Economie du Maghreb, p. 200.

[46]Ordonnance 58-1111, Article 33, cited in Benchikh, p. 107 and Brogini, p. 350.

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[47]"Pétrole et Gaz Sahariens depuis l'Indépendence de l"Algérie," Maghreb, No. 1 (January-February, 1964), pp. 450-460; LeMonde, July 30, 1965; Brogini, p. 66.

[48]"L'Accord pétrolier franco-algérien et le prix du pétrole saharien," Maghreb, No. 13 (January-February, 1966).

[49]Pétrole et Gaz Arabes, Vol. II, No. 32,(July 16, 1970), pp. 25-29.

[50]Ibid., p. 22.

[51]Union des Chambres syndicales de l' Industrie pétrolière, Rapport Annuel, 1962.

[52]Brogini, pp. 218-219.

[53]Ibid., p. 184.

[54]Ibid., p. 146.

[55]Francis de Baecque, "Perspectives d'avenir du Sahara," in Francis Perroux, ed., l'Algérie de Demain, (Paris: Presses Universitaires de France, 1962), pp. 137-155.

[56]Brogini, p. 26.

[57]Riva-Roveda, p. 32.

[58]El Moudjahid (Wartime editions, 1958-1961) especially Nos. 27, (July 22, 1958), No. 74, (December 15, 1960), and No. 79 (April 15, 1961) (Zarod: Beogradski graficki, 1962), cited in Brogini, pp. 247-250.

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[61]Evian, Declaration of Principles on Cooperation for the Valorization of the Natural Resources of the Sahara, Preamble, Article 2, Année Politique, 1962, p. 639.

[62]Ibid.

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[63]Ibid., Article 8, p. 640.

[64]Ibid., Article 10.

[65]Ibid., Title IV, p. 641.

[66](Paris: Juillard, 1958).

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[68]Pierre Bourdieu, The Algerians, (Boston: Beacon Press, 1962), Réné Gendarme, L'Economie de l'Algérie: Sous-développement et Politque de Croissance, (Paris: Plon, 1959); Charles-Robert Ageron, Histoire de l'Algérie contemporaine (1830-1954), (Paris: Presses universitaires de France, 1964); Germaine Tillion, Algeria: The Realities, Translated by Ronald Mathews, (New York: Knopf, 1958).

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[73]Ibid., p. 58

[74]Ibid, p. 59.

[75]Adler, p. 9

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[79]JORF, November 4, 1945, Tapinos, pp. 20-25.

[80]Tapinos, p. 31.

[81]Ibid., p. 29.

[82]Ibid., pp. 33-36.

[83]Adler, p. 9; Tapinos, p. 31.

[84]Ibid., p. 12; Xavier Leroy, "Pour une Veritable Politque de la Main d'Oeuvre Algérienne en Métropole," La Revue Administrative, No. 56, (March-April, 1957), pp. 139-145; Granotier, p. 197; Tapinos, p. 47.

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[88]Trebous, p. 90.

[89]No. 3057 (January 23, 1965), cited in Trebous, p. 205.

[90]G. Abraham-Fos, "Capital humain et migrations internationales," Revue d'économie politique, (March-April, 1964), cited in Trebous, pp. 202-303; "L'Emigration de la main-d'oeuvre nord-africaine," Maghreb, No. 3, (May-June, 1964), pp. 38-45.

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[91]Granotier, pp. 128-132.

[92]Trebous, p. 203.

[93]Granotier, p. 199.

[94]Michel Massenet, "Migration algérienne et promotion humaine," in Perroux, pp. 15-23.

[95]Ronsonvallon, pp. 254-254.

[96]Adler.

[97]Evian, Declaration of Guarantees, Article 2 provided that "all Algerians in possession of an identity card are free to circulate between Algeria and France," Année Politique, 1962, p. 634.

[98]Granotier, pp. 56-60.

[99]Evian, "Declaration of Principles Relative to Economic and Financial Cooperation, Title II, Article 7," Année Politique, 1962, p. 638.

[100]Tapinos, pp. 41-43; Leon Gani, Syndicats et travailleurs immigrés, (Paris: Editions Sociales, 1972), pp. 57-58.

[101]Gani, pp. 169-170.

[102]Press Conference, April 11, 1961, Le Monde, April 12, 1962.

II.

THE BEN BELLA YEARS: COOPERATION ON PROBATION

Less than three months after the publication and ratification of the Evian agreements, and approximately one month preceeding the date of Algerian independence, the National Council of the Algerian Revolution met at Tripoli, Libya and unanimously adopted a resolution which proclaimed that "the Evian accords constitute a neocolonial platform that France intends to utilize in order to establish a new form of domination."[1] Calling the French community in Algeria "inapt to play the main supporting role . . . in the policy of cooperation assigned to them by France . . . due to their colonial mentality and . . . racism", the Tripoli Program went on to call for an end to "privileges attached to the vested interests of colonization."[2]

Moreover, the success of Algeria's "neutralist direction" in international affairs was seen to depend directly on its "degree of economic independence." Since Algeria had, at independence, "a colonial economy, dominated by France and entirely in foreign hands," it would be imperative for the new government to "reestablish relations with all states on the basis of equality and the mutual respect of national sovereignty. . . and above all with France."[3]

The clear contradiction between the Evian agreements and the Tripoli Program has generally been explained in terms of the conflict between rival factions of the Algerian nationalist leadership, with a

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moderate group willing to make compromises with France for the sake of retaining French aid and cooperation, and a more radical group carrying "revolutionary socialism" to its logical conclusion, including a direct challenge to Algeria's continuing dependency on the former colonial power.[4] This interpretation is supported by the observation that the main authors of the Tripoli Program, including the five "historic chiefs" of the National Liberation Front, were imprisoned at the time that the Evian agreements were negotiated by representatives of the Provisional Government of the Algerian Republic.[5]

However, the outcome of the leadership struggle that took place both between and within factions of the Provisional Government and the National Liberation Front during the summer of 1962 was ambiguous with respect to the question of Algeria's future relationship with France. This situation was reflected in the vascillating directions taken by the Ben Bella regime in its relations with France--alternating between direct confrontation with regard to French property and amiable compromise, notably with respect to trade, labor and oil relations.

This ambivalence was summed up in the various statements made by Ben Bella and other Algerian leaders concerning the validity of the Evian agreements. Upon his release from prison on April 25, 1962, the future President of independent Algeria announced his support for the agreements and the need for their effective application by the Provisional Executive appointed by the French government in consultation with the G.P.R.A. This was reiterated following the proclamation of the Tripoli Program, when on the eve of Algerian independence on July 2, Ben Bella called for "the sincere application" of the Evian agreements and disavowed "all propaganda that implies that I do not approve of these accords."[7]

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However, in an interview granted to Canadian television in October, 1962, Ben Bella stated that "the Evian accords constitute a compromise, in certain respects, incompatible with the socialist perspectives of Algeria,"[8] and in a speech given on November 1, 1962, the eighth anniversary of the outbreak of the Algerian Revolution, he stated that the Evian agreements needed to be "adjusted to reality."[9]

A few days later, upon receiving the credentials of French Ambassador Jeanneney, Ben Bella insisted that Algeria "intends to respect . . . the Evian agreements," since "cooperation between France and Algeria is an overwhelming necessity that it would be vain to deny." But, he added, "this cooperation must adapt to Algerian realities and [must] not constitute a rigid yoke,"[10]

These nuances were, perhaps, best articulated in a speech given by Foreign Affairs Minister Khemisti to the Algerian National Assembly, also in November, 1962:

> At Evian, the destiny of our country was defined by agreements which could offer . . . us the liberty to choose our own political and social system . . . . Within the context of . . . the principles of the revolution, we agree to a full, complete and total cooperation with France . . . . In the course of our revolution, as adjustments become necessary, each time we will proceed with the readjustment of the Evian agreements through bilateral discussion . . . in good faith.[11]

The acute crises of the Ben Bella years reveal the extent to which both Algeria and France were willing to compromise in order to retain the spirit and content of cooperation as contained in the Evian agreements. When in March, 1962, the French government announced a forthcoming nuclear test explosion at the Sahara site of In Ekker, Khemisti's warning that "if the bomb explodes, [French-Algerian]

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cooperation will blow up"[12] was followed by a relatively mild protest by Ben Bella in an address to the Algerian National Assembly two days following the blast[13] (which took place on the first anniversary of the Evian agreements). Underground atomic tests continued to take place in Algeria during the latter part of 1963, while the Algerian government turned a deaf ear in exchange for continued French cooperation on other areas.[14]

Likewise, Algerian takeovers of all French agricultural property in 1962 and 1963, without offering the "equitable indemnification by prior agreement" called for in the Evian accords, was met with mild retaliatory measures, including a reduced (but still substantial) commitment to buy Algerian wine produced on the formerly French-owned lands. This can be contrasted with the French government's punitive response to Tunisian nationalizations in 1964 of approximately one-tenth the volume of the land confiscated in Algeria; these included the total suspension of financial aid, the cancellation of preferential trade agreements and the precipitous withdrawal of French technicians for a period of four years.[15]

The French Secretary of State for Algerian Affairs, Jean de Broglie, explained the government's policy toward Algeria to the French National Assembly in the following terms after the complete nationalization of all French land holdings was announced in October, 1963:

> In the present circumstances, French policy, above all pragmatic, attempts to firmly defend the fundamental interests of France without breaking the privileged relations which must, for many reasons, [continue to] unite the two states.[16]

This attitude was echoed by Algerian Economy Minister Boumaza who stated at a news conference on October 31, 1963 that French-Algerian

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"cooperation is more a marriage of reason than . . . of love,"[17] a marriage that both sides agreed to save, even if in the words of de Broglie it had "lost a certain human warmth and a part of its fullness."[18]

By mid-1964, this pragmatism had been translated into an extensive network of bilateral relationships corresponding to most of the major economic and social sectors covered in the Evian agreements. Widely regarded as a diplomatic success, the French-Algerian experiment in post-colonial cooperation was touted on both sides of the Mediterranean (but particularly on the French side) as "an example of the relations that could be established between an industrialized and an underdeveloped country."[19]

A closer look at his relationship as it manifested itself in the trade, labor and oil agreements signed by France and Algeria in this period, reveals that its immediate strength as well as its potential weakness, lay in the exclusivity of its bilateral nature, one that maintained Algeria's dependency on France by minimizing Algeria's contacts with other states belonging to both the Center and the Periphery of the international system.

The balance of this chapter will analyze the bilateral relationships that evolved from the Evian agreements during the Ben Bella years in the form of trade and labor agreements between France and Algeria. The oil cooperation agreement of 1965 will be the subject of the following chapter.

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The Maintenance of Privileged Trade Relations

The precipitate departure of one-half of the approximately one million French residents of Algeria during the O.A.S.-F.L.N. reign of terror during the spring and summer of 1962, provided the Ben Bella regime with a useful pretext for beginning the "liquidation of the economic bases of colonial agriculture" as promised in the Tripoli Program.[20] Given the distribution of land ownership at independence, agrarian reform could hardly be meaningful without seriously affecting French-owned lands: the average French landowner held sixty-two hectares of productive land to the average Muslim's five. Of the two most productive export crops, wine and citrus, 95 and 93 percent respectively were in colon hands. Only five percent of all tractors in Algeria belonged to Muslim farmers.[21] Moreover, the massive exodus of Europeans had brought the economy to a near standstill by the fall of 1962, as crops rotted in the fields and factories closed down for lack of personnel and orders.[22]

These conditions supplied the explanations used by the Algerian government to justify the spontaneous takeovers of "vacant properties" in the fall of 1962 and the official expropriations of March and October 1963, resulting in the confiscation of virtually all of the 2.7 million hectares of colon land in Algeria.[23] Although the takeovers violated the Evian guarantees against nationalization without indemnification by prior agreement, the Algerian government viewed these actions as legitimate responses to "war damages" committed by French troops and as compensation for the unpaid taxes owned to the government by colons

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who departed during the spring and summer of 1962.[24] Instead, the burden of compensating French repatriates fell to the French government, which allocated two billion francs in credits to dispossessed farmers in 1963 and 1964, a gesture which failed to satisfy the growing pied noir lobby.[25]

Despite Algerian violations of the Evian guarantees applying to the security and property of the French community in Algeria, the French government continued to respect the financial commitments taken on under the agreements. Fulfilling a pledge made by de Gaulle in early 1962, the French Treasury contributed over four billion francs to Algeria in the form of grants and loans during the period from July, 1962 through June, 1965, while Algeria alone accounted for thirty-seven percent of all French aid to developing countries.[26] In 1963 and 1964 French financial aid accounted for approximately 45 percent of Algerian budgetary resources, and together with aid from other sources (including the Soviet Union, Egypt, The Peoples' Republic of China, Kuwait, West Germany, Poland and Czechoslovakia), comprised three-fourths of Algeria's total financial resources during these two years.[27]

French financial aid to independent Algeria was chiefly responsible for maintaining the high volume of trade between the two countries even after the departure of nearly 900,000 Europeans between 1962 and 1965 had greatly reduced Algeria's purchasing power.

While the total volume of French-Algerian trade (imports and exports) stood at a record-high level of 6,024 million French francs in 1962, it declined to 5,552 million French francs in 1963, 5,455

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million French francs in 1964 and 5,336 million French francs in 1965 (tables 3-5). At the end of this period, France maintained its position as Algeria's leading supplier and client with 70.3 percent of all imports and 72.5 percent of exports, while Algeria's position slipped from third to sixth among France's trading partners.[28]

In addition to aid, French-Algerian trade was sustained by the fact that Algerian financial institutions remained heavily dependent on the Bank of France, a situation that was formally acknowledged by the financial convention of January 19, 1963, which provided Algeria with limited drawing rights on the Paris exchange market for the totality of its external transactions.[29] In this context, the establishment of the Central Bank of Algeria on December 31, 1962, with its headquarters in Paris was initially as symbolic a gesture as was designation of the "Dinar" as the Algerian national currency (at parity with the French franc) on April 10, 1964.[30]

These arrangements served not only to facilitate French-Algerian commerce at a relatively high level of turnover; they also permitted French capital to flow out of Algeria at an uncontrolled rate that was considered unacceptable by Algerian authorities. In the turbulent atmosphere immediately preceeding and following independence, capital flight reached massive proportions and was continuing at an alarming rate as of mid-1963.[31] In response to this situation, the Ben Bella government began to take several initiatives aimed at reducing Algeria's financial dependency on France. The first of these efforts, the imposition on July 12, 1963 of a requirement that foreign citizens departing either temporarily or definitively

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from Algeria furnish proof of having remitted income and property taxes, was denounced by the French government as a violation of the Evian guarantee of free movement of persons and was soon dropped by the Algerian government and replaced by a sworn statement of little value.[32] However, the second initiative, the institution of exchange controls and their extension on October 19, 1963 to include transactions within the franc zone posed a potential obstacle to capital transfers between Algeria and France as well as a threat to French-Algerian economic cooperation. The move was opposed by the French government on the grounds that the Evian agreements had guaranteed freedom of capital movement between Algeria and France. When the Algerians pointed to the Evian caveat—"subject to the needs of Algerian economic and social development"—the French objected that this condition applied only to circumstances involving an Algerian shortage of French currency, a situation which, theoretically, could not arise so long as Algeria continued to benefit from special drawing rights. When Algeria replied that these financial arrangements obscured serious balance-of-payments problems that could be alleviated only by instituting controls, the French government insisted that while Algeria may have been technically within its rights as a sovereign state, the imposition of exchange controls on French capital was "irreconciliable with the policy of cooperation." The polemic, however, pointed, did not obscure the fact that Algeria's application of these provisions was highly flexible with respect to transactions with France, and notably less so, in the direction of other countries.[33]

As in the case of financial ties, Algeria's commercial policy reflected the ambivalence of the Ben Bella regime towards the issue of

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bilateral economic cooperation with France. Ben Bella perceived Algeria's foreign trade relations in political terms and advocated trade diversification as a remedy for Algeria's dependency on France. For example, addressing the F.L.N. Congress in Algiers in April, 1964, Ben Bella stated that:

> All during the colonial period nearly everything that Algeria bought and sold came from or went to France. Independence acquired, the problem is for us to free ourselves from this tight economic subjugation which could rapidly become political.[34]

This statement echoed the Tripoli Program which had called for the "diversification" of Algeria's foreign trade, as well as for "the suppression of the preferential [trading] system between France and Algeria . . . as rapidly as possible."[35]

However, Ben Bella was also capable of justifying the maintenance of privileged trade relations as called for in the Evian agreements, to the extent that they appeared to serve Algeria's short-term interests, notably with respect to the export of wine and other agricultural commodities. For example, at the F.L.N. Congress in April, 1964, Ben Bella characterized the maintenance of trade preferences with France as "realistic and tolerable . . . the counterpart of an important financial aid and advantageous [export] outlets."[36]

Within this framework of perceived options French and Algerian negotiators met on a yearly basis to determine the structure of French-Algerian trade. The first set of negotiations took place between October 13 and November 28, 1962 for the explicit purpose of outlining the "privileged" system of bilateral trade called for in the Evian agreements. In place of the formal customs union that had facilitated French-Algerian exchanges during the colonial period, and in recognition

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of Algeria's customs sovereignty, a free-trade zone was provisionally maintained for one year during which France and Algeria would continue to apply neither tariffs nor quotas to each other's products. The main controversial issue was seen not in terms of access to markets, but rather in terms of price, considering the gap between French and world market prices for the major agricultural commodities--wine, sugar and dairy products--exchanged by the two countries. With French prices higher than world market prices for all three products, Algeria naturally wished to continue selling its wine at French prices while buying sugar and dairy products at world levels. Additionally, the Algerians wished to reduce their import commitments in proportion to the decline in demand for certain products such as butter, accompanying the departure of the Europeans. The French government, concerned over the maintenance of the Algerian market, was forthcoming in each case: Algerian wine would continue to sell at domestic French prices, which were particularly favorable due to its strong body and high alcoholic content, while a progressive alignment of French domestic and world prices for sugar and dairy products sold to Algeria would take place over a three-year period. In addition, it was agreed that Algeria would buy in 1963 only half the quantity of butter imported from France in 1962, and one-sixth less sugar.[37]

The second round of French-Algerian trade negotiations took place between November 12 and December 10, 1963[38] and resulted in an agreement signed on January 18, 1964 relating to the application of Algeria's new customs tariff as well as a five-year agreement on the quantity of Algerian wine that France would import. While the wine agreement

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will be discussed in detail below, the customs tariff, adopted on October 28, 1963[39] was explicitly designed to favor French products on the Algerian market, by reserving a special column with duties averaging fifty percent less than the "common law" tariff applied to the products of other countries, and twenty-five percent less than the tariffs levied on goods from other members of the European Common Market. In addition, Algeria agreed to reserve 65 percent of its market on contingented--mostly luxury--goods to French products. This tariff schedule was "extremely satisfactory for French interests," according to Secretary of State for Algerian Affairs de Broglie in assuring for French products "sensible tariff preferences and a preponderant place in the contingented sector."[40] In return, France agreed to maintain duty-free entry for Algerian products and applied quotas only to Algerian wine, semolina and tobacco. An agreement negotiated in November and December, 1964, regulated French-Algerian trade through the end of 1965 by means of an informal understanding under which Algeria agreed to coordinate its agricultural exports with conditions on the French market, a practice already followed in the case of wine. It was further agreed that Algeria would reduce the French contingent from 65 to 60 percent. In the meantime, the sharp rise in the world price of sugar between 1962 and 1964 made French domestic prices the preferred bargain for Algeria in 1965. A French decree of March 26, 1965 maintained for an indefinite period duty and quota-free treatment for Algerian products.[41]

Beyond these general considerations, however, it was wine that determined the overall structure of French-Algerian trade during the

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three-year period following Algerian independence. As summarized in Chapter I, there was a long history of opposition to imports of Algerian wine on the part of French winegrowers, largely in the departments of the Midi and Languedoc, which produced wines of similar quality and thus viewed Algerian wine as an intrusion on the domestic market in years when production and stocks exceeded demand. However, through the efforts of the Algerian colon lobby as well as the merchants, truckers, dockworkers and other middlemen who made a living from the sale of Algerian wine in France, the influence of the Midi was successfully neutralized and Algerian wine maintained free access to the French market at highly favorable French domestic prices.

With independence, a new political factor entered the wine equation and with the record French wine harvest of 1962 soon brought matters to a head, leading to a series of unilateral and bilateral decisions, culminating in a five-year agreement between France and Algeria signed on January 18, 1964.

The massive expropriation of French-owned lands, as of October, 1963, effectively transformed the Algerian wine lobby into a group of repatriated colons, seeking compensation if not retribution for their losses. Their cause was taken up immediately by the General Confederation of Winegrowers of the Midi (GCWM) who as early as September 3, 1962 declared that "the evolution of the Algerian problem has completely modified the wine situation--for which solutions in effect up to now are no longer relevant."[42] Algerian wine, it was argued should no longer be regarded as French wine produced overseas, but rather as a foreign wine to be imported in limited quantities commensurate with the

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real demand for it on the domestic market, and subject to the same tariffs as other foreign wines.[43]

From the point of view of the Federation of French Wine Associations (FAVF), the case against Algerian wine was clearly justified by the low cost of producing a marketable blend consisting of Algerian wine purchased on the wholesale market for a price of 5.70 F per hectoliter and the lower grade wines from central France which could be bought for as little as 3.50 F at 1963 prices. This served to displace Midi wines selling wholesale for 5.70 F from that proportion of the domestic production that was eligible for price supports (85 percent under legislation passed in 1959), as well as to lower the retail price of the wine selling on the protected market.[44]

On the other hand, the chronic French deficit in "medicinal" wines of high alcholic content (11° or more) created a constant demand for Algerian wine on the part of both consumers as well as winegrowers and merchants who depended on its characteristics to improve the palatability of the "greener" wines produced in central and southwestern France and marketed primarily in the north. This was the position consistently taken by the National Confederation of Wines and Spirits (CNVS), representing the majority of retail merchants and expressed most congently at the 76th National Congress, held in Paris from May 28 to May 30, 1963.[45] Their claims concerning the strong demand for Algerian wine were lent credence by the extraordinarily high wholesale prices paid for Algerian wine during periods when, through government intervention, its supply was limited for the sake of appeasing southern winegrowers.[46]

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These conflicting interests were further complicated by divisions among the Ministries of Agriculture, Finance and the Secretary of State for Algerian Affairs over the appropriate response to the loss of the Algerian vineyard. While Agriculture Minister Pisani was responsive to the Midi, meeting regularly with FAVF leaders before announcing decisions affecting the domestic wine market, he frequently espoused the views of the CNVS regarding the qualitative need for Algerian wine for purposes of blending.[47] He also occasionally supported Secretary de Broglie's contention that French wine imports from Algeria were crucial to the maintenance of the Algerian market for French dairy and sugarbeet producers and to the success of French-Algerian cooperation as a whole.[48] He therefore advocated the classic measures of government intervention such as temporary blockage, stockage and distillation, rather than import restrictions, for the purpose of protecting wine prices during periods of overproduction. These methods, all involving additional costs to the French Treasury, were consistently opposed by Finance Minister Giscard d'Estaing, who was more sympathetic to the demands of the Midi (as well as to the repatriate community) for a sharp reduction in wine imports from Algeria.[49]

Against this mosaic of domestic interests, together with its Evian commitment to provide Algeria with outlets for its surplus agricultural products, the French government applied an <u>ad hoc</u> policy to Algerian wine from July, 1962 to December, 1963, with unsatisfactory results from both domestic and international points of view.

The problem emerged in the wake of the spectacular harvest of 1962, when French vineyards produced 73,480,000 hls. of wine, the

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most since the record harvest of 1934.[50] This, added to 28 million hls. of unsold wine from the 1961 harvest still available as of August 31, 1962, placed the domestic market, and particularly the Midi winegrowers, in an extremely precarious position for the 1962-1963 season. This was complicated by the fact that Algeria's production of approximately 11 million hectoliters was made increasingly exportable by the departure of nearly one-half of the European population in the summer and fall of 1962.

On November 26, 1962, as the full extent of the French wine harvest became known, the French Minister of Agriculture addressed a letter to the Algerian Minister of Finance, indicating that "France will buy all of Algeria's available wine during the current [1962-1963 season], it being understood that only necessary quantities will be sold on the market."[51] This implied that while Algeria would have an assured outlet for its 1962 production, prices would vary according to the extent to which the French government might resort to various forms of intervention on the domestic market, including the stockage and distillation of Algerian wine, at prices far below what the market would pay. Amid rising protests on the part of the CGVM and its parent organization the FAVF, the Ministry of Agriculture authorized the importation of 10 million hectoliters, with 80 percent at domestic prices, through April 1, 1963 blocking the final two million hls. for fear of sabotage along the route from Marseilles to the West as threatened by Midi winegrowers.[52] On June 21, the government announced the "suspension" of further imports of Algerian wine for the balance of the 1962-63 season (ending on August 31), while releasing the final two

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million hectoliters, leaving Algeria with approximately one million hectoliters of unsold wine, in retribution for takeovers of French vineyards authorized by the Algerian government in March and April. In addition, French wholesalers were required to buy equal amounts of French and Algerian wine for purposes of blending.[53] However, by August 31, the close of the 1962-1963 season, it had become evident that price supports were necessary as the real selling price for Midi table wines fell several centimes below the government's floor price of 5.10 francs per hectoliter for wines of 9-11°.[54] After a heated debate in the Council of Ministers, Pisani won approval for measures including the distillation of two million hectoliters of low grade wines (below 8.5°) at a cost to the Treasury of 20 million francs, in exchange for a long-term commitment to rationalize French viticulture so as to make imports from Algeria unnecessary in the future.[55]

Although these measures won the support of the FAVF, they failed to satisfy the Midi, where wine stocks, as of August 31, 1963 were double what they had been on the same date the year before.[56] Midi winegrowers thus continued to protest against imports of Algerian wine, even as estimates of the French harvest dropped to 55 million hectoliters for the fall of 1963. As a minimum, the GCVM demanded that the Ministry of Agriculture postpone all imports of Algerian wine until after January 1, 1964, when French winegrowers could estimate demand.

On August 21, 1963, Pisani acceded to this demand and following the final round of Algerian land takeovers, announced on October 1, 1967 a reduction in imports of Algerian wine to a maximum of 9 million hectoliters during the 1962-1963 season.[57] He also

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agreed to respect the principle of "complementarity" long advocated by Midi winegrowers for purposes of authorizing the import as well as the marketing of Algerian wine.

These decisions led the Algerian government to request negotiations in the fall of 1963, to determine the quantities and conditions under which it could expect to export its wines to France not only for the coming season but for the next few years during which viticulture would continue to provide a substantial proportion of its export income and domestic productivity. At the same time, the French government, eager to obtain some form of even token compensation in order to placate dispossessed repatriates, as well as assurances on the future of its exports, (not to mention oil interests), agreed to negotiate a long-term agreement on the status of Algerian wine.

The agreement, published on January 18, 1964,[58] accorded with the French government's professed policy of progressively reducing its imports of Algerian wine, while at the same time, assuring Algeria an outlet for the substantial majority of its declining production, to be the object of gradual policy of reconversion. France agreed to import 8,760,000 hls. of Algerian wine during the current 1964-1965 season, reducing its purchases by 500,000 hls. per season (with the exception of the 1965-1966 to 1966-1967 interval when imports would be reduced by only 260,000) to reach a quantity of 7 million hls. for the 1967-1968 season. Respecting the policy of "complementarity", these commitments would apply only to wines of 11° or more, with all other purchases to be taxed at one-half the tariffs then applicable to foreign wines, which, at twenty francs per hectoliter, would effectively exclude all surplus Algerian wine from the French market. Of the

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wine imported under quotas, 75 percent (as opposed to 80 percent of French domestic production) would benefit from price supports assuring Algeria the equivalent of domestic French prices.

While Algerian Economy Minister Boumaza expressed mild "satisfaction" over the five-year commitment obtained for a substantial quantity of Algeria's production, there remained the question of prices to apply to Algerian wine for the 1963-1964 season. France's official policy as announced by Pisani in the wake of the October land takeovers was that France would pay no more than 5.70 francs per hectoliter for Algerian wine, regardless of its quality. This concurred with efforts to stabilize retail prices which had begun to rise precipitously due to France's poor harvest and the temporary blockage of Algerian wines from the French market. The Algerians protested that this price was too low considering that wines of 12 and 13 degrees alcohol were selling at a premium, with the result that the Minister of Agriculture agreed to free Algerian wine of 13 degrees or more from price limitations.

These agreements, which remained in effect and worked smoothly through 1965, diminished the privileged status that Algerian wine had held on the French market since colonial times. While the terms remained favorable from a financial point of view, and would continue to be so as long as France remained deficient in strongly alcoholic wines, the new quotas would leave Algeria with a yearly surplus of between three and five million hectoliters per year, less than half of which could be economically distilled. The rest could be exported to other Common Market or Eastern European countries but at no more

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than half the prices paid for it on the French market. The alternative, reconversion of the vineyards from wine to food or other cash crops, would be a lengthly and expensive process, considering the cash value of wine as compared to other agricultural products and the high number of jobs generated by the labor-intensive nature of its cultivation.[60]

The limited trade diversification that Algeria was able to achieve during the Ben Bella years took place largely as a result of Soviet initiatives, including a 500 million-franc credit extended in 1963 for the purchase of agricultural machinery in exchange for which the U.S.S.R. agreed to import Algerian citrus products which were meeting increasing competition on the French market, due to the French government's decision to eliminate quotas for oranges from Spain and Israel.[61]

At the same time, Algeria's trade relations with the E.E.C. failed to develop, despite the perpetuation of the provisions inherited from its former colonial status. While Algeria's trade with the Six had accounted for 94.4 percent of its exports and 80 percent of its imports in 1962, these figures declined to 83.1 percent and 76.1 percent respectively by 1966.[62] In the meantime, Algeria's legal status with respect to the E.E.C. remained ambiguous. The issue was first publically raised by a French Deputy from the Midi, M. Vals, who in a letter to the E.E.C. Council of Ministers dated August 30, 1962, requested clarification of Algeria's status with respect to Article 227 of the Treaty of Rome. The Council responded on October 26 that it was aware of the legal issue and would undertake a study of the situation. A second letter from M. Vals, addressed to the E.E.C. Commission and dated November 29, 1962, raised the question specifically with respect to French imports of Algerian wine, and asked whether, under the Treaty

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of Rome, Algeria would have to be considered a "third country" vis-a-vis France and the Community. The Commission responded with a noncommittal reply on December 21, saying only that the issue required discussion between Algeria and the Community but that no such contact had taken place.[63]

This exchange may have inspired the letter of December 24, 1962 from Ben Bella to the President of the E.E.C. Council of Ministers reportedly requesting the provisional maintenance of the privileges accorded to Algeria under the Treaty of Rome, and in particular those following from Article 227. The Council agreed to the Ben Bella request on January 24, 1963, pending the negotiation of Algeria's future relations with the E.E.C., but setting no deadline for the talks to begin.[64]

In early 1963, both Morocco and Tunisia announced their readiness to begin serious negotiations with the Six with a view toward concluding some sort of preliminary association agreement that would offer their products a competitive edge in the face of increasing competition from outside the Community as well as from intra-community preferences, in the form of the Common Agricultural Policy (CAP).[65] While Algeria had an immediate inclination to identify its interest with those of its North African neighbors, all exporters of the same Mediterranean products--mainly, wine, citrus and olive oil--ideological as well as economic considerations led the Ben Bella government to denounce the proposed association agreement as a "neocolonial arrangement"[66] and to back off from tripartite negotiations tentatively scheduled for later that year. Since they were both independent at the date of application of the Treaty of Rome, neither Morocco nor Tunisia benefited from

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the provisions of Article 227 and were thus at a competitive disadvantage with respect to those Mediterranean countries--including Greece, Turkey and Israel--that had already established trade and/or association agreements with the Common Market. Algeria, on the other hand, had less of an interest in such an association agreement, so long as it continued to benefit from the provisions of Article 227. Furthermore, the border war between Algeria and Morocco in the fall of 1963, put a damper on the ideal of "Maghreb unity" as well as intra-Maghreb cooperation in the E.E.C. negotiations.

The second official contact between the Algerian government and the E.E.C. took place on July 1, 1963, when a delegation consisting of Deputy Director of the Plan Khodja and Director of the Ministry of Finance Ben Hamza paid a visit to the Brussels Commission bearing a letter from Ben Bella, outlining Algeria's future tariff policy including favorable provisions that would apply to E.E.C. exports (duties mid-way between those applying to France and "common law") and requesting that the Commission reciprocate by maintaining Algeria's provisional status under Article 227. As neither the Commission nor the Algerians had a mandate to negotiate with the other, no decisions followed from this <u>démarche</u>, as Algeria continued to benefit from intra-community preferences including the tariff reductions that went into effect on July 1.[67] On October 28, 1963, Algeria's first customs code was published including the anticipated column reserved to E.E.C. countries (with the exception of France) "pending the definition of trade relations between Algeria and the European Economic Community."[68]

The application of tariffs by the Algerian government did not sit well with several members of the Community including Holland,

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Germany and Italy, which began to question the legitimacy of Algeria's provisional status under Article 227 as well as the special relationship maintained between Algeria and France. The latter consideration became an issue when the French government cited Britain's exclusive ties with the Commonwealth countries as one reason for insisting on its continued exclusion from the Common Market.

These dissatisfactions, combined with Algeria's isolation from the Moroccan and Tunisian-E.E.C. negotiations, led the Algerian government to request on December 18, 1963, the opening of talks with the Brussels Commission during the forthcoming year. (Tunisia had made a similar request on October 8 and Morocco on December 14.)[69] This was followed on January 8, 1964 by a request for diplomatic relations, which was subsequently followed by the accreditation of Boualem Bessaih as Algeria's first Ambassador to the E.E.C. "Exploratory" talks were held towards the end of February, 1964, at which time Algeria was offered but refused, the prospect of formal association with the Community on the model then being pursued with Morocco and Tunisia.[70]

At about the same time, the Italian government began demanding intra-community preferences for its Mediterranean products as protection against the prospect of North African association as well as Algeria's privileged status. This led the Algerian government to reiterate its interest in reaching some sort of accommodation with the E.E.C. In an interview published on March 3, 1964, Ambassador Bessaih asserted that "Algeria constitutes a serious partner for the E.E.C. by virtue of its infrastructure, resources, geography and human potential", while acknowledging that "the E.E.C. [is] a natural market for Algerian products."[71]

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These affirmations failed, however, to appease the Dutch government, which in May, 1964 threatened to unilaterally abrogate Algeria's privileges under Article 227, a move that was forestalled only through French intervention on Algeria's behalf.[72] The Netherlands was joined by Italy in an effort to block the execution of projects to be financed under the Fund for Economic Development, and largely planned before Algerian independence. Under French pressure, nine were approved for completion on September 30, although the Community was under no legal obligation to do so since the original funding had already expired and had not, in any case, been authorized for an independent Algeria.[73] Algeria's offer on May 14 to join in the Maghreb talks was cooly received due to the relatively advanced status of the latter and Algeria's singular insistence on reaching agreements on workers as well as financial and technical aid.

By October, 1964, it had become apparent to some members of the Commission that Algeria was stalling, hoping to secure additional commitments from France so as to strengthen its bargaining position with the rest of the Community.[74] With a further round of intra-community tariff cuts scheduled for January 1, 1965, the Commission again requested talks with Algeria for the purpose of resolving its status. The Algerians agreed, pending the completion of bilateral negotiations with Paris, in the meantime, resuming contacts with Moroccan and Tunisian parties to the talks then underway between these governments and the Commission. In November, Algerian Agriculture Minister Mahsas conferred on separate occasions with Moroccan Minister of the Economy Cherkaoui and Tunisian Secretary of State for Planning Ahmed Ben Salah.

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On December 20, 1964, ten days after the conclusion of French-Algerian negotiations leading to the bilateral agreement of January 18, 1964, Algerian representatives, including Director of Economic Affairs at the Ministry of Foreign Affairs, Yaker, and Ambassador Bessaih, reached agreement with the Commission on the outlines of a future trade agreement to be negotiated on the Moroccan and Tunisian models of a "modified free trade zone" and to be supplemented at a later date by discussions on future cooperation in the fields of labor and technical aid.[75] On February 24, 1965 the Commission reported to the Council on the status of the exploratory talks and requested a mandate to negotiate a trade agreement with Algeria.[76] However, Dutch, German and Italian objections delayed the Council from agreeing on the terms of Algeria's future commercial status and by June, the French boycott of Community institutions over the issue of financing the Common Agricultural Policy left the Algerian question once again in suspense.[77]

From Free Circulation to Controlled Migration

The Evian guarantee of free movement between Algeria and France, was generally observed by the two governments until the accord of April 10, 1964, under which, by mutual agreement, certain restrictions were placed on worker migration from Algeria to France.

While initially, the proclamation of Algerian independence had a euphoric effect on the 200,000 Algerian workers then in France, resulting in the repatriation of nearly 30,000 between April and September, 1962, hopes for massive new employment opportunities were soon dashed as the Algerian economy plunged into a severe recession

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reflecting the social and economic dislocations caused by the war of independence and its immediate aftermath. The movement of the spring and summer of 1962 was thus reversed in the fall and by the end of the year the net influx of Algerians to France was 18,272 more than for the year 1961.[78]

With unemployment in Algeria estimated at 67 percent of the active male population at the end of 1962[79] and the French job market deficient in unskilled manpower, the economic "push" and "pull" factors that had characterized French-Algerian labor relations during the colonial period continued to operate through 1963 when a near-record 48,962 Algerians migrated to France.

The Algerian population in France, never popular with the French public during the colonial period, bore the impact of the troubled relations between the two countries that followed from the expropriation of the colons in 1962 and 1963. Increasing reports of criminality as well as a high rate of absenteeism and chronic illness among Algerian workers were the subjects of a right-wing press campaign in 1963 against the principle of free circulation as applied to immigrant workers in general and to Algerians in particular.

The publicity given to phenomenon of massive migration from Algeria to France, along with the attendant social tensions, began to be viewed with embarrassment from Algiers, to the extent that these reports adversely affected the reputation of Algeria's proudly proclaimed experiment in worker "self-management", the cornerstone of its "socialist revolution." Another cause for alarm was the continuing loss to the Algerian economy of skilled workers, attracted to the higher wages and benefits available in France.[80]

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Under these circumstances, French and Algerian representatives began as early as December, 1962, to speak of the need to "limit" (in the words of French Labor Minister Grandval) or "control" (the term preferred by Algerian Labor Minister Boumaza) the migration of Algerian workers to France. A meeting in Paris between Boumaza and Grandval on December 18, 1962, followed by a visit to Algeria by Gilbert de Chambrun, head of Service of Administrative Conventions of the French Foreign Ministry on January 22, 1962, came to no resolution of the problem, both sides preferring to maintain the initiative on their respective sides of the Mediterranean.[81]

The second official contact between France and Algeria on the labor issue took place in early June, 1963, when Boumaza, stopped in Paris <u>en route</u> to Geneva to represent Algeria on the occasion of its formal admission to the International Labor Organization. Some progress was made in talks with Grandval and de Broglie, at the conclusion of which Boumaza accepted the principle of French medical controls on Algerian immigrants while insisting on French aid for the establishment of job training centers in Algeria for the purpose of improving the qualifications of Algerian workers.[82]

In the meantime, the Algerian government had taken the first initiative in regulating worker emigration: a decree of May 23, 1963, required candidates to register with the National Manpower Office (ONAMO) at least one month before embarking abroad, and upon their departure, to present a certificate attesting to their inability to find work in Algeria during that interval. The decree also advised workers to find jobs and housing overseas before calling upon their families to join

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them. With this, the Algerian government attempted to discourage the exodus of skilled workers that was severely compromising the development of an indigenous modern industrial sector; however, the mass forgery of ONAMO documents soon rendered the new procedures ineffective.[83]

During the fall of 1963 the French government began systematically applying medical controls to Algerians disembarking at the port of Marseilles, resulting in the repatriation of those immigrants judged medically unfit, and amounting to between 10 and 15 percent of the total.[84] An unprecedented rate of immigration amounting to 52,798 Algerians during the first three months of 1964 (as compared with 20,000 for the same period in 1963 and 49,950 for all of 1963)[85] led the French government to institute police as well as medical surveillance at both ports and airports in early 1964.

On January 23, 1962, the newly-appointed Algerian Minister of Social Affairs, Dr. Mohammed Seghrir Neckkache visited Paris for "exploratory talks" on a future labor agreement. Threatened with the prospect of forced repatriations, Neckkache nevertheless rejected a French offer to establish a medical mission in Algeria and insisted on an equal role for Algeria in controlling the rate and quality of migration.[86] Negotiations resumed in late March and resulted in an agreement in the form of an unpublished protocol, the details of which were released to the press on April 10, 1964.[87]

The protocol set the first official limits on the principle of free circulation by providing for a procedure by which the French Minister of Labor would inform his Algerian counterpart of the needs of the French job market for a three-month period, on the basis of which Algeria would issue an equivalent number of validated ONAMO certificates.

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In addition, the protocol reiterated the principle, previously established although not enforced by the Algerian government, that family migration would require proof of the prior establishment of a residence in France by the head of the family or some other relation. A compromise was reached on the issue of medical controls with Algeria agreeing to the assignment of French medical technicians to examination centers located in Algeria and under the administration of Algerian doctors.

Although both French and Algerian spokesmen insisted that the April 10 agreement did not contradict the Evian provision respecting the free circulation of persons, the immediate effect of the protocol was to severely constrict the access of Algerian workers to the French labor market. While a record number (30,000) Algerians immigrated to France in March, 1963 (their number swelled perhaps by the expectation of a restrictive agreement), the figure for the months of May, June and July, 1964 was a negative 4,590[88] and a positive 32,646 for the year 1964 as compared with 43,064 in 1963.

In the fall of 1964 Algerian workers had begun to take increasing advantage of a loophole in the protocol: the lack of restrictions applying to Algerians entering French territory as "tourists". Under laws then applying to foreign nationals in general, a "tourist" in France could be required to present a return ticket and the equivalent of 200 francs in cash, for lack of which he could be deported. A common practice among Algerians was to cash-in the return ticket and send the money thereby obtained back to a needy companion. With the arrival of increasing numbers of such "tourists" following the normal summer season, the French Ministry of the Interior, increased the cash requirement to 500 francs as of October 13, 1964.[89] Along with the administrative problems

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encountered by the Algerian Manpower Office in its efforts to become a major vehicle for labor recruitment (only 4,000 candidates were designated in response to French requests in 1964) these tightened provisions reduced net Algerian migration to a negative 11,745 workers in 1965 and the total number of Algerian workers from 240,562 on June 30, 1964 to 227,729 on June 30, 1965.[90] (See Table 13)

The enactment and implementation of these restrictive provisions were justified by the French government as a necessary response to recessionary conditions resulting from the anti-inflationary measures adopted on September 12, 1963 and reflected in the budgets of 1964 and 1965,[91] together with the additional manpower made available by the repatriation of the colons. These justifications were, however, open to question inasmuch as it could argued that the influx of colons, few of whom competed for the menial-level jobs held by North Africans, actually stimulated the creation of jobs in the construction industry, due to their demand for new housing.[92]

Furthermore, an overview of French immigration figures during the period from 1962 through 1965, suggests that, rather than discouraging labor immigration, French policy was aimed at diversifying sources of recruitment, at the expense of Algeria. While this was not a new policy, having been initially articulated shortly after the Second World War, the success of the National Immigration Office as a mechanism of organized labor recruitment from foreign countries (with a competence excluding only Algeria) was a new factor in French immigration policy.

For the period from 1962 through 1965 net immigration to France from abroad totaled 718,000 workers, including 324,000 repatriates, 283,000 foreigners recruited by the O.N.I., and 112,564 Algerians.[93] In contrast, during the period from 1956 to 1961 approximately an equal number of Algerian and O.N.I. workers (432,000 of the former and 430,000 of the latter) entered French territory.[94]

The sharp increase in the proportion of workers recruited by the O.N.I. was attributable largely to the continuing importance of immigration from Spain and the emergence of Portugal and Morocco as significant exporters of labor. While Spanish workers comprised 44 percent of all manpower recruited by the O.N.I. between 1962 and 1965, their proportion dropped steadily from 57 percent in 1962 to 31 percent in 1965. The unprecedented development of Portuguese immigration, from 11.5 percent of O.N.I. workers recruited in 1962 to 31 percent in 1965 was largely a consequence of the series of restrictions imposed on Portuguese workers by Brazil between 1960 and 1964, affecting particularly the unskilled[95] and of the agreement signed between France and Portugal on December 31, 1963 for the purpose of encouraging and regulating the migration of workers to France.[96] Finally, the extension of the O.N.I.'s domain to include Morocco, under an agreement reached between the French and Moroccan governments on June 1, 1963 resulted in Moroccan workers comprising 12.5 percent of the total number of O.N.I. recruitees for the period from 1962 through 1966,[97] statistically displacing Italy whose contribution to the O.N.I. declined from 19 percent in 1962 to 12 percent in 1965, due to new opportunities made available by the industrial development of the Italian north as well as the attractions of the West German labor market.

As compared with other immigrant groups, the increase in the number of Algerians in France (workers and families), which amounted to

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20 percent between 1962 and 1964, hardly justified the restrictive measures applied singularly to them. During this same two-year period the number of Portuguese increased by 122 percent, Moroccans by 56 percent, Tunisians by 35.7 percent, and Spaniards by 30 percent,[98] while the agreements passed between France and these latter countries seemed aimed at increasing their respective contributions. French policy toward the issue of Algerian labor must therefore be seen within the broader context of French-Algerian political and economic relations during the Ben Bella years, particularly with respect to the bitterness engendered by the uncompensated expropriation of the colon population.

Despite their reduced presence as a proportion of the active French population, and the controls placed on their access to the French job market by the 1964 agreement, Algerian workers still inhabited a privileged position relative to other immigrant groups, with respect to their legal status as temporary residents of France. For purposes of residence the distinctions that applied to Algerians as opposed to foreigners before Algerian independence still prevailed: Algerians alone required neither a visa nor residence certificate to justify their presence in France. The changes that did take place in the relative legal status of Algerian workers were the product of agreements by France with Tunisia, Morocco, Senegal, Mali, Mauritania and the Overseas Departments with the effect of aligning the status of workers from these countries and territories somewhat closer to the Algerian model.

The analogous labor agreements concluded by France with independent Morocco and Tunisia on June 1 and August 9, 1963, respectively, replaced a procedure under which workers from these countries were treated as foreign

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nationals, the only notable difference being the very active role played by the French consular offices in the fulfillment of specific contracts offered by French employers. Under the 1963 agreements, O.N.I. missions were established in Tunis and Casablanca for the purpose of recruitment, although still on the basis of contract, usually limited to a one-year duration, renewable, and including a medical examination and selection on the basis of professional skills. The agreements also simplified the procedures by which Moroccan and Tunisian workers could obtain the residence certificates and working papers that were still required of them after their migration in France. With respect to economic rights these agreements incorporated the dispositions of the convention adopted by the International Labor Organization and ratified by the French government in 1959 guaranteeing foreign workers equal treatment with nationals with respect to salaries, unemployment, health benefits and trade union rights (with the exception of office-holding)--a series of provisions that tended to reduce the differences heretofore enjoyed by various categories of foreign workers.[99]

The agreements made by France with three of its former colonies in Black Africa--Mali, March 8, 1963; Mauritania, July 15, 1963; and Senegal on March 15, 1964--replaced the multilateral agreement of June 22, 1960 applying to the entire French Community and including neither controls nor restrictions on immigration, employment or residence for workers from these territories.[100] Under the new set of agreements, nationals of these countries retained the privilege of free movement and remained free of the necessity to obtain working papers and residence certificates upon arrival in France. They were, however, required to

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obtain a job contract and to submit to a medical examination before their departure from country of origin.[101]

With respect to social benefits, Algerian workers, with families in Algeria, while still at a disadvantage in comparison with their French counterparts who received family allowances in proportion to the higher costs of living in France, were far better off than their counterparts from other foreign countries, including Morocco and Tunisia, who were not eligible for such benefits at all. The Algerians' unique status in this regard was, however, somewhat attenuated by the French decision of May 13, 1964, extending benefits equal to those of the metropole to the Overseas Departments and by the social security agreements with Senegal (March 5, 1965), Mali (March 11, 1965), and Mauritania (July 22, 1965) which aligned these countries on the Algerian model.[102]

Thus from a legal and social perspective, Algerian workers retained their colonial status as a "privileged proletariat" among the various categories of foreign workers in France as of 1965. Considering the strains that affected French-Algerian relations in other sectors during this period, the particular position occupied by Algerian workers must be seen as the counterpart of the continuing advantages that accrued to France from its exclusive bilateral relations with Algeria, including, in particular, the Saharan oil industry.

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NOTES

[1] Annuaire de l'Afrique du Nord, 1962, pp. 686-704.

[2] Ibid.

[3] Ibid.

[4] Kolodziej, p. 468.

[5] William B. Quandt points out that the Evian agreements were approved "overwhelmingly by the 'historic chiefs'," leaving Boumedienne one of the few dissidents. Revolution and Political Leadership, Algeria 1954-1968, (Cambridge: M.I.T. Press, 1969).

[6] Année Politique, 1962, p. 276.

[7] Le Monde, July, 1962.

[8] Annuaire de l'Afrique du Nord, 1963, p. 349.

[9] Le Monde, November 2, 1962.

[10] Année Politique, 1962, p. 237.

[11] Cited in Smail, Mahroug, "Les problèmes de développement économique de l'Algérie et les formes de la coopération franco-algérienne," Confluent (Rabat), No. 37, January, 1964, pp. 22-39.

[12] Année Politique, 1962, p. 331.

[13] Ibid.

[14] Année Politique, 1963, p. 205.

[15] Kolodziej, pp. 482-483.

[16] Le Monde, October 18, 1963.

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[17]Ibid., November 2, 1963.

[18]l'Observateur du Moyen-Orient, December 6, 1963.

[19]Kolodziej, p. 464.

[20]Annuaire de l'Afrique du Nord, 1962, p. 693.

[21]Arslan Humbaraci, Algeria: A Revolution that Failed, (New York: Praeger, 1966), p. 83.

[22]Année Politique, 1962, p. 308.

[23]On October 1, 1962, Ben Bella announced that "of this minute there is not a single hectare of land that belongs to the colons!", Année Politique 1962, pp. 308-337.

[24]M. Torti, "Evian: défaillance de la contrepartie," Revue politique et parlementaire, No. 4, (October-December, 1965), pp. 579-604; "Trois ans d'application des accords d'Evian," Maghreb, No. 10, (July-August, 1965); I. William Zartman, "Les Relations entre la France et l'Algérie depuis les Accords d'Evian," Revue Francaise de science politique, Vol. XIII, No. 6 (December, 1964), pp. 1087-1113; Annie Krieger, "Les Prémisses d'une réforme agraire en Algérie," in d'Arcy et al, Essais sur l'Economie de l'Algérie nouvelle (Paris: Presses Universitaires de France, 1965).

[25]Torti, "Défaillance. . .".

[26]Jean de Broglie, "Quarante mois de rapports franco-algériens," Revue de Défense nationale, (December, 1965), pp. 1833-1857.

[27]Annuaire de l'Afrique du Nord, 1963, p. 606 and 1964, p. 241.

[28]Riva-Roveda, p. 187, 196, Europe-France Outremer, No. 437, (June, 1966).

[29]Pierre Pascallon and J. F. Laulanie, "L'expérience monétaire algérienne: du satellisme a l'indépendence monétaire," Revue algérienne des Sciences juridiques, économiques et politiques, Vol. VIII, No. 1 (March, 1971), pp. 7-82.

[30]Journal Officiel de la Republique Democratique et Populaire Algérienne (here and throughout, unless otherwise noted: JORADP), No. 10, December 28, 1962, p. 110, Algérie Presse Service, Bulletin Economique, No. 19, April 15, 1964.

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[31] Le Monde, October 7-8, 1962, June 25, 1963.

[32] Zartman, "Les Relations entre la France et l'Algérie . . ."

[33] de Broglie.

[34] Annuaire de l'Afrique du Nord, 1964, p. 248.

[35] Ibid., 1962, p. 695.

[36] Riva-Roveda, p. 87.

[37] Le Monde, October 13, November 24, December 2-3,1962.

[38] Ibid., November 12, December 17-18, 1963.

[39] JORADP, October 29, 1963, pp. 1080-1081.

[40] Le Monde, December 10, 1963.

[41] Tavernier, p. 15.

[42] Le Monde, September 4, 1962.

[43] Ibid., December 7, 1962.

[44] Ibid., July 5, 1963.

[45] Ibid., May 29, 1963.

[46] Ibid., June 18, December 8, 1963.

[47] Ibid., May 19, 1963.

[48] On February 28 Pisani acknowledged that "Algerian wine is part of an ensemble of commercial measures negotiated between France and Algeria, its counterpart being the import by Algeria of French agricultural products in guaranteed quantities and at preferential prices." Le Monde, March 1, 1963.

[49] Ibid.

[50] Ibid., February 13, 1963.

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[51]Ibid., June 23-24, 1963.

[52]Année Politique, 1962, p. 117.

[53]Le Monde, June 22, 1963.

[54]Ibid., August 4-5, 1963.

[55]Ibid., September 3, 1963.

[56]Ibid., September 11, 1963.

[57]Ibid., August 22, October 11, 1963.

[58]Ibid., January 20, 1964.

[59]Le Monde, December 3, 1963.

[60]Isnard, op. cit.

[61]Riva-Roveda, p. 83.

[62]Tavernier, op. cit.

[63]Ibid.

[64]Bruno Etienne, "La Coopération culturelle, scientifique, et technique entre la Communauté économique européenne et l'Algérie," La Coopération Internationale, culturelle, scientifique, technique, (Nice), No. 1, (June, 1970), pp. 5-21.

[65]Zartman, The Politics of Trade Negotiations, op. cit., p. 121.

[66]Le Monde, March 3, 1963.

[67]Le Monde, July 2, 1973.

[68]Tavernier, op. cit.

[69]Ibid.

[70]Zartman, The Politics of Trade Negotiations, p. 123; Etienne, p. 173.

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[71]Le Monde, March 3, 1964.

[72]Zartman, op. cit., p. 118.

[73]Le Monde, May 17-18, 1964.

[74]Ibid., October 8, 1964.

[75]Ibid., December 21-22, 1964; Marchés tropicaux et méditerranéennes, December 26, 1964.

[76]Zartman, p. 123.

[77]Acording to Révolution africaine, No. 275, (May 27, 1968), "Algeria was offered the possibility of association, but given the neo-colonial aims which run the economic policy of the Six . . . this offer was declined."

[78]Le Monde, February 12, 1964.

[79]Granotier, op. cit., p. 174.

[80]Ronsonvallon, p. 210.

[81]Le Monde, January 23, 1963.

[82]Ibid., June 6, 1963.

[83]Annuaire de l'Afrique du Nord, 1964, p. 188.

[84]Le Monde, March 19, 1964; Maghreb, No. 3 (May-June, 1964), p. 42.

[85]Le Monde, April 10, 1964.

[86]Ibid., January 24, 1964.

[87]Ibid., April 11, 1964.

[88]Tapinos, p. 61.

[89]Annuarie de l'Afrique du Nord, 1965, p. 237.

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[90]Ibid.

[91]Tapinos, p. 56.

[92]Ibid.

[93]Ibid., p. 57.

[94]Ibid., p. 51.

[95]Hommes et Migrations, No. 105, p. 43; Tapinos, p. 60.

[96]JORF, January 4, 1964; Tapinos, p. 60.

[97]Tapinos, p. 60.

[98]Ibid.

[99]Ibid., 62-63.

[100]Ibid., pp. 63-64.

[101]Ibid., p. 63.

[102]Ibid., p. 64.

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III.

COOPERATION "CONSOLIDATED": THE 1965 OIL AGREEMENT

The Evian agreements, incorporating a modified version of the original French Saharan Oil Code, provided an effective framework for French-Algerian cooperation in the petroleum sector throughout the Ben Bella years. However, the Algerian government began almost immediately to contest these arrangements, although initially with a rhetoric that far exceeded Algeria's capacity to act.

In 1963 the Ben Bella government launched a strategy aimed at increasing Algerian control over and participation in the productive phases of the oil industry. Utilizing exchange controls as a means of leverage, the Algerians succeeded by 1964 in convincing the French government of the need to renegotiate the arrangements reached at Evian. Following eighteen months of secret talks, the two governments announced, on July 13, 1965, a fifteen-year cooperation agreement including comprehensive and detailed provisions regarding the status and operations of French oil companies in the Sahara. Hailed as a model of cooperation between an industrial oil-importing country and a developing oil-exporting state, the 1965 oil agreement was clearly aimed at consolidating the exclusive bilateral relationship that has characterized French-Algerian oil relations since colonial times.

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Cooperation and Conflict in the Sahara

In contrast to the Evian agreements which recognized the legitimacy, and were designed to protect, the vested interests of French and other foreign oil companies in the Sahara, the Tripoli Program, drawn up by the National Council of the Revolution in June, 1962, proclaimed the "nationalization" of Saharan oil as the ultimate ambition of an independent Algerian state.[1] Although the Tripoli Program went on to acknowledge Algeria's limited capacity to undertake such an ambitious project in the immediate future, it made clear, as did subsequent statements of the Ben Bella regime,[2] that the Algerian government did not accept the legal premises underlying the application of the Saharan Oil Code to independent Algeria.

Ben Bella himself posed the issue in terms of the territorial sovereignty of Algeria, as a "proprietor state", asserting that the natural resources of the Sahara "belonged to" the host country, and that the profits derived from the production and export of crude oil should benefit primarily Algeria.[3] From this point of view (most likely inspired by Abdullah Tariki, the exiled Saudi oil minister and founder of O.P.E.C., whom Ben Bella hired as an oil consultant in November, 1963),[4] the proper role of French and other foreign oil companies in Algeria would be that of "simple industrial operators " entitled to "a just remuneration of their investment," but not to "the profits inherent in the possession of a natural resource."[5]

In the immediate future there was little prospect of the Algerian government acting directly on its claim to ownership of the

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Saharan oilfields. Not only did Algeria lack the necessary financial resources and institutions, it also lacked trained personnel at all levels from top management to skilled labor (table 10). Despite a concerted effort, with Soviet help,[6] to train Algerians for the oil industry, begun almost immediately after independence, the length of time required to train an engineer (six years), a middle-level technician (three years); or a skilled worker (eighteen months), meant that an effective Algerianization of the oil industry could not begin to take place until at least 1968.[7] Without sufficient capital, management or labor, the complex institutions established by the Ben Bella regime for the purpose of assuming control of the oil industry could exist only on paper. This was largely the case in the establishment of a Division of Carburants and Energy under the Ministry of Industry, as well as in the establishment of the Algerian Petroleum Bureau, during the summer of 1963.[8] More promising was the formation of a National Company for the Transport and Marketing of Hydrocarbons (SONATRACH) on December 31, 1963. Entirely state-owned, with an initial capital of 40 million francs, SONATRACH was initially charged with representing Algeria's minority holdings in oil production, pipelining and domestic refinery, and to serve as a base for the extension of Algerian participation into other phases of the industry.[9]

Two other initiatives taken by the Ben Bella regime did have an immediate impact on Algeria's bargaining position with respect to French oil companies in the Sahara. The first involved the construction of a third pipeline from the major oilfield of Hassi-Messaoud to the Mediterranean coast, in response to a proposal initially submitted

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in June, 1964 by TRAPAL, a consortium of 17 French, Italian and American companies with operations in the Sahara. When as a condition for granting the permit, the Algerian government demanded a 20 percent participation in the enterprise, and the companies refused, Ben Bella rejected the proposal, in favor of a British firm, which agreed to turn ownership of the pipeline over to SONATRACH after a three-year interval. In addition to asserting its right to participate in the oil industry, the TRAPAL incident was used by Ben Bella to make the point that "foreign capital can find a place in socialist Algeria, on the condition that it takes account of the developmental imperatives of the Algerian economy . . . and that the interests of each party . . . are truly remunerated."[10]

The second initiative taken by the Ben Bella government was the extension, on July 16, 1964, of exchange controls to include previously exempted foreign oil companies, together with the demand that the companies reinvest 50 percent of their gross income in Algeria.[11] A unilateral decision, taken outside of the context of on-going negotiations, the measure was denounced by the French government as contrary to the Evian guarantee that Algeria would abstain from all measures interferring with the rights and interests of shareholders in the oil industry. However, Ben Bella argued that the oil companies, by repatriating approximately 72 percent of their gross income,[12] were responsible for the continuing severe capital losses suffered by the Algerian economy. Claiming that "the movement of funds resulting from the sale of our oil offers no gain to our economy," Ben Bella followed with a second decree of January 18, 1965, effectively implementing the 50 percent requirement.[13]

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These moves succeeded in serving notice on the French government of the extent of Algerian dissatisfaction with existing arrangements in the oil sector. In consequence, negotiations, which had begun in early 1964, continuing sporadically throughout that year, took a serious turn in the spring of 1965 and in July of that year, produced an ambitious new design for French-Algerian cooperation in the Sahara.

The Oil Cooperation Agreement

The agreement signed in Algiers on July 29, 1965 (and subsequently known as the Algiers Agreement) was accurately proclaimed in its preamble as "an original conception for the exploitation of hydrocarbons."[14] Negotiated directly and entirely by the governments of two sovereign states, it represented, as The Economist noted, "a degree of cooperation . . . entirely new in the domain of international oil agreements."[15]

In substance, the agreement was also novel in its inclusion of Algeria as an active participant in the exploration, and to the lesser extent, extractive phases of the oil industry, rather than as a "sleeping partner," content to collect royalties while foreign companies and foreign governments deliberated on the disposition of its natural resources. In this sense, it went beyond other progressive schemes of international collaboration in the oil industry, including the Mattei formula, (named after Enrico Mattei, the late director of the Italian Ente Nazionale Idrocarburi) in which the foreign company retained a monoply on operations even while profits were split 25/75 in favor of the host country.

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The French-Algerian agreement instituted a Cooperative Association between French and Algerian public capital for the purpose of organizing, in a comprehensive way, the future exploration and production of Saharan oil. The Association took the form of a contract between "F" and "A", representing the French and Algerian governments, respectively. Its administration would consist of several organs, each staffed at parity by representatives of F and A under the presidency of an Algerian assisted by a vice president of French nationality. Decisions of the Board of Directors would be taken by two-thirds majority, thus giving both France and Algeria an effective veto over the unilateral decisions of the other.

Within the framework of a general policy of equal participation each research permit submitted to the Association would be shared by F and A under varying formulas to be negotiated separately for each parcel. In addition, the agreement designated a "Cooperative Zone" in which the Association would have the right of pre-emption on existing and future research permits. This area of 180,000 square kilometers included the most promising surfaces in terms of recoverable reserves and proximity to pipelines.

An exploration permit already attributed to a French oil company would be submitted to the Association and either accepted or rejected by F on the basis of its commercial promise. If the permit was rejected it would return to its former owner and status under the Saharan Oil Code. If accepted, F would be required to offer A a participation of at least 10 percent but not more than 50 percent on the parcel. If the permit was located within the Cooperative Zone, A would be obliged to accept at least a minimal participation with the option of increasing its share to 50 percent within eighteen months. For permits submitted from outside the Zone, A would be under no obligation and in case of A's refusal

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to participate, the permit would be returned to its former holder. Parcels not previously the object of a permit would be granted to either F or A on request if situated inside the Zone, and to A if outside.

Permits attributed to the Cooperative Association from within the Cooperative Zone would be valid for fifteen years of exclusive exploration rights with one-third of the surface to be restituted to Algeria every five years. Those transferred from outside the Zone would retain their former fifty-year tenure.

The rule of parity was extended to the financing of exploratory operations with provisions for F to advance up to 60 percent of A's share provided that this advance remained less than the sum of F's participation on the parcel. This would provide Algeria with the financial means to share in the risks of oil exploration. Repayment of the advance would be made in oil for which purpose 25 percent of A's share of the future production of the Association would be appropriated. The value of this oil would be calculated on the basis of real prices obtained by F for its share.

Oil discovered on one of the permits attributed to the Association would confer on the operator the right to a forty-year mining concession with the oil produced to be sold at cost to F and A in proportion to their respective holdings on the parcel. However, unlike the exploratory expenses there was no provision for financial advances from F to A once production was underway. Thus Algeria's active participation would, at least initially, be limited to exploratory operations under the Cooperative Association. In the transport

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sector, the agreement gave some satisfaction to Algeria's claims in the TRAPAL dispute by limiting the transport rights of concession-holders to "normal economic conditions," and by prohibiting the unnecessary construction of pipelines. In the framework of the Cooperative Association, France and Algeria agreed to offer one another available land transport facilities under equal conditions and without discrimination, and to collaborate in the construction and operation of new pipelines. In the refining process Algeria, through its increased participation in SNREPAL would now control 10 percent of the Société de Raffinage d'Algérie.

Commercial export arrangements under the Cooperative Association were designed to meet Algeria's immediate need for guaranteed outlets for its oil, while at the same time, incorporating incentives for Algeria to undertake direct marketing operations. Accordingly, F agreed to buy up to 25 percent of A's share of cooperatively-produced oil at commercial prices with a five percent discount for the next 15 percent, increasing to 12 percent for the next 38 percent and a 20 percent discount for the rest.

The new fiscal and financial regulations would apply to all French oil companies in Algeria including both concession-holders and members of the Cooperative Association. The major changes included the substitution of a conventional reference price for real prices as a tax base, an increase in the tax rate on profits, and the annulation of both the Fund for the Reconstitution of Deposits and the facility for the accelerated armortization of investments.

The utilization of real prices as a tax base as provided for under the Saharan Oil Code and the Evian agreements had left Algeria

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vulnerable to the arbitrary pricing policies of the vertically-integrated French companies as well as to the fluctuations of the international market. This was clearly demonstrated when in July, 1963 the French oil companies, in a bid to improve the competitive position of Saharan oil on the French market, unilaterally lowered the posted price of Algerian crude from $2.65 to $2.34 (f.o.b. Bougie). This was the first time that Algerian oil had fallen in price independently of other Middle Eastern and North African crudes.[16] Almost immediately Ben Bella began calling for a fixed tax reference price which would have the effect of protecting Algerian oil revenues, as well as the market value of Algerian oil, from further, artificial decreases. In addition, Algeria began contesting the use of real selling prices instead of generally higher posted prices as the basis for the fifty percent profits tax.

These demands were partially met under the Algiers agreement by the establishment of a tax reference price (determined by agreement between the two governments, as distinct from a posted price set unilaterally by the companies) of $2.08 amounting to slightly more than the average price of $2.05 (f.o.b. Bougie) at which French companies were selling Algerian crude oil in early 1965. The new reference price would remain in effect from January 1, 1965 until January 1, 1969, at which time, it would, at the demand of either of the parties, be revised in function of such factors as production and transport costs, quality and competitivity. The Algiers Agreement also raised the tax rate on profits applicable to French oil concessions from 50 to 53 percent for 1965-1967, 54 percent for 1968 and 55 percent as of 1969, with the latter rate applying immediately to profits made under the Cooperative Association.

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The elimination of the Fund for the Reconstitution of Deposits amounted to a major revision in tax policy ending the possibility of deferring for five years tax payments on 27.5 percent of the cost of production up to 50 percent of net profits. The agreement stipulated that existing F.R.D. funds not yet reinvested were to be reintegrated into future taxable profits.

The final revision in the tax structure, the substitution of linear for digressive amortization was also applied retroactively with the requirement that companies practicing the digressive system up to 1965 re-evaluate these amortizations in their accounts as if they had utilized a linear system from the beginning and integrate the difference into their future taxable income.

Royalities on oil production remained at the 12.5 percent level instituted under the Oil Code and continued to be tax deductible. However, under the agreement, royalties paid in a profitless year could no longer be taken as a tax credit in later years.

With regard to the disposition of profits the agreement mutely accepted the principle of Algeria's sovereignty in the matter of capital transfers as manifested in the decisions of July 16, 1964 and January 18, 1965, requiring concession-holders to situate 50 percent of their gross incomes in Algeria. However, a more stringent regime was adopted for companies operating under the Cooperative Association, amounting to 60 percent for the first three years in which the Association's production exceeded one million tons per year, to be increased to 67.5 percent for the following two years and to 75 percent thereafter.

Another important aspect of the agreement related to Algeria's drawing rights from the foreign currency pool of the Bank of France.

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Under the Evian agreements, only Algerian exports of hydrocarbons outside of the franc zone could open drawing rights for Algeria in currencies other than the French franc. Under the Algiers Agreement Algeria's drawing rights were extended to the limit of the franc holdings of the Central Bank of Algeria. This meant that the francs paid by France for that portion of oil produced by Algeria could, theoretically, be exchanged for foreign currency on the Paris exchange market. Henceforth, the financial ties that had made Algerian oil a pétrole-franc, rather than a drain on France's balance-of-payments would depend on the extent to which French commercial interests could continue to dominate the Algerian market.[17]

In the arbitration field the agreement also reintroduced mandatory non-binding conciliation as a prerequisite to arbitration. This had been the case under the Saharan Oil Code but not under the Evian agreements. Under the Algiers agreement the Supreme Court of Algiers was vested with the former authority of the French Council of State for the designation of a head conciliator who would have to be of other than French or Algerian nationality.

Algerian criticisms of the international arbitration procedure outlined in the Evian agreements and elaborated in a technical agreement of June 23, 1963, became evident when the Algerian government refused to appoint a magistrate to represent its position before the international tribunal assembled for the purpose of resolving the TRAPAL dispute.[18] These criticisms were only partially met by the Algiers Agreement, which maintained the principle of binding arbitration by an international tribunal for cases not resolved by conciliation.

Moreover, while the Cooperative Association promised to introduce a new set of relationships in the public sector of the oil industry, the

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status of privately-owned concessions was little changed. Those granted under the Saharan Oil Code and guaranteed by the Evian agreements were confirmed through their normal duration of fifty years. In addition, the Algerian government granted six new oil concessions that had been held up pending the outcome of negotiations. The only exception was the company SNREPAL, previously dominated by French public (40.5 percent) and private (19 percent) capital, which would henceforth be integrated into the Cooperative Association, with Algeria holding 50 percent of the stock.

Thus, as a result of the 1965 agreement, the financial structure of the Saharan oil industry would remain essentially the same as it had been at independence (table 9). As of the end of 1965 French companies continued to control 73.4 percent of the exploration surface (as compared with 72.3 percent at independence) with the remainder divided among multinational corporations, American "independents" and European companies. French companies continued to own 70.4 percent of the 26.5 million tons of crude oil produced in Algeria in 1965, with the remaining production split among other foreign interests (17.8 percent) and the Algerian government (11.8 percent, as compared with 10.5 percent at independence).

Pending the completion of the third pipeline, to be owned by Algeria, French and foreign interests continued to control the means of transporting Algerian crude to the Mediterranean coast, with 69.9 and 30.1 percent respectively. Only in domestic refinery, by virtue of its increased participation in SNREPAL, did Algeria improve its position versus foreign ownership (from 4 percent at independence to 10 percent as a result of the Algiers agreement).

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Furthermore, the marketing pattern for Saharan oil between 1962 and 1965 served to reinforce Algeria's dependency on France as a source of export revenue, while reducing France's relative dependency on Algeria as a source of imported crude oil. Whereas in 1962, 61.5 percent of Algerian crude oil exports went to France, the proportion rose to 66.5 percent in 1963, 70.4 percent in 1964 and 71.4 percent in 1965.[19] At the same time, Saharan crude, which constituted 32.3 percent of French oil imports in 1962, filled only 28.5 percent of France's import needs in 1965.[20] France's diversification efforts were also reflected in the production figures for French-owned companies which extracted 43.4 percent of their oil in Algeria in 1962 and 47.7 percent in the Middle East. In 1965 the figures were 40.9 percent and 50.9 percent, respectively.[21]

The Algiers Agreement as an Exercise in Bilateralism

The symbolic significance of the Algiers agreement was seized upon by proponents of French-Algerian cooperation on both sides of the Mediterranean. Defending the oil agreement before the French National Assembly on October 13, 1965, Secretary of State de Broglie asserted that the accord represented "a revision [of the Evian agreements] that will permit a consolidation of the situation, and will affirm the continuity of the French policy of cooperation with Algeria."[22] The Algerian government, while somewhat less enthusiastic, also viewed the agreement as "a renewal of French-Algerian cooperation based on the respect of mutual interests."[23] For Colonel Houari Boumedienne, newly installed as Head of the Council of the Revolution after leading a bloodless coup against Ben Bella on June 19, 1965, the rapid conclusion of the oil

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agreement was an important step in establishing international legitimacy.

Internationally, the Algiers Agreement was perceived as a significant step in the French policy of cooperation with the Third World as conceived by de Gaulle and implemented in an exemplary manner by the architects of French-Algerian relations. This was encouraging to French hopes as expressed by de Broglie on July 29, that "the agreement between a colonizer and its former colony, an industrial power and an under-developed nation, between an oil producer and a client," would "have a favorable impact on all French policies abroad."[24]

However, structurally speaking, the major characteristic of the Algiers Agreement was the re-establishment of an identity of interests between the French and Algerian governments, to the exclusion of other foreign oil companies in Algeria. This was a departure from the Saharan Oil Code and the Evian agreements which, while making certain distinctions between French and non-French companies, generally applied the same fiscal and administrative policies to both. The Algiers Agreement, by limiting its provisions to French public and private interests, left the future of non-French foreign interests in Algeria in suspense.

From a European perspective the bilateralism of the agreement conflicted with the professed goals of the European Community's energy policies as expressed in the "Protocol Agreement" which called for the attainment of low and stable oil prices through the diversification of supply by member states.[25] It also specifically called on France to liberalize its import regime which was designated to benefit Algerian and other "national" crudes.[26] Although the French

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government did eventually comply with the latter request,[27] the agreement itself was preceived by European intergrationists as "a new obstacle on the road to the Common Market . . . a policy diametrically opposed to the Treaty of Rome."[28]

The Algiers Agreement was also cause for dismay on the other side of the Mediterranean. While certain aspects were clearly progressive in comparison with practices elsewhere, other aspects, particularly its fiscal provisions, still lagged behind the most recent innovations obtained by members of O.P.E.C. For one thing, the Algiers Agreement retained the concept of the royalty as a tax credit instead of counting it as a cost of production as had become the practice in every other OPEC member state at the time the Algiers Agreement was signed.[29] Secondly, the institution of a reference price for tax purposes, while an improvement over real prices from an Algerian point of view, still fell short of the posted prices used throughout the Middle East and Libya for the calculation of taxes on profits.[30] As a result, Algeria's revenue on each ton of oil produced would remain, after the agreement as well as before, inferior to that obtained by the other oil producing states in the region.[31]

More significantly, the agreement threatened to hinder the development of the Organization of Petroleum Exporting Countries which had reached a critical juncture at the extraordinary ministerial conference held in Tripoli, Libya in July, 1965. Just days before the signature of the French-Algerian agreement, O.P.E.C. had considered a "pro-rationing plan" aimed at halting the depreciation of crude oil prices through a coordinated policy of limiting production on the part of

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member governments.[32] The Algiers Agreement, based on the expectation of a constant and rapid rise in Algeria's oil production, not only contradicted this scheme, but threatened even to limit the success of O.P.E.C.'s new strategy. Furthermore, it made it highly improbable that Algeria would be able to join O.P.E.C. in the near future.[33]

The French-Algerian hydrocarbon and industrial cooperation agreement thus represented a "unique constellation of factors"[34] in the international oil context of the mid-1960's where diversification and multilateral organization were becoming the dominant strategies of both oil producers and consumers. The success of the agreement, and by extension, of French-Algerian cooperation, thus depended, to a certain extent, on the continuing isolation of French-Algerian relations from the forces of integration and interdependence in the post-colonial world.

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NOTES

[1]Annuaire de'Afrique du Nord, 1962, p. 645.

[2]The goal of nationalization was reiterated in the Charter of Algiers drafted by the F.L.N. in April, 1964, Annuaire de l'Afrique du Nord, 1964; and by Ben Bella in speeches given on September 27 and 28, 1964, "La Politique pétrolière de l'Algérie", Revue algérienne des sciences juridiques, économiques et politiques, Vol. I, No. 4 (December, 1964), pp. 84-103.

[3]Révolution africaine, No. 88, (October 30, 1964).

[4]Le Monde, November 4, 1963.

[5]Révolution africaine, No. 88.

[6]Brogini, op. cit., p. 275.

[7]"Les hydrocarbures algériens en 1964," Maghreb, No. 8, (March-April, 1965); Brogini, p. 252; M. Hincker, "L'Evolution de la question pétrolière en Algérie," Economie et Politique, No. 130, (May, 1965), pp. 95-108.

[8]Benchikh, op. cit.

[9]Brogini, p. 269.

[10]"La Politique pétrolière de l'Algérie".

[11]Annuaire de l'Afrique du Nord, 1965, pp. 85-86.

[12]Brogini, p. 351.

[13]Le Monde, January 20, 1965.

[14]The full text of the agreement appears in JORF, December 18, 1965, pp. 11471-11545 and in JORADP, December 19, 1965. The following analysis is based on the text of the agreement along with summaries provided by Le Monde, July 30, 1965; A. Mehani, Revue algerienne des

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sciences juridiques, économiques et politiques, Vol. III, No. 2 (June, 1966); XXX, "Les accords pétroliers franco-algériens du 29 juillet 1965," Revue politique et parlementaire, No. 761 (November, 1965), pp. 21-35; and Henri Dupriez, "L'Accord pétrolier franco-algérian," Communautés et Continents, Vol 58, No. 1, (January-March, 1966).

[15](London) August 7, 1965.

[16]El Djeich (Algiers), No. 28, August, 1965; Pawera, Algeria's Infrastructure, (New York: Praeger, 1964), pp. 169-170.

[17]Dupriez.

[18]"La Politique pétrolière de l'Algérie".

[19]Brogini, p. 434.

[20]Ibid.

[21]Choffel, p. 14.

[22]Le Monde, October 14, 1965.

[23]Révolution africaine, No. 133 (August 14, 1965).

[24]Le Monde, October 10, 1965.

[25]Journal Officiel des Communautés Européennes, No. 69, April 30, 1964; summarized in Commission de la CEE, Huitième Rapport Général sur l'Activité de la Communauté, June 1965.

[26]Denis Touret, Le Regime français d'importation du pétrole et la Communauté économique européenne, (Paris: Libraire génerale de droit et de jurisprudence, 1968), p. 14.

[27]Ibid., p. 115.

[28]Mondo economico (Milan), No. 43, October 30, 1965, cited in "Quelques réactions de l'opinion internationale après la signature de l'accord pétrolier," Maghreb, No. 12, (November-December, 1965), pp. 38-44.

[29]Rustow and Mugno, op. cit., p. 7; Fouad Rouhani, A History of O.P.E.C., (New York: Praeger, 1971), p. 220, 229-232.

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[30]Libya, Algeria's closest competitor from the viewpoint of quality and proximity to markets had raised its posted price to $2.21 (f.o.b. Marsa Brega) as of June, 1965. Pétrole et Gaz Arabes, Vol. II, No. 32, (July 16, 1970).

[31]In 1966 Algeria's revenue per metric ton of oil exported averaged $2.60 as compared with $6.60 for Libya, $6.40 for Venezuela, $4.60 for Saudi Arabia, $5.60 for Iraq and $5.70 for Kuwait. Brogini, p. 361.

[32]The Financial Times (London) August 1, 1965.

[33]See the declaration of Manuel Perez Guerrero, Oil Minister of Venezuela in Petroleum Intelligence Weekly, September 16, 1965.

[34]Guiseppe Pennisi and Gerald Würker, "The Franco-Algerian Oil Agreement: A Special Partnership," Africa (Rome), Vol. XXII, No. 4, (December, 1967), pp. 373-405.

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PART II

THE DECOLONIZATION OF COOPERATION: THE MULTILATERALIZATION OF POST-COLONIAL RELATIONS

"What is the meaning of this bilateral cooperation if it is ultimately linked to so many external circumstances?"

President Houari Boumedienne, announcing the nationalization of French oilfields on February 24, 1971.

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IV.

THE DIVERSIFICATION OF TRADE RELATIONS: ALGERIAN WINE AND THE COMMON AGRICULTURAL POLICY OF THE EUROPEAN ECONOMIC COMMUNITY

As shown in Chapter II, the predictable decline in the volume of French-Algerian trade following Algerian independence and the repatriation on nine-tenths of Algeria's European population between 1962 and 1965 was accompanied by only a slight diversification in the geographic and commodity structure of Algeria's foreign trade between 1962 and 1965. Three years after independence, France was still, by far, Algeria's leading trade partner, buying 72.6 percent of Algeria's exports and supplying 70.3 percent of its imports (see table 5). At the same time, and despite its theoretical access to alternative European markets by virtue of Article 227 of the Treaty of Rome, Algeria's trade with the rest of the European Economic Community (excluding France) remained limited to 8.4 percent of its imports and 12.1 percent of its exports.

However, by 1970, the place of France in Algeria's foreign trade had declined to 42.4 percent of imports and 53.6 percent of exports, while the E.E.C.--Five increased its role proportionately--to 23.0 percent of Algerian imports and 20.0 of Algerian exports.

Within the E.E.C. context, France's share of Algerian imports declined to 57.18 percent in 1970 and to 72.83 percent in the case of exports (table 6).

The diversification of Algeria's agricultural trade away from France and in the direction of the rest of the E.E.C. took place in the context of a trade dispute involving not only France and Algeria but also each country's relations with the E.E.C. Starting with the French decision to reduce imports of Algerian wine to below the seasonal levels agreed to in the accord of January, 1964, the dispute spread to other commercial sectors, with Algerian retaliatory measures affecting particularly French exports of textiles and foodstuffs. By the time a mutually satisfactory agreement was reached in December, 1969, significant changes had taken place in the structure of Algeria's foreign trade, so as to severely compromise the "privileged" trade relations with France agreed to at Evian and pursued through the Ben Bella years.

Changes in the bilateral commercial relationship between France and Algeria were accompanied by a significant evolution in the multilateral framework of international trade in agricultural commodities within the European Economic Community as well as between the E.E.C. and the developing world. The Common Agricultural Policy of the Six, introduced in 1962 with respect to certain selected commodities, was extended, between 1965 and 1970, to include several additional commodities exchanged between France and Algeria including fruits and vegetables, olive oil, sugar and wine. The extension of the C.A.P. had a twofold consequence for French-Algerian relations. On the one hand, France, by virtue of its membership in the E.E.C. and its commitment to the C.A.P. was obliged to extend intra-community preferences to its European neighbors while gradually reducing the preferential treatment accorded to products from third countries, including Algeria, that competed

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the exports of member states, particularly Italy. Secondly, the adoption of a Common External Tariff by the Six, meant that Algerian exports would lose the special privileges granted to them under Article 227 of the Treaty of Rome, from which Algeria had continued to benefit in spite of its independent status. This chapter will investigate the possible role of the E.E.C. as a catalyst in the diversification of Algeria's foreign trade relations along with the bilateral aspects of the French-Algerian trade dispute.

The French-Algerian Trade Dispute: A Question of Sour Grapes

The agreement of January 18, 1964 determined the volume of French imports of Algerian wine through the 1965-1966 season, with occasional adjustments in price and temporary blockages of sales as were necessary for the purpose of stabilizing the domestic French market.

However, by early 1966, following a harvest of 70 million hectoliters in 1965, French wine prices fell to an all-time low, necessitating the blockage of 1965 wines until February 1, 1966 and the distillation of 5 million hectoliters of surplus domestic wine at government expense.[1] With Algerian wines under-selling Midi wines at 4.50 francs per hectoliter, the French Council of Ministers agreed on May 10 to enforce a price floor of 5.25 francs per hectoliter for the importation of Algerian wine as of June 1, 1966.[2]

Algeria, with a near-record harvest of 16.2 million hectoliters in 1965, could ill-afford to lose what was left of its privileged access to the French market, and thus accepted these conditions while insisting

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that France respect its quantitative commitments under the 1964 agreement. This the French government appeared prepared to do, despite continuing pressures from the Federation of Winegrowers' Associations (as reaffirmed at its Congress on May 31, 1966), to treat Algerian wine as foreign wine for purposes of importation and marketing.

Midi winegrowers were thus given enormous satisfaction by the February 3, 1967 decision of the French Council of State, effectively prohibiting the blending of French with all foreign, including Algerian wines. This decision, the result of a longstanding appeal by the General Confederation of Winegrowers of the Midi, struck down the decree of October 4, 1963, by which the Ministry of Agriculture had authorized the blending of Algerian and other North African wines as an exceptional provision to the law of January 1, 1930 which had effectively prohibited the blending of French with foreign (Italian and Spanish) wines.[4]

The Algerian government pressed immediately for a clarification of French government intentions, specifically with respect to the 1964 agreement. Foreign Minister Bouteflika took the occasion of the fifth anniversary of the Evian agreements to remind the French government that "the maintenance of the privileged situation granted to French products on the Algerian market must be compensated by the maintenance of Algerian exports to France, notably wine."[5] The French government, however, faced with legislative elections in March, 1967 was in a poor position to negotiate and instead suspended further imports of Algerian wine pending the determination of a new policy.[6] Algeria's restrained response suggested that the French decision was viewed from Algiers as essentially an electoral tactic and the F.L.N. weekly, <u>Révolution</u>

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africaine optimistically assured its readers on February 24 that the French ban on Algerian wine would be lifted after the elections of March 12.

However, it soon became evident that the decision to suspend Algerian wine imports was not a temporary maneuver but rather a signal of a new, more restrictive policy on the part of the French government. On April 27, Agriculture Minister Faure told the French Senate that there would be no resumption of Algerian wine imports in the near future, but that the government would seek to offer Algeria some form of compensation in lieu of fulfilling the terms of the 1964 agreement, under which France was obliged to import 7,500,000 hectoliters of Algerian wine in the course of the 1966-1967 season.[7]

The prospective implementation of the February 3 Council of State decision was viewed as a catastrophe in Algiers, where even after the disastrously poor harvest of 1966 (5.8 million hectoliters), 11 million hectoliters of wine remained unsold as of January, 1967. Although wine had fallen behind oil as a source of foreign exchange for Algeria, unlike oil it was fully integrated into Algeria's balance-of-payments, comprising one-sixth of the government's budgetary income and one-third of its gross income from agriculture in 1966.[8] Socially and politically wine was also a strategic product, supplying one-half of the work days in the state-subsidized "self-managed" agricultural sector, the avant-garde project of Algerian "socialism".[9]

On May 6, the Algerian News Bureau warned that Algerian trade may have to be "reoriented" due to the French wine decision and that French exports of food and agricultural products would be seriously affected.[10] On May 29, Algeria's Minister of Trade, Nourredine Delleci,

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asserted that the Algerian government was prepared to diversify Algeria's foreign commercial relations, for the purpose of "diminishing Algeria's dependence on France."[11]

The outbreak of the Arab-Israeli conflict on June 5, 1967 provided the Algerian government with an immediate pretext for the imposition of a number of "austerity" measures in support of the Arab war effort. These included permits issued under the authority of the Central Bank of Algeria for all imports valued at more than 300 dinars and with the effect of restricting the flow of goods from France to Algeria by about 50 percent over the summer of 1967.[12]

On July 22, 1967, an ordinance of the French Ministry of Agriculture outlined new guidelines to apply to imports of Algerian wine including their suspension for the balance of the 1966-1967 season and an upper limit of 4 million hectoliters for the 1967-1968 season (from September 1, 1967 through August 31, 1968),[13] a quantity which would fall 3 million hectoliters short of France's commitment under the 1964 French-Algerian agreement. On August 23, these measures were supplemented by a series of ordinances which would have the effect of progressively implementing the February 3 decision of the Council of State, by limiting the amount of Algerian wine that would be blended with French production to a maximum of 2 million hectoliters per year, with the rest to be sold under its own label.[14]

The Algerian government, hoping for some flexibility, withheld comment on the new provisions until the end of August, when the semi-official daily El Moudjahid coupled a conciliatory call for the maintenance of French-Algerian trade "at the highest possible level" with a

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sharp warning that "a reduction in our wine exports will be met by a severe reduction in our imports [from France]."[15]

Following a September 22 meeting between Algerian Foreign Minister Bouteflika and French Ambassador de Leusse, the French government agreed on September 26 to permit 80 percent of the wine imported by France during the 1967-1968 season to be blended with domestic wines.[16] However, the maintenance of Algerian's wartime austerity restrictions on imports of French products, served as an indication of Algeria's continuing disfavor over the new French wine policy and provided an impetus for Interior Minister Michelet to visit Algiers at the end of November on an official goodwill mission organized by the Association France-Algérie.

Algeria's willingness to bargain over the wine issue was revealed by the signing of a major contract on November 22, 1967 for steel tubes (destined for the construction of a major gasline designed to supply the French market) in exchange for a French agreement to import 1 million hectoliters of Algerian wine in advance of the previously announced January 1 date. This decision, which provoked two days of demonstrations in the Midi, was followed by the reaffirmation by Agriculture Minister Faure of France's determination to enforce the principles of complementarity in restricting both the import and blending of Algerian wines.[17] On November 30 Faure informed the Algerian government that France would limit its imports of Algerian wine to an additional 2.5 million hectoliters during the 1967-1968 season, 500,000 hectoliters short of the provisional authorizations issued in August and 3.5 million hectoliters less than what France had been obligated to purchase under the

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1964 agreement.[18] This led to another round of bargaining in early January, 1968, with France agreeing to import 1.1 million hectoliters of Algerian wine before April 1, in exchange for an Algerian agreement to buy significant quantities of French salt and wheat at international market prices.[19] Another diplomatic initiative followed in late January with Robert Buron, a member of the French negotiating team at Evian and Vice President of the Association France-Algérie paying a five-day visit to Algiers followed by a French senatorial delegation.

These contacts failed to resolve the outstanding issue, which Algeria again made clear when on February 8, 1968, the official weekly Révolution Africaine stated that "a sound evolution of Algerian-French trade, . . . depends to a large extent on a reconsideration of the problem of Algerian wine." However, in the absence of an indication that such a reconsideration would be forthcoming, the Algerian government proceeded to a number of unilateral initiatives in early 1968, the object of which were to reduce Algeria's foreign trade dependence in general, and to encourage the geographical diversification of Algeria's foreign commercial relations. These included the adoption of a second customs tariff effective as of February 7, 1968, which, while retaining the three-column approach of the 1964 schedule significantly reduced the relative advantages granted to French goods as opposed to products from other E.E.C. states. This, along with a general increase in duties from an average of slightly less than 30 percent in the previous tariff to approximately 70 percent in the new regulations, promised to further reduce France's presence on the Algerian market,[20] On the same day Algeria announced the signing of a one-year trade agreement with the Soviet

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Union, including one million hectoliters of wine.[21] A third Algerian initiative was the establishment on March 21, 1968 of the Algerian Institute of Viticulture and Wine for the purpose of reconverting aged vineyards to other crops and improving the quality of the remaining Algerian vineyards. Reconversion had been recognized as the long-term solution to Algeria's dependence on wine exports since shortly after independence when the small domestic market disappeared along with the European population. The process had begun under the supervision of French agronomists working under the Algerian Ministry of Agriculture and had succeeded in converting 25,000 of Algeria's 337,500 hectares of vineyards to pastureland by the end of 1967.[22] However, the events of 1967 made a larger-scale effort imperative, and considerably more costly, considering the need for irrigation and the replacement of thousands of jobs.[23]

The adoption of agricultural reconversion as a domestic priority of the Algerian government generated a new set of demands on the former colonial power. As of February, 1968, Algeria began requesting French financial and technical aid for the massive reconversion of its vineyards as the counterpart of the French failure to honor its import commitments under the 1964 agreement, and in fulfillment of its responsibility for bestowing the vineyard on Algeria as, in Boumedienne's words, the "poisoned gift" of its colonial past. This was the substance of Algerian demands in the two sets of negotiations held in Paris March 5-9, and 20-22, 1968, which ended inconclusively with a French offer of 10 million francs in aid to Algeria's reconversion program. This was far from satisfactory to Algiers which claimed to have lost 400 million francs in revenue from French import restrictions in 1967 alone.[24]

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Following a statement of the Algerian Press Service on March 16, 1968 that "it would be a mistake to think that Algeria will continue to supply itself in a substantial way on a market that closes itself to her products," the Algerian Minister of Industry issued a circular to national oil, chemical, mechanical and dairy companies calling for a systematic boycott of French products, that were subject to relatively low duties under the new tariff schedule.[25] Further retaliatory measures followed in May in the form of reduced quotas for Algerian imports of textiles, a market on which France had thus far remained preponderant, and a systematic effort by the Ministry of Commerce to deny licenses for imports of French goods.[26]

At the end of May, the French government again agreed to talks which took place from June 13-15, 1968 and resulted in a decision to advance Algeria 300 million francs against future purchases of wine to compensate for Treasury losses and to cover the costs of stocking its surplus of close to 15 million hectoliters.[27] These measures failed to appease the Algerian government which continued to call for the full implementation of the 1964 agreement either in the direct form of commercial transactions or indirectly in the form of compensation for the wine contingents not purchased.[28]

In spite of frequent contacts during the summer of 1968, including a meeting between Bouteflika and President de Gaulle in July, accompanied by mutual professions of commitment to the future of French-Algerian cooperation,[29] the French Ministry of Agriculture refused to revise its wine policy and limited imports of Algerian wine to 3.5 million hectoliters for the 1967-1968 season, as opposed to the 7 million hectoliters scheduled to be imported under the 1964 agreement.

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In a joint statement issued in the course of French-Algerian trade talks in December, 1968, the French Ministries of Agriculture and Economy reiterated the policy that "the government remains faithful to the rule of complementarity", under which "only quantities [of wine] that are strictly necessary for the market will be imported."[30]

However, the mediocre French harvest of 65.1 million hectoliters in 1968 was used to justify the decision to permit the import of 5.5 million hectoliters of Algerian wine during the forthcoming 1968-1968 season, a decision that would still leave some 5 million hectoliters of Algerian wine outstanding at the expiration of the 1964 agreement on August 31, 1968.[31] Rejecting this office as unsatisfactory, the Algerians broke off talks in January and continued to implement a systematic boycott of French agricultural products.

In the meantime, Algeria had been continuing negotiations with the Soviet Union and on December 19, 1968 announced the signature of a seven-year trade agreement under which the U.S.S.R. agreed to import five million hectoliters of Algerian wine annually beginning in 1968 in exchange for Algerian purchases of a wide range of capital goods for industrial and agricultural uses.[32] With the immediate pressure taken off the wine issue, French-Algerian trade relations began to make a slow recovery in the early months of 1969. Informal talks resumed between Foreign Minister Bouteflika and the newly-appointed French Ambassador Jean Basdevant in February, and a French diplomatic mission including Raymond Michelet, President of the Association France-Algérie visited Algiers in March.[33] All of these good intentions came to an abrupt halt, however, with the announcement of the resignation of President de Gaulle on

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April 27, 1969. A May visit to Algiers scheduled by Foreign Minister Debré was indefinitely postponed, and trade talks were not resumed until Foreign Minister Schuman stopped in Algiers as part of a goodwill mission to the Mediterranean area in October. By this time severe weather conditions had reduced the prospective French wine harvest to less than 50 million hectoliters for 1969, resulting in a French offer to import, in the course of the 1969-1970 season, four of the five million hectoliters of Algerian wine outstanding under the 1964 agreement. In exchange for this concession the Algerians agreed to increase purchases of French meat and dairy products.[35] This agreement was followed by the visit of a French industrial mission to Algiers in early November, clearing the way for several major contracts that Algeria had kept pending in the mechanical and metallurgical sectors.[36] In December, Algeria agreed to lift boycotts against French chemical, meat and dairy products.[37]

Under these improved conditions, France's role in Algeria's foreign trade showed signs of stabilizing with the French share of Algerian exports declining less than one percentage point from 1969 to 1970 and its share of imports falling by only 1.8 percent. Nevertheless, the trade dispute had proven to be a decisive turning point in French-Algerian relations, radically diversifying Algeria's exports of its major commodities and reducing France's share of the Algerian market to a level nearly equal to that its partners in the European Economic Community (table 6).

France and the E.E.C.: Algerian Wine versus the C.A.P.

Commenting on the French-Algerian wine dispute in the monthly trade journal of the French wine industry, La Journée viticôle, E. J. Dauphin

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observed in August, 1967 that "everything has changed as the Common Market advanced little by little."[38]

The extension of the Common Agricultural Policy of the European Economic Community to include wine was a gradual process which began slowly in 1962 and was not completed until April, 1970. Interrupted first by the French boycott of Community institutions from July, 1965 through January, 1966, and later by disagreements between France and Italy over the structure of the wine market, the development of a common wine policy among the Six posed a direct legal and economic challenge to the status of Algerian wines on the French market. According to most studies of French foreign policy, de Gaulle's boycott of the E.E.C. was a significant turning point in France's policy toward Europe, resulting in a more cooperative French attitude than had previously been manifest. According to Camps, for example, France's failure to paralyze the E.E.C. by its absence "demonstrated the extent to which economic interdependence had begun to characterize the relationships of member states . . . ," and raised the possibility that if France continued to boycott the Brussels meetings "the Five would shortly begin taking decisions on their own."[39] This prospect was potentially most serious with respect to the Common Agricultural Policy, a dispute over which had precipitated the French boycott, but which France, with forty-seven percent of the agricultural land in the Community, could least afford to sacrifice.[40] De Gaulle himself expressed the French commitment to the C.A.P., when at the height of the boycott, in September, 1965, he declared the C.A.P. to be the <u>sine quo non</u> of France's continued particpation in the E.E.C.[41] Supporting this commitment was the long-held belief that the Common Market could be "an oxygen balloon for French agriculture", providing

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renumerative and guaranteed export markets for growing surpluses of cereals, dairy and meat products.[42] Moreover, trade figures through 1968 indicated that E.E.C. markets had not been fully exploited in France's favor. From 1958 to 1968 French exports to the E.E.C. increased 17 percent per year as opposed to 6.1 percent worldwide, while France's imports from the E.E.C. increased 18.3 percent and 5.3 percent overall.[43]

Among the Five, the greatest potential agricultural market was Italy, which had changed from a net exporter to a net importer of food since the establishment of the Common Market. For its part, the Italian government was eager to increase its presence on the French market particularly for its Mediterranean products, including citrus, olive oil, and most of all, wine. With the fastest growing vineyard on the continent and a production of red table wines that had begun to surpass even that of France as of 1964, (due to its lower production costs--a function of lower wages and taxes on consumption) Italian wine loomed as a potential competitor of French wines in a prospective common wine market.[44] The prospect of opening up the French market to Italian wine had been a source of anxiety to Midi winegrowers since 1962 when the E.E.C. Council took the first tentative steps toward the eventual establishment of a Common Wine Market. In a series of regulations issued in April and October, 1962 the Council ordered a complete survey of the current wine production, storage and consumption capacities of the Member states for the sake of organizing a community wine market with the ultimate object of providing for self-sufficiency among the Six.[45] At the same time, measures were taken by the Commission to stimulate a nearly non-existent intra-community wine trade, in the form of increased

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quotas to be reserved by certain members of the Community to each others' production. As one of its decisions on April 4, 1962, the Council had asked Germany to import 800,000 hectoliters of wine produced in member states while France and Italy were encouraged to exchange an initial contingent of 150,000 hectoliters of each other's quality wines.[46] On November 30, 1964, these were increased to 950,000 hectoliters of imported table wine for West Germany, 330,000 hectoliters for France and 323,000 hectoliters for Italy.[47]

When negotiations resumed on the ministerial level, in 1967, conflicting conceptions on the part of France and Italy over the nature of the future wine market postponed an effective agreement until April, 1970. Not surprisingly, both countries advocated a Community wine policy that resembled, as much as possible, domestic structures of production and market organization. For France, this meant rigorous controls over production as well as strict rules on market intervention. Italy, which lacked virtually any form of market organization until the 1960's, clung to a liberal policy without limitations on production and favored more flexible forms of market intervention. As a result, negotiations were laborious and terminated less on the merits of the opposing interests than on the basis of a solution of pending financial issues that was as favorable to France as was the resulting wine policy to Italy.[48]

The main outlines of the Common Wine Policy were decided by the Ministers of Agriculture on February 10-17 and set forth in Regulation 816 of the E.E.C. Council, dated April 28, 1970 which included the major provisions of the Common Agricultural Policy as applied to other products: free trade was instituted among the Six for all categories of designated

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"table wines", maximum and minimum prices were instituted on a yearly basis for the commercialization of wine produced in the Community, and a system of reference prices was adopted for the sake of protecting domestic markets for imports from outside of the E.E.C.[49]

Although French wine interests were somewhat critical of what they considered to be insufficient price support measures and imprecise safeguards on intra-community trade, there was considerable optimism that the Common Wine Market would succeed in encouraging French wine exports, reduce price distortions between French and lower-priced Italian wines and standardize plantation.[50]

However, the immediate effects of the implementation of the Common wine policy on July 1, 1970, were disappointing with respect to French expectations of how the benefits would be distributed. Between 1970 and 1973 intra-community wine trade increased sixty-eight percent, with Italy registering the largest increase in exports and France a proportionate increase in imports. Whereas from 1960 to 1969, Italian exports within the Community averaged between 1.8 and 2.2 millions of hectoliters per year, in 1970 they rose to 4.4 million and to 7.7 million hectoliters in 1971. At the same time, French imports of Italian wine rose from 67,977 hectoliters in 1968 to nearly 2 million hectoliters in 1970 and 4 million hectoliters in 1971.[51]

Significantly, of the 3,973,802 hectoliters of Italian wine imported by France in 1970, approximately 30 percent (1,370,000 hectoliters) consisted of "medicinal" wines of 13 to 15 degrees,[52] similar in quality to those formerly supplied by Algeria (table 7).

On the basis of these figures, it seems safe to conclude that by 1971, Italy, largely by virtue of the E.E.C.'s Common Agricultural Policy,

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had taken the privileged place formerly held by Algeria on the French wine market. Beyond this, it is difficult to say to what extent this development proceeded by accident or design. While there is considerable evidence that French policy-makers understood the consequences of adapting the French wine market to the framework of the Common Agricultural Policy.[52] they seem to have underestimated the success with which Italian wine, selling under its own label, could compete with French production.[53]

This suggests a possible explanation for the consistent support given to the proposal for a Community wine market by French winegrowers. Given a choice between Algerian wine blended with cheaper French wines and sold at below cost, and Italian wine sold under its own label, Midi winegrowers preferred the latter. As early as December, 1962 the General Confederation of Winegrowers of the Midi called attention to the contradiction implicit in the French commitments to both the Common Agricultural Policy and Algerian wine, declaring itself ill-disposed to being "caught between the hammer of [the Treaty of] Rome and the anvil of Evian."[54] By March, 1963, the CGVM began calling for the adoption of a Common External Tariff, and its immediate application to Algerian wine.[55] It was in response to this repeated demand that the French Minister of Agriculture issued the ordinance of September 14, 1967, limiting the blending of French and Algerian wine to "exceptional circumstances", due to "the need to adopt the French wine market to the Common Agricultural Policy of the E.E.C."[56]

The linkage between Algerian wine and the C.A.P. was also implied in Faure's December 9, 1967 promise not to "make France the victim of the E.E.C. wine policy,"[57] a commitment that was fulfilled when, on the eve of the effective opening of the common wine market French Agriculture

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Minister Duhamel assured Midi winegrowers that "imports of Algerian wine will be sharply reduced...." and that "no additional contingents will be allowed."[58]

It thus seems reasonable to infer that French policy-makers, committed to improving the competitive position of French wines on the European market, decided upon a policy that would effectively restrict the import of Algerian wines, long enough to provide a "breathing space" for French wines prior to the Italian invasion, a decision that had far-reaching consequences for the future of French-Algerian trade.

Algeria and the E.E.C.: Towards Association

Until 1966, Algeria continued to benefit from the full provisions of Article 227 of the Treaty of Rome, under which its products were assimilated to those of France for the purposes of trade, both with and within the European Economic Community. While these arrangements facilitated the maintenance of the traditional commercial relationship between Algeria and France, they did little to encourage the diversification of Algeria's foreign trade in the direction of the other five members of the Common Market. Paradoxically, it was not until Algeria began to lose the advantages of its inherited status, as a consequence of a greater degree of commercial integration among the Six to the exclusion of third countries, that it began a systematic effort at trade diversification, leading to the elimination of all tariff distinctions on imports from France versus the rest of the Common Market, and ultimately to a cooperation agreement with the Nine in April, 1976.

On November 10, 1965, the Permanent Representative Committee of the E.E.C. took advantage of the French boycott to examine the problem of

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Algeria as a country formerly assimilated to a member state, but now, independent and technically subject to third country treatment. As a result of this investigation, the Council decided in December, 1965 to exclude Algeria from future intra-community tariff cuts,[59] and the Commission proposed the reopening of negotiations with Algeria, suspended nearly one year before.[60] In the meantime, the German government announced its intention to apply duties of 35 to 40 percent of the Common External Tariff to Algerian agricultural products included under the Common Agricultural Policy, and 20 percent on Algerian industrial goods subject to third country treatment as of January 1, 1966. The Benelux followed suit with 50 percent of the C.E.T. on Algerian agricultural goods and 30 percent on industrial products.[61] Algeria's situation weakened again following its strong support of the frontline Arab states during the June, 1967 war with Israel, when at Dutch request, Algeria was excluded from consideration in the forthcoming talks with Morocco and Tunisia over the institution of a modified free trade zone between the Maghreb and the Common Market.[62] Relations with Bonn deteriorated to a diplomatic rupture and on June 30, 1967, Germany began applying third country treatment to Algerian wine, a crushing blow to Algeria's major agricultural export at a time when the loss of the French market appeared imminent.[63]

The Algerian government, preoccupied with the French wine dispute, barely reacted to these pressures emanating individually and collectively from the Five. On October 18, 1967, Algerian Finance Minister Kaid Ahmed stated that his government had not yet decided what position to take *vis-à-vis* the E.E.C., adding that the prospect of association, as actively sought by Morocco and Tunisia, was a "complex

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issue, taking into account Algeria's particular situation at independence, imbricated within, without being part of the E.E.C."[64] However, by the start of 1968, Algeria's position in the Community had eroded to the point where some form of accommodation with Brussels became necessary. On October 24, 1967, the Council had given the Commission a mandate for negotiations with Morocco and Tunisia[65] on the very products--wine, citrus and olive oil--for which Algeria was in danger of losing markets. On January 1, 1968, Italy began applying the full C.E.T. to Algerian agricultural exports and asked other Member states to follow suit, particularly with respect to Mediteranean products, including wine, citrus and olive oil, that competed with its own exports.[66]

Algeria's first official response, in the form of an editorial in Révolution africaine on January 11, 1968, reflected its concern over the loss of the French market as well as access to the markets of the Five. "With the adhesion of France to the Common Market" the editorial began, "the question of Algeria's association is likely to be posed acutely, to the extent that special relations exist between France and Algeria . . . . The full realization of the Common Agricultural Policy without Algerian association," it concluded "will result in the loss for Algeria of the whole Common Market. . . since France will be free to reduce imports of Algerian wine in favor of Italy and the rest of the E.E.C. will adopt the C.E.T. against Algeria."

In mid-January, an Algerian delegation visited the Commission in Brussels and announced the desire of the Boumedienne government to open negotiations for the purpose of resolving Algeria's legal status. In early February, the Commission conducted a study of Algeria's tariff situation and found that Algerian exports entered the Community with widely

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varying preferences both from country-to-country and from product-to-product.[67] The Commission then proposed negotiations both among the Six and with Algeria for the purpose of harmonizing the diverse regimes applied by the Member states to Algerian products.[68] On February 9, the Council agreed to the first proposition, but Italy's refusal to bargain directly with third countries over Mediterranean products forestalled negotiations with Algeria.[69] In mid-February, an invitation was extended to Italian Foreign Minister Fanfani to visit Algiers and after two days of talks with Bouteflika, Italy agreed to cooperate with Algeria's efforts to resolve its status in the Community in exchange for a larger share of the Algerian industrial market.[70] However, disagreements between France and the Netherlands over negotiations with Israel (favored by the latter but opposed by the former until after the conclusion of the Maghreb agreements) effectively postponed consideration of the Algerian case until the late spring.[71]

By that time the issue of Algeria's status had become urgent, in view of the July 1, 1968 deadline for the full implementation of the Common Agricultural Policy including the uniform application of the C.E.T. by all member states. Accordingly, on May 2, 1968 the Commission proposed the unilateral adoption of a transitional regime pending the successful negotiation of a trade or association agreement between Algeria and the Community. For the Five (excluding France) Algeria would benefit from a fifty percent reduction in the C.E.T. for most of its agricultural exports, excluding wine, and a reduction of 70 percent for industrial exports, with the exception of those covered by the European Coal and Steel Community. With respect to wine, a fifty percent reduction in the

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C.E.T. would be applied by Benelux, Holland and Germany, and at Italian insistance, Germany would be limited to a quota of 113,000 hectoliters per year. In the case of France, the Commission proposed a duty of one-eighth of the C.E.T. in the case of wine and a temporary deferment on the application of the C.E.T. to all other Algerian agricultural and industrial products, along with third country status for Algerian products re-exported from France to other members of the Community.[72] On May 28, the Council referred the Commission's proposals to the Committee of Permanent Representatives which agreed with all but the wine provisions.[73] These were modified and returned to the Council of Ministers which on July 30 authorized an increase in quotas to 175, 000 hectoliters per year for Germany, 70,000 hectoliters for Benelux and 5,000 for Holland with German duties at one-half the C.E.T. and Dutch and the Benelux at one-quarter. All of these provisions went into effect on August 15, 1968, and would remain so until the implementation of a Common Wine Market, then slated for September, 1969.[74]

No one was particularly satisfied with these arrangements. Italy objected to the quotas for Algerian wine exports to Germany, its major client in the Community, and even appealed its case to the European Court of Justice. The Dutch objected to making concessions to Algeria without a prior agreement with Israel.[75] Algeria feared the loss of European markets for two of its major agricultural exports; its wine and now subject to quotas in all member states and its citrus exports faced increasingly stiff competition from Morocco which benefited from an 80 percent reduction in the C.E.T. pending the outcome of negotiations for associated status.[76]

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Having transformed Algeria's status from that of a complacent "have" to an impatient "have not", the Six next turned their attention to the rapid conclusion of association agreements with Tunisia and Morocco. With the signature of these on March 28 and March 31, respectively, it was now up to Algeria to choose between its evolving (and increasing insecure) status and a five-year trade agreement modelled on what its North African neighbors were ready to accept. Algeria was once again confronted by an unsatisfactory choice as the products included in the Moroccan and Tunisian accords amounted to only 41 percent of its exports to the Six that were subject to the C.E.T., wine being specifically excluded.[77] Responding to charges by E.E.C. Council President Gaston Thorn that Algeria "preferred to maintain the advantageous status quo derived from its relations with France," the Algerian government defended its rejection of Community proposals that failed to compensate for its losses on the French market, and which did not take account of the potential of the Algerian market, relative to Morocco and Tunisia.[78]

The thaw in the French-Algerian trade dispute following the Soviet offer to buy Algeria's surplus wine in the fall of 1969 led to a more cooperative attitude on the part of France, which showed signs of returning to its traditional role as Algeria's sponsor in the Community. This became evident when in October, 1969, Foreign Minister Schuman offered French help in marketing Algerian wine elsewhere in Europe,[79] and was reflected in the rapid pace of Algerian-E.E.C. contacts throughout 1970. Addressing a group of French industrialists concerned about the future of the Algerian market in April, 1970, French Ambassador Basdevant linked the question with the issue of Algeria's future relations

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with the E.E.C. adding that France would "insist" that the Community "take Algeria's interest into particular consideration."[80]

Following a visit to Brussels by Algerian Trade Minister Yaker on March 16, 1970, it was announced in a joint Algerian-E.E.C. statement on March 18 that talks would soon be renewed on the terms of an "economic and financial agreement". These words were significant for they suggested something beyond the limited commercial arrangements extended to Morocco and Tunisia without implying the necessity of an "association" agreement, which Algeria still maintained was incompatible with its policy of political non-alignment.[81]

On April 16, 1970, following a second visit by Yaker to Brussels, along with a stopover in Rome (where the Algerian and Italian governments proclaimed "an identity of views regarding Algeria's relationship to the E.E.C.")[82] the Commission announced its intention to request from the Council a mandate to negotiate a trade agreement with Algeria on the Moroccan-Tunisian model with separate provisions for wine, with the effect of including 87 percent of Algeria's exports to the Community that were subject to the C.E.T.[83] On April 17, Algerian Foreign Minister Bouteflika responded favorably to these proposals but reiterated Algeria's longtime demand for a "global agreement", including financial and technical aid as well as improved access to the labor markets of the Six for Algeria's expatriate workers.[84] A four-day visit to Algiers by Acting President of the Council Harmel produced a joint statement on April 22 calling for immediate negotiations for the purpose of concluding a "global agreement", with trade relations to be defined first and the other issues to follow.[85]

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This agreement-in-principle cleared the way for the immediate consideration of Algerian wine, the subject of a provisional agreement on July 30, 1968 and due to expire at the effective implementation of the common wine market on July 1, 1970. On May 11, the E.E.C. Council of Ministers directed the Committee of Permanent Representatives to prepare for the negotiation of a trade agreement with Algeria and on May 21, the Algerian government announced its intention to resume diplomatic relations with West Germany, suspended since the June, 1967 Arab-Israeli war.[86]

In June and July of 1970, the Commission took up the question of Algerian wine and proposed, on July 27, a set of provisions to apply to all Members but France for the 1970-1971 season. The proposals strongly reflected the efforts of the French government to encourage the sale of Algerian wine elsewhere in Europe by adopting a 40 percent reduction in the C.E.T. along with a prohibition against blending with European wines that was likely to satisfy the Mediterranean winegrowers of both France and Italy. In addition, Algeria was obliged to respect reference prices to be established by common agreement among the Six.[87]

The one-year grace period granted to French importers of Algerian wine reflected France's poor harvest in 1969[88] and enabled France to balance its purchases during the 1970-1971 season between Algeria (6.8 million hectoliters) and Italy (2.1 million hectoliters).[89] As explained by President Pompidou in a press interview on August 11, 1970, France's problem was "to safeguard the interests of France and to the Common Market while maintaining cooperation between France and Algeria."[90]

This delicate balance was, however, soon upset by the unexpected progress of the direct negotiations between Algeria and the E.E.C. Up to

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this point, Algeria had consistently and adamantly resisted the Commission's demand for reciprocal preferences to apply to its imports from the Six, a concession made with great reluctance by Morocco and Tunisia in the final round of their negotiations for an association agreement with the E.E.C.[91] However, on December 31, 1970, the Algerian government abruptly announced that "the customs tariff applicable to French products henceforth correspond to the preferential tariff applicable to goods from other states of the European Economic Community."[92] This decision had the effect of both terminating France's privileged position on the Algerian market, as well as clearing the way in principle, for an eventual association agreement between Algeria and the E.E.C.[93]

The geographical diversification of Algeria's foreign trade between 1965 and 1970 was accompanied by a restructuring of the commodity composition of Algerian exports to France. As the proposition of agricultural goods declined from 33.9 percent in 1965 to 23.4 percent in 1970, the importance of crude oil increased from 59.3 percent to 73.0 percent.[94] Given these considerations, the continuing decline in French-Algerian trade, to 12.2 percent of Algeria's exports and 33.1 percent of its imports in 1975 (table 5), can be largely accounted for by the breakdown of the 1965 oil agreement in 1971, and the subsequent changes in the marketing pattern for Algerian oil, developments that will be explored in the next chapter.

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NOTES

[1]*Le Monde*, January 28, 1966.

[2]Ibid., May 25, 1966.

[3]Ibid., June 1, 1966.

[4]Ibid., February 5-6, 1967; Blanchet, *op. cit.*, p. 5.

[5]*Le Monde*, March 21, 1967.

[6]Ibid., February 26, 1967.

[7]Ibid., April 28, 1967.

[8]Algérie Presse Service, *Bulletin Economique*, No. 109, (May 15, 1967).

[9]Ibid.

[10]*Marchés tropicaux et méditerranéens*, No. 1121, (May 6, 1967).

[11]Ibid., No. 1125, (June 3, 1967).

[12]*Le Monde*, October 11, 1967.

[13]Ibid., July 23-24, 1967.

[14]Ibid., August 23, 1967.

[15]*El Moudjahid*, August 31, 1967.

[16]*Le Monde*, September 23, 27, 1967.

[17]Ibid., November 24, 1967.

[18]*Révolution africaine*, No. 260, February 8, 1968.

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[19]Le Monde, January 11, 1968.

[20]Ibid., March 3, 1968; Riva-Roveda, p. 114.

[21]Le Monde, February 7, 1968.

[22]Marchés tropicaux et Méditeranéens, No. 1231, June 14, 1969.

[23]According to Adrien Zeller, a French agronomist working in Algeria, machinery for irrigation and replanting would cost Algeria 20,000 francs per hectare, and between 18,000 and 31,000 jobs, for a total investment of 2.5 to 3.5 billion francs, "Le probleme du vin: Une solution de coopération Algéro-Francaise," Développement et Civilisations, No. 3 (March, 1968), pp. 26-41. See also Algérie Presse Service, "Les problems viti-vinicoles et du vin," Bulletin économique, No. 109, (May 15, 1968).

[24]Le Monde, March 23, 1968.

[25]Ibid.

[26]Riva-Roveda, p. 190.

[27]Ibid., p. 191.

[28]See Boumedienne's speech on the third anniversary of the regime in the Journal of Modern African Studies, Vol. VI, No. 3, (October, 1968).

[29]Le Monde, July 26, 28-9, 1968.

[30]Ibid., December 8-9, 1968.

[31]Ibid., January 7, 1969.

[32]Ibid., December 31, 1969.

[33]Ibid., February 16-17, March 21-22, 1969.

[34]Ibid., January 1, 1970.

[35]Ibid., October 5-6, 1969.

[36]Ibid., November 4, 1969.

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[37]Ibid., December 13, 1969.

[38]Ibid., August 16, 1967. According to the French Institute of Wines of Current Consumption, "the framework of French viticulture was profoundly modified as of 1965 by the prospects of trade within the E.E.C." IVCC, 1964-1972.

[39]Miriam Camps, European Unification in the Sixties, (New York: McGraw Hill, 1966), p. 122. For similar views see Edward Morse, Foreign Policy and Interdependence in Gaullist France, (Princeton: Princeton University Press, 1973); John Newhouse, Collision in Brussels. (Harmondsworth: Penguin, 1967); and Kolodziej, Chapter 8.

[40]Morse, p. 82.

[41]Kolodziej, p. 331.

[42]Conseil Economique et Social, l'Economie agricole francaise et le marché commun après l'accord sur le financement de la politique agricole commune, January 25, 1967.

[43]Le Monde, January 6, 1970.

[44]From 1961 to 1965, Italian wine production averaged 62.2 million hectoliters per year as compared with 60.9 million hectoliters for France. Anny Rousselot-Pailley. Le Marché commun du vin, (Brussels: Agence Européenne d'Informations, 1961), p. 22; Comitato Nazionale per la Tutela della Donominazioni di Origine di Vini, Prospettive Dell' Esportazione Italiani di Vini et Acquaviti, (Bologna, 1969), pp. 34-116.

[45]Blanchet, pp. 245-246; Rousselot-Pailley, p. 9.

[46]Blanchet, p. 256-257.

[47]Ibid., p. 259.

[48]Le Monde, December 11, 1968, February 19, 1969, April 14, 1970. The outcome of the agreement may have been influenced by France's loss of bargaining power over the wine issue following a poor harvest (48.5 million hectoliters) in 1969 as compared with Italy (71.6 million hectoliters) that year.

[49]Journal Officiel de la Communauté Européenne, No. L 99, May 5, 1970.

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[50]Emmanuel Boullez, *Le Marché Commun du vin: Bilan de quatre années d'organization des marchés* (Brussels: Agence Européenne d' Informations, 1974), p. 67.

[51]Rousselot-Pailley, p. 175.

[52]See Conseil Economique et Social, *La Viticulture Française a l' heure du Marché Commun, Orientations et Perspectives d'Avenir*, (Paris: 1971).

[53]Jaume Bardissa, *Cent ans de guerre du vin*, (Paris: téma-éditions, 1976); "Wine-The C.A.P. Runneth Over," *The Economist*, April 12, 1965.

[54]*Le Monde*, December 7, 1962.

[55]Ibid., March 2, 1963.

[56]*JORF*, September 13, 1967; *Le Monde*, September 14, 1967.

[57]*Le Monde*, December 10-11, 1967.

[58]Ibid., May 5, 1970.

[59]Zartman, p. 117.

[60]Tavernier, p. 4.

[61]Zartman, *The Politics of Trade Negotiations*, p. 145.

[62]*Annuaire de l'Afrique du Nord*, 1967, pp. 354-355.

[63]Tavernier, p. 17.

[64]*Annuaire de l'Afrique du Nord, 1967*, pp. 354-355.

[65]Zartman, p. 136.

[66]*Le Monde*, February 10, 1968; Riva-Roveda, p. 206.

[67]Zartman, p. 145.

[68]Tavernier, p. 4.

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[69]Ibid., p. 19.

[70]Le Monde, February 14, 1968.

[71]Ibid., May 12, 1968; Zartman, p. 146.

[72]Zartman, p. 146; Tavernier, p. 18; Le Monde, May 9, 1968.

[73]Zartman, p. 147.

[74]Tavernier, p. 18.

[75]Zartman, p. 147.

[76]Le Monde, May 9, 1968.

[77]Zartman, p. 144; Marchés tropicaux et méditerranéens, April 5, 1969.

[78]Marchés tropicaux et méditerranéens, April 25, 1969, June 14, 1969.

[79]Le Monde, October 4, 1969.

[80]Ibid., April 4, 1970.

[81]Ibid., March 19, 1970.

[82]El Moudjahid, April 21-22, 1970.

[83]Le Monde, April 17, 1970; Marchés tropicaux et méditerranéens, May 2, 1970.

[84]El Moudjahid, April 18, 1970.

[85]Le Monde, May 2, 1970.

[86]Ibid., May 22, 1970; Tavernier, p. 4.

[87]Le Monde, July 29, 1970.

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[88] France produced 48.5 million hectoliters in 1969. The grace period may also have been intended to improve France's bargaining position versus Italy with a production of 71.2 million hectoliters in 1969. Rousselot-Pailley, p. 5.

[89] Ibid., p. 175.

[90] Le Monde, August 13, 1970.

[91] Zartman, pp. 142-143.

[92] JORADP, December 31, 1970; cited in Tavernier, p. 13.

[93] A "Cooperation Agreement" between Algeria and the E.E.C. was signed on April 26, 1976 following several years of laborious negotiations. Commission of the European Communities, Recommendation for a Council Regulation Concerning an Agreement between the European Economic Community and the Popular Democratic Republic and Algeria, (Brussels, 1976).

[94] Riva-Roveda, p. 114.

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V.

O.P.E.C. AND THE FRENCH-ALGERIAN OIL CRISIS OF 1971: FROM TEHERAN TO TRIPOLI TO ALGIERS

The French-Algerian oil agreement, heralded as a revolutionary experiment in bilateral post-colonial cooperation at the time of its announcement in July, 1965, was consigned to history, when on February 24, 1971, the Boumedienne government nationalized fifty-one percent of the holdings of all French oil companies operating in Algeria. While a combination of internal and external factors led Algeria to demand the revision of the fifteen year agreement less than five years after its inception, the failure of the renegotiation efforts undertaken from November, 1969 to February 1971 can be attributed largely to international factors, well beyond the control of either France or Algeria. Coincident with the French-Algerian effort to reach a compromise solution to Algeria's claims to higher oil tax revenues and greatly increased participation in the profitable phases of the oil sector, were parallel negotiations between an international cartel of oil companies and the Organization of Oil Exporting Countries (O.P.E.C.), the outcome of which would radically affect the entire structure of the international oil industry. These negotiations, which took place at Teheran between January 19 and February 14, 1971 and at Tripoli, (Libya) from February 25 to April 2, 1971, seriously undermined the foundations of the Algiers agreement contributing to the failure of bilateral negotiations and the end of "privileged relations" between France and Algeria in the oil sector.

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This chapter will seek first to evaluate the viability of the Algiers agreement as it stood on the eve of the renegotiation efforts, before undertaking an analysis of the relationships between Algeria, France and O.P.E.C.

The 1965 Agreement: The Limits of Bilateralism

The Algiers agreement had perpetuated certain aspects of the advantageous regime initially granted to French oil companies by the colonial authorities under the Saharan Oil Code. French companies were permitted to continue dominating the productive and commercial phases of the oil industry as concession agreements were acknowledged through their original fifty year duration, thus promising France a dependable supply of oil at reasonable prices, payable in francs. The fiscal regime was realigned on the basis of a "reference price," representing a compromise between the real selling price of Algerian oil (formerly the basis of taxes and royalties) and the higher posted prices utilized as a tax base in Middle Eastern oil-producing countries. Royalties remained tax deductible in contrast to the O.P.E.C. fiscal system under which they were counted as costs to the producer.

In exchange for these advantages the French government agreed to participate in a joint-venture with the Algerian state oil company, SONATRACH, for the purpose of intensifying oil exploration and expanding production on perimeters considered most promising. From Algeria's point of view this "Cooperative Association" would provide a source of badly needed foreign capital and technical "know-how" while extending SONATRACH's participation from the transport to the research and productive phases of the industry.

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The success of the agreement thus depended on a number of factors, including France's continued interest in Algeria's oil, Algeria's access to alternative sources of capital and technology as well as the relative value of Algeria's oil on the international market.

The agreement got off to a promising start when, in 1966, a potentially serious dispute over the contracting of third parties was resolved in what the AlgerianPress Service called "an atmosphere of cordiality and complete harmony," through the concilation process as called for in Article 50 of the accord.[1] In May, 1966 Boumedienne was quoted as stating that "the agreements of July, 1965 constitute a valuable basis for cooperation between Algeria and France."[2]

However, Algeria's disenchantment with the Algiers agreement become apparent when on April 13, 1968, the Algerian Press Service charged that "the solemn commitments made by de Gaulle are deliberately forgotten . . . by the private and public organizations charged with executing them".[3] The criticism was repeated on July 27, 1968 when Foreign Minister Bouteflika claimed that Algeria had "fulfilled its commitments, but not France."[4] On December 15, 1968, an unnamed Algerian source warned that "the 1965 agreement risks entering history as an example of neo-colonial maneuvers," since "the commitments made by France in counterpart to the advantages granted [by Algeria] . . . have been ignored . . . and the equilibrium on which the agreement depends has been broken."[5]

Specifically, Algeria criticized the French oil companies for "systematically limiting" their research efforts, in spite of the commitment taken under the 1965 agreement, which called for a mutual effort toward "a new impulsion . . . to the research of hydrocarbons."[6]

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Objectively speaking, the Algerians had little cause to complain about French financial efforts under the 1965 agreement. The budgetary contributions of ERAP (the state company charged with carrying out France's obligations under the 1965 agreement) consistently exceeded the yearly minimum of 135 million dinars stipulated in the agreement.[7] The fifty million tons of reserves discovered between 1966 and 1969 amounted to ten percent of the total recoverable reserves of the Sahara.[8] While the Algerian government pointed to the decline in the share of the cooperative research surface occupied by SOPEFAL as evidence of France's lack of commitment to the "spirit" of the 1965 agreement[9] this was more likel, a reflection of a choice in favor of concentrating exploration efforts in more promising zones outside of the common perimeter.[10]

Algeria's dissatisfaction was, rather, predicated on an unrealistic set of expectations concerning the commercial value of the Sahara's oil reserves[11] as well as growing evidence of France's declining interest in the future of the Sahara. These considerations were expressed in the following terms by Ahmed Ghozali, the Director General of SONATRACH in a press conference given on March 20, 1969: "Cooperation does not consist in maximizing profits and making the minimum of investments required under the agreement; it consists in taking into consideration . . . the interests of the [host country], namely the rapid development of its oil economy."[12]

Algeria's perception of France's commitment to the 1965 agreement was most likely influenced by the extent to which French companies, ERAP in particular, capitalized on the prestige of the 1965 French-Algerian agreement to diversify French oil interests to countries that competed with Algerian oil on the European market. Diversification being the

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stated aim of French oil policy under the Fifth Plan (1966 to 1970) which projected a levelling off of French oil imports from Algeria to one-third of total oil imports in 1970,[13] the French government signed enterprise contracts with Iran in August, 1966, Iraq in February, 1968, and Libya in April, 1968.[14] This was the basis of Algeria's criticism that ERAP's profits from the production and sale of Algerian oil "serves to finance . . . under other skies, its policy of diversification."[15] The Algerian government particularly resented the fact that "while the Algiers agreement is exploited to the limit on the international level . . . Algeria is the victim of maneuvers aimed at limiting or eliminating the significance of those clauses of the agreement favorable to its interest."[16] Algerian reaction was particularly strong following the announcement of the French-Libyan protocol on April 12, 1968, under which ERAP and the Libyan State Company (LIPETCO) formed an association based on the French-Algerian model and including 29,850 square kilometers under its domain. Libyan oil was viewed with alarm in Algiers, due to its rapidly expanding production (83.5 million tons in 1967 as compared with 40 million tons for Algeria), relatively low cost of extraction and its competitive quality and geographic position.[17] Indeed, the prospects of exploiting the oilfields of the Middle East have been taken by more than one observer of French foreign policy to be the basis of de Gaulle's dramatic support of the Arab cause following the Arab-Israeli war of June, 1967.[18]

Diversification was also evident in the pattern of France's oil imports during the period from 1966 through 1969, the effect of which was to stabilize Algeria's share of French oil imports at

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approximately the same level in 1969, 28.5 percent, as in 1965,[19] while Libya's share increased from 12.1 percent of the French market in 1966 to 17.3 percent in 1969.[20]

In this connection it was not insignificant that on the eve of formal negotiations for a revision of the 1965 agreement, the French government, in conformity with the Treaty of Rome and the recommendations of the Brussels Commission, revised its oil import regime so as to eliminate the requirement that refineries purchase a given quota of oil produced by French companies.[21] Thus, while technically speaking, the French government met its commitments under the 1965 agreement, it was also clear that French interest in the Sahara was declining relative to other sources of imported oil.

At the same time a second set of factors was progressively reducing Algerian dependence on French capital and expertise in the petroleum sector. The growth of SONATRACH for the purpose of filling the role designated for it under the 1965 agreement resulted in its becoming an increasingly independent partner of its French counterpart within the Cooperative Association.. Under a decree of September 22, 1966, its functions were formally expanded from transport and commercialization to include research, production and transformation, its capital was increased from 50 to 400 million dinars,[22] while its expenditures rose from 90 million dinars in 1966 to 408 million dinars in 1969.[23] In the service sector, SONATRACH established its presence through the formation of mixed companies with predominately American firms.[24] With respect to personnel, SONATRACH's new responsibilities provided opportunities for considerable on-the-job training, such that between

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1966 and 1969 the state company trained a total of 1,749 previously unskilled workers under the direction of 200 Soviet experts.[25] In addition, the Algerian Petroleum Institute, established on September 29, 1965, as part of the 1965 agreement with France trained 85 engineers during its first four years of operation.[26] By 1968, the entire manual labor force of the Saharan oil industry had been Algerianized and Algerians supplied approximately four-fifths of middle-level management and one-third of all engineers and other top-level personnel.[27]

In terms of direct participation Algeria's role _vis-à-vis_ SONATRACH increased significantly during the period from 1965 to 1970 through a combination of purchasing agreements and nationalizations of non-French companies. Starting on January 30, 1967, SONATRACH bought out British Petroleum's Algerian marketing network, nationalized the distribution networks of 13 Anglo-American companies in August, 1967 including--ESSO, Mobil, Sinclair and El Paso--and by May, 1968, had achieved total state control over the entire domestic market in oil and oil products.[28]

The nationalizations of Anglo-American companies resulted from their refusals to conform to the fiscal regime applied by the Algerian government in the ordinance of December 30, 1965 which afforded them less favorable treatment than that granted to French companies under the 1965 agreement. Negotiations had begun at the end of April, 1966 and bogged down in mid-July over Algeria's demand that the companies subscribe to the O.P.E.C. tax system (counting royalties as tax credits, linear amortization, and elimination of the Fund for the Reconstitution of Deposits).[29] On November 8, Algeria gave the recalcitrant companies 24 hours to pay accumulated royalties or face confiscation, a threat which persuaded Sinclair and Tidewater to agree but provoked

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objections from Mobil and Amif, whose representatives called the new provisions "discriminatory and unacceptable" and demanded equal treatment with French companies.[30] Following a visit to Algeria by Senator Edward Kennedy in November, 1966, the companies were granted a reprieve[31] until March, 1967, when they were again threatened with nationalization for allegedly pressuring the World Bank to stall on a loan intended to finance Algerian gas exports to the U.S.[32] U.S. and British support for Israel during the June, 1967 Arab-Israeli war provided the Algerian government with an additional pretext for increasing the pressure and on June 7 the companies were placed under Algerian administrative control.[33] On August 29, 1967 just preceeding the Khartoum Conference of Arab heads of state Algeria announced the formal nationalization of all the U.S. oil companies operating in the Sahara, calling the move the "direct consequence of imperialo-zionist aggression against the Arab nation."[34]

The first company to reach a settlement on the terms of its future operations in Algeria was the Getty Petroleum Company, in an agreement announced on October 21, 1968, with far-reaching effects on the future of French oil interests in Algeria. Under the agreement Getty ceded to SONATRACH 51 percent of its interests in Algeria including oilfields with a production of 4.2 million tons in 1967, and formed an "association in participation" to exploit the remaining 11,500 square kilometers with SONATRACH as sole operator. Getty guaranteed to invest 7,000 dinars per square kilometer in the Sahara over a five year period, a commitment amounting to almost twice the expenditure incumbent upon SOPEFAL under the 1965 French-Algerian agreement. In addition, Getty agreed to sell all of SONATRACH's production under the joint-venture while paying the

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Algerian company an average of the prices it received from the sale of its own oil. The fiscal system included a tax reference price of $2.19 (f.o.b. Borgie), an amount higher than the rate of $2.08 applicable to French companies under the 1965 agreement but still less than the $2.35 claimed by Algeria from the non-French companies since January 1, 1966. In conformity with the O.P.E.C. "expensing" system, royalties would be considered as costs to the producer, rather than subtracted from taxes paid, as was the case under the French-Algerian agreement. In addition, Getty agreed to reinvest 75 percent of its profits after taxes in Algeria. Finally, the arbitration formula, consisting of a "tribunal", the president of which would be designated by the president of the Algerian Supreme Court, came closer to Algeria's desires than the resort to the International Court of Justice as provided for under the 1965 agreement.[35]

The Algerian press seized immediately on the Getty agreement as "a [new] model for more just and equitable relations between developed and industrial countries" and criticized the French press for minimizing its significance.[36] While the French government contended that the Getty agreement was not relevant to the context of French-Algerian relations, the groundbreaking agreement would often be invoked to justify Algerian demands for a new deal.

As a result of these agreements and acquisitions, Algeria's direct role in the oil sector had grown by 1969 to 25 percent in the productive sector, fifty-two percent in the transport sector, 56 percent in refinery and 100 percent in domestic distribution (see table 9). Likewise, with respect to exports SONATRACH soon began to develop a marketing network independent of both foreign control and of the French market. While in 1967 only

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12.5 percent of the Saharan oil exports were made by SONATRACH, its share had risen to 20.5 percent in 1969, entirely at the expense of the Anglo-American companies that were nationalized in the interim.[37] SONATRACH consistently sold most of its production outside of France, including 94.2 percent in 1969, of which more than one-quarter was marketed outside of Europe, the traditional market for practially all of the Saharan crude exported by French companies through 1969.[38]

The third set of factors affecting the viability of the 1965 French-Algerian agreement were those enumerated in Article 27 which called for the revision of the agreed tax reference price of $2.08 (f.o.b. Bougie) as of January 1, 1969 taking into account "changes affecting the competitivity of Algerian oil" including such factors as freight costs, quality differentials, tax regimes and the cost of production.[39]

Between 1965 and 1969 the evolution of the international petroleum market was such as to affect nearly all of the ingredients of the French-Algerian reference price justifying Algeria's demands for an upward revision as of 1969. The initial factor to be affected was the freight differential which was significantly increased by the closing of the Suez Canal following the Arab-Israeli war in June, 1967, with the effect of greatly increasing the transport costs for oil exported from the Persian Gulf which henceforth would have to circumnavigate the entire continent of Africa _en route_ to European and North American ports. This resulted in an immediate increase in the value of oil exported from Mediterranean ports amounting to approximately 7 to 8 cents per barrel, which, under the terms "Suez premium" was added (retroactively to July 1, 1967) to the posted prices of all of Libya's crude oil exports as of November, 1967, that portion of Iraqi crude exported from the Lebanese port of

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Tripoli and from the Syrian port of Banias as of June, 1968 and, as of September, 1967, to that portion of Saudi crude exported via the TAPLINE from the Lebanese port of Sidon.[40] However, under the terms of the 1965 agreement, the tax reference price of Algerian oil could not reflect this change, since it was not subject to revision until January, 1969, and since no provisions were made for retroactivity prior to that date.

With respect to qualitative considerations, the tendency of western industrial states to control air pollution through the adoption of legislation to reduce the sulfur content of fuel oil also worked in favor of Algerian (along with Libyan and Nigerian) oil due to its low sulfur quality in comparison to Middle Eastern crudes. Furthermore, the light quality of Algerian and Libyan crudes, producing a high yield of light distillats made them the preferred raw material for petrochemical industries.[41]

Given these geographical and qualitative considerations, Algerian oil was still barely competitive with Libyan crude, which was cheaper to produce due to its greater quantities and the economies of scale thereby achieved, and continued to be under-posted under the liberal tax regime granted to western oil companies by the Sanussi monarchy. However, following the overthrow of King Idriss on September 1, 1969 by a military _junta_ led by twenty-six-year-old Muammar al-Qaddafi, Libya soon exchanged its traditional role as the soft underbelly of the oil-exporting Arab states for one of open confrontation with the international oil companies. When as of March, 1970, the Libyan Revolutionary Command Council began ordering foreign oil companies to reduce production by as much as fifty percent, while simultaneously requesting a 30 cent increase in posted

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prices.[42] the resulting price increases and scarcity of Mediterranean oil (as well as the uncertainty of the Libyan situation) combined to further improve the competitive position of Algerian crude on the international market.

The same can be said for the temporary shutdown of the TAPLINE used to transport 25 million tons of Saudi crude to the Mediterranean port of Sidon in 1969 as a result of a dispute between the Syrian government and ARAMCO and again on May 3, 1970 following reports of an accident involving a bulldozer.[43] The timing of these factors led the Algerian government to demand the opening of negotiations at the earliest opportunity for the purpose of revising the tax reference price applied to French companies under the 1965 agreement.

At the same time that the Algerian government insisted on the necessity of revising the 1965 agreement it took care to affirm its basic commitment to the ideal of bilateral cooperation that it represented. In an interview given to Le Monde, in January, 1970, Boumedienne said: "I do not think . . . that it is necessary to renounce purely and simply the 1965 accord. This agreement has come up against certain realities . . . it is now necessary to overcome all of its weaknesses in order to have it conform to the concrete . . . evolution of this sector."[44] Algeria's basic argument, reiterated again and again in the course of the negotiations was that "the fiscal privileges granted to France under the Algiers agreement had no other justification than the commitment made by France to contribute to the renewal of [petroleum) research in Algeria. This contribution having fallen far short of the commitment made, the reference price requires in consequence to be

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revised, in function of the changes that have occurred on the international market."[45]

Given these terms, the French government was reluctant, but not irreconcilable, to negotiating a compromise that would preserve its essential interest in a regular supply of crude oil payable in francs, while reducing the fiscal advantages accruing to French companies under the 1965 agreement. Prospects for an amiable solution were further enhanced by Algeria's statement, published in El Moudjahid on November 11, 1969 that "for Algeria, nationalization is a long-term ideology, not a practical short-term objective," since "the research, exploitation and evacuation of oil requires huge technical and economic investments, exceeding the possibilities of our national economy."

These considerations suggest that the outcome of the negotiations --including the nationalization of French oil companies in Algeria, and the complete alignment of Algeria's fiscal policy on the O.P.E.C. system --"were more the fruit of external circumstances than the result of a definite decision taken by either Algeria or France."[46]

Enter O.P.E.C.: From Algiers to Teheran

In January, 1969, the Algerian government formally advised France of its intention to seek a revision of the tax reference price under the terms of Article 27 of the 1965 agreement. The French government ignored the request, apparently hoping that a relaxation of the tension on the international petroleum market would follow from Syrian agreement to reopen the TAPLINE and from the deployment of large numbers of supertankers in which France, along with other major oil

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consuming states had invested heavily since the closing of the Suez Canal in 1967.[47] In the meantime, Algeria attempted to obtain recognition of the revalorization of its oil by insisting, at the end of February that all foreign companies raise their posted prices from $2.35 to $2.65 (f.o.b. Bougie). The companies likewise ignored this request, (which, in Algeria's case was without practical consequences for either the real selling price of its crude oil or for the tax revenue thereby obtained), arguing that the imposition of new posted prices violated the concession agreements under which the companies were vested with the right to set posted prices within the parameters of the international market, and furthermore, appealed to the French government to seek recourse to the arbitration provisions of the 1965 agreement.[48]

However, Algeria had for some time manifested its opposition to the international arrangements reluctantly agreed to in the 1965 accord and superceded in the Getty agreement of October, 1968. This position was strongly reiterated in an editorial published in El Moudjahid on February 3, 1969 in an argument which set the tone for the coming confrontation with the French oil companies. Renouncing international arbitration as "a system of which the object is to perpetuate immoral interests," the editors affirmed in the name of "realism" the view that "relations between states are founded not on law or morality, but on force," concluding that this was the proper vantage point from which to "envisage the strategy to follow with respect to the behavior of oil companies which . . . interfere with the action of our Administration."[49]

In this atmosphere of impending confrontation, Algerian Energy Minister Absdesselam announced Algeria's effective membership in O.P.E.C. as of July, 1969 for the stated purpose of "reinforcing the front of

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producing countries" and "making its contribution to the establishment of new relations between producing countries and the oil companies."[50] Although more specific reasons for Algeria's decision to become the ninth member of O.P.E.C.[51] were never officially given, several possible explanations have been offered for the timing of Algeria's decision. One obvious reason was to reinforce its position in the forthcoming negotiations with France over the revision of the reference price, and, in particular to lend support for the adoption of the O.P.E.C. system of adding royalties to profits taxes rather than deducting them as a tax credit. The second reason, as expressed by Abdesselam in February, 1971, was to align O.P.E.C. with the demands of the Group of 77, for which Algeria was a leading spokesman, specifically with respect to the goal of indexing the prices of raw materials to increases in the price of imported industrial goods, a theme which Algeria did introduce at O.P.E.C.'s Twenty-First Ministerial Conference in Caracas in December, 1970.[52]

The immediate implications of Algeria's membership in O.P.E.C. were clear: Algeria could no longer maintain a conventional reference price for tax purposes, but would seek to adopt a fiscal system patterned on the O.P.E.C. regime as adopted in July, 1965, including the use of posted prices as a base for profits tax and the incorporation of royalties as an additional charge to the producer.[53]

Following the September, 1969 coup d'état in Libya, Algeria began coordinating its oil policy with the similar demands being posed by the radical Qaddafi regime. During a visit to Tripoli by Bouteflika an Algerian-Libyan cooperation agreement was announced on December 9, 1969,

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in which the two governments pledged to coordinate their policies on oil fiscality, taxation and commercialization.[54]

O.P.E.C. support of Algeria's efforts to renegotiate its 1965 agreement with France was officially expressed at the 19th Ministerial Conference in Doha, Qatar, which agreed to a resolution acknowledging "the qualitative advantages of Algerian oil and its geographical proximity to markets," and offering "full support for any appropriate measures taken by Algeria to safeguard its legitimate interests."[55]

Immediately following the Doha meeting, Algeria began participating in the formation of a radical bloc within O.P.E.C. for the purpose of challenging the moderate positions taken by Saudi Arabia on issues of price and participation.[56] In January, a meeting took place in Baghdad at Iraqi initiative among the oil ministers of Algeria, Iraq and Libya for the purpose of "coordinating activities for the development of hydrocarbon resources" and to "develop a concerted policy with respect to . . . foreign companies that exploit the resources of the Arab world."[57] At the end of January, Libya began pressuring British and American oil companies for a 30 cent increase in posted prices (to $2.53) based upon alleged under-posting of Libya's initial exports of crude in 1971.[58] Since Libyan prices were the basis of the posted prices applied to Algerian oil since 1963, these demands could not help but reinforce Algerian claims to higher posted prices, and for a revision of the tax reference price under the 1965 agreement with France. Algerian-Libyan consultations took place throughout 1970, including the visit to Tripoli in mid-February by Noureddine Ait Lahoussine, chief counsel to the Algerian Ministry of Industry and Energy, a visit to Algeria by Qaddafi in April, a SONATRACH delegation to Libya in August at the invitation

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of the Libyan state compane LIPETCO, followed by a visit to Tripoli by Algerian oil Minister Abdesselam in October.[59]

Algeria's position in the negotiations with France were subsequently strengthened by the threat of Libyan Oil Minister Mabrouk to unilaterally raise posted prices should Libya's negotiations with the oil companies fail, and by the sharp cutbacks on production mandated by the Libyan government between May 7 and September 15, 1970.[60]

Following a ten-day visit to Algeria and Libya in May, Iraqi Vice President Saleh Mahdi Ammache, announced that "Iraq, Algeria and Libya are in agreement on the need to reinforce their oil cooperation and to present a common front to the foreign trusts."[61] At Algerian invitation the oil Ministers of Algeria, Iraq and Libya met in Algiers on May 22 and signed an agreement establishing a common support fund to "reinforce their means of action with respect to the [foreign] companies."[62] This meeting set the stage for the Twentieth O.P.E.C. ministerial meeting, held in Algiers from June 24-25 at which President Boumedienne took the occasion of the inaugural address to set forth Algeria's oil policy in the context of the struggle against neocolonialism and other forms of political and economic domination:

> We approach the problem in terms of struggle . . . . The maintenance of producing states in the status of reservoirs of raw materials and the constant deterioration of . . . the terms of exchange has meant that the true value of natural resources continues to be denied to producing states by mechanisms which regulate prices and in a general sense organize international economic relations such that the major characteristic of the colonial pact remains in its integral effects.[63]

Drawing on the experience of Algeria's colonial past and struggle for national liberation, the Algerian President called for a "strategy [by which] producing countries take over, directly, their extractive industries,

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by the mastery of the activities and services on which depend the valorization of their natural resources, that is, their production, transport and commercialization."[64] However, while advocating a policy of participation, that placed Algeria well in the avant-garde of O.P.E.C. member states, Boumedienne also left room for Algeria's particular relationship with France by advocating "the regulation of issues relative to hydrocarbons within the framework of relations between . . . consuming and producing states."[65]

Under the aggressive chairmanship of Algerian oil minister Abdesselam, the Conference produced two resolutions supporting Algeria's interests in the renegotiation of its 1965 agreement with France. Resolution XVI-90, published on July 29, called on the governments of member states to undertake "whenever possible, the direct exploration and exploitation of their hydrocarbons." On oil fiscality the resolution insisted on the utilization of posted or reference prices prevailing . . . in other O.P.E.C. states." Finally, with respect to arbitration procedures the oil ministers agreed that while allowing for "contrary dispositions prevailing in the legal system of a member state, all litigation involving the government and [foreign] operators must be exclusive resort of competent national tribunals . . . ."[66]

The second resolution (XX-114) concerned specifically Algeria's fiscal claims on France, with respect to which O.P.E.C. "reaffirmed its complete solidarity" and pledged "active support for all measures to be taken for the protection of [Algeria's] interests."[67] a

Emboldened by O.P.E.C. support, Abdesselam, advised the French companies on June 24, 1970 of their obligation to reinvest in Algeria the equivalent of $1.80 per barrel of crude exported, pending the

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resolution of the tax question and the establishment of a new reference price.[68] This amounted to unilaterally revising the reinvestment ratio from the 50 percent proportion agreed to in 1964 to nearly 90 percent, a move without precedent among other members of O.P.E.C.

Considered in the context of the nationalizations of American companies on June 16, this action, together with the Boumedienne speech and O.P.E.C. resolutions, created the impression, as Alain Murcier wrote in Le Monde that "the Boumedienne government seeks to pose as inspirator and animator of the Arab oil emancipation movement . . . ."[69] In response to these Algerian initiatives, Pierre Guillaumat, president of the French state oil company, ERAP, held a press conference on July 9, 1970, in which he insisted on the uniqueness and complexity of the "special ties" existing between France and Algeria, including the presence in France of a half million Algerian workers, adding that Algeria's demands in the fiscal area posed the question "of whether or not to remain in Algeria."[60] The implied linkage between workers and oil was perceived in Algeria as a "means of pressure to impose the over-exploiration of our resources."[71]

The polemic continued when on July 16, Boumedienne complained of the "neocolonial aims" and the "intransigence" of the French companies, insisting that while the resources of the Sahara "belong to Algeria", Algeria was willing to conclude "for . . . several years [an agreement] on the basis of the interests of our country, as well as those acceptable interests that we guarantee to all who wish to cooperate [with us] . . . on an equal basis . . . ."[72]

Following reports of a French offer, rejected by Algeria, of an increase in the reference price to $2.28, a circular from the Algerian

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Ministry of Industry and Energy dated July 1, 1970 announced a unilateral increase in the reference price from the $2.08 figure contained under the 1965 agreement to $2.85, retroactive to January 1, 1969.[73] The French government protested through an official spokesman on July 22, by insisting that under Article 27 of the Algiers agreement, the reference price could be revised only mutual accord,[74] and that Algeria's action thereby constituted a "contravention" of the agreement for which France would seek redress through the channels of international conciliation and arbitration, which, under the agreement, would temporarily suspend the implementation of the new regulations.

In response, El Moudjahid published a long editorial on July 24, justifying the decision on the basis of French procrastination in the implementation of article 27, calling French hesitancy, a "dilatory maneuver . . . aimed at perpetuating the status quo" and, as such, constituting a "veritable violation of the 1965 agreement." Furthermore, Algeria rejected the recourse to suspensive arbitration asserting that this procedure applied only to disputes involving the implementation of an agreed reference price, but that since such a price had "expired" as of January 1, 1969, the procedure was no longer valid.[75] On August 5, El Moudjahid went on to denounce the arbitration procedure of the 1965 agreement as a "juridical monstrosity."[76]

In the wake of strong statements from several French political figures threatening reprisals on Algerian workers and wine,[77] Boumedienne recalled Ambassador Malek from Parks for consultations on July 28, and on July 29, issued an ambiguous statement in the name of the Council of the Revolution, reaffirming "Algeria's oil policy as well as its

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desire to pursue and consolidate the policy of cooperation with France in all realms."[78] This conciliatory gesture was reciprocated when on July 31, and again on August 4, President Pompidou met with Algerian Ambassador Malek to reaffirm France's commitment to cooperation and to its "privileged relations" with Algeria.[79]

On August 7, Le Monde reported that following a round of discussions between French Foreign Minister Schuman and Algerian Ambassador Malek, France had agreed to the Algerian request to renegotiate the overall terms of the 1965 agreement as provided for under Article 52.[80]

On August 27, France sent a high-level delegation consisting of Minister of Industry and Industrial Development Xavier Ortoli and Director of Economic Affairs of the Ministry of Foreign Affairs Francois Brunet to Algeria for the purpose of requesting a postponement of the effective application of the proposed new reference price pending "an overall negotiation between Algeria and France."[81] Following a meeting between Ortoli and Boumedienne on August 28, Algeria agreed to the French proposal and talks were set for October 5.[82]

In the meantime Algeria began a publicity campaign aimed at promoting its claims to radical revision of the fiscal system contained in the 1965 agreement by arguing that its tax revenue (at 67.7 cents per barrel from 1966-1969) averaged 35 percent less than that of Libya, 26 percent less than Iraq, and 37 percent less than Venezuela during the same period.[83]

This condition was blamed on three factors: the reference price of $2.08, frozen since 1966, the counting of royalties as tax credits rather than costs to the producer as was the practice in all O.P.E.C. states since 1965 (representing a "loss" to Algeria of

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approximately 36.65 cents per barrel on the basis of a posted price of $2.65) and finally, France's non-recognition of Algeria's entitlement to the "Suez premium" granted to other Mediterranean crudes.[84] On this basis Algeria claimed a reference price of $2.85.[85]

A meeting between Bouteflika and Pompidou on September 18 set a conciliatory tone for the opening of talks on September 28 with a joint statement professing "a real desire to transcend circumstantial difficulties" and "to place [French-Algerian] cooperation within a stable and durable perspective."[86]

As Le Monde summarized the French-Algerian dispute on the eve of the talks, France's position was that the 1965 agreement had thus far functioned well in providing the French economy with a regular supply of oil at a stable price, in exchange for which France had fulfilled its obligations under the Cooperative Association. From Algeria's point of view, the Algiers agreement was a disappointment with respect to the quantities of oil discovered, inadequate as a source of revenue, and unrepresentative of the real market value of Algerian oil.

In addition to increasing the reference price, therefore, the Algerian government also demanded a substantially larger participatory role for SONATRACH, one that would give Algeria effective control over the extent of exploration and the rate of production of its oilfields. In addition, Algeria demanded that the arbitration of disputes between its government and the French companies be carried out under the authority of the Supreme Court of Algiers.[87] Although France did not officially publicize its demands, a semi-official statement released by the French Press Service on November 18, affirmed that the French government "hopes to devise a new formula of stable and durable cooperation which

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would guarantee to France a secure supply of oil and the continuity of its interests in Algeria for several years."[88]

In the meantime Libyan restrictions on the production of oil by foreign companies had succeeded in bringing the latter into a negotiating posture and on September 4, Tripoli agreed to Occidential's compromise proposal to raise posted prices for its light crude from $2.24 per barrel to $2.53 (f.o.b. Marsa Brega) as of September 1 and with a two cent annual increase per year for 5 years as of 1971. On September 10, Libyan oil Minister Mabrouk publicly assured Algeria that Libya would reject any oil company proposal calling for international arbitration.[89] By September 30, all western oil companies, including Mobil, ESSO and British Petroleum had aligned their posted prices with Occidential.[90]

On this basis El Moudjahid argued that on the basis of the new Libyan posted prices plus differentials of freight and quality (18 cents), the "Suez premium" (7 cents) and the O.P.E.C. tax system, (royalty as cost to the producer) Algeria's reference price should increase to $3.24, and that the former figure of $2.85 was "obsolete".[91]

Formal negotiations began on October 5 and took place successively in Paris (October 5 to 7), Algiers (October 26 to 28), Paris (November 18 to 28) and Algiers (December 16 to 31). Once again, although discretion was observed on both sides, numerous leaks, rumors, and extrapolations appeared almost daily on both sides of the Mediterranean. On October 14, El Moudjahid held out $3.20 as the "minimum" acceptable reference price, while "authoritative sources" informed Le Monde that Algiers would be willing to settle for $3.00 including the "Suez premium" and $2.85 after the reopening of the Suez Canal.[92] Addressing a colloquium of Arab economists in Algiers

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on October 21, Abdesselam revealed that Algeria had offered France a compromise choice between a reference price of \$3.24 incorporating the fiscal system of the Algiers agreement (royalty as tax credit) or a lower reference price of \$2.85 with O.P.E.C. fiscality.[93]

Fortified by Libya's October 20 expression of "total support for Algeria's oil policy . . . in the common struggle for development and economic independence."[94] Boumedienne addressed the Algerian people on the November 1, the sixteenth anniversary of the outbreak of the Algerian independence struggle, by declaring that "the Algeria of today is not that of the Evian agreements or that of 1965" and that "the era of colonialism is finished!"[95]

The third round of talks opened on November 18 amid speculation that a compromise was imminent on a reference price of \$2.85, leaving the Algerian claims to increased participation as the major issue to be resolved.[96]

On November 24, Le Monde reported Iraqi demands for increases in posted prices. Although the Iraq Petroleum Company had unilaterally raised its Tripoli/Banias posting by 20 cents in response to the Libyan increases, Iraq demanded the additional 10 cents given to Libya, and a 26.5 cent compromise resulted. The demands then spread to the Gulf states with Kuwait claiming that its posting was too low in light of the Libyan increase and demanding negotiations with Gulf and British Petroleum, settling for a 9 cent increase as of November 14. The same deal was offered and accepted between the Consortium and Iran. Nigerian posted prices were then raised by 25 cents retroactive to September, and on December 1, the Venezuelan Chamber of Deputies passed a bill

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increasing its tax rate from 52 to 60 percent retroactive to January 1, 1970.[97] Saudi Arabia made similar claims but failed to reach an agreement with ARAMCO.

As the third round of French-Algerian talks drew to a close on November 28, it was reported that France has made a firm offer to pay a reference price of $2.85 (that it had held to be "exorbitant and unreasonable" four months before) and that the dispute had now come to center on Algeria's demands for increased participation. France was reportedly resigned to the eventual nationalization of its companies but demanded prior commitments on compensation taking into account the value of proven reserves discovered by French operators. This, the Algerian delegates reportedly rejected, insisting that Algeria's oil reserves belonged not to the companies, but to the Algerian people.[98]

On December 9, the O.P.E.C. oil ministers assembled in Caracas for their twenty-first semiannual conference, and on December 12 adjourned after adopting Resolution XXI-120, which called for the adoption of "uniform posted prices" aligned on the highest common denominator among the member states together with a new formula for the calculation of qualitative and geographic differentials that lent support to Algeria's claims. In addition the resolution called for "concerted and simultaneous action by all member countries" including joint negotiations with producing companies.[99] To this end a committee was appointed consisting of Saudi Arabia, Iran and Iraq for the purpose of reaching a settlement within 31 days with the companies operating from the Gulf.[100] In this climate of accelerating O.P.E.C. demands the fourth round of French-Algerian talks ended inconclusively on December

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31, with French delegates calling Algeria's demands "inane" and "unreasonable."[101]

On January 3, 1967, the Libyan Revolutionary Command Council summoned local representatives of the companies to a meeting where Libyan demands were escalated to include a 69 cent increase in posted prices, tax rates of between 59 and 63 percent and a requirement to reinvest 25 cents for each barrel of oil exported.[102] The companies were expected to comply by the January 16 deadline set at the Caracas meeting.

Determining that a multilateral negotiating effort with all of the O.P.E.C. countries was the only way to avoid an interminable succession of leap-frogging demands, oil industry executives, under the leadership of Shell, called for a meeting in New York City on January 10 including all of the major oil companies with operations in O.P.E.C. states for the purpose of devising a common strategy before the 16th.[103] The principle of consumer- country solidarity was reinforced when, on January 14, President Nixon proposed a meeting in Washington of the representatives of all major oil-consuming states with a stake in the outcome of the negotiations. The invitation was accepted by Britain, Holland and France and terminated on the 16th with a common memorandum addressed to O.P.E.C. and its member states, signed by fifteen companies.[104]

The inclusion of C.F.P. but not the other French company operating in Algeria, ERAP, was revealing of the ambivalent position taken by the French government throughout the course of the forthcoming negotiations between O.P.E.C. and the oil companies. While C.F.P. derived approximately twenty percent of its crude production (12 million tons in 1970)

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from Algeria, with nearly all the rest coming from other O.P.E.C. states, ERAP drew 80 percent of its oil (17 million tons in 1970) from Algeria where it was the largest producing company,[105] and the major party to the 1965 bilateral agreement. The French government, which had assiduously cultivated an image of "independence" from the "mastodons of the international oil industry" for the purpose of diversifying its sources of supply was loathe to sacrifice its standing in the oil producing states of the Third World by identifying too closely with the collaboration of the largely Anglo-American companies. This applied particularly to Algeria, where France based its claim to privileged tax treatment on "special ties" that distinguished its companies from those of other oil-consuming states. By allowing C.F.P. to participate in the Anglo-American cartel, France could, on the one hand, hope to derive whatever advantages could be drawn from the multilateral negotiations with O.P.E.C., while maintaining its freedom of action _vis-a-vis_ Algeria, by keeping ERAP uncommitted. However, by under-estimating O.P.E.C.'s solidarity on the multilateral front, Algeria's sensitivities in the bilateral arena, as well as the linkage between the two, France's oil policy suffered a double setback in the course of subsequent events.

In their message of the 16th, the companies called for "all-embracing negotiations . . . between representatives of ourselves . . . and O.P.E.C. as representing all of its member countries. . ."[107] and responded favorably to two of the O.P.E.C. demands as formulated at Caracas: 1) an across-the-board revision of posted prices, with annual adjustments pegged to the international rate of inflation, and 2) a temporary adjustment in favor of Libyan and "other crudes benefiting

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from short distance transport." At the same time the companies categorically refused the demands for higher tax rates, obligatory reinvestment and retroactive taxation.[108]

Accompanying the companies' response, a U.S. diplomatic mission led by Under-Secretary of State John Irwin was dispatched for the purpose of softening the position of three "moderate" O.P.E.C. members Saudi Arabia, Kuwait and Iran.[109]

Since the first of the year the atmosphere surrounding the French-Algerian negotiations, suspended since December 31, had grown increasingly tense due to a series of incidents in which French and Algerian operators in mixed companies refused to deliver oil to their associates, culminating in the Algerian decision on January 9, to embargo shipments to ERAP from the port of Arzew.[110] January 11, SONATRACH Director Ahmed Ghozali asserted that "Algeria is now capable of taking over completing the valorization of its petroleum sources."[111]

On the same day, Alain Brion, Assistant Director for Hydrocarbons at the French Ministry of Industry and Scientific Development, and a frequent participant in the negotiations with Algeria, made a statement acknowledging the legitimacy of SONATRACH's increased participation, "provided that the price [paid in compensation] is equitable" and that French companies "conserve real responsibility and make normal profits"[112] He also stated that "France is ready to accept the conditions of taxation in effect in other producing countries," thus implying French acceptance of the O.P.E.C. tax system with respect to royalties. Along with the previous French agreement to a $2.85 reference price, these proposals amounted to France's final compromise offer, a position made clear by Jean de Broglie, former Secretary of

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State for Algerian Affairs, President of the Foreign Affairs Commission of the National Assembly and a leading partisan of French-Algerian cooperation in a television interview on January 12:

> Oil is a fundamental factor in the balance of France's economy, but French sources are more diversified today than in the past. It's up to the Algerians to understand this . . . that there is a point where, economically speaking, there are no substitutions other than rupture.[113]

In an editorial published on January 13, El Moudjahid insisted on Algerian desires to "maintain and reinforce cooperation with France," and asserted that the interests of the French oil companies are "far from identical" with those of the French people. On January 14, the same commentator denied that a "break with France" would be "critical" for Algeria while warning that France would find it difficult to obtain alternative sources of oil in the context of the world energy crisis and O.P.E.C. solidarity."

On January 18, following a six-day visit to Algiers by Libyan Foreign Minister Jalloud, the two countries issued a joint statement in response to the January 16 propositions of the cartel in which they reiterated support for the Caracas resolutions while acknowledging the cartel's offer to include freight and quality differentials in the future calculation of posted prices.[114] On the same day Algeria began to express concerns about France's relationship with the cartel. Revealing that the French government had privately communicated to Algeria its desire that the forthcoming negotiations be conducted in the context proposed by the cartel in its message of January 16, the Algerian Press Service accused the French government of "renouncing the French-Algerian dossier to the benefit of such companies as ESSO,

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to which it confides the responsibility of defending its interests."[115]

On January 19, negotiations opened simulateneously in Teheran between O.P.E.C. and representatives of the oil company cartel, and in Paris between France and Algeria. Algerian Oil Minister Abdesselam, excluded from the bilateral talks at the request of the French government, left Algiers for Teheran on January 20, bearing a private message for the Shah from Boumedienne, reportedly requesting that the negotiations be limited to the Gulf, thus leaving Algeria free to make a separate deal with France, while promising to abide by the consequence of Teheran.[116]

Meanwhile, in Paris and Algiers, French and Algerian spokesmen were attempting to salvage as much autonomy as possible from the Teheran negotiations while simultaneously acknowledging their importance. On January 20, French Foreign Minister Schuman told the French Council of Ministers that while France was "favorable to the conclusion of long-term agreements between [oil] consuming and producing states" it would not permit the Teheran talks "to freeze the French-Algerian negotiations."[117] Likewise El Moudjahid affirmed on January 21 that "certain propositions of the cartel are not relevant . . . to the French-Algerian dispute . . . which should be resolved between the two parties alone . . . state to state."[118] Somewhat more ambiguously, President Pompidou gave his opinion in a press conference on January 22, by acknowledging that France's oil policy was "complicated" by the co-existence of C.F.P. "traditionally, one of the major international oil companies" and ERAP, "entirely state-owned." While it was only "natural and . . . inevitable" that C.F.P. participate in the Teheran negotiations, the government"held a different attitude with respect to ERAP." As for Algeria, the French President

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acknowledged that the problem is more than a simple oil problem" but one that involved the entire relationship of cooperation between the two states. On the other hand, he added: "Cooperation with Algeria is only one aspect of France's cooperation with various countries of the Third World" Finally, he said that while "the Algerian affair cannot be totally separated from the conference of Teheran. . . it does not depend on it . . . at least, not exclusively."[119]

However, on January 27, the Algerian Press Service denounced France's participation in the cartel as being "in fundamental contradiction with the very spirit of cooperation."[120]

A sign of goodwill appeared in the bilateral talks when on January 28th the French government agreed to pay a major portion of the retroactive tax increase claimed by Algeria on the basis of a posted price of $2.47. However, agreement was lacking on the extent of Algerian participation: France reportedly offered Algeria a 35 percent share, while Algeria insisted on majority control. On February 4, the negotiations were suspended at French request for what French negotiators called "a period of reflection . . ."[121] In the meantime, the Teheran talks had reached agreement on higher posted prices for the Gulf states but fell apart over how to apply the new schedule to the Mediterranean. The companies wanted to include the Mediterranean states in an overall agreement that would serve to restrain Libyan demands, and counted on the Shah's support, along with that of Saudi Arabia, to counterbalance Iraq's support (at Libyan and Algerian request) for a separate deal for the Mediterranean states. However, in a surprise announcement on February 4, the Shah insisted on separate negotiations, while affirming O.P.E.C. solidarity and threatening "all legal means"

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including an embargo, if the companies did not agree to the terms set at Caracas by February 15.[122] On February 8, O.P.E.C. reiterated its support for Libya and Algeria in the form of a resolution (XXI-131) which recognized "the discretion of their respective governments" to take "the necessary legislative and administrative measures to implement the objectives of Resolution XXI-120" and threatened "appropriate measures up to and including a general embargo on shipments of oil and oil products" to implement the forthcoming Teheran agreement within seven days of its adoption, "plus a supplementary premium reflecting a freight advantage reasonably justified by the proximity of their exports."[123] The same day the Algerian government contacted Paris and demanded "an immediate . . . renewal of negotiations."[124] The urgency of the Algerian request, coming only 6 days after Boumedienne and affirmed that "we have not lost patience,"[125] possibly signified Algeria's reaction to an unsuccessful attempt to reverse the recent decision announced by Syrian President Assad on January 28, to authorize the reopening of the TAPLINE, and thus add 25 million tons of Saudi Arabian crude to the Mediterranean oil market. This, combined with the end of winter and prospective reopening of the Suez Canal threatened to weaken the bargaining position of the Mediterranean states at a crucial moment in their negotiations with the cartel.[126]

On February 14 the Teheran Conference reached a five year agreement on all of the pending issues affecting the Gulf states including an immediate 33 cent increase in posted prices with a two percent annual increase to keep pace with the rate of inflation affecting capital goods, plus five cents to take account of the increasing value of petroleum products on the world market. A committee consisting of

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Saudi Arabia, Iraq, Libya and Algeria was appointed to conduct the forthcoming Mediterranean talks in Tripoli (Libya) starting on February 25.[127]

From Tripoli to Algiers

The Gulf having obtained its demands, O.P.E.C. solidarity now began to give way to internal rivalry as the Shah, in a statement issued on February 16, urged Libya to be "reasonable," adding that: "We wish them success if they get better terms but we aren't bound to support them if they ask for more than we have achieved in the Gulf."[128]

In the meantime French Ambassador Basdevant, in a message to the Algerian government on February 15, asked for another delay "for reflection" before the reopening of bilateral negotiations.[129] The French government apparently felt that with the Gulf states satisfied, Libya and Algeria would find themselves isolated in their extreme demands for considerably higher posted prices and increased participation. France therefore chose to await the outcome of Tripoli.

Algeria, on the other hand, no longer believed that time was on its side, and began pressuring France for an immediate resumption of talks. In a speech given at the airbase of Boufarik on February 19, Boumedienne announced that "it's time to resolve the question and to find a definitive solution." On February 20, El Moudjahid published a long editorial affirming that "all is negotiable, immediately and in a serious manner, with the exception of the sovereignty of the people, the independence of the country, and the fundamental political and economic options of Algeria."[130]

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However, on February 24, in a speech to the General Union of Algerian Workers Boumedienne announced a series of ordinances effective immediately and nationalizing 51 percent of the property, shares, rights and interestsof both ERAP and CFP in Algeria, with SONATRACH designated as the new majority shareholder.[131]

Retracing the history of the negotiations undertaken since 1969, the Algerian President accused the French government of an unpardonable breach of faith in appealing its interests to the international oil cartel, in "absolute contradiction with the fact that the 1965 agreement was concluded between two states and not between the Algerian government and the oil companies." Blaming France for delaying the negotiations for the purpose of awaiting the outcome of first Teheran and now Tripoli, Boumedienne went on to ask rhetorically, "What remains of the philosophy of cooperation if it is incessantly subordinated to the situation prevailing in other countries?"[132]

Defending Algeria's sovereign right to nationalize foreign companies engaged in exploiting its natural resources, Boumedienne promised an "equitable" indemnification to the companies and assured France of continued oil supplies "on the basis on international market prices" to be defined in the forthcoming Tripoli agreement. He also called for the immediate resumption of negotiations to determine the conditions of indemnification and to regulate other pending issues.[133]

France's immediate response, conveyed in a press release following a meeting of the Council of Ministers on February 25 called on the Algerian government to define the modalities of the nationalization decision and to specify the amount of the "just and equitable" indemnity promised by Boumedienne. "This unilateral decision," the statement

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concluded "will profoundly modify the relations of interest existing between the two countries."[134] At the same time a joint statement issued by the presidents of ERAP and CPF called for "the complete nationalization" of their Algerian holdings, together with full compensation for all of their associated assets. This was considered preferable to allowing Algeria to achieve majority control through the cheaper method of appropriating capital.[135]

On February 26, Hervé Alphand, Secretary General of the French Ministry of Foreign Affairs, delivered an official note to Algerian Ambassador Bedjaoui in which the French government "protested the unilateral decisions" of the 24th which "concerned questions that constituted one of the principal objects of a negotiation in progress between the two governments". Subsequently, the French government "formally reserved the rights guaranteed to France under the French-Algerian agreements."[136]

The French position became more specific when on March 9 Prime Minister Chaban-Delmas delivered to the Algerian Embassy a memorandum, the contents of which were extensively summarized in a press release on March 10.[137] In the memorandum the French government indicated its decision "not to contest, in principle, the right of Algeria to nationalize under certain conditions," including, in particular, the indemnity "solemnly announced" by the Algerian president. "However," the government observed that "the implementation of this right by the unilateral measures taken by the Algerian government conforms neither to the conventions of concession, nor to the French-Algerian agreements of 1962 and 1965, nor to the spirit of the negotiations undertaken by the two governments in the framework of the latter accord." The

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memorandum then went on to list the specific conditions that the French government attached to its recognition of Algeria's fait accompli":

A. Legal Guarantees

1. Guarantee of a stable . . . negotiated agreement, at least for a mutually agreed period.

2. Appropriate arbitration procedures.

B. Economic Guarantees

1. Right to a quota-part of production at cost and its free commercialization.

2. Right to negotiate financial commitments with the majority partner.

3. Right to the retention of profits in the form of convertible currency.

4. Sufficient responsibilities as industrial operator.

In conclusion, the memorandum stressed that the "pursuit of [future] cooperation in the petroleum sector would depend on the conclusion of an agreement between Algeria and the oil companies on the basis of the above points."

However reports reaching Algiers to the effect that the French government had approached the World Bank with the request that the Bank halt an already approved loan for the construction of an Algerian gas liquefaction plant, until such time as Algeria agreed to the above-mentioned conditions, infuriated the Algerian government and delayed the start of serious negotiations with the companies.[138] In an interview given to Le Monde and published on March 2, Boumedienne reiterated the interpretation he gave on February 24 for what he termed France's responsibility in the failure of negotiations: "What shocked us, was that France would mobilize the cartel against its so-called privileged

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partner . . . . The French negotiators kept telling us to await the outcome of the Teheran negotiations, and then to await the conclusions of the Tripoli talks. What is the meaning of this bilateral cooperation [if it is] ultimately linked to so many external circumstances?" (Emphasis added.)

An Algerian press release of May 10 took note of the French memorandum of the day before and reaffirmed Algeria's commitment to an "equitable indemnification" while specifying that Algerian oil would in the future be sold to France on the basis of "market prices" and "the Mediterranean fiscality to be established at Tripoli". On this basis Algeria would be ready to procede with negotiations.[139]

However, following a long meeting of the Council of the Revolution on March 11, the Algerian government issued a stronger statement on March 15 insisting on its exercise of the "right" of nationalization "and its perogatives without prerequisites, conditions, prohibitions or limitations of any nature" and calling the French statement of conditions "an unacceptable interference in the internal affairs of Algeria." The government then restated its willingness to negotiate and invited Paris to send a "duly mandated emissary" to negotiate on its behalf.[140]
On March 16, Algeria began to exercise administrative control over the nationalized companies by shutting down all of their pipelines and on March 19 by freezing all oil company accounts deposited in Algerian banks.[141] On March 24 a delegation of French oil company representatives flew to Algiers to begin discussions with SONATRACH on the issues of indemnification and the modalities of their future operations.[142] On March 26, the French government dispatched Alphand to negotiate with the Algerian government on the status of the 1965 agreement.[143]

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On February 25 negotiations got underway in Tripoli between an O.P.E.C. degelation and the oil companies for the purpose of resolving Libyan demands within the framework of the Teheran agreement.

On March 15 these negotiations reached a turning point with Saudi Arabia, Iraq and Algeria threatening an embargo if Libyan demands for an additional temporary freight differential were not met within 48 hours, and Qaddafi hinting at the prospect of nationalization.[144] On March 19, the companies agreed to a compromise and April 2 fifteen companies signed the Tripoli agreement. The agreement raised the posted prices of Libyan crude from \$2.53 to \$3.45 (by 92 cents as compared to the 33 cent increase given to the Gulf states) a figure that included a 25 cent "Suez premium", plus an annual inflation increase of 3.2 percent (as compared to 2.5 percent for the Gulf). The companies agreed to reinvest "a satisfactory" portion of their gross profits and the Libyan government pledged to continue supplying the companies with oil through 1975.[145]

Following a meeting of the Council of Ministers, El Moudjahid published on April 8 a summary of Algeria's position on the basis of the Tripoli agreement: Algeria would offer France a choice between a posted price of \$3.65 on the basis of O.P.E.C. taxation or \$4.02 under the fiscal system contained in the 1965 agreement.[146] When France balked at this proposal, the talks between Alphand and Bouteflika were suspended on the 9th.[147]

On April 12, Boumedienne signed a series of ordinances "defining the framework within which foreign companies [would henceforth] operate with respect to the research and exploitation of liquid hydrocarbons."[148] The legislation effectively abolished the remnants of the Saharan Oil

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Code and abrogated the 1965 accord, substituting a requirement that all foreign activities in Algeria's oil sector be carred out under the auspices of SONATRACH's majority (51 percent) control in the form of mixed enterprises or service contracts. On April 13, Algeria announced a new reference price of $3.60 (f.o.b. Bougie) to apply retroactively to March 20, 1971, a reference price of $2.77 to apply to the period 1969-1970, and the adoption of the O.P.E.C. tax system, (tax plus royalty), for the calculation of both. In addition Boumedienne offered 550 million francs in compensation to the nationalized French companies, approximately one-third of what they claimed on the basis of discovered reserves.[149] On April 14 the Algerian government set a May 6 deadline for the payment of back taxes by the French companies.[150]

Faced with another <u>fait accompli</u> the French government met with President Pompidou on April 14 and on April 15 the Ministry of Foreign Affairs issued a statement to the effect that Algeria's actions had "rendered the further pursuit of oil negotiations between the two governments without object,"[151] and that it now remained for the oil companies themselves to work out their future relations with the Algerian government.

At this point governments and companies began a series of diplomatic initiatives, each seeking to mobilize the levers of international oil power against the other. Already on April 6 it had been reported from Washington that the French Ambassador, Charles Lucet, had approached U.S. Under-Secretary Newsom for the purpose of asking the American government to deny Federal Power Commission approval of Algerian natural gas imports. On April 20, Prime Minister Chaban-Delmas, addressing the French National Assembly declared that the government would

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"use all the means at its disposal" to preserve the interests of the oil companies in their negotiations with Algeria.[152] On April 19, ERAP and CFP halted all shipments of Algerian oil and on April 24 CFP began to organize an international boycott in the form of letters addressed to all potential buyers of Algerian oil advising them of its disputed status and threatening legal action against purchasers of any oil derived from its expropriated oilfields. ERAP followed suit on April 27.[153] The French government reportedly attempted to coordinate the effort through the offices of the European Economic Community and the OECD.[154]

Blaming France for the breakdown of negotiations, the Algerian government asserted that "Algeria does not lack the means of action to defend its interests" and began a concerted campaign for support among the more militant members of O.P.E.C., as well as efforts to neutralize the French offensive in the direction of western consumer states.[155] Individual expressions of support for Algeria's position on the part of Iraq (April 19), Libya (April 24), Kuwait (April 27) and Venezuela (April 30)[56] did not, however, add up to collective action until May 16, when Pétrole et Gaz Arabes reported that Iraq, Libya and Abu Dhabi had agreed to cut off oil supplies to France in the event that the French government did not come to terms with Algeria's sovereign demands as expressed in the decisions of February 24 and April 12.[157] At the end of May, Iraq reportedly refused to sign a pending oil agreement with France, as a gesture of solidarity with Algeria.[158]

On the western front Boumedienne gave an interview to the Christian Science Monitor published on May 7 in which he stressed the

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"historical, geographical and economic ties" between Algeria and France, as well as "numerous common interests." While accusing France of "trying to place the knife at our throats," he expressed a sense of optimism that "a formula can be found that will permit France and Algeria to go a long way together." During the latter half of May full-page advertisements appeared in major news dailies summarizing Algeria's position along with the history of the French-Algerian oil dispute.[159]

On May 25, formal talks began between SONATRACH AND CFP and were concluded on June 30 in the form of a five-year enterprise agreement conforming to the principles of the Teheran agreement and the ordinances of April 12. A mixed company, with SONATRACH controlling 51 percent would pay CFP an indemnity of 337 million francs over the course of 5 years. The French partner would reinvest $2.75 for each barrel of oil exported and would receive a guaranteed tonnage of 6 to 7 million tons of Algerian crude per year (as compared with the 12 it previously produced).[160] ERAP opened talks with Algeria on July 19 and after a summer of hard bargaining over stakes somewhat higher than those involved in the CFP negotiations, reached agreement on September 21 under which Algeria took over approximately two-thirds of ERAP's former assets in Algeria, reducing the latter's share of Saharan production from 18 to between 5 and 6 million tons per year.[161]

While in consequence of the agreements, Saharan oil began to flow once more between Algeria and France, the relationship between the two countries had been modified to the point where neither remained a leading factor in the oil policies of the other. While Algeria had been France's leading supplier accounting for an average of 28 percent of

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France's imported oil between 1965 and 1970, Algeria ranked seventh in order, supplying only 5.5 percent in 1975 behind Saudi Arabia (31.3 percent), Iran (12.4) percent), Iraq (11.2 percent), Abui Dhabi (9.8 percent), Nigeria (8.2 percent), and Kuwait (6.5 percent).[162] Furthermore, the crucial decisions affecting French-Algerian oil relations would henceforth be made not by bilateral negotiations between two countries but in a multilateral forum established by the historic precedents set at Teheran and Tripoli and Algiers, with the initiative passing increasingly from the oil companies to the collective power of O.P.E.C.

With respect to the future of French-Algerian cooperation in general, the 1971 oil crisis was portentious. In a June 10, 1971 speech President Pompidou expressed France's readiness to pursue its policy of cooperation with Algeria. But, he added: "we no longer give Algeria priority in our cooperation."[163] The end of "privileged cooperation" between France and Algeria, left one sector particularly vulnerable to the uncertain future of French-Algerian relations: the fate of 400,000 Algerian workers in France, their presence largely the counterpart of the exclusive bilateral relationships formerly maintained by France and Algeria in the trade and oil sectors.

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NOTES

[1] Annuaire de l'Afrique du Nord, 1966, p. 270.

[2] Marchés tropicaux et méditerranéens, May 14, 1966.

[3] Le Monde, April 14-15, 1968.

[4] Ibid., July 27-28, 1968.

[5] Ibid., December 15, 1968.

[6] Ibid., October 4, 1968.

[7] ERAP invested 165 million francs in 1966, 215 million francs in 1967, 195 million francs in 1968 and 220 francs in 1969, Le Monde, March 21, 1969.

[8] Orient-Pétrole (Paris),March 2, 1971.

[9] From 93,638 km^2 in 1967 to 76,405 km^2 in 1969. Brogini, p. 99.

[10] Le Monde, July 31, 1968.

[11] ERAP claimed to have made maximum investments considering the high costs of prospecting for and producing Algerian oil, and the limited quantity of proven recoverable reserves, estimated at 500 million metric tons. P. Valberg, "Cinq ans après. Bilan des accords franco-algériens de coopération pétrolière du 29 juillet 1965," Annuaire de l'Afrique du Nord, 1969, p. 85.

[12] Le Monde, March 21, 1969.

[13] Notes et Etudes Documentaries, No. 3553, January 10, 1969.

[14] Paul Balta and Claudine Rulleau, La Politique Arabe de la France, (Paris: Sindbad, 1973), pp. 97-99, 264.

[15] Le Monde, December 22-23, 1968; Pétrole et Gaz Arabes, Vol. II, No. 34, (August 16, 1970).

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[16]The Algerian Minister of Information, quoted in Le Monde Diplomatique, June, 1967.

[17]Le Monde, April 4, 1967.

[18]Ibid., June 8-9, 1969; Kolodziej, p. 502; Balta and Rulleau, p. 190.

[19]Brogini, p. 438.

[20]OECD, Oil Statistics: Supply and Disposal, (Paris, 1969), pp. 26-27.

[21]Le Monde, September 25, 1970.

[22]JORADP, September 9, 1966; Annuaire de l'Afrique du Nord., 1966, p. 361.

[23]Pétrole et Gaz Arabes, Vol. I, No. 17 (December 1, 1969).

[24]e.g., ALFOR (drilling) with Southern Drilling Co., 1966; ALGEO (geophysics) with Independex International; ALTRA (civil engineering) with Union Industrielle et d'Enterprise, 1967; ALCORE (primary and secondary recuperation) with Core Laboratories, 1969; ALFLUID (rig manufacture) with David Mud, 1969; ALREG (geophysical research) with Globe Universal Since, 1970; ALTEST (development drilling) with Baker Oil Tools, Inc., 1970; ALDIA (electric diagraphy) with Dresser Industries, Inc., 1970. Chevalier, p. 167.

[25]El Moudjahid, September 29, 1967.

[26]Brogini, p. 276.

[27]Ibid., p. 280.

[28]Ibid., p. 289.

[29]Le Monde, July 12, 1966.

[30]Ibid., November 13-14, 1966.

[31]Ibid., November 23, 1966.

[32]El Moudjahid, March 13-14, 1967.

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[33]Le Monde, June 8, 1967

[34]Ibid., September 1, 1967.

[35]Ibid., October 22, 1968; Petroleum Press Service, Vol. 36, No. 4, (April, 1969); Brogini, pp. 353-379.

[36]El Moudjahid, November 11, 1968.

[37]Brogini, p. 430.

[38]Activités pétrolières en Algérie, 1969, (Algiers, 1969), pp. 130-131, 134; Pétrole et Gaz Arabes, Vol. II, No. 40, (November 16, 1970).

[39]Rousseau, p. 770; Doucy and Monheim, pp. 92-93.

[40]Pétrole et Gaz Arabes, Vol. II, No. 32 (July 16, 1970).

[41]Ibid.

[42]Chevalier, p. 70; G. Henry Schuler, "The International Oil Negotiations," in I. William Zartman, ed., The 50% Solution, (Garden City: Anchor Press, 1976), p. 126.

[43]Chevalier, pp. 67-68.

[44]Le Monde, January 6, 1970.

[45]El Moudjahid, March 10, 1970.

[46]Brogini, p. 327.

[47]Doucy and Monheim, p. 95.

[48]Ibid.

[49]El Moudjahid, July 6, 7, 8, 1970; Valberg, p. 87; Pétrole et Gaz Arabes, Vol II, No. 33 (August 1, 1970).

[50]Doucy and Monheim, p. 99.

[51]As of July, 1969, O.P.E.C. included the five founding members--Saudi Arabia, Iraq, Iran, Kuwait and Venezuela, plus Qatar (as of January 15, 1961), Indonesia and Libya (as of April 5, 1962), Benchikh, p. 303.

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[52]Rousseau, pp. 297-298.

[53]Benchikh, p. 299.

[54]Ibid., p. 307.

[55]*Pétrole et Gaz Arabes*, Vol II, No. 32 (July 16, 1970), p. 32.

[56]This group is not to be confused with OAPEC--the Organization of *Arab* Petroleum Exporting Countries, which advocated the use of oil as a *political* weapon against Israel. Founded on January 9, 1968, OAPEC consisted initially of Saudi Arabia, Kuwait and Libya, an alliance of politically conservative regimes that was temporarily disrupted by the Libyan revolution in September, 1969, and subsequently reconstituted with the support of Iraq, Abu Dhabi, Bahrain, Dubai, and Qatar. Algeria joined on July 3, 1970. Benchikh, p. 303.

[57]*Le Monde*, January 9, 1970.

[58]Schuler, p. 125.

[59]*Pétrole et Gaz Arabes,* Vol. II, No. 38, (November 1, 1969).

[60]Schuler, p. 126; *Le Monde*, April 18, 1970.

[61]*Pétrole et Gaz Arabes*, Vol II, No. 28, (May 16, 1970).

[62]*Le Monde*, May 24-25, 1970.

[63]Cited in Doucy and Monheim, pp. 101.

[64]Ibid., p. 102.

[65]Ibid., p. 103. emphasis added

[66]Ibid., pp. 103-104, emphasis added.

[67]*El Moudjahid*, July 29, 1970.

[68]Rousseau, pp. 768-769.

[69]*Le Monde*, July 7, 1970.

[70]*Le Monde*, July 10, 1970.

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[71] El Moudjahid, July 11, 1970.

[72] Le Monde, July 18, 1970.

[73] Ibid., July 22, 1970.

[74] Ibid., July 23, 1970.

[75] Cited in Doucy and Monheim, pp. 111-112.

[76] Le Monde, August 7, 1970.

[77] Ibid., July 24, 1970.

[78] Doucy and Monheim, p. 112.

[79] Ibid., p. 113.

[80] Pétrole et Gaz Arabes, Vol. II., No. 34 (August 16, 1970).

[81] Doucy and Monheim, p. 136.

[82] Le Monde, August 30-31, 1970.

[83] According to Pétrole et Gaz Arabes, Vol. II, No. 35 (September 1 1970), p. 22, Venezuela received $1.04.6 per barrel of oil exported in 1969, Libya: $1.00, Saudi Arabia: $0.87.1, Iraq: $0.81.4, Iran: $0.80.9 and Kuwait: $0.80.8.

[84] Pétrole et Gaz Arabes, Vol. II, No. 32 (July 16, 1970), p. 31.

[85] Ibid.

[86] Le Monde, September 19, 1970.

[87] Ibid., September 29, 1970.

[88] Doucy and Monheim, p. 137.

[89] Schuler, p. 127.

[90] Ibid., p. 128.

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[91] El Moudjahid, October 2, 1970.

[92] Le Monde, October 16, 1970.

[93] Ibid., October 23, 1970.

[94] Pétrole et Gaz Arabes, Vol. II, No. 39 (November 1, 1970).

[95] Ibid., No. 40, (November 16, 1970), p. 8.

[96] Le Monde, November 17, 1970.

[97] Schuler, p. 137.

[98] L'Express, November 30-December 6, 1970.

[99] Schuler, p. 132.

[100] Ibid., p. 131.

[101] Le Monde, January 5, 1971.

[102] Schuler, p. 134.

[103] Ibid., pp. 135-138.

[104] Ibid., p. 138.

[105] Rousseau, pp. 792-793.

[106] Ibid.

[107] Schuler, p. 136.

[108] Le Monde, January 19, 1971.

[109] Schuler, p. 144; Chevalier, pp. 99-100.

[110] Doucy and Monheim, p. 145; Rousseau, p. 771.

[111] Le Monde, January 12, 1971

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[112]Ibid.

[113]Ibid., January 14, 1971.

[114]Ibid., January 19, 1971.

[115]Ibid.

[116]Doucy and Monheim, pp. 125-126.

[117]Le Monde, January 21, 1971.

[118]Ibid., January 22, 1971.

[119]Ibid., January 23, 1971.

[120]Pétrole et Gaz Arabes, Vol. II, No. 45, (February 1, 1971).

[121]Le Monde, February 5, 1971; Chevalier, p. 160.

[122]Doucy and Monheim, p. 129; Annuaire de l'Afrique du Nord, 1971, p. 534.

[123]Doucy and Monheim, pp. 129-130.

[124]Chevalier, p. 160.

[125]Pétrole et Gaz Arabes, Vol. II, No. 46 (February 16, 1971).

[126]Orient-Pétrole, No. 51 (March 2, 1971).

[127]Schuler, p. 191.

[128]Ibid.

[129]Doucy and Monheim, p. 151.

[130]El Moudjahid, February 20, 1971.

[131]JORADP, February 25, 1971, pp. 225-229.

[132]Doucy and Monheim, p. 153.

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[133]Ibid., p. 155.

[134]Ibid., p. 154.

[135]Rousseau, p. 778.

[136]Doucy and Monheim, p. 155.

[137]Le Monde, March 10, 1971.

[138]Doucy and Monheim, p. 156.

[139]Rousseau, pp. 782-783.

[140]Doucy and Monheim, pp. 160-162.

[141]Annuaire de l'Afrique du Nord, 1971, p. 551.

[142]Ibid.

[143]Rousseau, p. 783.

[144]Doucy and Monheim, p. 133; Schuler, p. 202.

[145]Ibid., p. 134.

[146]Orient-Pétrole, No. 54, (April 9, 1971).

[147]Pétrole et Gaz Arabes, Vol. III, No. 2 (April 16, 1971).

[148]JORADP, April 13, 1971, pp. 366-367.

[149]Rousseau, p. 777.

[150]Ibid., p. 776.

[151]Ibid., p. 793.

[152] Ibid., p. 786.

[153]Financial Times, April 24, 1971.

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[154]Annuaire de l'Afrique du Nord, 1971, p. 581.

[155]El Moudjahid, April 26, 1971; Orient-Pétrole, No. 55 (April 30, 1971).

[156]Pétrole et Gaz Arabes, Vol. III., No. 3, (May 1, 1971); Annuaire de l'Afrique du Nord, 1971, p. 573.

[157]Pétrole et Gaz Arabes, Vol. III. No. 4, (May 16, 1971).

[158]Ibid., No. 5, (June 1, 1971).

[159]International Herald Tribune, May 18, 1971.

[160]Rousseau, p. 793.

[161]Pétrole et Gaz Arabes, Vol, III, No. 61 (October 1, 1971).

[162]Choffel, p. 29.

[163]La Politique Etrangère de la France, January-June, 1971, p. 244, cited in Kolodziej, p. 536.

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VI.

THE END OF EMIGRATION: ALGERIAN WORKERS IN FRANCE AND THE COMMON LABOR POLICY OF THE E.E.C.

Of the three sectors analyzed in this study--trade, oil and labor--the latter turned out to be, as predicted by the Algerian Ambassador to Paris in March, 1966, "one of the most durable aspects of French-Algerian relations."[1] Following the unparalleled movement of Algerian workers to France during the first three years of Algerian independence, their numbers continued to increase by an average of 25,000 additional workers per year from 1966 through September, 1973 when the Algerian government abruptly suspended all emigration to France and the French government on July 3, 1974, joined the other labor-importing countries of the E.E.C. in announcing an effective halt to all worker immigration from outside of the Community.

Preceeded by the progressive implementation since 1968 of E.E.C. policies favoring the free circulation of labor within the Community and followed in 1975 by the adoption by the Council of the Commission's proposed "Action Programme for Migratory Workers," and in April 1976 by an Algerian-E.E.C. trade and cooperation agreement containing modest provisions for Algerian workers, the Algerian and French decisions require analysis, with the framework of this study, with respect to coincidental developments on the Community level.

This chapter begins by evaluating the resiliency of the bilateral labor relationship existing between France and Algeria as it emerged

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from the successive crises affecting the trade and oil sectors during the period from 1966 through 1971. The second part will investigate the relationship between the French and Algerian decisions of 1973 and 1974 within the context of the E.E.C.'s evolving labor policies.

Wine, Workers and Oil: The Trade-offs of Bilateralism

In contrast to the fragmented structure of French immigration policy through the mid-1960's the de Gaulle government, under Premier Pompidou, began, in 1966, to consolidate the decision-making process in order to implement the economic goals of the Fifth Plan (1966-1970). In January, 1966 the ministerial departments of Labor, Public Health and Population were merged into a single Ministry of Social Affairs under whose authority the Direction of Population and Migrations was given responsibility for immigration policy from the recruitment of workers through their eventual naturalization as French citizens.[2] In addition, a decree of May 2, 1966 transferred direct responsibility for the administration of the Social Action Fund from the office of the Premier to the Ministry of Social Affairs.[3]

The Plan itself, published in early 1966, estimated the need for an additional 500,000 workers in France from 1966 through 1969, of which 330,000, or 65,000 per year, would have to be supplied from abroad. Taking into account the average rate of stabilization of approximately 50 percent of all categories of immigrant workers over the previous decade, this would entail the recruitment of about 130,000 new foreign workers each year.[4] Using this aggregate figure, the Labor Commission of the General Commissariat of the Plan, arrived at estimates

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for each national category of workers recruited under the auspices of the National Immigration Office (O.N.I.). Based on estimates of available manpower from traditional sources of supply, the Plan projected an increasing recruitment of Spanish, Portuguese and Moroccan workers along with a decline in immigration from Italy and Tunisia.[5] Algerians were completely omitted from these calculations, being considered instead as a "supplementary contingent", subject to the variable quota system established in the agreement of April, 1964.[6]

Once again, however, as in the period immediately following the Second World War, France failed to attract a geographically diversified foreign labor force in sufficient numbers to reduce its dependence on Algerian workers. Spain supplied less than one-third of its estimated annual contingent of 65,000 workers while Italy and Morocco also failed to meet French expectations. Only Portugal, which contributed a yearly average of 56,000 workers between 1966 and 1970, and Tunisia which sent France an average of 9,000 workers per year, surpassed their projected contributions of 35,000 and 5,000 respectively.[7] Thus France continued to rely on Algerians who arrived and settled in increasing numbers, reaching a net figure of 57,612 workers in 1970, the final year of the Fifth Plan.[8]

The increase in the rate of Algerian immigration testified to the continuing high levels of unemployment in Algeria, partly a result of industrial choices favoring capital-intensive over labor-intensive industry, choices that were, in turn, related to a natural resource base (particularly hydrocarbons) that was conducive to the development of such industries as steel and petrochemicals. The

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Algerian government's continued reliance on emigration both as a "safety-valve" for high unemployment and as a source of foreign exchange for development, was given full exposition at the National Seminar on Emigration, held in Algiers in August, 1966 under the auspices of the National Liberation Front and the Association of Algerians in Europe. Coinciding with the publication of the results of the first national census taken in independent Algeria the Seminar publicized an estimated rate of unemployment amounting to 38.5 percent of the active male population residing in Algeria, with regional variations ranging from 21.7 to 73.8 percent.[9] In addition, it was pointed out that the number of Algerians employed in France represented 15.8 percent of the total number of Algerians employed in Algeria.[10]

In his keynote address to the Seminar, President Boumedienne justified emigration by asserting that "the causes of this emigration have always been political. Colonialism did nothing to . . . provide jobs for Algerians. This situation, which we cannot change in five or perhaps even in ten years, is subordinate to the edification of an independent economy in all sectors . . . ."[11] The F.L.N. consensus document, published at the conclusion of the Seminar, summarized the thrust of Algerian emigration policy in the following terms:

> The essential advantage of emigration is expressed . . . in terms of jobs and in terms of its substantial contribution to economic development in alleviating . . . the social costs of maintaining the unemployed, on the part of the productive sector of our population.[12]

This choice of policy was supported by well-documented forecasts of the job-producing capacity of the Algerian economy in the near-term. Writing in 1966 the Egyptian economist Samir Amin predicted that "assuming the most favorable hypothesis for 1970, the volume of

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urban unemployment [in Algeria] will increase by 200,000 . . . to reach one million."[13] These pessimistic predictions were echoed by Algerian officials throughout the period leading up to the suspension of emigration in 1973, as justifications for the recurrent demand that France liberalize its immigration policy. In an editorial published on January 13, 1967, the usually confident-sounding official daily El Moudjahid conceded that "the Algerian economy is incapable of responding to the essential need . . . for jobs." Commenting on Algeria's "severe unemployment problem" in January, 1968, the Revue algérienne du travail estimated a maximum creation of 400,000 new jobs in Algeria during the seven-year period from 1967 through 1973 to accommodate 150-175,000 new entrants on the domestic job market each year, leaving an annual shortfall of between 100,000 and 125,000 unemployed.[14] Likewise, in an interview given to Le Monde in April, 1968, Boumedienne admitted that unemployment would continue to be "a preoccupying problem [given that] Algerian industrial choices favor the development of hydrocarbon resources over jobs . . . since hydrocarbons yield immediate returns and give the country the means to invest, which frees it from foreign dependence."[15]

These pressures led Algeria to take advantage of existing loopholes left by the French-Algerian agreement of April, 1964 under which the volume of Algerian worker emigration to France was to be regulated through the issuance of certificates by the Algerian National Manpower Office (O.N.A.M.O.), a French medical examination, the announcement of trimestrial previsions by the French government and restrictions on workers posing as tourists. However, in addition to a continuing flow of "tourists," slowed somewhat by the 500 franc minimum cash-in-hand

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requirement imposed by the French Ministry of the Interior in October, 1964, there was an effective black market in certificates formally issued by the O.N.A.M.O.[16]

The French government, determined to crack down on illegal immigration, began in early 1966 to resort to extraordinary measures in order to reestablish control. Arbitrary limits were placed on the number of Algerian tourists who could enter the country and some were subject to interrogrations and other forms of harassment at arrival in Marseilles.[17] The French medical missions in Algeria began disqualifying an increasing proportion of Algerian candidates for reasons of "insufficient stature" or on other "miscellaneous" grounds.[18]

Algerian protests of these "police measures" found a sympathetic audience across the Mediterranean when in October, 1966, the Association France-Algérie held a colloquium on migration to which both French and Algerian officials were invited. While acknowledging the importance of Algerian labor migration for both France and Algeria, representatives of both countries agreed on the need to revise the 1964 agreement for the purpose of guaranteeing Algeria at least an annual contingent and eliminating illegal migration.[19]

Negotiations for this purpose began on an official level in December, 1966 between the French Director of Administrative Conventions and Consular Affairs de Chambrun and an Algerian delegation led by Ait Challal, Ambassador to Italy. Algeria initially called for a return to the Evian principle of free circulation between Algeria and France, a demand that the French categorically rejected. Instead, the French government offered to increase Algerian quotas in exchange for measures to

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control clandestine migration via tourism. Algeria appeared willing to accept these conditions provided that it could exercise control over illegal migration rather than have its citizens subjected to French police measures, which were sometimes accompanied by what Algerian spokesmen called "racist overtones."[20]

By 1967, the negotiations between France and Algeria in the labor sector had begun to reflect the impact of the trade dispute (summarized in Chapter IV). The initial effect of the French decision in February, 1967 to prohibit the further blending of Algerian and French wines, was to suspend negotiations on the labor dispute until the summer of 1967 when talks were briefly resumed only to break up over Algeria's refusal to agree to the French demand that its emigrants be provided with the carte de séjour required of all other foreign residents. The Algerians were particularly sensitive on this point arguing that "the importance of the interests conceded to France" required that a "preferential status" be granted to its workers, apart from workers from other foreign countries.[21]

Negotiations did not resume until March, 1968 when a visit to France by Interior Minister Medeghri resulted in an Algerian agreement to limit the outflow of its tourists in exchange for a French commitment to relax quotas on immigration pending the conclusion of a formal agreement.[22] Talks opened on May 2, and continued intermittently during the summer of 1968, concluding on October 26, with a three-year agreement, signed on December 27, 1969 and effective as of January 1, 1969.

The new agreement met Algeria's demand for a pluriannual contingent on the number of Algerian workers that would be permitted to migrate to France, although the ceiling agreed upon was significantly less than

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the 50,000 which Algeria had insistently demanded. The provisions affecting new immigrants placed the status of Algerian workers somewhere in between the regime of free access granted to them under the Evian agreements and the tighter restrictions imposed upon workers from other foreign countries. Unlike other categories of foreign workers for whom quotas represented recruitment _targets_, Algeria would be subject to an annual _limit_ of 35,000 workers per year in 1969, 1970 and 1971. However, unlike workers from Morocco, Tunisia and Black Africa, Algerians would not be required to obtain their work contracts prior to departure from Algeria. For an Algerian worker, a valid O.N.A.M.O. certificate, stamped by the French medical mission would be sufficient for entry into France for a period of up to nine months. If, after that period, the candidate had failed to obtain employment, he would be required to return to Algeria. However, once employed, he would immediately be eligible for a five-year residence authorization (automatically renewable, except in cases of prolonged unemployment) as compared to the three-year longevity of the _carte de séjour ordinaire_ issued to other foreign workers.

Algerians already living in France as of January 1, 1969 would qualify immediately for a five-year residence certificate, and to those who could provide evidence of three years' residence, a ten-year residence certificate would be issued. These latter provisions were essentially the same as those applying to all other nationalities of immigrant workers since 1945, as were the new regulations applying to Algerian "tourists" who would henceforth be issued the standard visa of three months validity.[23]

On the whole, the 1968 agreement was considered more advantageous to both France and Algeria than the 1964 protocol. The establishment of

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a fixed quota would facilitate industrial planning on both sides of the Mediterranean and the adoption of precise regulations would serve to enhance the status of Algerian workers in France, and hopefully, reduce the social tensions resulting from their precarious condition. Furthermore, the timing of the agreement demonstrated that French-Algerian cooperation could continue to develop in the labor sector in spite of the coincidental deterioration in commercial relations between the two countries.

The 1971 oil crisis proved to be a more arduous test for the vitality of bilateral labor cooperation between France and Algeria. The fate of Algerian workers was first raised as an issue in the oil negotiations when on July 8, 1970 Pierre Guillaumat, President of the French state oil company, ERAP, the major oil producer in Algeria, gave as a reason for his optimism concerning the outcome of the talks "the presence of 500,000 Algerians working in France."[24] The immediacy with which the Algerian government responded to this perceived threat revealed its determination to prevent the use of its workers as "a means of pressure to impose an over-exploitation of our [natural] resources."[25] These fears were again articulated when on February 24, 1971 Boumedienne announced the nationalization of all French oilfields in Algeria. Referring to right-wing press editorials calling for the explusion of Algerians from France, the Algerian President attempted to forestall French retaliation against Algerian workers by identifying Algerian workers as a social and humanitarian rather than an economic issue.

> As for us, we have never confused oil and men. We have never placed on the same scale . . . the Algerian workers in France on the one hand, and wine, oil and merchandise on the other hand. We hope that [France] will not confuse workers and economic problems since human problems are particularly sensitive and delicate.[26]

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Although the French government responded reassuringly on April 15, 1971, with a statement of its intention "to pursue the implementation . . . and possible prolongation" of the 1968 agreement following its scheduled expiration in December, 1971,[27] French public opinion was not easily persuaded to accept a steady inflow of Algerian workers at a time when French oil interests in Algeria were the object of defeat and humiliation. Between March and May, 1971, fifteen separate acts of violence against Algerian workers were recorded, including one fatality. Following a series of protests on the part of the Algerian Ambassador, the Algerian Economic and Social Council met at the end of May, with representatives of the Association of Algerians in Europe for the purpose of devising a strategy to "arrest the constant degradation in the living conditions of emigrant workers." Following a demonstration in Algiers on June 3 by several hundred French teachers and technicians protesting the hostile treatment of Algerian workers in France, President Pompidou called upon the French Minister of the Interior on June 9 to "assure the foreign residents in France the same protection as French citizens."[28]

With the negotiation and conclusion of compensation agreements between Algeria and the French oil companies during the latter half of 1971, the hostility abated somewhat, although not altogether. In December, 1971 a bilateral commission assembled for the purpose on setting new contingents under the terms of the 1968 agreement. France, however, suggested significant revisions in the content of the agreement including the institution of the requirement that Algerians obtain work contracts <u>prior to</u> migrating to France, and to reduce the

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annual contingent from 35,000 to 15,000. Algeria rejected these proposals arguing that the authority of the mixed commission was limited to setting new contingents under the terms of the 1968 agreement.[29] On December 23, agreement was reached to lower the contingent to 25,000 for 1972 and 1973, while a procès verbal took note of the French government's commitment to improve the living conditions and training opportuniites for Algerian workers and provided for an overall renegotiation of the 1968 agreement at the end of 1973.[30]

Once again, French-Algerian labor relations appeared to have survived a major crisis in the ragged history of bilateral cooperation between the two countries. There was little indication that within less than two years the flow of Algerian workers to France would be frozen indefinitely, and that bilateral relations in the labor sector would begin to give way to a new set of policies designed in Brussels.

From Recruitment to Repatriation: French and Algerian Perspectives

On September 19, 1973, the Algerian Council of the Revolution issued an official statement announcing "the immediate suspension of Algerian emigration to France pending the guarantee of conditions of security and dignity [to Algerian workers] by the French authorities."[31] The decision was reiterated by President Boumedienne in a speech on September 25 in which he stated that "our intention is to demand that the French government respect the Algerian citizens who live in France, for on this depends the future of Algerian-French relations."[32] On the same day a statement of clarification by the Algerian Minister of Labor and Social Affairs stipulated that the decision would affect only

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Algerian workers emigrating to France for the first time (and not those returning to France from vacations in Algeria). The order went into effect immediately with a halt to the issuance of O.N.A.M.O certificates.[33]

The most likely reasons for the Algerian decision were the events that immediately preceeded it, including a series of violent attacks against Algerian workers in France and the failure of the French government to apprehend the perpetrators. The incidents had been set off by the murder of a French bus driver in Marseilles on August 25 by a mentally disturbed Algerian, which was immediately followed by the murders of four Algerians and the wounding of two others between August 26 and 31. On September 3-4, an estimated 50,000 Arab workers went on strike in Marseilles and Toulon in protest against "French racism."[34]

In addition, the Algerian government was particularly critical of a French decision to drop charges against police officers following the death of an Algerian waiter in a Versailles police station on November 29, 1972.[35]

However, the Algerian decision to suspend emigration did not put an end to the attacks. On December 14, 1973 a bomb was set off at the Algerian consulate in Marseilles killing four and wounding 16.[36] Again, no one was prosecuted, a fact that Algerian Ambassador Bedjaoui publically imputed to the large number of former "pieds noirs" on the Marseilles police force.[37]

Thus, despite assurances given personally to Algerian Foreign Minister Bouteflika by President Pompidou on January 10, 1974, and the appointment in February of Andre Postel-Vinay, as Director-General

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for Population and Migration, in accord with Algerian wishes,[38] the Algerian government continued to insist, as Bouteflika reiterated on May 28, 1974 that emigration would remain suspended "so long as the security, dignity and respect of our workers is not guaranteed."[39]

Although some have argued that economic rather than social factors played a determining role in the Algerian decision to suspend emigration to France,[40] the economic arguments sometimes advanced by the Algerian government to justify its decision[41] did not begin to appear until 1974, after the French government had announced the suspension of all worker immigration from outside of the European Economic Community. By that time the original justification for the Algerian decision had lost some of its appeal, and the Boumedienne government may have needed a new set of arguments to create the illusion that Algeria was retaining some initiative over the question of its emigrant workers. In any case, economic conditions in Algeria were not such as justify the new policy of "worker reintegration" proclaimed, with little consequence, by the Algerian government in March, 1975.[42]

The Algerian decision, although presented in retrospect as a radical initiative in the structure of decision-making between the two countries, represented a necessary accommodation to the French decision of July 5, 1974 to suspend, at first temporarily, then indefinitely, all worker immigration from countries outside of the E.E.C.

The announcement of the French government's decision to suspend the immigration of foreign workers and their families from July 5 through October, 1974 was viewed in Paris as a politically necessary response to sharp increases in unemployment occurring throughout Europe

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as a result of recessionary conditions aggravated by the sudden rise in the price of imported oil.[43]

Other reasons given by the government at the time referred to the shortage of housing and the need to stem the influx of foreign workers for a period of time sufficient for the long-planned reorganization of the social services designed for them.[44] While the circular issued on July 5 by the Secretary of State for Immigrant workers specified no terminal date, a spokesman for the government indicated on July 9, that the decision would be reconsidered in October.[47] A second circular dated July 9, 1974 stipulated that the measures announced on July 5 would apply "immediately to the immigration of Algerians and their families" as well as to"African nationals from countries south of the Sahara, previously under French authority."[48]

At the same time the French government took note of the fact that the new restrictions did not apply to immigrant workers and families of immigrant workers originating in countries belonging to the European Economic Community.[49] This decision was fully congruent with the E.E.C.'s policy of free movement within the Community for workers who were nationals of its member states, a policy envisaged in the Treaty of Rome and implemented progressively by the member states since 1968.

The View from Brussels: Free Circulation and the Common Action Program for Migratory Workers

In line with certain fundamental objectives of the Treaty of Rome relating to "the social advancement of [European] peoples and the raising of their standards of living through an ordered development of

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manpower resources,"[50] Article 48 called for "the free movement of workers" to "be ensured within the Community not later than at the date of expiration of the transitional period." (January 1, 1970). This would "involve the abolition of any discrimination based on nationality between workers of Member states as regards employment, renumeration, and other working conditions."[51]

The effective implementation of Article 48 was decided by the Council of Ministers of Social Affairs of the E.E.C. on July 29, 1968[52] followed by Regulation 1612/68 of the E.E.C. Council of Ministers on October 15, 1968 which set out the legal framework of the common labor policy in accord with Articles 48 and 49.[53]

The Regulation of October 15 set the goal of attaining free movement for workers within the Community "by the end of the transitional period at the latest" and defined as its objective "that all nationals of Member states have the same priority as regards employment as that enjoyed by national workers . . . ."[54] Moreover, it was stipulated that every job vacancy registered with the public services of a member state could be "notified to non-Member states, only if the Member state considers that for the occupations corresponding to such vacancies there are insufficient workers available who are nationals of Member states."[55] Thus, the priority granted to Community workers would have as its corollary, the systematic exclusion from certain jobs of workers from countries outside of the Community. The regulation also provided for equal treatment among Community workers for purposes of remuneration, dismissal, social benefits, taxation, access to vocational training, public housing and trade union activity, rights to which immigrants from non-Community states generally had only the most limited and variable access.[56]

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To implement these provisions, the Council called for close cooperation "among the central employment services of the Member states and with the [European] Commission with a view to acting jointly as regards the clearing of vacancies and applications for employment within the Community and the resulting placing of workers in employment."[57] Finally, the Commission appointed an Advisory Committee composed of six members from each Member state (two representing the government, two from the trade unions and two from employers' associations) "with a view to coordinating the employment policies of the Member states at the Community level."[58]

These decisions, taken at the Community level, coincided with the evolution of French immigration policy as evident in the Calvez report to the French Economic and Social Council and the opinion issued by the Council on February 26, 1969 on The Problem of Foreign Workers.[59] The opinion took note of "the elaboration of a European immigration policy . . . including the elimination of discrimination, the abolition of work permits (for E.E.C. nationals) equal access to employment offices and to vocational training, and equal treatment with respect to housing and taxation."[60] The progressive adoption of this policy was deemed fully compatible with the policy of "selective immigration" proposed in the Calvez report which called for a policy which would encourage the immigration of workers "of European origin, more susceptible to integration into French economic and social life . . . ."[61] Citing demographic projections of a "probable presence in France of . . . an unassimilable bloc of 2,500,000 Algerians by the year 2000," the report recommended "limiting immigration from North African sources to that a temporary, organized labor immigration,

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linked to specific sectors of activity and in close cooperation with the countries of origin."[62]

The implementation of the E.E.C. Council Regulation of October 15, 1968 took legal effect in France beginning with the decree of January 5, 1970 which exempted E.E.C. workers from the immigration procedures in effect for all foreign workers then under the jurisdiction of the O.N.I., and eliminated the use of standard residence certificates, together with working papers in exchange for a single document identifying the worker only as "a citizen of a Member state of the E.E.C." The new document would be delivered upon presentation of a passport or other valid identification, employer's certification and a medical examination under the auspices of the O.N.I. Its validity would extend for five years, renewable automatically.[63]

The elimination of restrictions on the immigration of Community workers, implied for France, a concomitant tightening of control over the immigration of workers from outside the Community. This consideration was evident in the Calvez report and implemented in the progressive reductions in the Algerian contingent obtained through the 1971 French-Algerian agreement as well as in the July, 1971 agreement with Portugal with limited its contingent to a maximum of 65,000 workers per year from 1971 through 1973 down from peak of 88,634 in 1970.[64]

Likewise, the circulars of July 23, 1972 which limited the possibilities for regularizing the status of illegal immigrants, and the circular of September 26, 1973 which reserved priority on the French job market to "national manpower," although clearly designed to restrict immigration from outside the Community, were both annulled by

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the French Council of State in 1975 as violations of the Treaty of Rome.[65]

The practical impact of the E.E.C. policy of free labor movement within the Community is hard to evaluate due to its coinciding with recessionary conditions in Europe, resulting in sharp reductions in absolute terms in the numbers from both E.E.C. and non-E.E.C. countries. Changes in the geographical structure of migration first became visible beginning in 1970 when intra-E.E.C. migration, taken as a proportion of all worker immigration in the Community began to rise following a decade of steady decline, from a low of 19 percent in 1969 to 22 percent in 1970, 26 percent in 1971, 31 percent in 1972 and 1973 and reaching 42 percent in 1974.[66] These figures may, however, be misleading to the extent that they fail to take into account the expansion of the Community from Six to Nine Members with the inclusion of Britain, Ireland and Denmark in 1972. In this connection, it may be sufficient to note that the period from 1972 to 1973 when an increase in intra-E.E.C. migration may have been expected to reflect nothing more than the expansion of the Community (particularly Irish migration to Britain) rather than an increase in intra-Community migration itself, was the one year in the period from 1969 through 1974 when no such increase took place in the relative number of E.E.C. migrants.[67]

However, a more serious objection might be raised when it is pointed out that the increase in the relative importance of intra-E.E.C. migration from 1973 to 1974 was accompanied by a 45.5 percent <u>decline</u> in the actual numbers of migrant workers circulating within the E.E.C., from 228,000 to 122,000. It is, therefore, only in

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comparison with the larger decline of 61.4 percent affecting non-E.E.C. workers (738,000 in 1973 and 285,000 in 1974) that the relative proportion of intra-E.E.C. migration can be said to have increased since 1973.[68] Given these considerations, the most that one can conclude is that the E.E.C.'s policy of free circulation may have had a cushioning effect on the impact that the 1974 recession had on the status of European workers relative to that of their less fortunate counterparts from outside of the E.E.C.

The tendencies evident on the European level were similarly reflected in French immigration figures for the period under consideration. Following a decline in the proportion of E.E.C. workers migrating to France from 12.0 percent in 1967 to 5.0 in 1970, their proportion rose to 6.1 percent in 1971, 8.2 percent in 1972 and to 23.4 percent during the first half of 1974.[69] From these figures, it is likewise difficult to assess the extent to which the relative increase in the proportion of E.E.C. immigrants reflected conditions of facilitated access due to the implementation of E.E.C. policies, or rather, merely accentuated the effects of the Algerian government's decision of September, 1973 together with other restrictions affecting the movement of non-E.E.C. workers. The direction, however, was clear: bilateral relationships between member states and third countries, as exemplified by the French-Algerian tie, were in decline relative to intra-European migration as regulated and encouraged by the common labor policies formulated in Brussels.

From the vantage point of the European Commission the full implementation of the common labor policy, with all that it implied, could not come too soon. It was not long after the expiration of the transitional period and the application of the minimal requirements

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set forth in Articles 48 and 49 of the Rome Treaty, that the Commission began taking the initiative for the purpose of expanding the scope of the common labor policy to include provisions affecting specifically workers from third countries.

In December 1970, the Commission first expressed impatience with the progress of the common labor policy in noting the "non-observance by certain Member states of the Community preference concerning migrant workers" despite the availablity of large numbers of unemployed Italian workers. By way of explanation the Commission cited "a lack of qualitative adaption of the labor available to the needs of industry, as well as competition from third countries."[70] It was again in response to Italian pressure over third-country competition, that the Commission, in a written communication of January 7, 1972, emphasized the need "to harmonize, as soon as possible, the policies of Member states vis-à-vis third countries . . . for the sake of maintaining the objectives pursued by the Community in the labour field."[71] However, queried about the progress of this harmonization the Commission conceded the need "to take account of the complexity of the problem since [immigration policy] is an essential element in the labour policy of each Member State," while reiterating its commitment to "the coordination of the migration policies of Member States . . . as rapidly as possible."[72]

In August, 1973 The Economist quoted a Brussels official as stating that "there is a problem about getting people to look at the problem" of workers from third countries. France, in particular, was cited for having shown "a marked reluctance even to supply information to Brussels, let alone follow any directions."[73] Yet, in July, 1974 France fell into line with the rest of the Community in suspending

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worker immigration from outside of the E.E.C. The ban on third country worker immigration began not in the E.E.C. itself, but in Switzerland, which, after narrowly defeating the Schwartzenbach amendment to limit the proportion of foreign residents in any one canton to ten percent of its population, cut the number of new annual permits from 40,000 to 10,000 in July, 1973.[74] West Germany became the first E.E.C. country to ban all worker immigration from outside the Community, in a decision announced on November 23, 1973 which became effective immediately and resulted in a decline in the number of resident Gastarbeiter ("guest workers") from 2,595,000 at the close of 1973 to 2,450,000 by the end of 1974.[75] The Danish government (which had briefly instituted a limited ban on worker immigration in 1970) announced its decision less than one week after Bonn. The Netherlands, which had begun introducing restrictions on the proportion of foreigners allowed to reside in certain parts of Rotterdam as early as 1972, introduced a highly restrictive regime in early 1974, aimed at discouraging the influx of non-E.E.C. workers. Belgium banned all immigration from outside the Community in August, 1974, one month after France. Only Luxembourg, which benefited from a special protocol of the Treaty of Rome, allowing restrictions on immigration from all countries, including the E.E.C., promulgated no particular regulations aimed at workers from third countries.[76]

Although there is no direct evidence that these separate national decisions were coordinated on the Community level, there are several indications that, at least by 1974 a certain degree of consultation was taking place among Member states under the aggressive auspices of the Commission.

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The actual initiative for these consultations came not from the Commission, but from the Council, which in its Resolution of January 21, 1974 called for the establishment of "an action programe for migratory workers and members of their families which shall:

- improve the conditions of free movement within the Community of workers from Member states . . .;
- achieve equality of treatment for Community and non-Community workers and their families in respect of living and working conditions, wages, and economic rights;
- promote consultation on immigration policies vis-à-vis third countries."[77]

In response to this directive the Commission issued a preliminatory report on "Migrant Workers in the E.E.C." in August, 1974. The report observed that "several countries have already started to introduce restrictive policies as concerns the hiring of new foreign workers," from outside of the Community and noted that "this coincides with the Commission's own forecast for the E.E.C. economy in the short-term: the energy crisis and the fight against inflation imply a reduction in the demand for migrant manpower."[78]

The Commission's intention to emphasize the priority of E.E.C. over non-E.E.C. workers was even more bluntly articulated in the discussion draft of its proposed "Action Program" published in November, 1974 which expressed as a fundamental assumption "a clear desire to first provide jobs for all migrants from inside the Community before resorting to labor from third countries."[79] A spokesman for the Commission expressed optimism over the prospect of obtaining "full E.E.C. backing" for these provisions "particularly in view of the tight job situation" then obtaining among the Nine.[80]

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The final draft of the "Action Program" was submitted by the Commission to the Council in December, 1974 and called for the "coordination of the policies of Member states toward immigration from outside the Community," in the context of a range of policies that were clearly intended to further enhance the position of E.E.C. workers with respect to their third country counterparts. Among the proposals designed to benefit Community workers was the immediate activation of the O.E.C.D.'s computerized exchange system of information on labor supply and demand, the Continuous Reporting System on Migration.[81]

On January 16, 1975, the Commission's proposal was forwarded by the Council to the European Parliament, which referred it to the Committee on Social Affairs and Employment. The Committee considered the text of the Action Program at meetings of February 12, March 25, April 23, May 27 and June 24 and published its report on July 7, 1975.[82] The Committee report expressed impatience over the delay in the submission of the proposal, initially set for completion on April 1, 1974, and requested that the Commission submit to the Council "as soon as possible . . . specific measures . . . and a precise timetable for submitting implementation proposals . . ." for the Action Program . The Committee also recommended as a policy to be attained in the "short-term": "the placing on a Community level of bilateral agreements between Member states and third countries from which the migrants originate."[83]
The final draft of the Action Program, as finally released by the Council on February 9, 1976 was identical to the draft submitted by the Commission in December, 1974 but for the addition of a Council Resolution which emphasized that "considering the Community's

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present economic and social situation . . . action in favour of migrant workers . . . should concentrate on the improvement of the circumstances of migratory workers within the Member states."

With respect to third country migrants the Council called for improvements in the working conditions, wages and economic rights of "nationals of third countries who are legally resident in the Member states." In addition, the Council emphasized the need for "appropriate consultation on migration policies vis-à-vis third countries" and resolved to "strengthen cooperation between Member states against illegal immigration of workers who are nationals of third countries . . . ."[84]

However, under the energetic leadership of Patrick Hillery, European Commissioner for Social Affairs, known for his sympathies toward immigrant workers from third countries, the Commission undertook to implement the Action Program with added emphasis on the status of non-E.E.C. workers. In Hillery's view, some sort of accommodation with labor-exporting third countries was essential since a "massive exodus of third country migrants would not be to the long-term advantage" of European industrial development. "It is Europe's responsibility," he argued in late 1975 "to face up to the challenge of fully integrating those migrant workers already in the Community who do not wish to return to their country of origin and who are contributing to our prosperity."[85] For this category of workers he advocated the removal of all discrimination, including full trade union rights and equal access to public housing and other social benefits.[86]

By 1976, the implementation of these provisions began to appear, notably in the cooperation agreements signed with the three Maghreb countries that year. Unlike the more ambitious association agreements

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signed much earlier with Greece and Turkey,[87] (still largely unimplemented at the date of the Action Program) the Maghreb agreements did not include provisions for the eventual free circulation of labor between the quasi-associates and the E.E.C. The Algerian-E.E.C. agreement, signed on April 26, 1976 in particular illustrated both the progress and the limitations of the Community's common labor policy vis-à-vis third countries. The text of the agreement called for equal treatment of Algerian workers and host country nationals with respect to working conditions and remuneration, and, with certain exceptions, in the provision of social security benefits. Periods of employment and residence would be aggregated for purposes of calculating eligibility for health services, age and invalidity pensions and life insurance, all of which would be freely transferable to Algeria. However, family allowances would be paid only to the family members residing in the Community.[87]

The limited scope of these provisions, excluding notably questions of movement in and out of the Community, as well as among Member states, along with its failure to mention trade union and other civic rights, may be accounted for by reference to Article 41 of the agreement which stipulated that the provisions of the agreement "shall not affect any rights or obligations arising from bilateral agreements linking Algeria and the Member states where those agreement provide more favor treatment of Algerian . . . nationals."[88]

At the time of writing, Algeria's labor relations with the E.E.C. remain in suspended animation. No Member state has lifted the ban on worker immigration from third countries; in fact, both France and West Germany have taken steps aimed at encouraging the repatriation of

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immigrants from outside of the E.E.C.[89] It is, furthermore, somewhat unlikely that any single E.E.C. country, including France, will resume recruiting Algerian workers in the absence of concerted decision-making in Brussels.

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NOTES

[1] Le Monde, March 30, 1966.

[2] JORF, January 21, 1966; Tapinos, p. 70.

[3] JORF, May 3, 1966; Tapinos, p. 70.

[4] Tapinos, p. 73; Granotier, p. 61.

[5] Tapinos, pp. 78, 104.

[6] Granotier, p. 61.

[7] Tapinos., pp. 73-76.

[8] Ibid., p. 74.

[9] Ronsonvallon, p. 139.

[10] Ibid., p. 118.

[11] Le Monde, August 10, 1966.

[12] National Liberation Front, L'Emigration algérienne, problèmes et perspectives, (Algiers, 1966), p. 116.

[13] L'Economie du Maghreb, p. 158.

[14] Revue algériene du travail, No. 4, (January , 1968); Annuaire de l'Afrique du Nord, 1968, p. 273.

[15] Le Monde, April 4, 1968.

[16] Ibid., February 1, 1967.

[17] Ibid.

[18] Ronsonvallon, pp. 84-87.

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[19]Le Monde, October 18, 1966; Granotier, pp. 22, 238.

[20]Le Monde, January 3, 4, 1976.

[21]Révolution Africaine, January 9, 1967.

[22]Le Monde, March 1, 1968.

[23]For the text see, Revue juridique et politique, indépendence et coopération, Vol. XXIII, No. 2, (April-June, 1969), pp. 275-282.

[24]Le Monde, July 9, 1970.

[25]El Moudjahid, July 9, 1970.

[26]Doucy and Monheim, pp. 153-154.

[27]Le Monde, April 17, 1971; Rousseau, p. 784.

[28]Doucy and Monheim, p. 178.

[29]Adler, pp. 28-29.

[30]Tapinos, p. 98; Hommes et Migrations, Documents, No. 820 (February 1, 1972).

[31]l'Algérien en Europe, (Paris) No. 176, (October1-15, 1973).

[32]Le Monde,September 27, 1973. Likewise, in a radio interview on September 20, Algerian Ambassador Bedjaoui explained that "since the security of Algerian workers in France was not assured, we had to repatriate them, no matter what the price." Marchés tropicaux et méditerranéens, September 28, 1973.

[33]Le Monde, September 27, 1973.

[34]Ibid., August 27, 29-30, 1974.

[35]Marchés tropicaux et méditerranéens, December 8, 1972.

[36]Le Monde, December 16-17, 1973.

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[37] La Nouvelle Observateur, December 26, 1973; Marchés tropicaux et méditerranéens, January 4, 1974.

[38] Marchés tropicaux et méditerranéens, February 22, 1974.

[39] Ibid., June 7, 1974.

[40] Adler, p. 51 argues that increasing oil revenues made Algeria "less dependent on the transfer of savings by Algerian workers abroad." However, given Algeria's heavy investments in industry and subsequent debt problems, reliance on foreign exchange increased since the rise in oil revenues. See the article by Henry Giniger, "Algeria Slows Rush to Industralize and Takes Hard Look at Snags in Development Plans," The New York Times, August 6, 1976, p. 6.

[41] See l'Algérien en Europe, April 1-16, June 16-30, July 1-15, September 16-30, 1974.

[42] Although the Second Four Year Plan (1974-1977) projected the creation of 450,000 additional jobs (as compared with approximately 300,000 established from 1970 to 1973 under the First Plan), this would not be sufficient to absorb the 140,000 Algerians entering the labor market each year. Annuaire de l'Afrique du Nord, 1975, pp. 508, 674.

[43] The number of unemployed workers in Europe rose 72 percent between December, 1973 and December, 1974, The New York Times, January 27, 1975.

[44] Le Monde, July 5-6, 1974.

[45] Ibid.

[46] Tapinos, p. 119.

[47] Ibid.

[48] Ibid.

[49] Ibid. The exemption of E.E.C. workers from the prohibitions was reiterated by the E.E.C. Commission's response to a written question addressed to it by an Italian parliamentarian (Antoniozzi), on October 4, 1974, with specific reference to Italian workers. Commission of the European Communities, Written Question No. 252/74.

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[50]Treaty Establishing the European Economic Community, Rome, 1957, Preamble and Article 2, pp. 13, 16.

[51]Ibid., 57.

[52]Commission of the European Communities, Freedom of Movement for Workers within the Community: Official Texts, Brussels, 1977, pp. 6-15.

[53]Ibid.

[54]Ibid., pp. 6-7.

[55]Ibid., Article 16, p. 10.

[56]Ibid., Articles 7 to 9, p. 8.

[57]Ibid., Article 13, p. 9.

[58]Ibid., Articles 23-26, pp. 11-12.

[59]Economic and Social Council, Avis sur le Problème des Travailleurs Etrangers, February 26, 1969; Corentin Calvez, Rapport sur le Problème des Travailleurs Etrangers, February 26, 1969.

[60]Avis sur le Problème des Travilleurs Etrangers, p. 9; Calvez, p. 15.

[61]Calvez, p. 48.

[62]Ibid.

[63]JORF, January 14, 1970; Tapinos, pp. 95-96.

[64]Tapinos, p. 74; Adler, p. 50.

[65]Tapinos, p. 92; Annuaire de l'Afrique du Nord, 1975, p. 73.

[66]Commission of the European Communities, The Housing of Migratory Workers in the E.E.C., December, 1977.

[67]Ibid.

[68]Ibid., p. 19.

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[69]Tapinos, p. 120.

[70]Europe (new Series), No. 706, December 14, 1970.

[71]Journal Officiel des Communautés Européennes, No. C 1, January 7, 1972, p. 4.

[72]Ibid.

[73]The Economist, August 25, 1973.

[74]"Slamming the door on Europe's Guest Workers," The Economist, August 9, 1975, pp. 23-27.

[75]The German Tribune, January 30, 1975.

[76]The Economist, August 9, 1975.

[77]Journal Officiel des Communautés Européennes, February 12, 1974, Supplement 2/74-Bull. E.C. (Emphasis added.)

[78]European Report, No. 162, August 3, 1974.

[79]Ibid., No. 186, November 16, 1974.

[80]Ibid.

[81]OECD Observer, No. 68, February, 1974.

[82]European Parliament, Report on the Communication from the Commission of the European Communities to the Council concerning an Action Programme in Favour of Migrant Workers and Their Families, July 7, 1975, p. 66.

[83]Ibid.

[84]Action Programme in Favour of Migrant Workers and Their Families, Bulletin of the European Communities, Supplement 3/76. (Emphasis added.)

[85]European Report, No. 327, May 22, 1976.

[86]Ibid.

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[87]European Parliament, <u>Report on the Communication . . . Concerning an Action Programme</u>, pp. 36-40.

[88]Commission of the European Communities, <u>Recommendation for a Council Regulation Concluding an Agreement between the European Economic Community and the People's Democratic Republic of Algeria</u>, p. 159. (Emphasis added.)

[89]Ibid.

CONCLUSIONS

The Multilateralization of Post-Colonial Relations Interdependence or Neodependency?

The Galtung model is a useful analytical tool to the extent that it focuses attention on a set of variables-- multilateral organizations, in this case, the E.E.C. and O.P.E.C -- which, in turn, help to explain the evolution of French-Algerian relations. Such an analysis would affirm Galtung's basic contention that a multilateral world is a "realistic model of the the world in which mankind lives at present."

However, the evidence from the French-Algerian case raises serious questions about the utility of the model as well as the validity of hypotheses derived from it. To begin with, the model does not distinguish between degrees of multilateralism, a factor which might help to account for the pace and sequence of change in the French-Algerian relationship. In the case of trade, the turning point came in 1967, when France began to adapt its wine import policies to the constraints imposed by its commitment to an emerging Community wine market. In the oil sector, the transition did not begin until 1970, when Algeria modified its demands on France to conform with the fiscal regimes practiced by other O.P.E.C. members and began drawing on the collective support of O.P.E.C. as a means of leverage in its negotiations with France. Finally, it was not until 1973, when the policy of free circulation for E.E.C. workers began to have a visible

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impact on the relative status of Algerian workers in France.

This particular sequence may be explained as a function of the relative extent of bilateralism evident in each of the various sectors at the time of Algerian independence as well as in terms of the relative degrees of multilateral integration in each sector. While bilateralism was extensive in all three areas it was least so in trade relations, where France's 85.4 percent share of Algerian foreign trade obscured the potential interdependence between Algeria and the rest of the E.E.C.

In the oil sector, French control of the means of production was more complete, amounting to the ownership of oilfields and pipelines and substantial influence over the remainder of foreign and Algerian oil investment through its administration of the Saharan Oil Code, and its employment of nearly all middle and high level personnel. Relations in the labor sector were closest to a situation of complete dependency with 99 percent of Algeria's expatriate labor force in France and the flow of workers entirely subordinate to French economic and political conditions. These differences tend to suggest a positive correlation between the <u>degree</u> of bilateralism existing between Center and Periphery countries at independence and the duration of subsequent bilateral relationships.

The second factor that may have influenced the sequence of multilateralization from sector to sector is the extent of integration within the regional and international markets for wine, workers and oil respectively. In the case of wine, the development of a European market, which initially emerged when surpluses began to appear in both Spain and Italy in the 1930's, was temporarily suppressed by French legislative

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restrictions on the blending of French and foreign wines, a decision taken under the pressure of the Algerian wine lobby. With the disappearance of this group following the Algerian government's expropriation of French winegrowers in 1963, France was able to agree to a Common Agricultural Policy which included wine and which became a reality (albeit a burdensome one for French winegrowers) immediately after the exclusion of Algerian wine from the French market.

In the oil sector the international system, although relatively integrated, was, until 1970, managed almost exclusively by private oil companies which explored, produced, transported, refined and marketed crude oil and petroleum products. With consumer economies (if not always states) in control of both supply and prices, a true international market situation for oil cannot be said to have emerged until 1973 when O.P.E.C. governments unilaterally seized control of international oil pricing.

Finally, the existence of a single European labor market, although theoretically implemented since 1968 by the common labor policy of the E.E.C., was effectively delayed by the recession of the 1970's which severely limited the opportunities for labor migration within the Common Market. It also limited the opportunities for upward mobility for immigrant workers from Algeria and other countries outside the E.E.C., and thus contributed to the maintenance of what, in essence, amounted to a dual labor market in Europe, with E.E.C. nationals filling most of the better-paying, skilled positions and non-E.E.C. immigrants holding almost exclusively the low-paying unskilled jobs.

Thus, one also observes a negative correlation between the extent of multilateral integration and the duration of post-colonial

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bilateral relations in a given sector. The Galtung model can be critized for being essentially static in its failure to include such longitudinal factors as part of its analytical framework.

In addition to the question of timing, the Galtung model requires some refinement with respect to the various structures of interaction between Center and Periphery that can be utilized to illustrate the possibilities of a multilateral world. In this respect, it is apparent that all of Galtung's illustrations of multilateralism (Figure 1, frames b through i) are variations of the basic theme of C-P interaction depicted as lying on a horizontal plane, and symbolized by a hyphen rather than the arrow used to symbolize vertical (i.e., dependency) relationships.

What Galtung fails to take into account are such inherently unequal relationships as that faced by France in the context of E.E.C. negotiations on the Common Agricultural Policy, in the case of Algerian wine, and Algeria's relationship with O.P.E.C. with respect to the prices of the oil produced in Algeria by French companies. In the case of wine, the multilateral relationship between the E.E.C., France and Algeria, might be depicted as in frame a of Figure 2, with C representing the E.E.C., c France and p Algeria.

Similarly, with respect to oil, following Algeria's nationalization of French oilfields and the subsequent subordination of its pricing policy to O.P.E.C. (as the price of O.P.E.C.'s support in the showdown with France) the relationship between O.P.E.C., Algeria and France could be illustrated as in frame b of Figure 2, with P representing O.P.E.C., p Algeria and c France. Many other patterns of interaction between and among c, C, p, and P are suggested by the complex history of relations between Algeria, France, the E.E.C. and O.P.E.C. The Galtung

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model could thus be considerably refined so as to take account of complex vertical as well as horizontal relationships that may exist within coalitions of p and c states.

With respect to the three propositions derived from the Galtung model and presented in the Introduction, the evidence from this case study is inconclusive. The validity of the first proposition--that the pursuit of exclusive bilateral relations between Center and Periphery impedes the implementation of effective stragegies of counterdependence on the part of peripheral states--appears to vary from sector to sector. In the trade sector where Algeria and France maintained their "privileged relations" until 1967, very little diversification took place in either the geographical or commodity structure of Algeria's foreign trade. In fact, the share-of-trade ratio between France and Algeria shifted in France's favor from 14.30 in 1963 to 21.17 in 1966. This seems to support the proposition that the pursuit of exclusive, bilateral trade relations in the absence of multilateral influences, restricts the tendency of the peripheral state to diversify its foreign trade and thus improve its bargaining position vis-à-vis the Center state.

However, in the oil sector, the situation is somewhat more complex. The exclusive, bilateral relationship initially established under the Saharan Oil Code in 1958 was maintained, and in some respects reinforced, by both the Evian agreements and the oil cooperation agreement of July 1965. But the cumulative effect of these arrangements, in particular, the close cooperation that resulted on the personnel level between French and Algerian, technicians, skilled workers and middle-level managers, enabled Algeria to contest France's nearly monopolistic

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control over the oil industry. Although little actual change in the financial structure of the industry occurred during the period of bilateral cooperation from 1962 through 197, Algeria's capacity, measured in terms of the Algerianization of mid- and high-level personnel (table 10) improved dramatically.

In the labor sector, it is also somewhat difficult to support the proposition that bilateral relationships impeded Algeria's capacity to improve its bargaining position with respect to France. A comparison of the labor agreements signed in 1964, 1968 and 1971 clearly indicates a shift in the balance of power in Algeria's favor. In 1964, Algeria sacrificed the Evian principle of free movement for a system of quarterly quotas to be established unilaterally by France, along with French medical controls. In 1968 Algeria obtained a three-year commitment at a relatively high level of migration and sustained that commitment, with some reduction, even after the oil nationalizations of 1971 had severely damaged the prospects for future cooperation between the two states. It was Algeria that in September, 1973 unilaterally suspended the emigration of its workers to France.

Contrary to the proposition advanced in the Introduction, the balance-of-power in French-Algerian relations shifted more in Algeria's favor in the oil and labor sectors -- where bilateralism was greatest -- than in the trade sector -- where bilateralism was relatively less manifest.

The second proposition-- that the multilateralization of post-colonial relations tends to increase the bargaining possibilities for peripheral states-- is, at best, only sometimes supported by the evidence from the French-Algerian case. In the trade sector where a combination

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of domestic and foreign influences brought France and Algeria into a complex series of negotiations with both each other and with the E.E.C. on the terms of their future trade relations, Algeria's bargaining possibilities for its major agriculture export, wine, suffered a major setback. The progressive adoption of a common wine market among the Member states of the Community seems not only to have precipitated the French decision to curtail imports of Algerian wine, but to have limited Algeria's prospects for alternative markets within the E.E.C. As a result, Algeria was obliged to turn to the Soviet Union at prices far below what the French or other European markets would pay. On the other hand, the reorientation of Algeria's major agricultural export, implied a concomitant reduction in imports from France and a redirection of its general foreign trade, wine excluded, toward other Member states of the Community. Thus, in an indirect sense, the French-Algerian wine crisis, precipitated in part by the multilateral influence of the E.E.C., may be said to have forced Algeria to take up new options. To the extent that Algeria was able to construe virtue out of necessity, it may be concluded that the multilateralization of its foreign trade relations did, at least in the short-term enlarge its bargaining opportunities.

Diversification was somewhat more directly the product of the multilateralization of French-Algerian relations in the oil sector. Well before the nationalization crisis of 1971, France had begun to shift its exploration efforts away from Algeria and in the direction of Libya and the Middle East. At the same time the Algerian state company SONATRACH, routinely sold its small but growing share of Saharan oil production outside of the French market. These latent

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tendencies became dominant after 1971 with France falling behind first West Germany and then the United States as a buyer of Algerian oil. In 1975, Algeria ranked seventh among foreign suppliers of the French market, behind Saudi Arabia, Iran, Iraq, Abu Dhabi, Nigeria and Kuwait.

The diversification pattern was not repeated in the labor sector, where E.E.C. influence had the reverse effect of restricting the access of Algerian labor to the entire European job market, rather than enlarging its access to the markets of other labor-importing states. However, under the terms of the Cooperation Agreement signed by Algeria with the Community in April, 1976, the future social and economic status of Algerian workers will be the same in all nine Member states. Under the terms of the Common Action Program for Migratory Workers adopted by the Council of Ministers in 1974, it is rather unlikely that France will reopen its borders to Algerian workers without some sort of coordinated action on the part of other E.E.C. states. Should this occur, Algerians may be more inclined to emigrate to Belgium, West Germany, and the Netherlands than they were before the establishment of the European Common Labor Market.

Thus, one may conclude from the French-Algerian case that the multilateralization of post-colonial relations has had the effect of diversifying the relationships between Center and Periphery, the duration of the tendency can be seen to vary from one sector to another, with short-term implications for trade relations and long-term possibilities in the labor sector.

Finally, with respect to the third proposition--that the multilateralization of post-colonial relations has the effect of reducing the dependency of peripheral states on their former metropoles--the French-

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Algerian case leaves considerable room for skepticism, and further debate.

In terms of Algeria's trade relations with France, geographical diversification, as it occurred from 1966 to 1970, was accompanied not by an increase in commodity diversification, but rather by the increasing concentration of Algeria's exports on a single commodity, crude oil. From 59.24 percent in 1966, crude oil rose to 70.40 percent of the value of Algeria's exports in 1970. At the same time, the value of Algeria's foreign trade remained high relative to its Gross Domestic Product: 57.8 percent in 1970, as compared with 47.5 percent in 1966 and 57.0 percent in 1963. Thus, contrary to what the proposition would suggest, geographic trade diversification has apparently not significantly reduced Algeria's commercial dependency.

In the oil sector, one could easily arrive at the opposite conclusion: Algeria's adherence to O.P.E.C. has not only facilitated its taking control of the oil industry from France, but has also enabled Algeria to increase the return from its crude oil exports fivefold since 1973. Moreover, the oil revolution of the 1970's involved such a radical shift in the balance-of-power between producer and consumer states, involving not only pricing policy, but control over production--that it may be necessary to take the analysis a step further and ask if Algeria' may have become a "Center" rather than a "Peripheral" state by virtue of its O.P.E.C. membership. On the other hand, and to the extent that Algeria's influence in O.P.E.C. pricing decisions is limited by its small share of the O.P.E.C. oil market, its relationship with the core O.P.E.C. countries, particularly Saudi Arabia, might well be considered equally as dependent as its previous relations with France.

Finally, the effect of multilateralism in the labor sector seems to have been an increase in Algeria's dependency relative to the growing interdependence that was characteristic of its bilateral relationship with France. Following the unilateral decision of September 19, 1973 to suspend further emigration of workers to France, Algeria subsequently lost the initiative to the French government, which banned worker immigration from outside the E.E.C. in July, 1974. This was reinforced by the European Commission's decision to sanction the concept of intra-community priority as part of its Action Program for Migratory Workers, a move that was implicitly acknowledged in the Algerian-E.E.C. Cooperation Agreement of April, 1976.

These observations lead one back to the conclusion that it is difficult to see how dependent relationships become less so by virtue of being established between multilateral blocs rather than between the original Center and Periphery nations. However, the analysis itself raises questions about the validity of a structural approach to the study of dependency relationships. While the Galtung model suggests that the preferred strategy for a peripheral state is to form horizontal alliances with other peripheral states, the Algerian experience suggests that other factors may be even more important in making such alliances both feasible and effective.

In the three sectors analyzed in this study, Algeria pursued horizontal alliances only in the case of oil, and, in conformity with the Galtung model, succeeded in reversing the terms of its relationship with France. In the trade and labor sectors, on the other hand, an individual strategy was chosen, notably to the exclusion of Algeria's

North African neighbors -- Morocco and Tunisia -- and with clearly less success than was the case in the oil sector.

The absence of economic cooperation among the governments of the three Maghreb states during the post-colonial period contrasts with the period just preceding Algerian independence when Morocco and Tunisia served as havens for Algerian refugees and liberation forces. It is all the more remarkable in that the three countries have been engaged since Algerian independence in simultaneous negotiations with France over a common agenda of issues including agricultural products and migratory labor.

While several alternative explanations may account for the lack of cooperation among the three Maghreb states -- including regional, ideological and personal rivalries -- none of these factors, although present, have prevented Algeria from acting in concert with other members of O.P.E.C., to the extent that common interests existed. This suggests that the missing ingredient in the Maghreb alliance may be the existence of a single, shared commodity for which worldwide demand exceeds supply. As this has not often been the case for either wine or unskilled workers during the post-colonial period, there has been little material incentive for the Maghreb states to cooperate in their negotiations with France. This suggests that the structural relationships we call "bilateralism" and "multilateralism" are but manifestations of the extent to which common interests exist among both central and peripheral states.

An additional question that is raised by this study is the extent to which Algeria can be taken as representative of a peripheral state with respect to its resources and bargaining power in the international system. A natural tendency would be to regard Algeria as a special case by virtue of its assets, including oil and gas resources, proximity to Europe and its leadership positions in the Third World. Indeed, with a per capita Gross National Product of $430 in 1970, Algeria ranked ahead of Turkey ($370) and the Philippines ($220), both of which could be categorized as mid-level developing countries by United Nations standards.[1]

However, on the other side of the ledger, Algeria, with a population growth rate of 3.2 percent per annum (as compared with 3.0 percent for the Philippines and 2.5 percent for Turkey), an adult literacy rate of 25 percent (as compared with 75 percent for the Philippines and 55 percent for Turkey), and with one physician for every 7,860 people (as compared with one for every 2,710 people in the Philippines and 2,190 in Turkey) appears much more typical with respect to its level of development, a factor which cannot be ignored in assessing the bargaining power of any state.

These considerations lead to the conclusion that the ultimate success of the Algerian strategy of counter-dependence will be determined more by the extent to which Algeria can convert its short-term assets into a means of addressing its long-term liabilities, than by any particular structural configuration of the international system.

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[1] Demographic Yearbook, 1972, (New York: United Nations, 1973), p. 155

APPENDIX

TABLE 1

WINE EXPORTS, PETROLEUM REVENUES AND WORKER REMITTANCES AS PROPORTIONS OF ALGERIAN FOREIGN EXCHANGE RECEIPTS, IN MILLIONS OF DA AND IN PERCENTAGES, 1965-1975

Year	A	B Wine Exports		C Oil Revenues		D Worker Remittances		(B+C+D) Total	
	Credited to Current Account[1]	Amount[1]	Percentage	Amount[2]	Percentage	Amount[3]	Percentage	Amount	Percentage
1965	4,833	551	9.45	447	9.25	696	14.40	1,694	33.00
1966	4,750	603	12.70	632	13.31	828	17.43	2,063	43.44
1967	5,365	296	5.52	880	16.40	931	17.35	2,107	39.27
1968	5,811	368	6.33	1,134	19.51	865	14.89	2,367	40.73
1969	6,488	663	10.22	1,320	20.35	979	15.09	2,962	45.66
1970	7,614	707	9.29	1,358	17.84	1,050	13.79	3,115	40.92
1971	7,028	299	4.25	1,659	23.61	949	13.50	2,907	41.36
1972	7,421	334	4.50	3,188	42.96	1,020	13.74	4,542	61.20
1973	9,697	665	6.86	4,116	42.45	893	9.21	5,674	58.52
1974	22,302	473	2.12	13,402	60.09	846	3.79	14,721	66.00
1975	21,006	486	2.31	13,462	64.09	1,043	4.97	14,991	71.37

Source: [1]Banque Centrale de l'Algérie

[2]Secretariat d'Etat au Plan

[3]Ministère de Finance

TABLE 2

ALGERIA'S FOREIGN TRADE AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT, 1962-1975, IN MILLIONS OF ALGERIAN DINARS

Year	A Gross Domestic Product	B* Imports	C* Exports	B + C as % of A
1963	13,124	4,292	3,185	57.0
1964	14,094	3,683	3,487	50.8
1965	15,238	3,529	3,400	45.4
1966	14,690	3,320	3,655	47.5
1967	16,228	3,226	3,776	43.2
1968	18,739	4,113	4,247	44.5
1969	20,688	6,327	5,147	55.2
1970	22,898	7,595	5,638	57.8
1971	23,520	7,426	4,966	52.7
1972	27,884	8,348	5,546	53.4
1973	32,540	12,500	8,110	64.4
1974	48,825	19,700	20,800	83.6
1975	53,907	26,990	18,570	84.7

*Including non-factor services

Source: Secretariat d'Etat au Plan

TABLE 3

SHARE OF TRADE RATIO BETWEEN FRANCE AND ALGERIA 1963-1973

Year	A French Trade[1]	B Algerian Trade[2]	C French-Algerian Trade[2]	Ratio[3]
1963	106.9	7.477	5.55	14.30
1964	120.6	7.350	5.40	16.40
1965	130.2	6.929	5.34	18.80
1966	147.1	6.975	4.94	21.17
1967	157.0	7.002	4.62	22.44
1968	171.5	8.350	5.07	20.58
1969	213.5	11.474	5.41	18.64
1970	259.8	16.541[4]	8.10[4]	8.00[4]
1971	297.5	15.490	4.08	19.23
1972	336.3	17.368	4.23	19.33
1973	412.8	25.838	5.64	15.94

1. Imports and exports, in billions of French francs, United Nations, Yearbook of International Trade Statistics, 1963-1973.

2. Imports and exports, in billions of French francs, 1963-1970: Riva-Roveda, Le Commerce Extérieur de l'Algérie (Strasbourg:, 1972), p. 224; 1971-1973: Ministry of Finance: Bureau of Customs.

3. $\dfrac{\text{French-Algerian Trade}}{\text{French Trade}} \div \dfrac{\text{French-Algerian Trade}}{\text{Algerian Trade}}$

4. In November 1969, the French government devalued the franc by 25 percent against the Algerian Dinar.

TABLE 4

TRADE-TO-GROSS DOMESTIC PRODUCT RATIO OF ALGERIA AND FRANCE
1963-1973

Year	A France, G.D.P.[1]	B Algeria, G.D.P.[1]	C French-Algerian Trade[2]	Ratio [3]
1963	411.4	13.12	5.55	31.33
1964	456.0	14.09	5.40	32.48
1965	489.0	15.24	5.34	32.15
1966	531.7	14.69	4.94	36.16
1967	573.8	16.23	4.62	35.15
1968	629.3	18.74	5.07	33.30
1969	722.8	20.69	5.41	34.41
1970	808.2	28.63[4]	8.10[4]	28.29
1971	898.9	29.40	4.08	30.84
1972	1,001.9	38.86	4.23	25.93
1973	1,141.8	40.75	5.64	28.24

[1]In billions of French current French francs, United Nations, Yearbook of International Trade Statistics, 1963-1973.

[2]Imports and exports, in billions of current French francs, 1963-1970 R. Riva-Roveda, Le Commerce Extérieur de l'Algérie (Strasbourg, 1972), pp. 199, 204; 1971-1973: Marchés Tropicaux et Méditerranéens, October 5, 1973, December 13, 1974.

[3]$\dfrac{\text{Volume of Trade}}{\text{France, G.D.P.}} \div \dfrac{\text{Volume of Trade}}{\text{Algeria G.D.P.}}$

[4]In November, 1969 the French government devalued the franc by 25 percent against the Algerian Dinar.

TABLE 5

GEOGRAPHICAL DISTRIBUTION OF ALGERIA'S FOREIGN TRADE
1959, 1965, 1970, 1975, in PERCENTAGES

Imports	1959	1965	1970	1975
France	78.50	70.29	42.20	33.37
E.E.C.-Five*	2.65	8.42	23.01	25.95
Other European and North American	5.60	9.57	20.14	19.72
Socialist Bloc	0.70	3.12	5.63	1.69
Other Franc Zone	5.50	5.10	8.82	19.27
Other	7.05	3.50		
Total	100.00	100.00	100.00	100.00

Exports	1959	1965	1970	1975
France	82.50	72.55	53.55	12.22
E.E.C.-Five*	3.38	12.06	19.98	33.72
Other European and North American	7.15	5.11	9.79	23.60
Socialist Bloc	0.97	2.02	7.97	2.36
Other Franc Zone	4.60	3.79	8.71	28.10
Other	1.50	4.47		
Total	100.00	100.00	100.00	100.00

Sources: 1959 - Plan de Constantine, Rapport Général, (Algiers, 1960).

1965, 1970 - Riva-Roveda, Le Commerce Extérieur de l'Algérie. (Strasbourg, 1972), p. 224.

1975 - Algerian Ministry of Finance: Bureau of Customs.

TABLE 6

ALGERIAN TRADE WITH THE EUROPEAN ECONOMIC COMMUNITY, 1965-1970
IN PERCENTAGES

Imports	1965	1966	1967	1968	1969	1970
France	89.68	90.92	87.08	78.87	66.17	57.18
West Germany	3.39	2.94	4.48	8.21	13.77	15.27
Italy	4.30	3.84	4.76	7.90	12.61	11.12
Belgium-Luxembourg	1.28	0.91	1.55	2.76	4.94	5.31
Netherlands	1.35	1.39	2.13	2.26	2.51	11.12
(E.E.C.-Five)*	(10.32)	(9.08)	(12.92)	(21.13)	(33.83)	(42.82)
Total**	100.00	100.00	100.00	100.00	100.00	100.00
Exports	**1965**	**1966**	**1967**	**1968**	**1969**	**1970**
France	85.75	80.48	74.38	70.95	71.28	72.83
West Germany	6.36	9.82	15.70	16.14	19.72	17.48
Italy	3.65	4.12	4.37	7.25	4.56	5.73
Belgium-Luxembourg	1.64	2.05	2.77	3.87	3.64	2.77
Netherlands	2.60	3.53	2.83	1.79	0.80	1.19
(E.E.C.-Five)*	(14.25)	(19.52)	(25.62)	(29.05)	(28.72)	(27.17)
Total**	100.00	100.00	100.00	100.00	100.00	100.00

*France Excluded

**Including France

Source: R. Riva-Roveda, Le Commerce Extérieur de l'Algérie, (Strasbourg, 1972), pp. 208-209.

TABLE 7

FRENCH WINE IMPORTS, 1964-1972, IN HECTOLITERS

Season*	Italy	Algeria	Morocco	Tunisia	Other	Total
1964-1965	48,938	6,710,000	1,251,000	259,000	65,062	8,334,000
1965-1966	62,568	7,663,000	1,001,000	62,000	35,459	8,824,027
1966-1967	52,421	4,206,000	457,000	1,368,000	51,598	6,135,010
1967-1968	65,936	3,787,633	592,906	224,734	184,163	4,855,372
1968-1969	76,371	4,036,683	204,887	462,655	67,210	4,847,806
1969-1970	763,931	8,315,637	684,347	561,271	174,988	10,500,174
1970-1971	4,000,201	314,396	28,610	139,505	202,464	4,685,176
1971-1972	6,480,251	133,878	19,226	52,745	118,784	6,804,884

Source: Institut des vins de consommation courante, IVCC, 1964-1972 (Paris, 1972), p. 8.

*September 1 - August 31.

TABLE 8

COMMODITY COMPOSITION OF ALGERIA'S FOREIGN TRADE, 1963-1970, IN PERCENTAGES

a. Imports	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Food	22.32	23.56	26.35	22.60	26.20	16.50	13.10	10.10	14.56	17.70	13.63	16.81	18.80
Energy	7.24	0.73	1.00	1.00	1.60	1.70	1.60	2.10	4.36	6.74	1.57	1.46	1.72
Raw Materials	6.21	7.62	6.49	6.70	6.8	6.1	6.2				5.43	7.47	5.55
Semi-manufactures	12.57	17.53	16.17	16.60	18.8	23.6	27.3	28.7	26.30	26.50	27.34	28.97	22.99
Finished Products	49.87	50.46	49.95	53.1	46.6	52.1	51.8	52.3	54.75	50.69	52.03	45.29	50.98

b. Exports	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Food	30.70	36.16	38.84	30.32	16.22	15.68	20.10	19.80	12.38	9.16	12.17	3.73	4.08
Energy	57.84	53.72	53.87	59.24	72.94	70.98	71.40	70.40	74.84	82.25	85.60	92.51	92.32
Raw Materials	8.31	5.98	4.11	4.62	3.00	5.57	4.40	3.20	3.56	2.92	1.59	1.75	1.27
Semi-manufactures	1.43	1.65	1.43	2.36	5.38	4.93	1.50	3.90	9.22	5.67	1.71	1.30	1.29
Finished Products	1.65	2.45	1.72	3.42	2.42	3.78	2.60	2.50			1.56	0.71	1.04

Source: 1963-1970: Riva-Roveda, Le Commerce extérieur de l'Algérie (Strasbourg; 1972), pp. 237-238.

1971-1975: Algerian Ministry of Finance: Bureau of Customs

TABLE 9

FINANCIAL STRUCTURE OF THE SAHARAN OIL INDUSTRY
1962, 1969, 1972 - as percentage of investment

a. Crude Oil Production

	1962	1965	1969	1972
Algerian companies	10.0	11.8	25.0	77.0
French companies	70.0	70.4	70.0	22.7
Non-French foreign companies	20.0	17.8	5.0	0.3

b. Pipelines

	1962	1965	1969	1972
Algerian companies	9.0	9.0	52.0	100.0
French companies	75.0	60.9	34.0	0.0
Non-French foreign companies	16.0	30.1	14.0	0.0

c. Refineries

	1962	1965	1969	1972
Algerian companies	4.0	10.0	56.0	97.3
French companies	38.0	32.0	20.0	2.7
Non-French foreign companies	58.0	58.0	24.0	0.0

d. Domestic Distribution

	1962	1965	1969	1972
Algerian companies	0.0	0.0	100.0	100.0
French companies	35.0	35.0	0.0	0.0
Non-French foreign companies	65.0	65.0	0.0	0.0

Source: Marcel Brogini, <u>L'Exploitation des Hydrocarbures en Algérie</u> (Montpellier, 1973), p. 231.

TABLE 10

NATIONALITY OF PERSONNEL EMPLOYED IN THE SAHARAN OIL INDUSTRY
BY LEVEL OF SKILL, 1962, 1966, and 1971

	1962		1966		1971	
	Algerians	non-Algerians	Algerians	non-Algerians	Algerians	non-Algerians
Engineers and <u>cadres</u>	9	562	82	413	970	381
Skilled workers	370	2,590	1,718	1,242	9,382	481
Unskilled workers	3,757	1,482	2,772	286	5,420	0
Total	4,136	4,634	4,572	1,941	15,772	862

Source: Direction de Carburants, <u>Activité de l'Industrie Pétrolière</u>, (Paris: 1962-1967).

<u>Situation de l'emploi et des salaires</u>, (Algiers: Secretariat d'Etat pour le Plan, Direction des statistiques, 1972).

TABLE 11

PERCENT OF FRENCH CRUDE OIL IMPORTS BY COUNTRY OF ORIGIN, 1967, 1970, 1975

	1967	1970	1975
Algeria	29.6	26.6	5.5
Iraq	19.7	17.2	11.2
Kuwait	12.2	9.1	6.3
Libya	12.1	17.3	2.0
Saudi Arabia	5.6	5.4	31.3
Iran	4.0	3.7	12.4
Venezuela	3.7	2.4	0.7
Qatar	3.1	1.7	2.2
USSR	2.5	1.4	1.1
Egypt	---	0.6	0.2
Oman	---	---	1.1
Abu Dhabi	---	4.5	9.8
Nigeria	---	5.1	8.2
Dubai	---	---	2.2
Syria	---	---	1.9
Others	7.5	4.2	4.3

Source: 1967, 1970: OECD, Oil Statistics: Supply and Demand, 1967.

1975:
Notes et Etudes Documentaires No. 4279, April 4, 1976, p. 29.

TABLE 12

EXPORTS OF ALGERIAN CRUDE OIL BY DESTINATION
IN 1962, 1970, and 1975, IN PERCENTAGES

Importing Country	1962	1970	1975
France	62.6	57.5	13.4
West Germany	12.4	18.5	20.4
Italy	7.4	3.0	10.6
Holland	7.0	0.1	2.9
Benelux	3.5	2.5	2.3
United Kingdom	1.7	2.7	3.9
United States	1.0	0.7	30.2
Canada	---	---	0.3
Eastern Europe	---	1.5	2.0
Latin America	0.3	3.3	2.8
Spain	---	2.7	3.7
Portugal	0.5	---	---
Africa	1.1	3.5	2.8
Asia	---	---	1.5
Other	2.5	4.0	3.4
Total	100.0	100.0	100.0

Source: 1962: Le Comité Professionnel du Pétrole, Activité de l'Industrie Pétrolière, 1962 (Paris, 1964) p. E 19.

1970, 1975: OPEC, Statistical Bulletin, 1975 (Vienna, 1975) p. 78.

TABLE 13

MIGRATION OF ALGERIAN WORKERS TO FRANCE, 1962-1973

YEAR	ENTRIES	EXITS	BALANCE
1962	180,167	155,018	+ 25,119
1963	227,331	184,267	+ 43,064
1964	231,448	198,812	+ 32,636
1965	196,448	208,233	- 11,745
1966	221,138	191,969	+ 29,169
1967	183,293	175,861	+ 7,432
1968	196,623	173,155	+ 23,468
1969	225,281	199,924	+ 25,357
1970	306,020	248,408	+ 57,612
1971	356,231	321,268	+ 34,963
1972	343,810	327,617	+ 16,193
1973	396,498	367,741	+ 28,757

Source: Georges Tapinos, L'Immigration Etrangère en France (Paris: Presses Universitaires de France, 1975), p. 130.

TABLE 14

IMMIGRATION TO FRANCE, OF WORKERS REGISTERED* BY THE NATIONAL IMMIGRATION OFFICE, BY NATIONALITY 1962-1973

YEAR	SPANISH	ITALIAN	MOROCCAN	PORTUGUESE	TUNISIAN	TURKISH	YUGOSLAV	OTHERS	TOTAL
1962	65,535	21,516	8,626	12,916	--	111	490	5,875	113,069
1963	57,768	12,963	11,094	24,781	--	200	2,044	6,673	115,523
1964	66,269	11,393	17,393	43,751	2,730	241	3,947	7,898	153,731
1965	49,865	18,043	15,494	47,330	5,776	447	6,656	8,452	152,063
1966	33,448	13,379	14,331	44,916	6,631	530	10,035	8,455	131,725
1967	22,621	10,631	13,525	34,764	6,534	1,162	9,671	8,925	107,833
1968	19,332	5,860	13,339	30,868	6,109	1,658	7,953	8,046	93,165
1969	23,847	6,498	19,335	80,829	14,925	2,598	11,270	8,500	167,802
1970	15,738	5,814	24,077	88,634	11,070	8,751	10,639	9,520	174,243
1971	12,900	5,388	20,681	64,328	9,971	5,660	7,187	9,898	136,004
1972	9,925	5,193	17,328	30,475	9,890	8,213	7,317	9,733	98,074
1973	6,885	4,827	26,748	32,082	20,857	18,628	9,026	13,002	132,055
Total	521,029	528,202	212,706	563,032	94,493	48,199	86,235	208,508	2,322,414

*O.N.I. registers entries only. Registration became optional for Italian (and other E.E.C.) immigrants as of 1971.

Source: Tapinos, L'Immigration Etrangère en France (Paris: Presses Universitaires de France, 1975), p. 127.

TABLE 15

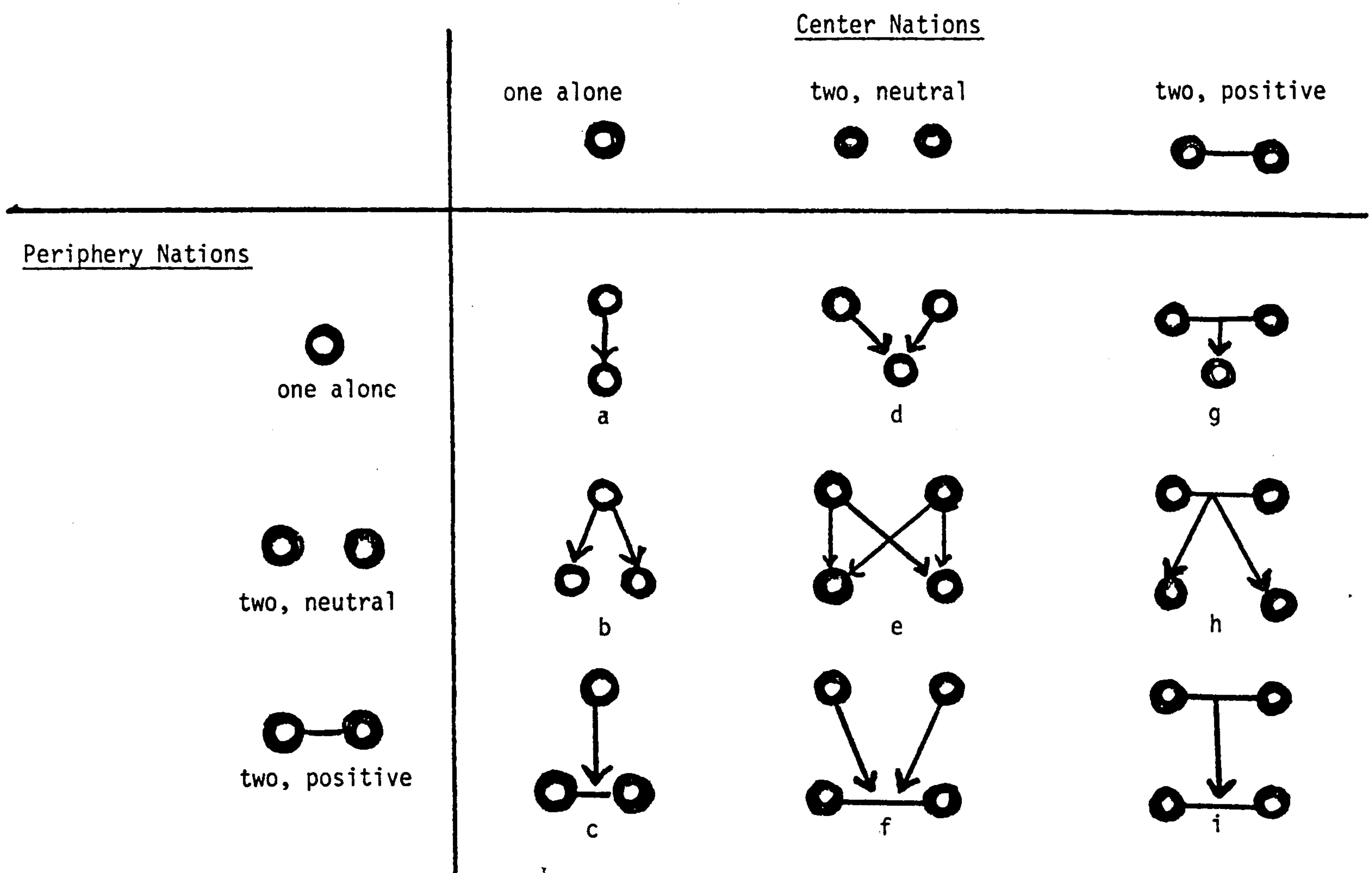
MIGRANT WORKERS WITH FIRST WORK PERMITS ARRIVING IN THE MEMBER STATES OF THE E.E.C. FROM 1958 TO 1974, IN THOUSANDS

YEAR	TOTAL	EEC WORKERS	THIRD COUNTRY WORKERS	B AS % OF A
1958	175.7	110.3	65.4	63.0
1959	151.7	94.4	57.3	62.0
1960	333.2	206.8	126.4	62.0
1961	435.8	228.5	207.3	52.0
1962	513.8	221.8	292.0	43.0
1963	515.7	181.7	334.0	35.0
1964	637.8	190.0	447.0	30.0
1965	713.2	260.9	452.3	37.0
1966	594.8	212.7	382.1	36.0
1967	286.2	96.4	189.8	34.0
1968	522.4	164.2	358.2	31.0
1969	859.5	166.4	693.1	19.0
1970	945.5	204.5	741.0	22.0
1971	767.2	197.5	569.7	26.0
1972	622.7	194.7	428.0	31.0
1973	738.0	228.0	510.0	31.0
1974	290.0	122.0	168.0	42.0

Source: Commission of the European Communities, The Housing of Migrant Workers: A Case of Social Improvidence? (Brussels: December 1, 1977), p. 29.

FIGURE 1

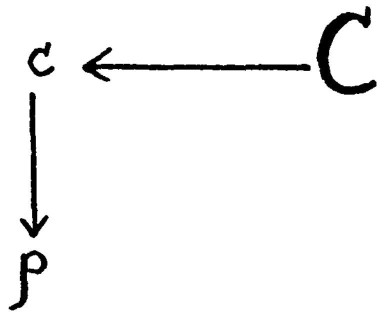
POSSIBLE RELATIONS IN A MULTILATERAL WORLD



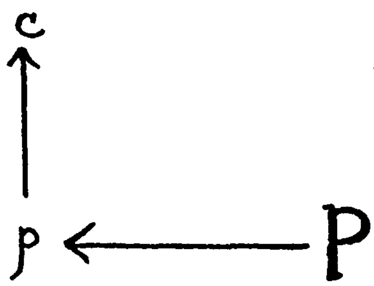
Source: Johan Galtung, "A Structural Theory of Imperialism," Journal of Peace Research Vol. XIII, No. 2, (1971), p. 106.

FIGURE 2

VARIATIONS ON GALTUNG'S MODEL



a.



b.

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