



# Algeria: Current Issues

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## Summary

U.S.-Algerian ties have grown as the United States has increasingly viewed the government of Algeria as an important partner in the fight against Al Qaeda-linked groups in North Africa. The Algerian economy is largely based on hydrocarbons, and the country is a significant source of natural gas for the United States and Europe. Congress appropriates and oversees small amounts of bilateral development assistance, and Algerian security forces benefit from U.S. security assistance and participation in bilateral and regional military cooperation programs.

Algeria's relative stability, always tenuous, has most recently been challenged by a series of riots, strikes, and demonstrations since early January 2011. The unrest has been motivated by economic distress (such as high food prices, unemployment, and housing shortages), as well as longstanding political grievances. The example of neighboring Tunisia's "Jasmine Revolution" and the ripple effects of political change in Egypt may contribute to opposition activism, although the counter-example of violent repression in Libya and Bahrain may also dampen enthusiasm. The government has reacted both by attempting to assuage the public through political and economic concessions and by using the security forces to prevent and break up demonstrations. Across the region, other authoritarian governments have adopted similar approaches with varying results.

Algeria's political system is dominated by a strong presidency and security apparatus. The military is the heir to Algeria's long struggle for independence from France, and has remained the most significant political force since independence in 1962. Following Algeria's bloody civil war in the 1990s, the military backed Abdelaziz Bouteflika for the presidency in 1999. He was reelected for a third term in April 2009 and has no clear successor. The 74-year-old president is widely rumored to be in poor health. The voice of the military has been muted publicly since Bouteflika was first selected, but may be heard during a future presidential succession. Low voter turnout in the May 2007 parliamentary election may have reflected general lack of public faith in the political system in general and the weak legislature in particular. High official turnout figures for the 2009 presidential election were disputed by rival candidates.

Domestic terrorism perpetrated by violent Islamists remains Algeria's principal security challenge. Algerian terrorists also operate across the southern border in the Sahel and are linked to terrorism abroad. The U.S. State Department lists two Algerian groups as Foreign Terrorist Organizations. The more notorious and active is Al Qaeda in the Islamic Maghreb (AQIM), which pledged allegiance to Al Qaeda in 2006 and may increasingly be described as a criminal-terrorist mutation. Algeria, as the dominant economic and military power in the region, has attempted to take the lead in developing a regional approach to counterterrorism in the Sahel. The legacy of Algeria's anti-colonial independence struggle contributes to Algerian leaders' desire to prevent direct foreign counterterrorism intervention, their residual skepticism of French intentions, and their positions on regional affairs, including a non-interventionist stance toward Libya's conflict. See also CRS Report R41070, *Al Qaeda and Affiliates: Historical Perspective, Global Presence, and Implications for U.S. Policy*, coordinated by John Rollins.

President Bouteflika's tenure has produced an energized foreign policy. Strains in ties with neighboring Morocco continue, due mainly to the unresolved status of the Western Sahara, but also to a rivalry for regional power. Relations with former colonial power France remain complex and volatile. See also CRS Report RS20962, *Western Sahara*, by Alexis Arieff.

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## Recent Developments: Political Unrest

Algerian citizens have carried out a series of riots, strikes, and protests since early January 2011. These initially focused on high food prices, but turned more overtly political in late January and February, with demonstrators calling for political reforms and using slogans that directly reference the recent uprising in neighboring Tunisia—dubbed the “Jasmine Revolution”—that unseated Tunisian President Zine El Abidine Ben Ali.<sup>1</sup> At least five Algerians have reportedly died of self-immolation, a phenomenon that has echoed across the region after a frustrated Tunisian street vendor helped touch off the demonstrations there by setting himself on fire.

Urban riots and other civil disturbances, often led by unemployed youth, are common in Algeria and are sometimes tolerated by the authorities. Still, the Algerian government is taking a defensive stance toward the recent unrest, despite official denials of potential “contagion” from Tunisia, Egypt, and elsewhere in the region.<sup>2</sup> The government has responded by attempting to address economic grievances—lowering the prices of key food commodities and promising new initiatives to provide land, youth employment, and housing—while seeking to preclude large protest gatherings through preemptive police deployments.<sup>3</sup> Economic subsidies are a frequent tactic in Algeria, where oil and gas revenues provide resources for policies that some view as designed to buy off dissenters. The government also has taken limited steps to assuage political opponents, notably by repealing Algeria’s “state of emergency” on February 24 and relaxing some controls on state media. The state of emergency had been in place since the start of the civil war in 1992 and enabled a range of restrictions on civil liberties. Other substantial restrictions, contained elsewhere in law and decrees, remain in place. Authorities have promised additional political reforms, with few explicit details on content or timing.

Although government officials have portrayed protests as motivated by socio-economic, not political, grievances, the protests have been accompanied by unusually critical, pro-reform statements by some individuals closely associated with the regime or with Algeria’s independence struggle.<sup>4</sup> In March, one of the political parties in the presidential alliance—the moderately Islamist Movement for a Peaceful Society (MSP)—called for a substantial revision of the constitution to provide for a parliamentary regime, the separation of powers, a two-term limit on the presidency, and greater civil liberties.<sup>5</sup> The other two parties in the presidential alliance, the National Liberation Front (FLN) and the National Democratic Rally (RND), have also expressed support for a constitutional revision.<sup>6</sup> It is unclear what impact gradual, regime-led reforms might have on unrest.

<sup>1</sup> See CRS Report RS21666, *Political Transition in Tunisia*, by Alexis Arieff.

<sup>2</sup> *Agence France Presse (AFP)*, “Algeria Sees No ‘Domino Effect’ From Egypt, Tunisia Protests,” February 20, 2011.

<sup>3</sup> A decree issued in June 2001 prohibited public gathering in Algiers indefinitely; see Human Rights Watch, “Algeria: End Public Assembly Ban in Algiers,” March 20, 2011.

<sup>4</sup> Such figures include Zohra Drif Bitat, a vice-president of the upper house of parliament who was appointed by Bouteflika; Abdelhamid Mehri, a former head of the FLN; and Ahmed Benbitour, Bouteflika’s former prime minister. See, e.g., *Reuters*, “Algeria Establishment Figure Joins Calls for Change,” February 7, 2011; *AFP*, “Algérie: Les Partis de l’Alliance Présidentielle Condamnent ‘l’Ingérence Etrangère,’” February 16, 2011; *Reuters*, “One of Algeria’s Founding Fathers Urges Reform,” February 16, 2011; Elaine Ganley, “Algeria Sitting in Circle of Fire but Keeps Lid on Social Unrest—For Now,” March 2, 2011.

<sup>5</sup> *AFP*, “Algérie: Un Parti de l’Alliance Présidentielle pour une Révision ‘Globale’ de la Constitution,” March 11, 2011.

<sup>6</sup> *Ennahar* website, “The Promised Reforms Are Expected,” April 11, 2011.

On February 12 and February 19, thousands of protesters gathered in Algiers and other urban centers under the banner of a newly formed umbrella group of small opposition parties, civil society groups, and non-official trade unions, the National Coordination for Change and Democracy (CNCD). They were met with tens of thousands of riot police; security forces reportedly blocked off segments of the city and restricted population movements to and from Algiers. CNCD demands included “greater democracy,” the lifting of the 1992 state of emergency, the freeing of individuals detained during previous protests and riots, a loosening of state controls over the media, increased employment opportunities, and “social justice.”<sup>7</sup> However, the coalition’s internal cohesion and potential to draw mass support were uncertain from the start. It soon split into two factions, one composed of political party activists and the other of civil society groups. CNCD leaders have continued to organize protest rallies in Algiers every Saturday; however, these have attracted only small groups and have been hampered by the security forces. Protesters have reportedly been arrested and beaten by police, and some have clashed with pro-government demonstrators. Still, security forces have so far shown greater restraint than in some countries in the region, and have not opened fire on crowds.

Anti-government protesters continue to be highly internally divided. In March, the Front for Socialist Forces (FFS), an opposition party that has distanced itself from the CNCD, called for “peaceful struggle” to change Algeria’s political system. The party held its own protest rally in Algiers on March 5, which was reportedly attended by 3,000 people.<sup>8</sup> In mid-March, yet another protest movement, the National Alliance for Change (ANC), was founded by veteran politician and former Prime Minister Ahmed Benbitour. Recent months have also seen frequent labor strikes, as well as protests and sit-ins by the unemployed, the urban poor, students, teachers, doctors, journalists, state employees, oil and gas workers, and others across the country. Protesters include thousands of “communal guards,” state-sponsored defense groups who fought alongside the gendarmerie during the civil war, who have claimed pay raises and benefits.<sup>9</sup> The political opposition appears to have been unable to draw these disparate groups to its cause.

Despite genuine popular frustrations with the government, Algeria’s political protest movement has remained limited to date, and the potential for a mass popular uprising to overturn the status quo is uncertain. Several factors may weigh in favor of political continuity. Key among them is the role played by Algeria’s military, which is seen as the ultimate arbiter of domestic politics and backed the political rise of President Bouteflika. Algeria’s political system is also relatively more open, and the domestic press is subject to relatively fewer controls, than in several countries in the region. The involvement of opposition political parties in the protest movement appears to have worked against its popularity, as many people reportedly distrust them. At the same time, there are many potential vectors for instability. This is in part due to Algeria’s turbulent history of civil conflict and to the security threat posed by Al Qaeda in the Islamic Maghreb (AQIM), which seeks to overturn the current Algerian regime and has carried out a number of attacks within the country. Anger over corruption, unemployment, and urban housing shortages is widespread. Ethnic and regional identities remain strong, and some groups have opposed the government, especially ethnic Berber communities (also known as Amazigh), which are concentrated in the mountainous Kabylie region, in the northeast.<sup>10</sup> Reports of divisions within the politico-military

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<sup>7</sup> *Le Temps d’Algérie*, “La CNCD Demande Aujourd’hui l’Autorisation: Marche du 12 Février à Alger,” February 1, 2011.

<sup>8</sup> Benoit Faucon, “Algeria’s Opposition Joins a Protest Wave,” *The Wall Street Journal*, March 5, 2011.

<sup>9</sup> *AFP*, “Thousands of Police Rally in Algeria,” March 7, 2011.

<sup>10</sup> See International Crisis Group, *Algeria: Unrest and Impasse in Kabylia*, Middle East/North Africa Report N°15, (continued...)

elite, while difficult to substantiate, have repeatedly surfaced over the past 18 months. Although the “dark decade” of the 1990s was characterized by high levels of violence, some observers contend that vivid memories of that time period have rendered many Algerians adverse to perceived insecurity and therefore prone to reject widespread anti-government mobilization.

## Issues for U.S. Policy

The United States has tried to balance appreciation for Algeria’s cooperation in counterterrorism with encouragement of greater democratization (see “U.S. Relations” below). This balance has taken on a new importance in light of recent regional unrest. Algeria is viewed as an important partner in countering Al Qaeda-linked groups, and plays an increasingly significant role in the African Union (AU), which the United States seeks to empower in regional security and conflict resolution. A bilateral “contact group” on counterterrorism cooperation was launched in March 2011, which the U.S. Embassy in Algiers termed “a historic moment for the development of bilateral security cooperation.”<sup>11</sup> At the same time, the State Department continues to document a wide range of human rights problems, including restrictions on freedom of assembly, expression, and association; official impunity; and limited judicial independence (“Human Rights,” below).

The Obama Administration has reacted cautiously to recent anti-government protests in Algeria, calling for restraint on the part of the security forces and greater political reforms while emphasizing strong support for the Algerian government. A State Department spokesman said on February 14 that “there is greater respect for the rights of the citizens” in Algeria than in other Middle Eastern countries where the Administration has been more strongly critical of government repression.<sup>12</sup> President Obama subsequently commended Algeria’s decision to lift the 1992 state of emergency law as “a positive sign that the Government of Algeria is listening to the concerns and responding to the aspirations of its people,” and added that “we look forward to additional steps by the government that enable the Algerian people to fully exercise their universal rights, including freedom of expression, association and assembly.”<sup>13</sup>

After meeting with President Bouteflika and other senior officials in Algiers on February 24, Undersecretary of State for Political Affairs William J. Burns noted that across the region, “people are continuing to seek freedom and opportunity and dignity” but added that “the pursuit of those aspirations will take different shapes in different societies. How best to address them is a choice that people and leaderships in those societies will have to choose. As friends, we simply encourage that those aspirations be addressed early and openly and peacefully and seriously.”<sup>14</sup> In a television interview in mid-March, during an official visit to neighboring Tunisia, Secretary of State Hillary Clinton called for additional political reforms in Algeria, including “greater space” for political speech and opposition activity.<sup>15</sup> Outgoing U.S. Ambassador David D. Pearce repeated these calls in late March, adding that Algeria “is not immunized against change.”<sup>16</sup>

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June 2003.

<sup>11</sup> U.S. Embassy Algiers, “Bilateral Counterterrorism Contact Group Launched,” March 2011.

<sup>12</sup> Philip J. Crowley, State Department Daily Press Briefing, February 14, 2011.

<sup>13</sup> The White House, “Press Statement by the President on Algeria Lifting Its State of Emergency,” February 24, 2011.

<sup>14</sup> U.S. Embassy Algiers, “Undersecretary of State for Political Affairs in Algeria,” February 25, 2011.

<sup>15</sup> *El Watan*, “Hillary Clinton Demande ‘Un Plus Grand Espace’ Pour l’Opposition,” March 18, 2011.

<sup>16</sup> *L’Expression*, “Ultime Conférence de Presse de l’Ambassadeur des Etats-Unis, David Pearce—‘l’Algérie N’Est Pas (continued...)”

U.S. policy challenges in Algeria in some ways resemble those faced elsewhere in the region. However, because of the limited nature of U.S. assistance (see **Table 1**) and Algeria's famous resistance to outside pressure, the U.S. government may find that it lacks well-developed levers of influence needed to successfully encourage political reform.

## Background

Algerians fought a protracted independence war against the French between 1954 and 1962. The guerilla conflict was notable for its brutal tactics: the pro-independence National Liberation Front (FLN) carried out urban terrorist attacks while the French military engaged in torture and other abuses. After an independence referendum on July 1, 1962, the FLN became the national ruling party, and it remained politically dominant until the late 1980s. The anti-colonial struggle remains a key foundation of Algeria's political identity. Algeria was a leader in the Non-Aligned Movement during the Cold War, and although Algeria engaged in military cooperation with the Soviet Union during that period, it never allowed foreign bases on its soil and strongly defended its independent status.

In 1965, Houari Boumediène seized power through a military coup and served as revolutionary council chairman and president until his death in 1978. Another military figure, Chadli Bendjedid, succeeded Boumediène. The 1980s saw the rise of Islamist ideology, starting on university campuses and eventually escalating into the most significant political challenge to the FLN since independence. In October 1988, mass protests and riots erupted, revealing widespread discontent with the FLN's leadership and altering the political landscape. The government attempted to outflank Islamists, passing restrictions on women's socioeconomic rights, but it also initiated a process of rapid political and economic liberalization.<sup>17</sup> In 1989, a new constitution (the country's third) was adopted by referendum that enabled greater political pluralism and paved the way for multiparty competition, while also introducing explicit language about the Islamic nature of the Algerian state and society.

The same year, the Islamic Salvation Front (FIS) was formed as a broad coalition of Islamist groups. The government recognized the FIS as a legal political party and allowed it to compete in local elections in 1990, in which it won over 50% of votes cast. In the first round of parliamentary elections held in December 1991, the FIS again did well, and was expected to win a majority of seats in a second round scheduled for early 1992. Before that round could be held, however, the

### Algeria at a Glance

**Population:** 34.6 million (2010 est.)  
**GDP growth rate:** 4.1% (2010 est.)  
**GDP total and per capita:** \$254.7 billion, \$7,400 (purchasing power parity, 2010 est.)  
**Inflation rate:** 5.7% (2009 est.)  
**Unemployment:** 9.9%\* (2010 est.)  
**Poverty rate:** 12.1% (2000)  
**Life expectancy:** 74 years  
**Exports:** petroleum, gas, petroleum products  
**Imports:** capital goods, food, consumer goods  
**Major trading partners:** France, United States, Italy, China, Spain, Germany, Turkey, Canada (2009)

Source: CIA, *The World Factbook*, 2011; International Monetary Fund, February 2011.

\* Note: The unemployment rate for young Algerians is often estimated at 25% to 50% or higher.

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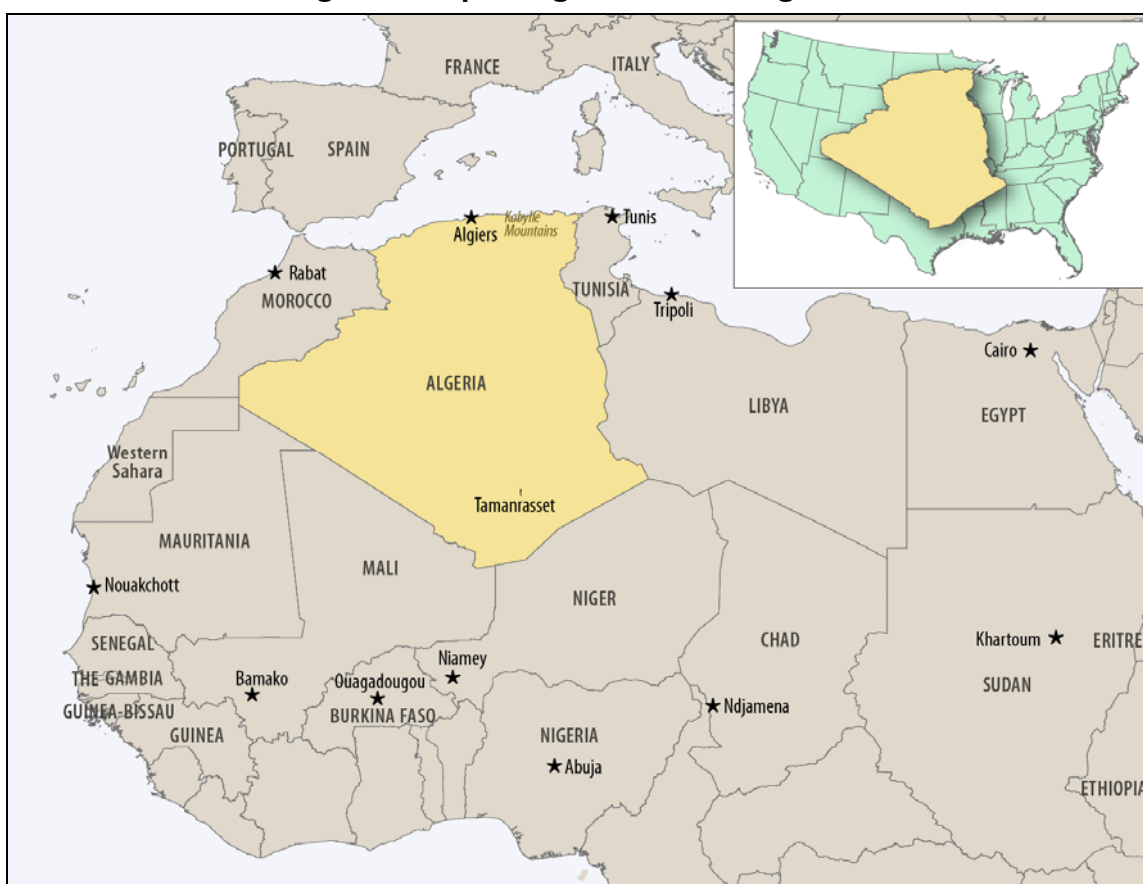
Immunisée Contre le Changement," March 26, 2011; CRS translation.

<sup>17</sup> See John Ruedy, *Modern Algeria: The Origins and Development of a Nation*, Indiana University Press: 2005 (1992).

army intervened in January 1992, forcing Bendjedid to resign and canceling the election results. The FIS was banned and many of its leaders imprisoned.

As channels for political competition were shuttered, the thwarted Islamist movement fractured, with some factions turning to violence. A decade of civil war between security forces and Islamist insurgents ensued, which resulted in as many as 200,000 deaths. The conflict was characterized by high levels of civilian atrocities, including massacres, murders, and extrajudicial executions. While insurgents were responsible for or inspired much of the violence, questions remain about the government's culpability in violence during the conflict. The government also restricted freedom of the press, assembly, and movement. Relative stability was restored by the early 2000s, aided by the introduction of an amnesty for former militants.

**Figure 1. Map of Algeria and Its Neighbors**



Source: CRS.

## Government and Politics

The president has long dominated the domestic political system in Algeria, generally with strong backing from the military. In 1999, former Foreign Minister Abdelaziz Bouteflika, a civilian with vital military support, 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 during which the military was officially neutral. International observers hailed that 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>18</sup> Since 2005, there have been persistent rumors about the state of the 74-year-old president's health, spurred in part by his intermittent absences from public view, but no strong concern that he lacks a clear successor. Most analysts expect the military will again play a determining role in the choice of Bouteflika's replacement.

In November 2008, a joint session of parliament adopted constitutional amendments that, among other provisions, abolished presidential term limits and allowed Bouteflika to run for a third term. A huge salary increase for legislators may have contributed to the amendments' passage. Some critics had argued that the constitutional changes required a national referendum, but the Constitutional Court disagreed. On April 9, 2009, as expected, Bouteflika won another term as president with more than 90.24% of the vote over five challengers, none of whom was seen as having a remote chance of ending his leadership. The Interior Ministry claimed a 74% voter turnout. Once again, the president's rivals alleged fraud and added claims that the authorities had inflated turnout figures. Some attributed the military's acquiescence this time to their inability to find an alternative to Bouteflika.<sup>19</sup>

Algerians refer to *Le Pouvoir* (the powers-that-be) to designate opaque politico-military elite structures that are widely perceived as driving events and major political decisions—as opposed to “le gouvernement” (the government), elected representatives and administrators who are viewed as having little significant power.<sup>20</sup> A series of anti-corruption inquiries since 2009, including an investigation of the state energy company, SONATRACH, and another into a \$12 billion, 927-kilometer east-west highway project, have been viewed by some analysts as revealing latent divisions within the security establishment, and could signal potential fracture points if national protests place increasing pressure on the government.<sup>21</sup> (See “The Economy,” below.)

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 Rally (RND) leader Ahmed Ouyahia, who had served as prime minister from 1995 to 1999 and from 2003 to 2006, and who is known to be close to the military, to the post again. After his re-election in 2009, Bouteflika reconfirmed Ouyahia as prime minister. Ouyahia is considered a possible successor to Bouteflika. Media reports suggest that Bouteflika's younger brother, Said, also may have presidential ambitions. Speculation about Bouteflika's successor intermittently surfaces along with the rumors about the president's health.

The bicameral, multiparty parliament is weak. The president appoints the prime minister as well as one-third of the upper house of parliament, known as the Council of the Nation. (The remaining two-thirds are selected by indirect vote.) Although either the president or one of the parliamentary chambers may initiate legislation, it cannot be passed into law without being brought before both chambers, which requires the support of the presidency. The 380-seat National People's Assembly was last elected on May 17, 2007, with a voter turnout of 36.5%—

<sup>18</sup> Marwane Ben Yahmed, “Les Raisons D’Un Plebiscite,” *Jeune Afrique Intelligent*, No. 2258, 8-14 April 2004.

<sup>19</sup> *Africa Research Bulletin*, April 1-30, 2009, p. 19732, citing *Africa Confidential*.

<sup>20</sup> See, e.g., George Joffé, “Political Dynamics in North Africa,” *International Affairs*, vol. 85, no. 5 (Sept 2009).

<sup>21</sup> See, e.g., *Africa-Asia Confidential*, “Algeria: Chinese Companies Named in Anti-Corruption Probe,” March 16, 2010; *Reuters*, “Interview—Algeria Corruption Case ‘Part of Political Struggle,’” February 8, 2010.

the lowest ever, reflecting lack of popular faith in the political system and common knowledge that the legislature has little power. Parties in the governing coalition placed at the top: the National Liberation Front (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 the Nation has 144 seats, of which the FLN has 29, RND 12, and MSP 3; independents and presidential appointees comprise the remainder. The next parliamentary election is scheduled for 2012.

## Terrorism

Up to 200,000 lives were lost during Algeria's civil war between 1992 and 2000, most attributable to terrorist acts by Islamist groups and others to killings by state security services pursuing ostensible counterterrorism missions (see "Counterterrorism," below). The security situation has markedly improved since then, but domestic terrorism has not been eliminated. The U.S. State Department designates two Algerian groups as Foreign Terrorist Organizations (FTOs).<sup>22</sup> The Armed Islamic Group (GIA) was most active from 1991 to 2001 and last attacked in 2006. Former GIA members have accepted the government amnesty or joined other groups. The Salafist Group for Preaching and Combat (GSPC) split from GIA in 1998, declared its allegiance to Al Qaeda in 2003 and, after Abdelmalik Droukdel (aka Abu Musab Abdulwadood) became "emir" (leader), united with it officially on September 11, 2006, taking the name Al Qaeda in the Islamic Maghreb (AQIM or Al Qaeda in the Lands of the Islamic Maghreb, AQLIM). AQIM seeks to replace the Algerian regime with an Islamic state and calls for *jihad* against the United States, France, and Spain.<sup>23</sup>

The practical meaning of the union with Al Qaeda is uncertain, and links between AQIM and Al Qaeda leaders in Pakistan/Afghanistan may be nominal but mutually beneficial.<sup>24</sup> Adopting the famous name may have enhanced AQIM's legitimacy among extremists and facilitated recruitment, while enabling Al Qaeda to burnish its international credentials. Since "uniting" with Al Qaeda, AQIM's rhetoric against the West and governments in the region and its calls for *jihad* against the United States, France, and Spain have increased. AQIM's cohesiveness is questioned as it may be operating as relatively autonomous and/or rival groups and has experienced defections. The U.S. State Department estimates AQIM's strength at under 1,000 in Algeria, with a smaller number in the Sahel to the south; other sources provide lower estimates.<sup>25</sup>

After Droukdel became leader, AQIM increased its attacks against the Algerian government and security forces, and against foreign workers in the country.<sup>26</sup> 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

<sup>22</sup> U.S. State Department, *Country Reports on Terrorism*, 2009, released August 5, 2010, at <http://www.state.gov/s/ct/rls/crt/2009/index.htm>.

<sup>23</sup> See CRS Report R41070, *Al Qaeda and Affiliates: Historical Perspective, Global Presence, and Implications for U.S. Policy*, coordinated by John Rollins; note text-box on "Jihad, Al Qaeda, and other Violent Islamist Groups," p. 4.

<sup>24</sup> Yaroslav Trofimov, "Islamic Rebels Gain in the Sahara," *Wall Street Journal*, August 18, 2009.

<sup>25</sup> State Department, *Country Reports on Terrorism*, op. cit.

<sup>26</sup> An Algerian court sentenced Droukdel in absentia to life imprisonment for his membership in a terrorist organization and involvement in kidnappings.

addition, an AQIM suicide bomber unsuccessfully attempted to assassinate President Bouteflika on September 6, 2007. All of these attacks resulted in many civilian casualties. After a relative lull, AQIM again targeted security forces in the summer of 2008. That August, suicide bombers perpetrated a particularly bloody assault on a police academy, resulting in more than 40 deaths.

Since 2009, AQIM has operated more outside of Algiers and other large cities where security forces have made it difficult to operate, and it has continued to focus on the Berber region of Kabylie, in northeastern Algeria, where the security presence was reduced after civil unrest in 2005. In line with Droukdel's regional ambitions and because of difficulties experienced in the north, the group's operations also have moved into the Sahelian countries of Mauritania, Niger, and Mali, with aspirations to spread as far south as Nigeria.<sup>27</sup> Activities along the Malian border have manifestly increased and AQIM reportedly has agreements with tribes in northern Mali, sometimes sealed by marriage and/or financial compensation. The U.S. State Department nonetheless continues to consider the potential terrorist threat to Embassy personnel in Algiers "sufficiently serious to require them to live and work under significant security restrictions," and the Algerian government requires Embassy personnel to "seek permission to travel to the Casbah [old city] within Algiers or outside the province of Algiers and to have a security escort."<sup>28</sup>

In May 2009, AQIM claimed responsibility for executing a British hostage in Mali and, in June, it shot a U.S. aid worker while attempting to kidnap him in Nouakchott, Mauritania. Also in June, terrorists killed 24 gendarmes (paramilitary police) in an ambush about 218 miles east of Algiers. In July, they ambushed a military convoy in Tipaza Province, 90 miles west of Algiers; at least 14 soldiers were killed.<sup>29</sup> In August, AQIM attacked the French Embassy in Nouakchott. In November, an AQIM cell kidnapped three Spanish relief workers in Mauritania and unsuccessfully attempted to kidnap U.S. embassy employees in Niger. In June 2010, a suicide bomber attacked a police barracks 60 miles east of Algiers, killing at least nine. In July 2010, AQIM claimed responsibility for attacking a police convoy near the border with Mali, killing 11 gendarmes and seizing weapons. AQIM was linked to the kidnapping of an Italian tourist in southeastern Algeria in February 2011.

Algerian officials have expressed concern that AQIM could take advantage of civil conflict in neighboring Libya to seize territory or sophisticated weapons systems. Algerian soldiers have deployed to the Libyan border, where they say they have killed several armed militants in recent months.<sup>30</sup>

The AQIM organizational structure is hazy. Droukdel may be the spiritual leader or ideologue of the group who sets broad directions, but Mokhtar Belmokhtar and Yahia Djouadi have gained

<sup>27</sup> See Jean-Pierre Filiu, "Al-Qaeda in the Islamic Maghreb: Algerian Challenge or Global Threat?" *Carnegie Papers*, No. 104, October 2009, Carnegie Endowment for International Peace.

<sup>28</sup> State Department Travel Warning on Algeria, March 16, 2011.

<sup>29</sup> Some attributed the second ambush to the Protectors of Salafi Call, which reportedly had split from the GSPC and, therefore, is not considered part of AQIM. Others attributed the attack to a different regional command of AQIM or suggested that AQIM is encroaching on the Protectors' territory. "Algerian Army Launches 'Large Scale' Operations in Al-Qaidah Maghreb," *El-Khabar* website, August 2, 2009, BBC Monitoring Middle East, "Five Regions Reportedly Designated for 'Terrorist Deployment' in Algeria," *El-Khabar* website, August 5, 2009, BBC Monitoring Middle East, "Retreating of the Salafi Call Protectors," *Echourouk el Youmi* website, August 17, 2009, BBC Monitoring Newsfile.

<sup>30</sup> *Reuters*, "Security Official: Al-Qaeda Exploiting Libya Unrest to Acquire Weapons," April 4, 2011; *Reuters*, "Al Qaeda Bolstering Presence in Libya, Algeria Says," April 6, 2011; *Al-Hayat*, "Algeria Deploys Troops to Monitor Libyan Desert, Prevent Infiltration," March 12, 2011; BBC Monitoring, "Counterterrorism Digest: 27-28 March 2011," and "Counterterrorism Digest: 4-5 April 2011."

public prominence as (perhaps rival) leaders of AQIM regional commands or “emirates” in the Sahel who oversee operations. Alternatively, they may be independent of Droukdel. Abdelhamid Abu Zaid (aka Abid Hammadou) is associated with Djouadi and reportedly is heavily engaged in money-making criminal activities. AQIM raises funds by kidnapping<sup>31</sup> for ransoms and by trafficking in arms, drugs, vehicles, cigarettes, and persons across that vast region. The Algerian military claims that AQIM provides protection in return for cash for convoys smuggling drugs from South America, across the Sahara, to Europe.<sup>32</sup> All of these activities have led some to describe it as a “hybrid terrorist-criminal organization” or a “criminal organization with an attachment to Al Qaeda.”<sup>33</sup> AQIM reportedly gets some small-scale funding from cells in Europe.<sup>34</sup> AQIM communicates with potential recruits via sophisticated internet videos.

Algeria is a major source of transnational terrorists, and one batch of seized Al Qaeda records suggested that Algeria was one of the largest suppliers of anti-coalition fighters in Iraq.<sup>35</sup> Some Algerians were captured in Afghanistan and, at one time, 26 were held at the U.S. Naval Base at Guantanamo Bay, Cuba; most have been repatriated. The Bush and Obama Administrations sought assurances from Algiers that repatriated detainees would not pose a future danger and would be treated fairly. Several were tried after their return and acquitted for lack of evidence.

Algerians have been arrested on suspicion of belonging to or supporting AQIM in France, Spain, Italy, Germany, and Britain. In 2010, there have been unconfirmed reports of Algerians fighting with Islamist terrorist groups in Yemen and Somalia. In addition, several major international terrorist plots have involved Algerians. In December 1999, Ahmed Ressam, an Algerian 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. In October 2009, two French brothers of Algerian origin, one a worker at the European Organization for Nuclear Research (CERN) in Geneva, were arrested in France after intelligence agencies came to suspect them of “criminal activities related to a terror group,” that is, AQIM.<sup>36</sup>

## Counterterrorism

After President Bouteflika took office, he sought to add peaceful means to the government’s tactics to counter terrorism. 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

<sup>31</sup> AQIM reportedly mostly purchases Western hostages from local criminal gangs and tribes in the Sahel. Center for Strategic and International Studies (CSIS), Middle East Program, *The Dynamics of North African Terrorism*, Conference Report, March 2010.

<sup>32</sup> “Algeria Says Al Qaeda Guards Sahara Drug Smugglers,” *Times of Oman*, February 23, 2010.

<sup>33</sup> CSIS 2010, op. cit.

<sup>34</sup> See also, Michael Jonson and Christian Nils Larson, “Illegal Tender: Funding Al-Qaeda in the Islamic Maghreb,” *Janes Intelligence Review*, October 2008.

<sup>35</sup> Combating Terrorism Center at West Point, Harmony Project, “Al-Qaida’s Foreign Fighters in Iraq: A First Look at the Sinjar Records,” January 2008.

<sup>36</sup> Emily Andrews, “Big Bang Scientist Admits Plotting Al Qaeda Atrocity,” *Daily Mail*, October 12, 2009.

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.

In 2008, the government began to recruit 100,000 new police and gendarme officers to reinforce borders, augment security at airports, and increase the security presence in major cities. As noted above, it has been mostly successful in impeding terrorist operations in cities. In addition, the government deployed thousands of troops to Saharan provinces along Algeria's borders with Mali, Niger, and Mauritania to combat AQIM. The Algerian army continues to conduct targeted counterterrorism operations and searches in areas surrounding Algiers.<sup>37</sup>

Algeria is the region's dominant economic and military power and it has promoted a regional approach in which it is the lead actor to counter terrorism. It recognizes the immensity of the Sahara Desert-Sahel territory and believes that intra-regional cooperation is needed to fight AQIM. In line with its anti-colonial creed, Algiers is wary of a potential foreign direct counterterrorism role and seeks to prevent foreign, non-African (i.e., French and U.S.) involvement/interference/intervention in the region. It fears that AQIM's propensity to kidnap Westerners for ransom might provoke direct foreign intervention and that Algeria's weaker neighbors might be vulnerable to outside influence, especially if exercised by France—their former colonial ruler. In addition, Algiers seeks to impede AQIM's ability to extract large ransoms from Western governments and, thereby, to build up a treasury to pay more recruits and buy more arms. While it opposes a foreign presence, Algiers welcomes other outside support for counterterrorism operations.

In July 2009, the leaders of Algeria, Libya, and Mali agreed to work in concert against AQIM. In August, the military chiefs of Algeria, Libya, Niger, Mali, and Mauritania met in the southern Algerian town of Tamanrasset and agreed to cooperate more to counter terrorism and related crime and developed the so-called "Tamanrasset Plan." In April 2010, following this framework, they began to set up a joint command center for security and military coordination in Tamanrasset; Libya is not participating, while Burkina Faso is observing. Probably due to strained bilateral ties (see "Foreign Affairs" below) and because Algiers argues that the security of the Sahel does not concern Morocco, it has not invited its western neighbor to participate in regional counterterrorism efforts—despite AQIM's reported attempts to use Moroccan territory as a route to smuggle drugs to Europe. Participating governments established several coordinating committees, assigned countries specific missions, and reportedly agreed to increase the number of security forces, gendarmes, and soldiers deployed for counterterrorism in the Sahel from 25,000 (15,000 of whom were Algerian) to 75,000. Algeria already had increased its forces in the region to 25,000.<sup>38</sup> Algeria is providing arms, ammunition, vehicles, fuel, and training to Mali, Niger,

<sup>37</sup> *Midi-Libre*, "Boumerdes: Two Blockhouses Destroyed," March 29, 2011, via Open Source Center (OSC); *L'Expression*, "Bejaia: Military Offensive Near El Kseur," March 30, 2011, via OSC; *Le Courrier d'Algérie*, "Algerian Army Launches Antiterror Operations in Three Tizi Ouzou Regions," April 7, 2011, via OSC.

<sup>38</sup> "Anti-Terrorism Troops in the Sahel Increased from 25,000 to 75,000," *El-Khabar* website, April 24, 2010, BBC Monitoring Middle East.

and Mauritania and attempting to mount joint operations with their forces. Several additional high-level counterterrorism meetings have been held.

The sometimes dissonant relations among the neighbors and their dependence on France have limited implementation of Algeria's regional approach and the Tamanrasset Plan in practice. This was apparent in July 2010, when French and Mauritanian forces carried out an unsuccessful raid into Mali, without Mali's permission, to rescue a Frenchman reportedly held by Abu Zaid's group. The effort failed and AQIM later announced that it had executed the hostage. In August, Mali, reportedly acting for Spain, negotiated with AQIM and secured the release of two Spanish hostages in exchange for two AQIM members and perhaps a ransom as well.<sup>39</sup> Mali thereby angered its neighbors, including Algeria, who oppose the payment of ransoms. Algeria does not seem able to compete with European power, influence, and assistance to Sahelian governments.

On occasion, Algiers has condemned its neighbors for releasing terrorists as ransom for hostages kidnapped by AQIM. Algeria recalled its ambassador from Mali in February 2010 after its government, under considerable pressure from Paris, released four terrorists in exchange for a French hostage—an alleged aid worker who was later found to be an intelligence officer. Shortly thereafter, President Bouteflika postponed a visit to France and Algiers refused to schedule a visit by France's then-Foreign Minister Bernard Kouchner to Algeria.

## Human Rights

A state of emergency declared in 1992 at the outset of the conflict between the Algerian security forces and Islamist terrorists was lifted in February 2011. The state of emergency granted authorities extraordinary powers, such as the ability to detain suspects without charge and to restrict public meetings and demonstrations. Various restrictions on freedom of assembly and association nevertheless remain in effect, including a ban on protests in Algiers and other provisions that human rights advocates contend place significant constraints on civil liberties.<sup>40</sup> The government also continues to detain former Islamist militants who were previously held in "administrative detention" under emergency provisions, but under different orders.<sup>41</sup> The military also continues to play a role in domestic law enforcement and crowd-control.

According to the latest edition of the U.S. State Department's annual *Country Report on Human Rights Practices*, human rights problems in Algeria include failure to account for persons who disappeared in detention in the 1990s, official impunity, overuse of pretrial detention, poor prison conditions, corruption, and a lack of judicial independence. Reports of torture and "arbitrary killings" occur, but are fewer than in previous years. The report also noted problems with security-based restrictions on movement, lack of government transparency, discrimination and violence against women, and restrictions on workers rights.<sup>42</sup> Algerian officials have criticized and disputed aspects of these U.S. reports.

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<sup>39</sup> "Algerian Paper Says Mali Violating Regional Anti-terrorism Agreements," *Echourouk El Youmi* website, August 19, 2010, BBC Monitoring Middle East, August 20, 2010.

<sup>40</sup> Human Rights Watch, "Algeria: Restore Civil Liberties," April 6, 2011.

<sup>41</sup> *AFP*, "Algeria's Ex-Islamist Leader Moved to 'Safe Place,'" March 9, 2011.

<sup>42</sup> U.S. Department of State, *Country Reports on Human Rights Practices - 2010, Algeria*, April 8, 2011, at <http://www.state.gov/g/drl/rls/hrrpt/2010/nea/154458.htm>.

The State Department's *International Religious Freedoms Report, 2010* noted that "the status of respect for religious freedom by the government improved marginally during the reporting period."<sup>43</sup> However, it also stated that "the government's National Commission for Non-Muslim Religious Services did not establish an administrative means for non-Muslim religious groups to register with the government as required by law," and that "government officials also publicly criticized evangelism and emphasized the dominant role of Islam in society." Nonetheless, the report recognized that "there were some positive changes in the government's treatment of religious minorities." The government "ceased prosecutions of members of minority religious groups; paid increasing attention to Christian groups' concerns, including organizing a symposium on religious worship; officially recognized the first official representative of the Jewish community in the country; and allowed for the reopening of 25 synagogues. However, the government reportedly did not approve any other requests for registration by non-Muslim religious associations, including Christian" requests.

The Department's *Trafficking in Persons Report* places Algeria on the Tier 2 Watch List with regard to human trafficking because it "does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so." In January 2009, the government approved legislation that criminalizes trafficking in persons for the purposes of labor and sexual exploitation. According to the State Department, it later "helped formulate a training program for police, judges, and prosecutors on its counter-trafficking law. Despite these efforts, the government did not show overall progress in punishing trafficking crimes and protecting trafficking victims."<sup>44</sup>

The Berbers (Amazigh), natives of North Africa from before the seventh century Arab Muslim invasions, are a group with specific human rights concerns. They 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, a Berber language, as a national language, but not an official language. Berber activists want official language status, but President Bouteflika and others have opposed this change. In January 2005, the government agreed to rehabilitate protesters and remove security forces from Berber areas, and established a joint committee to follow up. Berber areas are in the mountainous Kabylie region, which, with the withdrawal of security forces, has become a focus for AQIM activity.

## The Economy

Hydrocarbons (oil and gas) are the engine of the Algerian economy, providing about 65% of public revenues, 26% of the gross domestic product (GDP), and 98% of export earnings.<sup>45</sup> In the past decade, high oil prices boosted foreign monetary reserves and economic growth, fueled a construction boom, eased unemployment somewhat, and produced early repayment of foreign

<sup>43</sup> U.S. State Department, *International Religious Freedom Report—2010*, November 17, 2010, at <http://www.state.gov/g/drl/rls/irf/2010/148812.htm>.

<sup>44</sup> U.S. State Department, *Trafficking in Persons Report*, June 14, 2010, at <http://www.state.gov/g/tip/rls/tiprpt/2010/142759.htm>.

<sup>45</sup> CRS calculations based on International Monetary Fund (IMF) figures for 2009, in IMF, *Algeria: 2010 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Algeria*, February 2011.

debt. In 2009, however, the global recession resulted in a significant decline in hydrocarbon exports and a concomitant drop in revenues. An International Monetary Fund (IMF) evaluation in December 2010 concluded that the government's expansionary fiscal policies (including investment in public infrastructure) had nonetheless enabled Algeria to weather the crisis well. At the same time, the IMF noted that Algeria remains "highly dependent on fluctuations of hydrocarbon prices and on public expenditure," and suggested that further structural reforms remain necessary to "strengthen and develop the financial sector, enhance the business climate and competitiveness, promote private investment and support economic diversification."<sup>46</sup> The IMF has also stated that "containing" state expenditures—including subsidy programs—"will be necessary to ensure long-term fiscal sustainability."<sup>47</sup> In an April 2011 press briefing, IMF Managing Director Dominique Strauss-Kahn stated that "2011 should be a rather good year for Algeria, specially because of the high prices of oil and gas," but added that "the large part of the resources have to be used [for] infrastructure, long-term investment, and also another part which has to do with improving the business environment, likely to attract foreign investment."<sup>48</sup>

In October 2008, Finance Minister Karim Djoudi asserted that the global financial crisis would not affect Algeria because it is not present in international banking, has sharply reduced its national debt, relies increasingly on domestic financing to fund development, and has rejected total convertibility of the *dinar* (the national currency). However, critics pointed out as weaknesses the absence of a modern financial market, an undeveloped stock exchange, an underdeveloped banking system, and a failure to integrate in the world economy.<sup>49</sup> Some observers suggest that a continuing tide of illegal young Algerian immigrants to Europe is evidence of the failure of the economy to serve the people before, during, and now after the global crisis has begun to subside.

A 2005 hydrocarbon law diminished the monopoly of the state energy company, SONATRACH, opening the sector for private and foreign investment. A 2006 law, however, required international companies to give SONATRACH a 51% stake in new oil, gas, and related transport projects. Further restrictive foreign investment rules were enacted the Complementary Finance Law (CFL) of 2009, which enacted restrictions on imports and foreign investment. These measures require 51% Algerian ownership of new foreign investment, 30% Algerian ownership of foreign import companies, and use of letters of credit for the payment of import bills. Further, the 2010 CFL, effective as of September 2010, requires foreign bidders who win construction contracts to invest in a joint venture with a local partner.<sup>50</sup> Such changes have prompted foreign investors, including U.S. businesses and government, to appeal for greater stability of laws in Algeria, and may have contributed to a reported slowing of foreign investment in exploration and production.<sup>51</sup> (See "U.S. Investment and Energy Issues," below.)

<sup>46</sup> IMF, *Algeria: Staff Report for the 2010 Article IV Consultation*, December 23, 2010.

<sup>47</sup> IMF, *Algeria: 2010 Article IV Consultation*, op. cit.

<sup>48</sup> IMF, "Transcript of a Group Interview with Managing Director Dominique Strauss-Kahn and Middle East Journalists," April 6, 2011.

<sup>49</sup> William Maclean, "Algeria Shielded from Financial Turmoil," Reuters, October 5, 2009.

<sup>50</sup> State Department, Bureau of Economic, Energy and Business Affairs, "2011 Investment Climate Statement—Algeria," March 2011.

<sup>51</sup> Samuel Ciszuk, "Abysmal Licensing Round Result in Algeria Confirms Energy Sector Malaise," *IHS Global Insight*, March 18, 2011; *Africa Energy Intelligence*, "Oil Companies Steer Clear of Algeria Due to Windfall Tax, Few Bid for Licenses," March 23, 2011.



In January 2010, nearly the entirety of SONATRACH's senior management were removed from their posts as a result of an official investigation into alleged corruption in the awarding of contracts. Charges were brought against several executives, including the CEO, Mohamed Meziane, and a number of government officials. The government provided few public comments on the investigation, and some analysts viewed it as opaque and potentially politically motivated.<sup>52</sup> The shakeup had little visible impact on production and did not significantly disrupt the company's operations. However, it appeared to contribute to the president's decision to replace then-Minister of Energy and Mines Chakib Khelil, formerly a powerful figure, in May 2010. In November, SONATRACH published new anti-corruption guidelines for staff, partner companies, and contractors.

Algeria has several pipelines supplying gas to Europe and plans for more. In July 2009, Algeria, Niger, and Nigeria agreed to build an ambitious \$10 billion Trans-Saharan pipeline to ship natural gas to Europe. The aim of the project is to facilitate the economic development of the transit countries and provide Europe with another source of energy security. Other new projects include the TransMed pipeline to transport Algerian gas via Tunisia to Italy and the Galsi pipeline to transport gas directly from Algeria to Italy. Algeria also is expanding its exploration and drilling.

The government is directing some of its hydrocarbon revenues for development. A \$140 billion, five-year plan that ended in 2009 invested in infrastructure, highways, ports, airports, and water resources. Another \$286 billion, five-year plan for the period 2010-2014 now follows. The plans are intended to generate diversified growth and employment, which the government has been hard-pressed to achieve thus far.

Despite the country's considerable oil and gas income and investments, there are chronic socioeconomic problems: high unemployment and underemployment; inadequate housing, health services, and education; decaying infrastructure; great inequality of income distribution; and government corruption.<sup>53</sup> These conditions have sparked social protests in several areas of the country. In August 2009, Chinese workers clashed with Algerians in Algiers. The incident was attributed in part to unemployed Algerians' resentment of the estimated 50,000 Chinese working on development projects. There have been no subsequent reports of similar incidents. (China has been awarded approximately \$20 billion in contracts under the new development plan and has surged to become second only to France as a supplier of imports to Algeria.<sup>54</sup> It has yet to become a major recipient of Algerian oil exports, but it is actively prospecting new fields.)

Algeria has applied to join the World Trade Organization, but has many problems to overcome first. Among them is central control of the economy that is only easing slowly, with a very selective privatization program. The government argues that its conditions for foreign investment are needed to encourage domestic companies.

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<sup>52</sup> Reuters, "Interview—Algeria Corruption Case 'Part of Political Struggle,'" February 8, 2010.

<sup>53</sup> Algeria is placed 105 out of 178 countries assessed on Transparency International's 2010 *Corruption Perceptions Index*, at <http://www.transparency.org>.

<sup>54</sup> Alfred de Montesquiou, "China Builds Up Support in Algeria; The Chinese are Aiding a Construction Boom in the North African Nation, Eager to Earn Good Will and Oil," *Los Angeles Times*, January 24, 2010; and *Africa Research Bulletin*, July 16-August 15, 2009, p. 18335.

## 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. It has provided airlift support for U.N. peacekeepers in Darfur and for African Union peacekeepers in Somalia. In February 2010, President Bouteflika also promised to contribute 1,700 soldiers to the African Union Mission in Somalia (AMISOM). (At the time of writing, Algerian soldiers had yet to deploy under AMISOM.)

## Morocco

Algeria and Morocco are neighbors, but they had different colonial experiences and emerged with distinctly different forms of government and a rivalry. Algeria achieved its independence via a bloody revolution and emerged as a republic with military or military-influenced governments. Morocco, on the other hand, is a centuries-old monarchy that made a more peaceful transition from French control. Shortly after Algeria became independent, Morocco laid claim to some Algerian territory, and they went to war for about five months in 1963-1964. The border was not demarcated until 1972.

Algeria's current relations with Morocco are particularly strained because Algeria supports and hosts the Popular Front for the Liberation of Saqiat al-Hamra and Rio de Oro (POLISARIO), which seeks independence for the former Spanish Sahara, known as the Western Sahara.<sup>55</sup> Thousands of Sahrawi (as the people of Western Sahara are known) occupy several refugee camps in the Tindouf area of southwestern Algeria. The camps are under the purview of the United Nations High Commissioner for Refugees (UNHCR), but are run by the POLISARIO. Morocco claims and largely occupies the Western Sahara. Algeria considers the problem of the Western Sahara to be one of decolonization requiring resolution by the U.N., and it maintains that it is not a party to the conflict. Algiers viewed 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. However, no progress resulted from those talks. The U.N. Secretary General's Personal Envoy Christopher Ross has held renewed, albeit "informal," direct talks since December 2010, but has not disclosed any progress; he was quoted in the press as stating that "Each party continues to reject the other as a sole basis for future negotiations."<sup>56</sup> The parties continue to reiterate uncompromising positions and do not inspire optimism for achieving a settlement.

Algeria had said that it would like to improve bilateral relations with Morocco by excluding the Western Sahara issue from that equation. Yet, Algiers refuses to reopen the border with Morocco, which it closed 15 years ago in retaliation for Moroccan accusations that Algerians were involved in terror attacks in Marrakesh. Algiers maintains that smuggling, drug-trafficking, and illegal immigration need to be dealt with before it opens the border and that an opening would endanger Algeria's security.<sup>57</sup> It also believes that Morocco has more to gain in trade and tourism than

<sup>55</sup> See CRS Report RS20962, *Western Sahara*, by Alexis Arieff.

<sup>56</sup> Gala Riani, "Morocco and Polisario Front Hold Western Sahara Talks Without Breakthrough," *Global Insight*, January 24, 2011.

<sup>57</sup> "Zerhouni Responds to Call by Rabat, Algeria not in Hurry to Open Border," *El-Khabar*, March 23, 2008, BBC (continued...)

Algeria if the border were reopened. Algerians note that Morocco continues to levy accusations against Algeria on the Western Sahara issue at the same time that it seeks benefits from Algeria.

## France

Algeria and France, its former colonizer, have complex, unpredictable relations. France is Algeria's major trading partner. About 4 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. Under Bouteflika, French-Algerian relations initially 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 the European Union's Union for the Mediterranean (UfM), a community of states bordering the sea. France's inclusion of Algerians on a list of persons subject to "meticulous inspection" for security purposes at French airports was protested by Algiers. An Algerian official later described UfM as a "Trojan horse for the normalization with Israel" and said that Algeria is not interested in it "if its aim is to normalize relations with the Zionist regime."<sup>58</sup>

AQIM has kidnapped several French citizens in the Sahel, and the group declared war on President Sarkozy after the failed French attempt to free a hostage in July 2010 resulted in several AQIM casualties. Algeria criticized the July action, and France's then-Foreign Minister Kouchner did not visit Algeria when he subsequently tried to get increased Sahelian cooperation with Paris to fight terrorism. President Sarkozy has declared that France is at war with AQIM and has made fighting the group one of his highest priorities, dispatching military and intelligence forces and equipment to the Sahel. He also said that France would no longer pay ransoms.<sup>59</sup> If the French government follows through on this pledge and consults Algiers about countering terrorism, then bilateral relations and counterterrorism efforts may benefit. However, France has economic and other interests (i.e., uranium mines) in the Sahel and may, on occasion, seek to further them unilaterally, without consulting Algiers. Nonetheless, by October 2010, the perception of a common AQIM threat appeared to be fostering an improvement in bilateral relations, as Algerian Foreign Minister Mourad Medelci described them as "turning a new corner" and "strategic."<sup>60</sup>

## European Union

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. In March 2009, Algeria enacted a law making it a crime to leave "the national territory in an illegal manner" in order to address EU concerns about illegal immigration as well as to stop human

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Monitoring Middle East, "Algerian President Advised by Military to Keep Border with Morocco Closed," *Al-Quds al-Arabi* website, August 1, 2009, via BBC Monitoring Middle East, August 3, 2009.

<sup>58</sup> Minister of State and special representative of the President Abdelaziz Belkhadem, quoted in *El-Khabar* website, June 18, 2010, via BBC Monitoring Middle East.

<sup>59</sup> Charles Bremner, "Sarkozy Wages Desert War on Terror," *The Times* (London), September 21, 2010.

<sup>60</sup> "Algerian Minister Discusses French Ties," *El-Khabar* website, October 22, 2010, via BBC Monitoring Middle East.

trafficking. At the same time, Algeria wants Europe to assist with development in order to strike at the causes of emigration.

## U.S. Relations

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.<sup>61</sup> Relations suffered later due to Cold War ideological differences, as Algeria was a socialist republic with close ties to the Soviet Union. They have been re-energized over the past decade, and Bouteflika met with President George W. Bush several times. Bouteflika attended the June 2004 Group of Eight (G-8) summit in Sea Island, Georgia.

The U.S.-Algeria relationship is highly focused on security cooperation and counterterrorism; Algeria receives limited bilateral aid (see "U.S. Assistance," below). U.S. policy has tried to balance appreciation for Algeria's cooperation in counterterrorism with encouragement of democratization, and U.S. officials have paired recent calls for political reforms with statements asserting broad support for the Algerian government and for U.S.-Algerian ties.

A bilateral "contact group" on counterterrorism cooperation was launched in March 2011; the U.S. Embassy in Algiers stated that the launch was "a historic moment for the development of bilateral security cooperation" and welcomed "Algeria's unfailing commitment to the fight against terrorism and organized crime."<sup>62</sup> 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. Trans-Sahara Counter Terrorism Partnership (TSCTP), a State Department-led interagency program that aims to improve regional governments' capacity and coordination to counter violent extremism, but Algeria 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 AQIM in southern Algeria and the Sahel. U.S. intelligence also is shared.<sup>63</sup> For their part, Algerian authorities have shared information regarding terrorists of Algerian origin with the United States. To support Algeria's efforts to combat terrorism, the U.S. Treasury Office of Foreign Assets Control (OFAC) has listed leaders of AQIM, including Droukdel, as Specially Designated Global Terrorists. Algeria also participates in the NATO-Mediterranean dialogue and in NATO naval exercises.

Assistant Secretary of State for Near Eastern Affairs Jeffrey Feltman made his first visit to Algeria in October 2010 and saluted the country as "an important voice" with "a great role to play in keeping peace in Africa." With reference to Algeria's sensitivities, he stated that the United States "respects the sovereignty of the countries of the region and its commitment in the fight against terrorism did not replace that of the countries concerned." With regard to counterterrorism, Feltman said, "We support Algeria's leadership in this operation, in particular

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<sup>61</sup> As a U.S. Senator, John F. Kennedy expressed support for Algeria's independence struggle. On July 3, 1962, Kennedy congratulated Algerians on "the creation of a great new state [which] represents the courageous and devoted work of the Algerian people and their leaders stretching over many years," and likened Algeria's war for independence to America's own.

<sup>62</sup> U.S. Embassy Algiers, "Bilateral Counterterrorism Contact Group Launched," March 2011.

<sup>63</sup> Mhand Berkouk, *U.S.-Algerian Security Cooperation and the War on Terror*, Carnegie Endowment for International Peace, June 2009.

as regards the plan adopted at the last Tamanrasset meeting.... Our intention is not to replace the countries of the region. We are merely worried about the stability of these countries.”<sup>64</sup> As noted in “Issues for U.S. Policy,” above, Undersecretary of State for Political Affairs William J. Burns visited Algiers in February 2011; his remarks after meeting with President Bouteflika expressed support for reform efforts while emphasizing “the high priority that the United States attaches to our partnership with Algeria and with the Algerian people.”<sup>65</sup>

After meeting President Bouteflika in November 2009, General William E. Ward, then-head of the U.S. African Command (AFRICOM), reportedly told the Algerians that the United States is determined “to strengthen and improve bilateral relations and work closely with Algeria in several areas related to our mutual interests in security cooperation,” including the fight against violent extremism. He also acknowledged Algeria’s regional power and ambition, stating, “we appreciate Algeria’s leadership in dealing with regional questions related to security and the fight against terrorism.” Ward said that “terrorist and criminal activities in the Maghreb and the Sahel region remain a threat to the entire region and beyond it.... If the countries of the region have decided to organize themselves, it means that they are aware of the proper measure of the threat. We share their assessment of the situation and we support their efforts to secure and stabilize the Sahel.”<sup>66</sup> On a visit to Algeria in July 2010, U.S. State Department Coordinator for Counterterrorism Daniel Benjamin echoed the tribute to his hosts, saying “We appreciate Algerian efforts in the fight against terrorism, both in North Africa and the Sahel region or elsewhere, and we are very grateful.”<sup>67</sup> He also reassured the Algerians that Washington did not want to intervene directly in the Sahel, but preferred to provide technical, intelligence, and political support to fight Al Qaeda. Benjamin and Principal Deputy Assistant Secretary of Defense for International Security Affairs Joseph McMillan later underscored that the United States opposed paying ransoms to win the freedom of hostages as part of its “no-concessions policy,” which is the same policy as Algeria’s.<sup>68</sup>

During a December 2009 visit to Washington to “strengthen the Algerian-U.S. partnership,” Foreign Minister Mourad Medelci met Secretary of State Hillary Rodham Clinton and other officials, and commended Algerian-U.S. cooperation, especially in the military sector, which he described as “very ambitious.” He said that the cooperation included “exchanging information and training human resources.”<sup>69</sup>

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 for supporting terrorism and in

<sup>64</sup> “US Assistant Secretary Discusses US-Algerian Ties, Counter-Terrorism,” *Liberté* website, October 22, 2010, via BBC Monitoring Middle East.

<sup>65</sup> U.S. Embassy Algiers, “Undersecretary of State for Political Affairs in Algeria,” February 25, 2011.

<sup>66</sup> “AFRICOM Commander Strengthens US-Algerian Cooperation in Algiers Visit,” *Liberté*, November 26, 2009, via BBC Monitoring Middle East, December 14, 2009; and “Africom Commander Says No US Bases to be Set Up in Algeria,” *El Watan* website, November 26, 2009, BBC Monitoring Middle East. At a press briefing in early 2011, General Ward reiterated similar points, stating that “Algeria has a very important role in addressing this threat of Al-Qaeda” (“U.S. Africa Command Commander Gen. William Ward Holds Briefing for the Foreign Media on ‘U.S. Africa Command (AFRICOM)—The Commander’s Perspective,’” February 18, 2011, via CQ).

<sup>67</sup> “Algeria, ‘Leader’ and ‘Key’ Partner in Fight Against Terrorism,” *Algeria Press Service*, July 27, 2010.

<sup>68</sup> “Ransoms Fuel Al-Qaeda in Northern Africa, Says US,” *Daily News* (Egypt), November 18, 2010; “US Assistant Secretary Discusses Algeria Arms Deals,” *El-Khabar* website, November 11, 2010, BBC Monitoring Middle East.

<sup>69</sup> “Algerian Foreign Minister Commends US Ties,” Algerian Radio, December 9, 2009, BBC Monitoring Middle East.

Lebanon, 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 roundly criticized Israel's military operation against Hamas in the Gaza Strip in December 2008-January 2009. Algeria considers the situation in the Darfur region of Sudan to be the result of ethnic conflict and poverty—not a genocide, as U.S. officials have maintained—and is concerned about its regional implications. In particular, Algeria objects to the International Criminal Court's warrant for the arrest of Sudanese President Omar al Bashir because it finds unacceptable a trial of a head of state by an international court and because it believes the warrant impedes a political solution to the Darfur situation.<sup>70</sup>

Although Algeria initially supported the U.N. Security Council's authorization of a no-fly zone in Libya in February 2011, the Foreign Ministry subsequently expressed concern over the U.S.- and NATO-led military intervention, stating that "it is up to the Libyan people to decide on their future."<sup>71</sup> Algeria has repeatedly denied claims by Libyan rebels that Algerian mercenaries have supported forces loyal to Libyan leader Muammar al Qadhafi.<sup>72</sup>

In 2010, the Algerian government condemned the inclusion of Algeria on the list of 14 predominantly Muslim countries from which air travelers to the United States were subject to heightened screening in the aftermath of a Nigerian's failed attempt to bomb an airplane en route from Amsterdam to Detroit on Christmas Day 2009. Algeria's ambassador to Washington complained, "This is a burden and discrimination against the citizens of Algeria who do not pose any particular risk to the people of the United States."<sup>73</sup> The Algerian Foreign Ministry presented an official protest on the issue to the U.S. Ambassador in Algiers and remonstrated repeatedly. The U.S. Department of Homeland Security revised its procedures in April 2010 so that Algeria and other countries are not listed, but their nationals may still be subject to more security checks.

## U.S. Investment and Energy Issues

The United States was first to invest in the Algerian hydrocarbon sector after the 2005 liberalization law opened it to foreigners. About 1,100 American citizens live in Algeria, most of whom live and work in the oil and gas fields in the south.<sup>74</sup> 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, and not the United States, have built or plan to build reactors for Algeria. In June 2010, SONATRACH provided the oil company BP with equipment to help fight pollution caused by the Gulf of Mexico oil spill.

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<sup>70</sup> For background on the ICC's involvement in Sudan, see CRS Report RL34665, *International Criminal Court Cases in Africa: Status and Policy Issues*, coordinated by Alexis Arief.

<sup>71</sup> *Xinhua*, "Algeria Supports UN Resolution on Libya Crisis," March 20, 2011; and CRS communications with Algerian government representatives, March 2011.

<sup>72</sup> *AFP*, "Algeria Denies Libyan Mercenary Claims," April 10, 2011; and CRS communications with Algerian government representatives, April 2011.

<sup>73</sup> Eric Lipton, "Some Cry Foul as New Travel Rules Take Effect," *International Herald Tribune*, January 5, 2010.

<sup>74</sup> U.S. Department of State, "Background Note: Algeria," updated August 2, 2010.

The State Department's annual Investment Climate Statement on Algeria has been strongly critical of government policies vis-à-vis foreign investment, noting in 2011 that

U.S. firms continue to consider Algeria as an emerging export market that is expected to grow in 2011. However, the climate for U.S. firms considering direct investments in Algeria has worsened, particularly in the wake of a series of restrictive foreign investment rules enacted in 2009 and 2010. Algeria's inability to move forward with WTO accession or modernize its banking sector has prevented significant foreign investment outside the energy sector. These investment restrictions combined with statements by senior leaders noting the inability of foreign investment to bring about desired growth and a focus on developing state-owned enterprises reinforce the impression of a government that has turned toward economic nationalism.<sup>75</sup>

## U.S. Assistance

Congress appropriates and oversees little bilateral development aid for Algeria, but Algeria benefits from military cooperation and security assistance programs. Between FY2007 and FY2009, the Defense Department allocated at least \$658,000 for military-to-military conferences and joint combined exchange training (JCET) programs under TSCTP. Also as part of TSCTP, the U.S. Agency for International Development (USAID) was allocated \$2 million in FY2009 for educational programs to counter violent extremism.<sup>76</sup> In FY2007, Algeria benefitted from a portion of two Defense Department-administered "Section 1206" regional programs: a \$1.1 million, 7-country regional package labeled as "Partner Nation Intelligence Capability Aid," and a separate \$5.8 million, 15-country regional maritime security package.<sup>77</sup> The State Department's Middle East Partnership Initiative (MEPI) has administered projects in Algeria to promote democratic governance, improved education, and an enhanced financial sector; and the U.S. National Democratic Institute (NDI) has an ongoing program to strengthen political parties, civil society, and the media.<sup>78</sup>

A provision included in annual appropriations legislation—most recently, Section 7086 (c) of the FY2010 Consolidated Appropriations Act, P.L. 111-117, signed into law on December 16, 2009, which has been carried over via subsequent continuing resolutions—prohibits certain types of bilateral economic and security assistance "for the central government of any country that fails to publicly disclose on an annual basis its national budget, to include income and expenditures." The restriction may be waived on a country-by-country basis if the Secretary of State reports to the Committees on Appropriations that to do so is in the national interest of the United States. Deputy Secretary of State for Management and Resources Jacob Lew signed an FY2010 budget transparency waiver for Algeria on March 25, 2010.<sup>79</sup>

<sup>75</sup> State Department, Bureau of Economic, Energy and Business Affairs, "2011 Investment Climate Statement—Algeria," March 2011.

<sup>76</sup> Information provided to CRS by the State Department, 2010.

<sup>77</sup> Section 1206 of the National Defense Authorization Act (NDAA) for Fiscal Year 2006, as amended and regularly extended, authorized the Defense Department to train and equip foreign military and foreign maritime security forces for certain specific purposes. See CRS Report RS22855, *Security Assistance Reform: "Section 1206" Background and Issues for Congress*, by Nina M. Serafino.

<sup>78</sup> More information on MEPI and NDI programming is at <http://mepi.state.gov/mepi/index.html> and <http://www.ndi.org/algeria>.

<sup>79</sup> State Department, "Waiver of Restriction on Assistance to the Central Government of Algeria," Executive Order 11423, as Amended, *Federal Register*, March 25, 2010 (Volume 75, Number 57).

**Table I. U.S. Bilateral Foreign Assistance to Algeria  
(State Department and USAID)**

(thousands of dollars; historical dollars)

	<b>FY2008 Actual</b>	<b>FY2009 Actual</b>	<b>FY2010 Actual</b>	<b>FY2011 Request<sup>a</sup></b>	<b>FY2012 Request</b>
NADR	317	500	775	550	700
INCLE	198	0	0	870	870
IMET	696	898	950	950	1,300
ESF	400	0	0	0	0
DA	0	400	710	400	0
Food Aid (P .L.480)	6,816	0	6,213	0	0
<b>Total, above accounts</b>	<b>8,427</b>	<b>1,798</b>	<b>2,610</b>	<b>2,770</b>	<b>2,870</b>

**Source:** U.S. Department of State Congressional Budget Justifications for Foreign Operations, FY2010-FY2012; figures provided to CRS by the State Department, 2010.

**Notes:** NADR = Nonproliferation, Antiterrorism, Demining, and Related Programs, INCLE = International Narcotic Control and Law Enforcement, IMET= International Military Education and Training, ESF = Economic Support Fund, DA = Development Assistance. This table does not reflect assistance appropriated for regional programs, nor funding administered by other agencies, such as the Defense Department.

a. Enacted funding figures for FY2011 are not available.

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