



## CRS Report for Congress

### Algeria: Current Issues

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#### Summary

The situation in Algeria is fluid. President Abdelaziz Bouteflika was reelected in 2004 with some manipulation of the political process but without blatant fraud. The voice of the military, the most significant political force since independence, has been muted. Yet, low voter turnout in the May 2007 parliamentary election indicated lack of public faith in the political system. Domestic terrorism persists and Algerians continue to be linked to terror abroad. The U.S. State Department lists the two Algerian groups as Foreign Terrorist Organizations (FTOs). Terrorism provides a rationale for Algeria's uneven human rights record. Oil and gas revenues are growing, but social investment lags. Bouteflika has energized foreign policy and broadened cooperation with the United States. This report will be updated if warranted. See also CRS Report RS20962, *Western Sahara: Status of Settlement Efforts*.

#### Government and Politics

After a 1965 coup, the military became the most significant political force in Algeria. In 1992, it carried out another coup to prevent the Islamic Salvation Front (FIS) from coming to power, leading to a decade of war between security forces and Islamist terrorists. In 1999, former Foreign Minister Abdelaziz Bouteflika, a civilian with military backing, won the presidential election after all other candidates withdrew, charging fraud. In April 2004, he was reelected with 83.5% of the vote in a multiparty contest; the military was officially neutral. International observers hailed the election as progress toward democratization even though the bureaucracy and judiciary had manipulated the political process to favor Bouteflika in the pre-election period. Many saw Bouteflika's victory as an accurate reflection of the popular will and an endorsement of his effort to decrease violence and for continued political stability.<sup>1</sup> There have been persistent rumors about the 71-year-old president's health since 2005, but no apparent concern that he lacks a clear successor. Bouteflika selected most of the current military high command, which probably will play a role in the choice of his replacement.

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<sup>1</sup> Marwane Ben Yahmed, "Les Raisons D'Un Plebiscite," *Jeune Afrique Intelligent*, No. 2258, 18-14 April 2004.

The President heads the Council of Ministers (cabinet) and the High Security Council, and appoints the prime minister. On June 23, 2008, Bouteflika named National Democratic Assemblage (RND) leader Ahmed Ouyahia, who had served as prime minister from 1995 to 1999 and from 2003 to 2006, to the post again. Ouyahia replaced National Liberation Front (FLN) Secretary General Abdelaziz Belkhadem, who remains a presidential advisor. Bouteflika may be getting ready for a referendum on constitutional amendments to extend the presidential term from five to seven years, abrogate the two-term limit, and introduce the position of vice president, to be followed by a campaign for re-election in April 2009.

The bicameral, multiparty parliament is weak. The 380-seat National People's Assembly was last elected on May 17, 2007, with a voter turnout of 36.5% – the lowest ever, reflecting lack of popular faith in the political system. Parties in the governing coalition placed at the top: the FLN won 23% of the vote and 136 seats; the RND 10.3%, 61 seats; and the moderately Islamist Movement for a Peaceful Society (MSP) 9.6%, 51 seats; 18 other parties and 33 independents also won seats. The Council of Nations has 144 seats, one-third appointed by the president and two-thirds selected by indirect vote. FLN has 29 seats, RND 12, MSP 3; independents and presidential appointees also are represented.

## Terrorism

Up to 200,000 lives were lost to terrorism and related violence between 1992 and 2000. Two Algerian groups are U.S.-designated Foreign Terrorist Organizations (FTOs). The Armed Islamic Group (GIA) was most active from 1991 to 2001 and last attacked in 2006. The Salafist Group for Preaching and Combat (GSPC) split from GIA in 1998, declared its allegiance to Al Qaeda in 2003, and, after Abdelmalik Droukdal (aka Abu Musab Abdulwadood) became “emir” or leader, united with it officially on September 11, 2006, taking the name Al Qaeda in the Land of the Islamic Maghreb (AQLIM or AQIM). The practical meaning of the union is uncertain. AQLIM seeks to replace the current Algerian regime with an Islamic state and calls for *jihad* against the United States and France. Since 2006, it has increased attacks against the government, security forces, and foreigner workers. In 2007, it shifted tactics to more frequent, “Iraqi style,” suicide attacks, with simultaneous bombings of the Government Palace (the prime and interior ministries) and a suburban police station on April 11, 2007 and of the Constitutional Council and the U.N. headquarters on December 11, among other attacks. In addition, an AQLIM suicide bomber unsuccessfully attempted to assassinate President Bouteflika on September 6, 2007. All of these bombings resulted in many civilian casualties. AQLIM raises funds by kidnaping for ransoms and by smuggling arms, vehicles, and drugs, and communicates via internet with sophisticated videos. AQLIM operates in the Sahel and has carried out attacks in Mauritania in line with its regional pretensions.<sup>2</sup>

Algeria is a major source of international terrorists and is the fourth largest supplier of anti-coalition fighters to Iraq.<sup>3</sup> Seventeen Algerians captured in Afghanistan are held

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<sup>2</sup> See also, U.S. Department of State, *Country Reports on Terrorism*, 2007, released April 30, 2008, available online at [<http://www.state.gov>].

<sup>3</sup> Combating Terrorism Center at West Point, Harmony Project, “Al-Qa-ida’s Foreign Fighters (continued...)”

at the U.S. Naval Base at Guantanamo Bay, Cuba. The Bush Administration would like to repatriate them, but first seeks assurances from Algiers that they would not pose a future danger and be treated fairly. Algerians have been arrested on suspicion of belonging to or supporting AQLIM in France, Spain, Italy, Germany, and Britain.

Several international terrorist plots involved Algerians. In December 1999, Ahmed Ressam, an Algerian who had trained in Afghanistan, was arrested after attempting to enter the United States from Canada; he was convicted for the so-called Millennium Plot to carry out bomb attacks in Los Angeles. His associates and other Algerians in Canada were linked to the GIA and Al Qaeda. In January 2003, six Algerians were arrested in a London apartment with traces of ricin, a deadly poison with no known antidote.

In September 1999, a national referendum approved the “Civil Concord,” an amnesty for those who had fought the government. In September 2005, another referendum approved the Charter for Peace and National Reconciliation, including an amnesty for all except murderers, rapists, and bombers, exemption for security forces from prosecution for crimes of the 1990s, and compensation for families of victims of violence and the disappeared. Critics charge that it has resulted in the freeing of recidivist terrorists or that it failed to provide accountability for the disappeared and for truth-telling about the role of the security forces. A presidential commission determined that excesses of unsupervised security forces were responsible for the disappearances of 6,146 civilians from 1992 to 2000 and recommended compensation. Organizations representing victims’ families claim up to 20,000 disappeared. The government has extended the amnesty period indefinitely and has controversially extended it to some former GSPC leaders.

## Human Rights

A state of emergency declared in 1992 remains in effect and has led to abuses by security forces, who sometimes act independently of government authority.<sup>4</sup> According to the U.S. State Department *Country Report on Human Rights Practices-2007*, other significant human rights problems include restrictions on political party activity, limiting the right to change the government peacefully; reports of abuse and torture; official impunity; prolonged pretrial detention; limited judicial independence; denial of fair public trials; restrictions on civil liberties, including freedom of speech, press, assembly, and association; security-based restrictions on movement; limitations on religious freedom, including increased regulation of non-Muslim worship; corruption and lack of government transparency; discrimination against women; and restrictions on workers’ rights. The U.S. State Department categorizes Algeria as a Tier 3 worst offender with regard to human trafficking because its government does not fully comply with the minimum standards for the elimination of trafficking in persons and is not making significant efforts to do so.<sup>5</sup>

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<sup>3</sup> (...continued)

in Iraq: A First Look at the Sinjar Records,” January 2008.

<sup>4</sup> U.S. Department of State, *Country Reports on Human Rights Practices - 2007, Algeria*, March 11, 2008, online at [<http://www.state.gov>].

<sup>5</sup> U.S. State Department, *Trafficking in Persons Report*, June 4, 2008, online at (continued...)

Berbers, who are the natives of North Africa from before the 7<sup>th</sup> century Arab Muslim invasions, seek language and cultural rights and an end to government discrimination and neglect. In April 2001 (“black spring”), the death of a Berber youth in custody sparked riots in which security forces killed 126 people. The government agreed to compensate the victims and recognize Tamazight, the Berber language, as a national but not an official language (as Berber activists want but President Bouteflika opposes). The government has engaged in a dialogue with Berber representatives known as the *Arouch*. In January 2005, the government agreed to rehabilitate protesters and remove security forces from Berber areas, and established a joint committee to follow up.

## Economy

Algeria has the ninth largest natural gas reserves and is the second largest gas exporter in the world. It ranks 14<sup>th</sup> for oil reserves. Hydrocarbons are the engine of the economy, providing about 60% of the budget revenues, 30% of the gross domestic product (GDP), and 97% of export earnings.<sup>6</sup> High oil prices have boosted foreign monetary reserves and economic growth, fueled a construction boom, and produced some decline in unemployment and early repayment of foreign debt. A 2005-hydrocarbon law diminished the monopoly of SONATRACH, the state energy company, opening the sector for private and foreign investment. A 2006 law, however, requires international companies to give SONATRACH a 51% stake in new oil, gas, and related transport projects. In 2008, Algeria’s Energy Minister Chakib Khelil assumed the rotating presidency of the Organization of Petroleum Exporting Countries (OPEC); he blames the weak dollar, speculators, and geopolitical tensions for rising oil prices, not the market.<sup>7</sup> Khelil seeks formation of a “gas OPEC” to protect exporters.

### Basic Facts

<b>Population:</b>	34.8 million (June 2008 census)
<b>GDP growth rate:</b>	4.6% (2007 est.)
<b>GDP per capita:</b>	\$6,500 (2007 est.)
<b>Inflation rate:</b>	3.7% (2007 est.)
<b>Unemployment:</b>	13% (2007 est.)
<b>Exports:</b>	petroleum, gas, petroleum products
<b>Export Partners:</b>	United States, Italy, Spain, France, Canada (2006)
<b>Imports:</b>	capital goods, food, consumer goods
<b>Import Partners:</b>	France, Italy, China, Germany, Spain (2006)

*Source: CIA, World Factbook, June 19, 2008.*

Despite considerable oil and gas income, there are chronic socioeconomic problems: high unemployment and underemployment; inadequate housing, health services, and education; decaying infrastructure; great inequality of income distribution; and

<sup>5</sup> (...continued)

[<http://www.state.gov>].

<sup>6</sup> U.S. Department of State, Bureau of Near Eastern Affairs, *Background Note: Algeria*, October 2007, online at [<http://www.state.gov>].

<sup>7</sup> Randah Taqiy-al-Din, “‘OPEC’ Decides to Maintain its Current Production,” *Al-Hayat*, March 6, 2008, BBC Monitoring Middle East.

government corruption.<sup>8</sup> A \$140 billion, five-year development plan calls for investments in infrastructure, highways, ports, airports, and water resources. Other plans focus on housing and social projects, and modest improvement has been reported. Central control of the economy is easing very slowly, with a selective privatization program. Algeria has applied to join the World Trade Organization, but has many problems to overcome first.

## Foreign Affairs

After independence in 1962, Algeria was in the forefront of Third World politics, especially the Non-Aligned Movement, and very active in the Arab world and Africa. It was considerably less active in the 1990s, when it was preoccupied by domestic violence. Since Bouteflika became President, Algeria has reemerged as a regional actor, especially in Africa.

Algeria's relations with neighboring Morocco are strained because Algeria supports and hosts the Popular Front for the Liberation of Saqiat al-Hamra and Rio de Oro (POLISARIO), which seeks the independence of the former Spanish Sahara, known as the Western Sahara. Morocco also claims and largely occupies the region. Algeria considers the problem one of decolonization to be resolved by the U.N. and maintains that it is not a party to the conflict. It views with favor the direct, unconditional talks between the POLISARIO and Morocco that began in June 2007 in response to a U.N. Security Council call, but not progress has been reported thus far. Algeria says that it would like to improve bilateral relations with Morocco by excluding the Western Sahara issue from that equation. Yet, Algiers has not reopened the border, which it closed 14 years ago in retaliation for Moroccan accusations that Algerians were involved in terror attacks in Marrakesh. Algiers now maintains that smuggling, drug-trafficking, and illegal immigration need to be dealt with before the border is opened.<sup>9</sup>

Algeria and France, its former colonizer, have complex relations. France is Algeria's major trading partner. More than two million Algerians and individuals of Algerian descent live in France, but France has decreased visas for Algerians out of fear of terrorism and absorption difficulties. With France's support, Algeria signed an association agreement with the European Union (EU) in 2001 and has participated in the Europe-Mediterranean Partnership (MEDA) since 1995. Under Bouteflika, French-Algerian relations have warmed considerably. However, a planned treaty of friendship fizzled when France rejected Algeria's demand for an apology for the crimes of colonization. President Nicolas Sarkozy refuses to apologize, but acknowledges that colonialism was "profoundly unjust." He seeks to deepen bilateral business and trade ties, advance civilian nuclear energy cooperation, and promote a Mediterranean Union or community of states bordering the Sea, which the EU since has labeled the Union for the Mediterranean and sees as part of its existing structures.

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<sup>8</sup> Algeria ranks 99 out of 179 countries on Transparency International's 2007 *Corruption Perceptions Index*, online at [<http://www.transparency.org>].

<sup>9</sup> "Zerhouni Responds to Call by Rabat, Algeria not in Hurry to Open Border," *El-Khabar*, March 23, 2008, BBC Monitoring Middle East.

## Relations with the United States

U.S.-Algerian ties date from a Treaty of Peace and Friendship in 1775. Algerians have fond memories of President Kennedy's support for their independence from France. Relations suffered later due to Cold War ideological differences; Algeria was a socialist republic with close ties to the Soviet Union. They have been energized in recent years, as Bouteflika and President Bush have met several times. Bouteflika attended the June 2004 G-8 summit of industrialized states and Russia in Sea Island, Georgia.

U.S. policy has tried to balance appreciation for Algeria's cooperation in counter-terrorism with encouragement of democratization. U.S. officials have urged Algiers to lift the state of emergency and described the April 2004 presidential election as an important phase in a democratic process. Algerian authorities have shared information regarding terrorists of Algerian origin with U.S. counterparts. High-level U.S. officials visit Algeria to discuss cooperation in the fight against terror. Algeria receives limited U.S. aid. In 2008, it is receiving an estimated \$198,000 for International Narcotics Control and Law Enforcement (INCLE) and \$666,000 for International Military Education and Training (IMET). For FY2009, the Administration has requested \$800,000 for IMET and \$965,000 in Development Assistance (DA). In 2005, the United States and Algeria launched a Joint Military Dialogue to foster exchanges, training and joint exercises. Algeria participates in the U.S. multi-country Trans-Sahara Counter Terrorism Partnership (TSCTP), but prefers bilateral activities with the United States that recognize its regional importance. As part of TSCTP, U.S. Special Forces train, equip, and aid national forces in fighting the AQLIM in southern Algeria and the Sahel.<sup>10</sup> U.S. intelligence also is shared.<sup>11</sup> Algeria participates in the NATO-Mediterranean dialogue and in NATO naval exercises. Algerian officials have expressed perplexity about the U.S. Africa Command (AFRICOM), and oppose hosting U.S. bases.

The United States was first to invest in the hydrocarbon sector after the 2005 liberalization law opened it to foreigners. Economic ties have broadened beyond the energy sector, where most U.S. investment has been made, to financial services, pharmaceuticals, and other industries, although U.S. investors confront many bureaucratic and policy obstacles. Algeria receives duty-free treatment under the Generalized System of Preferences (GSP). In June 2007, Algeria and the United States signed an agreement to cooperate in the peaceful use of nuclear energy, but other countries have and will build reactors for Algeria.

Despite improving ties, Washington and Algiers strongly disagree about some U.S. Middle East policies. Bouteflika condemned the use of force against Iraq and called for the early withdrawal of foreign troops. He criticized U.S. charges against Syria, but Algeria only abstained from voting on a U.N. Security Council resolution calling on Syria to withdraw from Lebanon. Algeria supports the Arab Peace Initiative, which promises full normalization of relations with Israel after it withdraws from Arab lands. It considers the situation in the Darfur region of Sudan to be the result of ethnic conflict and poverty and not a genocide and is concerned about its regional implications.

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<sup>10</sup> "Desert Shadows," *Africa Confidential*, Vol. 45, No. 4, February 10, 2004, p. 8.

<sup>11</sup> Brian Whitmore, "US Pushes Antiterror Alliance for North African Nations," *Boston Globe*, April 11, 2004.