



Updated December 6, 2019

Algeria

Months of large, peaceful protests in Algeria have upended the political establishment and ushered in a new era of uncertainty. The protests began in February 2019, sparked by then-President Abdelaziz Bouteflika's decision to seek a fifth term in a vote due that April, despite his evident ill health and advanced age (81). Bouteflika withdrew from the race in March, then resigned on April 2 after military chief of staff General Ahmed Gaïd Salah (a onetime ally) called for his impeachment. Law enforcement bodies have since arrested business leaders, military intelligence officials, and politicians on corruption and state security charges; some, but not all, were seen as close to Bouteflika.

Senate leader Abdelkader Bensalah assumed the position of interim president after Bouteflika resigned, in line with constitutional succession provisions. He has remained in that post despite the expiration of his 90-day mandate under the constitution, as elections planned for July were canceled after the Constitutional Council disqualified the two candidates who had registered.

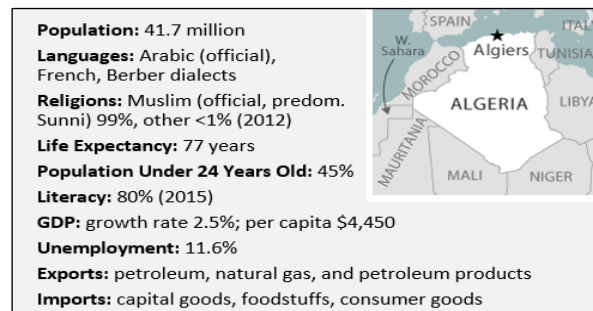
The presidential election has since been rescheduled for December 12. Five candidates have registered, all of whom served either in the cabinet or legislature under Bouteflika. Tens of thousands of protesters have continued to turn out weekly. Many reject the election as premature, the candidates as representing political continuity, and military leaders for steering the transition. Dozens have been arrested in recent months on various, often vague charges. General Gaïd Salah, who has positioned himself as a power broker without explicitly seizing control, has strongly backed the election calendar, characterizing protests as the dangerous product of outside interference.

Politics: Context

Algeria remained politically stable amid regional turmoil between 2011 and 2018, but the prospect of an uncertain leadership transition loomed large as members of the “revolutionary generation” (which fought for independence from France) aged. A strong presidency and security apparatus, a state-centric economy with an emerging oligarchic business class, and social welfare programs fueled by oil and natural gas revenues have defined the political system. Decision-making under Bouteflika was often opaque, with politicians, security officials, and business leaders reportedly wielding influence. This system brought relative stability and living standard improvements to a country wracked by violence in the 1990s. Yet in recent years, analysts observed “political paralysis” due to a lack of elite consensus over “the post-Bouteflika era.”

Bouteflika was first elected president in 1999 with military backing, as Algeria's decade-long conflict with Islamist armed groups was waning. He introduced reconciliation initiatives and sought to exert greater control over the army and intelligence service. Bouteflika was reelected in 2014 despite being physically debilitated from a stroke.

Figure 1. Algeria at a Glance



Source: CRS graphic; data from CIA World Factbook + IMF (2018).

The bicameral parliament is institutionally weak and dominated by two parties that backed Bouteflika: the National Liberation Front (FLN), which led Algeria's fight for independence and was the sole legal party for decades, and the National Rally for Democracy (RND), considered close to the military. The political opposition is diverse and divided, comprising leftist, Islamist, Berber-led, and regionally focused groups. Many parties exhibit internal divisions. Some analysts argue that political Islam has been discredited in Algeria due to Islamists' role in the 1990s civil conflict, or—alternatively—due to some Islamist politicians' accommodation with the state. The Islamic Salvation Front (FIS), whose rapid electoral gains in 1991 sparked a military coup and the subsequent conflict, remains banned. Religiously conservative Salafist social movements have grown in prominence since the conflict.

Terrorism and Counterterrorism

Cells linked to Al Qaeda and the Islamic State (IS) are reportedly active in some areas, but the pace of terrorist attacks has continuously decreased since the early 2000s. State security forces conduct frequent counterterrorism operations, and they have bolstered their presence in border regions since the outbreak of wars in Libya and Mali in 2011. The government also runs de-radicalization programs and has sought to control the content of religious sermons.

Al Qaeda in the Islamic Maghreb (AQIM), a regional network, originated as an insurgent faction in Algeria's 1990s conflict and aligned itself with Al Qaeda in 2006. AQIM's leader reportedly remains based in northeast Algeria, but the group's center of gravity has moved south and east over the past decade. An AQIM splinter faction claimed an assault in 2013 on a natural gas plant in southeast Algeria in which 39 foreigners (including three Americans) were killed. In 2017, AQIM's southern branch joined a Malian-led coalition known as the Group for Supporting Islam and Muslims (JNIM after its transliterated Arabic name). AQIM elements and offshoots are also active in Libya and Tunisia.

In 2014, an IS affiliate known as Jund al Khilafah (“soldiers of the caliphate”) emerged in northern Algeria and

beheaded a French tourist. Algerian security forces reportedly killed the group's leader the following year. The further spread of IS-linked activity within the country appears to have been limited, though IS claimed an attack on soldiers in Tamanrasset, in the south, in late 2019.

Algerian Islamist "foreign fighters" were prominent in Afghanistan, the Balkans, and Iraq in the 1980s-2000s. Relatively few Algerians reportedly joined the Islamic State at its height in Syria (2014-2015), however, compared to flows from neighboring Tunisia and Morocco. At one time, 26 Algerians were held at the U.S. base in Guantánamo; nearly all have been repatriated or sent to third countries.

The Economy and Energy Sector

Algeria has the world's 11th-largest proven natural gas reserves and 16th-largest proven oil reserves, and is the 8th-largest natural gas exporter. It is also estimated to have the world's 3rd-largest recoverable shale gas reserves. Over half of the formal economy is reportedly comprised of state-owned enterprises, led by the national oil and gas company Sonatrach. Most of Algeria's natural gas exports go to Europe, by pipeline or ship. Italy is Algeria's top export destination. China its top source of imports, as well as a key player in the infrastructure and construction sector.

Prior to 2014, high global energy prices allowed Algeria to accrue sizable foreign reserves, which financed its large military and social programs that arguably assuaged dissent. Since then, the drop in global prices has caused fiscal deficits and prompted concerns about the sustainability of Algeria's economic model. The country's foreign reserves declined by more than half between 2014 and 2018, according to the IMF, while its "oil stabilization fund" decreased from \$20 billion to about \$7 billion as of late 2017. The IMF has also documented rising unemployment (which is higher among youth) and criticized Algeria's reliance on monetary expansion to finance deficit spending. (Algeria has little sovereign debt and does not borrow from the IMF.)

Algerian leaders have long called for diversification and increased foreign investment, but reforms that could encourage such outcomes have largely stalled—notwithstanding minor revisions to the hydrocarbons law in November 2019. Foreign investment projects are required to be 51% locally owned, there are limits on capital flows and currency exchange, and the process of setting up a business is "heavily bureaucratic," according to the State Department. Analysts further point to the absence of a modern financial market, and an underdeveloped stock exchange and banking system. The government imposed import restrictions in 2017, causing trade to plummet and possibly fueling inflation and smuggling. Weak infrastructure linkages with neighboring countries and the closure of the border with Morocco since 1994 also arguably inhibit growth. Algeria has applied to join the World Trade Organization (WTO) but has yet to qualify.

Foreign Policy and Regional Issues

Algeria's foreign policy emphasizes sovereignty and noninterference; skepticism of Western powers and NATO is a legacy of its history of French colonization (1848-1962) and armed struggle for independence. Algeria's defense budget (about \$10 billion in recent years) is the largest in Africa, though longstanding policy prohibits military deployments outside its borders. Relations with Morocco

remain tense due to a rivalry for regional influence and tensions over Western Sahara. Morocco claims and largely administers Western Sahara, while Algeria hosts and backs the independence-seeking Polisario Front.

Algeria mediated Mali's 2015 peace accord and backed the U.N.-led political process in Libya. Given its large military, financial resources, and aversion to Western direct intervention, Algeria has periodically sought to coordinate a regional response to terrorism and other cross-border security threats in the Sahel region. Yet the country's complex and often distrustful relations with neighboring states have hindered cooperation, as has the leadership's current focus on domestic political questions.

Algeria's foreign policy has often conflicted with that of the United States. For example, Algeria has close ties to Russia, is highly critical of Israel, opposed the 2011 NATO-led intervention in Libya, and maintains relations with the Assad government in Syria. With regard to Western Sahara, the United States has recognized neither Morocco's claim of sovereignty nor the Polisario's self-proclaimed Sahrawi Arab Democratic Republic, which Algeria recognizes as an independent state. Successive U.S. Administrations have expressed support for U.N.-facilitated talks to determine Western Sahara's final status.

U.S. Relations

Like its predecessors, the Trump Administration has emphasized the value of U.S.-Algerian cooperation to counter terrorism (notably via information sharing and coordination in multilateral forums) and respond to regional crises, while criticizing Algeria's challenging business environment. Algeria's reliance on Russia for most of its defense acquisitions is also a point of friction, though Algerian purchases of U.S. equipment have increased in recent years. U.S. foreign direct investment stocks totaled \$3.6 billion as of 2018 (latest), mostly in the energy sector.

During a visit to Algiers in 2018, Deputy Secretary of State John Sullivan emphasized the United States' "commitment to strengthening and broadening U.S.-Algerian relations." In early 2019, the Administration hosted a high-level U.S.-Algeria Strategic Dialogue, which had last convened in 2015. Officials also meet regularly for bilateral counterterrorism and joint military consultations. U.S. educational and cultural exchange programs seek to build relations with young Algerians and other emergent actors.

U.S. bilateral aid in FY2018 comprised \$1.3 million for International Military Education and Training (IMET) and \$0.8 million for Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR). The Administration has requested similar funding for FY2020. The United States has periodically provided additional funds via regional or global programs to promote economic growth, strengthen civil society, and counter violent extremism. Algeria participates in the State Department-led Trans-Sahara Counter-Terrorism Partnership (TSCTP), but has not been a top recipient of aid under the program. Congress has not granted authority to the Department of Defense to aid Algeria in securing its border with Libya on a reimbursement basis, as it has for Tunisia and Egypt.

Alexis Arieff, Specialist in African Affairs

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.