Prospects



N°21/230 - 6 July 2021

MIDDLE EAST – Political risk is not improving

Within a few days of each other, the populations of three Middle Eastern countries recently voted for their political leaders. In all three countries, the results raise an unpleasant alert on rising political tensions. The outcomes of the voting, and the electoral processes themselves, underscore chronic and persistent domestic political risk in the Middle East.

Algeria

Turnout for the snap parliamentary election, called by President Abdelmadjid Tebboune to legitimise his political action, was even lower than for previous elections. The official rate was 23%, the lowest since the country's independence and down sharply on the 30% recorded in 2017. Some opposition parties, including the Socialist Forces Front, boycotted the vote, while the Hirak protest movement was heavily suppressed ahead of the elections and voting was not organised in Kabylia, a region hostile to central political power. All of which undermines the legitimacy of the elections. The National Liberation Front (NLF), formerly the sole party, came out ahead with 105 seats, followed by unaffiliated representatives (78 seats), the Islamic party Movement of Society for Peace (64), and the Democratic National Rally (DNR), the coalition party of the NLF (57). As such, the government parties, NLF and DNR, will be obliged to govern as part of a coalition with external parties.

The result comes as a disappointment for the governing party and likely explains the recent resignation of Prime Minister Abdelaziz Djerad. But the situation could entrench the country's political and economic stasis. And given the continued worsening of the economic environment, Hirak social protests are likely to persist.

Iran

The presidential election was held on 18 June with a limited list of candidates, all of them conservative, credible reformist candidates having been disgualified by Ali Khamenei. Ebrahim Raisi, justice minister, staunch conservative and loser in the two previous elections to Hassan Rohani, was the candidate backed by the government in power. As expected, he came out on top with 62% of the votes in an election that can be considered as a parody of a popular consultation. The low turnout rate of 49%, fewer than one in two of the population, expresses the disillusionment of Iranian voters, who traditionally vote in high numbers for the presidential election (generally between 72% and 85%). In a sign of the tension of the reigning government and the extremely poor image of the "official" candidates, no real electoral campaign was organised, the latter rendered pointless by the official nomination and Raisi's pre-ordained victory. Raisi's triumph is the one of the hollowest in the history of the Islamic Republic, second only to Ahmadinejad's win in 2009, underpinned by institutional voting fraud and having led to widespread rioting. This aspect and the lack of political opposition tolerated by the regime seriously undermine the legitimacy of the election. Iran's presidents function more as prime ministers, the true head of state being the "Supreme Leader", Ali Khamenei. Raisi, formerly close to Ayatollah Khomeini, was involved in the violent political repressions of the 1980s and is considered by the United States as "complicit in the violation of human rights". Raisi is now the key contact for the Biden administration in fresh negotiations on a civil nuclear agreement, the new president having recently reasserted Iran's intentions in this respect. Washington had waited for the results of the election before moving ahead with discussions. Raisi also advocates the renewal of diplomatic relations with Saudi Arabia.





Israel

The results of Israel's elections in March split the parliament into 13 parties, the biggest loser being the Labour party, which mustered just 6% of votes. Extensive discussions were held prior to the election to form an unlikely coalition of opposing parties and ideologies, their sole shared aim being to oust Likoud leader Netanyahu. This led to the appointment of a prime minister from a new party, Naftali Bennett. A former right-hand man of Netanyahu, Bennett leans to the radical right but is reasonably pragmatic. After two years, Bennett will cede power to Yair Lapid, head of the Yesh Atid party, one of the main winners of the election. With just a one-seat majority in the Knesset, the risk of political instability remains high, as the coalition also comprises a radical Islamic party. As in recent years, the elected government will probably not reach the end of its term. Political instability remains very much on the cards, enshrined as it is in the proportional voting system. In one of his first statements, Bennett condemned the elections in Iran and reasserted his opposition to renegotiating a nuclear agreement with the country.

Syria

A parody of an election was held in Syria in early June, concerning a restricted number of territories under Damas control. Bachar Al-Assad returned to power as the only candidate to his succession. The sole limit to the staging of the dictatorial regime is the lifespan of the dictator.

Article published on 25 June 2021 in our weekly newsletter, in french version, Monde – L'actualité de la semaine



Olivier LE CABELLEC olivier.lecabellec@credit-agricole-sa.fr

Consult our last publications

Date	Title	Theme
02/07/202	1 World – Macroeconomic Scenario for 2021-2022: painfully divergent trajectories	World
02/07/202	1 World – 2021-2022 Macroeconomic Scenario: economic and financial forecasts	World
01/07/202	1 Covid-19 in sub-Saharan Africa: the dangers of the third wave	Emerging countries
25/06/202	1 <u>Henry, Milan and the rest</u>	World
10/06/202	1 <u>Asia: vaccination delays a worry</u>	Asia
03/06/200	1 Seaweed: towards a greener future	Agrifood
27/05/202	1 <u>Robinhood: FinTech at its worst</u>	FinTech
25/05/202	<u>United-Kingdom – After a not-bad Q1, the recovery is looking strong</u>	United Kingdom
21/05/202	1 Battery metals under pressure	Mines & metals
18/05/202	1 France – 2021-2027 Stability Programme: Public debt ratio stabilised at high level	France
06/05/202	1 Italy – 2021-2022 Scenario: Exiting the third wave	Italy
05/05/202	1 United-Kingdom – Coming Scottish elections: putting independence to the test	United Kingdom
29/04/202	· · · · · · · · · · · · · · · · · · ·	Emerging countries
28/04/202	Eurozone – 2021-2022 scenario: a uniform exit from the pandemic, an uneven exit from the economic crisis	Eurozone

Crédit Agricole S.A. — Group Economic Research

12 place des Etats-Unis – 92127 Montrouge Cedex

Publication Manager and chief Editor: Isabelle Job-Bazille Information center: Dominique Petit - Statistics: Robin Mourier

ation center: Dominique Petit - Statistics: Robin Mour

Sub-editor: Véronique Champion Contact: publication.eco@credit-agricole-sa.fr

Access and subscribe to our free online publications:

Internal Website: https://portaileco.ca-sa.adsi.credit-agricole.fr/en

Website: http://etudes-economiques.credit-agricole.com

iPad: Etudes ECO application available in App store platform

Android: <u>Etudes ECO</u> application available in Google Play

This publication reflects the opinion of Crédit Agricole S.A. on the date of publication, unless otherwise specified (in the case of outside contributors). Such opinion is subject to change without notice. This publication is provided for informational purposes only. The information and analyses contained herein are not to be construed as an offer to sell or as a solicitation whatsoever. Crédit Agricole S.A. and its affiliates shall not be responsible in any manner for direct, indirect, special or consequential damages, however caused, arising therefrom. Crédit Agricole does not warrant the accuracy or completeness of such opinions, nor of the sources of information upon which they are based, although such sources of information are considered reliable. Crédit Agricole S.A. or its affiliates therefore shall not be responsible in any manner for direct, indirect, special or consequential damages, however caused, arising from the disclosure or use of the information contained in this publication.

