

Algeria: Current Issues

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Summary

U.S.-Algeria ties are highly focused on counterterrorism cooperation and U.S. interest in Algeria's oil and gas production. The Obama Administration has indicated a desire to deepen and broaden bilateral relations, including security assistance, while periodically urging greater political and economic openness. While both governments express appreciation for bilateral cooperation, U.S. officials may lack well-developed levers of influence in Algiers due to Algeria's economic self-reliance and ties to non-Western strategic players such as Russia, along with Algerian leaders' storied reputation for resistance to outside pressure. Congress appropriates and oversees small amounts of foreign aid and reviews notifications of occasional arms sales.

Algeria's political system, which is dominated by a strong presidency and security apparatus, has remained stable amid ongoing regional upheaval. President Abdelaziz Bouteflika was first elected in 1999 amid the waning of Algeria's decade-long counterinsurgency against armed Islamist groups. His reelection to a fourth five-year term in April 2014, despite his evident ill health, has focused popular attention on succession issues. Bouteflika has initiated a process aimed at revising Algeria's constitution, but reforms proposed to date appear unlikely to substantially affect the political system. Algerians use the term *Le Pouvoir* (the powers-that-be) to refer to the opaque elite political and military networks that are widely viewed as driving policy decisions.

Strong global prices for Algeria's energy resources have allowed the country to amass large foreign reserves as a buffer against economic instability, despite declining export volumes in recent years. However, bureaucratic red tape, corruption concerns, and stringent restrictions on foreign investment have inhibited growth and job creation. Localized public unrest over political and economic grievances periodically occurs, and ethnic violence has recently afflicted parts of the country. Yet public enthusiasm for dramatic political change appears limited, potentially due to factors such as the memory of violence during the 1990s and more recent examples of turmoil in Libya, Syria, and elsewhere.

A terrorist attack at a natural gas compound in southeastern Algeria in January 2013, in which three Americans were killed, highlighted the challenges the United States faces in advancing and protecting its interests in an increasingly volatile region. The group that claimed responsibility is a breakaway faction of Al Qaeda in the Islamic Maghreb (AQIM), a regional network with Algerian roots and leadership. Given its large military, available financial resources, and desire to avert direct Western military intervention in neighboring states, Algeria has periodically sought to lead a regional response to security threats. Yet Algeria's complex and sometimes distrustful relations with neighboring states may hinder cooperation. Meanwhile, U.S. unilateral action in response to security threats may present significant risks and opportunity costs.

Algeria's foreign policy has often conflicted with that of the United States. Strained relations with neighboring Morocco continue, due to the unresolved status of the disputed territory of Western Sahara and a rivalry for regional influence. Morocco claims Western Sahara; Algeria supports and hosts a long-running independence movement. The legacy of Algeria's anti-colonial struggle contributes to its leaders' stance on the Western Sahara, their emphasis on sovereignty as a principle of foreign relations, and their frequent skepticism of Western and NATO intentions. The strategic importance of Algeria's natural gas exports to Europe may increase amid efforts to reduce reliance on supplies from Russia. See also CRS Report RS20962, *Western Sahara*.

Contents

Introduction.....	1
Algeria since the “Arab Spring”	3
Politics	3
Background.....	6
Terrorism.....	7
Regional Counterterrorism Efforts	9
Human Rights	10
The Economy.....	11
Foreign Affairs.....	12
U.S. Relations	13
Trade and Investment Issues.....	14
U.S. Assistance	15
Outlook	16

Figures

Figure 1. Algeria At a Glance	2
-------------------------------------	---

Tables

Table 1. U.S. Bilateral Foreign Assistance to Algeria, Selected Accounts	16
--	----

Contacts

Author Contact Information.....	17
---------------------------------	----

Introduction

Given its size, energy resources, experience in counterterrorism, and large military, Algeria has drawn interest from U.S. investors and attention from U.S. officials seeking to respond to security challenges in North and West Africa. The Obama Administration has tried to balance a bilateral relationship that is highly focused on counterterrorism and on Algeria's oil and gas sector with measured encouragement of greater political and economic openness. This balance has taken on added significance amid unrest and political transitions in neighboring states, during which Algeria's political structure has remained largely unchanged.

A U.S.-Algeria "Bilateral Strategic Dialogue" was initiated in 2012 and focuses on four areas: Counterterrorism and Regional Security, Political Issues, Economic Issues and Trade, and Education and Civil Society. In April 2014, Secretary of State John Kerry visited Algiers for a session of the dialogue and stated that "there is much to be done to be able to advance our mutual interests," adding, "We need to build trust."¹ Broadly, Algeria has the financial and human resources to support its claims to regional leadership. Yet Algerian officials are often preoccupied with domestic politics, and the country's opaque internal decision-making processes and regional rivalries have, at times, limited its ability to fulfill such aspirations in practice. Tensions within the elite establishment could signal potential fracture points if new pressures arise, for example, from succession disputes, security threats, large-scale public unrest, or regional developments.

U.S. concerns with security threats in the region surrounding Algeria have heightened since 2011 as violent extremist groups such as Al Qaeda in the Islamic Maghreb (AQIM)—an Algerian-led network and U.S.-designated Foreign Terrorist Organization (FTO)—have exploited regional political instability and gaps in state capacity to expand their activities and influence. AQIM has spawned several splinter factions and offshoots in recent years, while reportedly pursuing ties to extremist groups operating in Libya, Tunisia, Nigeria, and potentially farther afield. The United States has attempted to work through regional partners, such as Algeria, to counter violent extremist groups in Africa, with mixed results. U.S. officials have also debated the degree to which the United States can or should intervene directly against terrorist actors in the region.

Large-scale terrorist attacks within Algeria have significantly decreased in frequency over the past 15 years, although terrorist threats persist. In January 2013, an AQIM splinter-faction carried out a mass hostage-seizure in southeast Algeria in which three Americans were killed. In April 2014, AQIM claimed responsibility for killing 14 Algerian soldiers in Kabylie, a mountainous area east of Algiers where the group's leadership is reportedly based. Amid rising insecurity along Algeria's borders, preventing the spillover of political and security crises in Libya and Mali is likely to absorb Algerian policymakers' attention. Algeria has increased its military presence along the Libyan and Tunisian borders and is mediating peace talks in Mali.

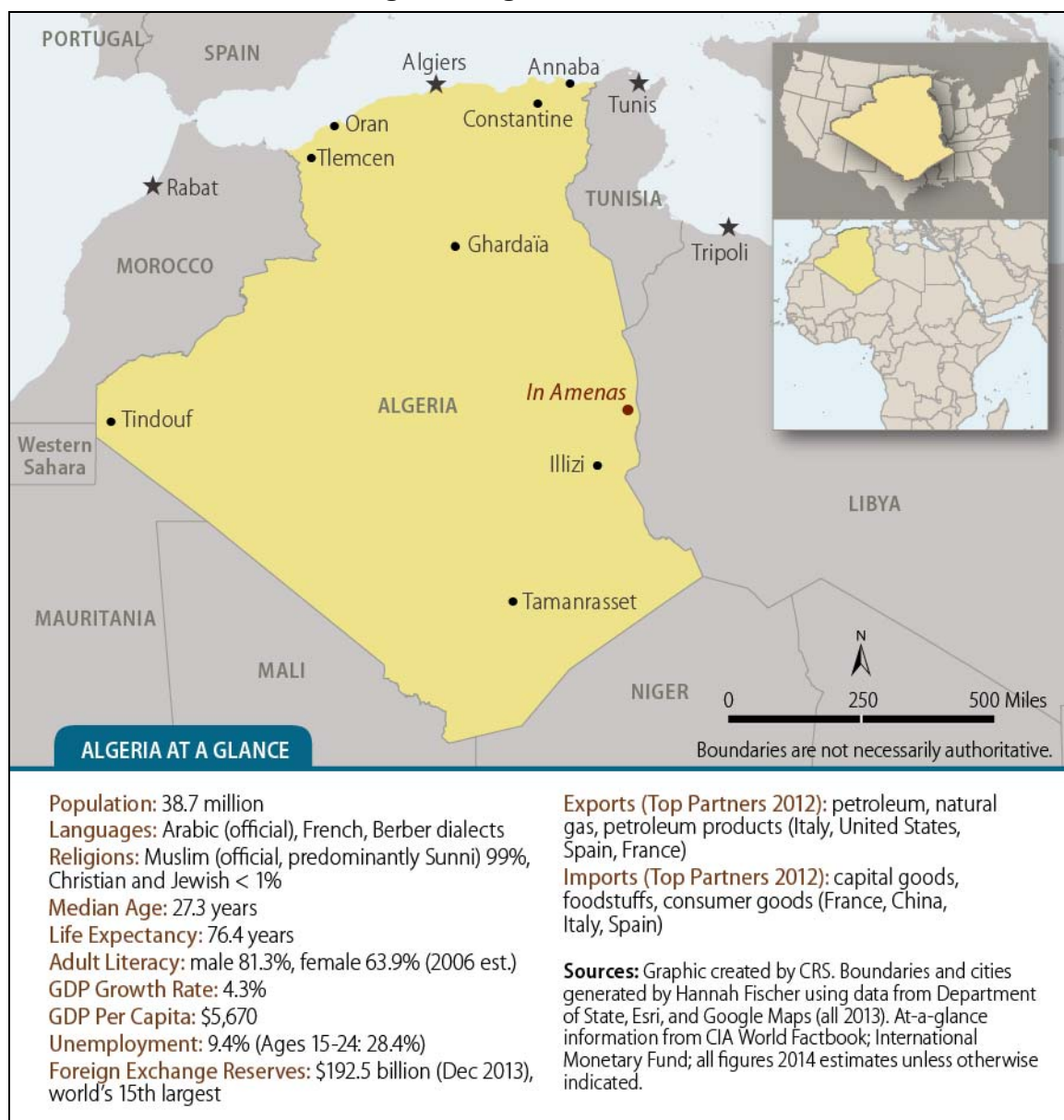
Proceeds from oil and gas production have allowed Algeria to accrue the world's 14th-largest foreign reserves and a hydrocarbon stabilization fund (Fund for the Regulation of Receipts or FRR) reportedly worth tens of billions of dollars,² which the government has used to fund domestic spending. However, Algeria has struggled to offer its preponderantly young workforce

¹ Remarks at the Opening Plenary Sessions of the U.S.-Algeria Strategic Dialogue, April 3, 2014.

² Algérie Presse Service (APS), "Le Fonds de régulation des recettes a enregistré 27 milliards de dollars de revenus en 2013," March 24, 2014.

sufficient opportunities, contributing to a high rate of emigration. Long-term prosperity would likely require some combination of economic diversification, reduced restrictions on business creation and foreign investment, and education reforms to fit 21st century needs.³

Figure I. Algeria At a Glance



³ See, e.g., Mohsin Khan and Karim Mezran, "No Arab Spring for Algeria," Atlantic Council, May 2014.

Algeria since the “Arab Spring”

Algeria has weathered ongoing regional turmoil without significantly altering its political system. While economic and political grievances have driven some domestic unrest, popular enthusiasm for dramatic political change appears limited. In response to sporadic protests, which are often highly localized and motivated by demands framed as socioeconomic grievances, Algerian leaders have initiated some political reforms as well as social programs to provide new public housing and grants for educated youth. Disillusionment with the government and with the aging political elite appears to be widespread.⁴ Yet, an analysis of recent public opinion trends in Algeria suggested that

although most Algerians are dissatisfied with the regime, they are much more satisfied than they were in the months following the Arab Spring. Now, unlike in early 2011, the vast majority of citizens want gradual reform, suggesting the public’s appetite for mass anti-regime protests has declined... The overall rate of satisfaction with the economic situation has also risen dramatically... [T]here appears to be an increasing sense that the existing system is better than any of the viable alternatives.⁵

Still, recent protests and bouts of ethnic violence in the resource-rich but generally quietist south of the country point to high public expectations that the state-centric economy should deliver tangible socioeconomic benefits. They may also suggest the potential for unexpected developments to emanate from traditionally overlooked regions and constituencies.

Politics

President Abdelaziz Bouteflika’s reelection to a fourth five-year term in April 2014 underscored Algeria’s political continuity, while focusing attention on succession issues. Bouteflika, 77, reportedly suffered a stroke in 2013, which led him to seek medical treatment in France for several months. He has been largely confined to a wheelchair in rare public appearances since then—including when casting his vote in April 2014 and subsequently taking the oath of office. A number of opposition parties reflecting a range of political ideologies boycotted the 2014 election, as did a youth-led protest movement. Since the election, opposition groups from across the ideological spectrum have attempted to form a new coalition to call for deep changes to Algeria’s political system. Whether such efforts will garner popular support and influence, and whether they can be sustained amid deep differences of worldview among many of the primary actors, remains to be seen.

Bouteflika won 82% of the vote in April 2014; his closest rival, former Prime Minister Ali Benflis, received about 12%.⁶ Benflis alleged that the election was marred by fraud and “serious irregularities,” and some opposition figures claimed that official turnout figures of 52% were inflated.⁷ Some analysts noted that official turnout was nonetheless lower than in the past four

⁴ U.S. government Open Source Center (OSC), Algeria: *Master Narratives*, November 2011; and State Department Office of Opinion Research, “Algerian Public Disaffected and Disengaged,” February 27, 2014.

⁵ Michael Robbins/Arab Barometer, “Algerians Vote for Stability,” *Washington Post*, April 17, 2014.

⁶ Full results and turnout figures from the Ministry of the Interior are at <http://www.interieur.gov.dz/Dynamics/frmltem.aspx?html=140&s=23>.

⁷ Al Jazeera, “Algeria’s Ailing President Wins Fourth Term,” April 18, 2014; Al Arabiya, “Bouteflika Wins 4th Term as Algerian President,” April 18, 2014.

presidential elections, and that Bouteflika had thus apparently received millions fewer votes than in his last reelection in 2009.⁸ Still, for some analysts, the results demonstrated that Bouteflika has few opponents of national stature, and that he remains broadly popular.⁹ After the vote, the president reappointed as Prime Minister Abdelmalek Sellal, a technocrat who has served in that position since 2012 and has a reputation for competence.

Algeria's political system is dominated by a strong presidency and security apparatus. Bouteflika first ran for president as an independent, but he is strongly connected to the National Liberation Front (FLN), the former nationalist movement and, for decades, the sole legal political party (see "Background"). Algeria's factionalized and opaque decision-making process often appears to inhibit a clear trajectory on political and economic reforms, as well as a more proactive Algerian foreign policy. Algeria also faces an uncertain transition as members of the "revolutionary generation" that fought for independence from France either retire or pass away.

Algerians refer to *Le Pouvoir* (the powers-that-be) to designate opaque political and military elite networks that are broadly thought to control major policy decisions. Many analysts view President Bouteflika as having sought to (re-)establish the authority of the presidency by diminishing the influence of senior military commanders in state decision-making. Yet, the military intelligence service or DRS (after its French acronym) appears to wield significant power. Networks within *Le Pouvoir* are widely viewed as internally divided, with the DRS, at times, seeming to oppose Bouteflika's presidency.¹⁰ The DRS is led by General Mohamed "Toufik" Mediène, reportedly the sole general involved in the 1992 military coup to have remained in the same leadership position since then.

Starting in 2013, Bouteflika has taken steps to reorganize the military command structure in an apparent effort to exercise more direct control over operations and decisions. He has also reshuffled several DRS directors and removed from the DRS's mandate several key authorities—reportedly including a role in investigating state corruption. The latter had enabled several high-profile investigations of Bouteflika allies, particularly in the energy sector, and broadly appeared to provide DRS leaders with leverage over rival factions. The cumulative practical impact of Bouteflika's actions is difficult to assess; some commentators have portrayed them as routine and/or an empty effort to portray the president as acting decisively.¹¹

The bicameral, multiparty parliament is weak. The presidency plays a prominent role in drafting legislation, initiating reforms, and making budget decisions. The president also 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 elections.) Members of the 462-seat lower chamber or National People's Assembly are directly elected to five-year terms, most recently in 2012. While some observers expected the 2012 legislative elections to empower

⁸ *El Khabar* via Al Monitor, "Bouteflika Re-elected Algeria's President Despite Low Turnout," April 22, 2014.

⁹ Dr. Robert Parks, "The Unexpected Case of Algerian Post-Arab Spring Optimism," presentation at the Center for Strategic and International Studies (CSIS), Washington, D.C., May 14, 2014.

¹⁰ See, e.g., Isabelle Werenfels, *Who Is In Charge? Algerian Power Structures and their Resilience to Change*, CERl SciencesPo, February 2010; Hugh Roberts, *Demilitarizing Algeria*, Carnegie Endowment, May 2007; John P. Entelis, "Algerian Crisis: The Primacy of Le Pouvoir," *Cairo Review of Global Affairs*, January 28, 2013; and *El Watan*, "Le DRS, l'armature du régime," March 15, 2011. Werenfels notes that faultlines within elite power structures echo deep divisions within Algerian society, including along geographic, ethnic, linguistic, class, and ideological lines.

¹¹ *El Watan*, "Exploitation politique de la restructuration de l'armée," September 16, 2013; Dalia Ghanem-Yazbeck, "The Devoted Guardians of Algeria's Power," *Sada*, April 16, 2014.

Islamist parties, the results instead favored the FLN and the National Rally for Democracy (RND), considered close to the military.¹² Islamists, in contrast, were unable to unite around a shared platform and, in the end, trailed in the polls. Notably, a coalition led by the Movement of Society for Peace (MSP)—a party that participated in the pro-Bouteflika ruling coalition until shortly before the election—performed below some observers’ expectations.

Bouteflika has initiated a process to revise Algeria’s constitution, which many observers expect to provide clues on potential succession should he die or become incapacitated while in office.¹³ A presidentially-appointed commission released a number of proposed changes in May and July 2014, having sought the input of a wide range of political and socioeconomic stakeholders. The publicly released proposals would notably reintroduce presidential term limits (abolished in 2008 to allow Bouteflika to run for a third term), permit the president to delegate executive powers to the Prime Minister, and provide greater prerogatives to the legislature and protections for civil liberties.¹⁴ The full scope of potential changes and the means through which they may be adopted remain to be seen. Some opposition parties and civil society figures have reportedly declined to participate in the ongoing constitutional revision process. Critics charge that the reform process is top-down, non-inclusive and has not addressed systemic issues such as the role of the military.

The political opposition is diverse and divided: it includes leftist, Berber-led, Islamist, and regionally focused groups. Many parties—including the FLN—face significant internal divisions along ideological and/or personal lines. Some analysts argue that political Islam has lost its popular luster in Algeria due to the 1990s conflict, and/or that some Islamist leaders have lost credibility due to their accommodation with the regime. The Islamic Salvation Front (FIS), whose electoral gains in 1991 sparked a military coup and the ensuing civil conflict, remains banned. Religiously conservative Salafist social movements, most of which do not seek a direct role in politics, have grown in prominence in recent years.

Civil society groups and the media represent a wide spectrum of opinions and are often critical of the government, despite a law on associations that some characterize as restrictive (see “Human Rights”). Algeria has a history of leftist economic policies, and the country’s trade unions are influential political players. “Autonomous” unions, which portray themselves as resisting state cooption and control, have less influence over policy than the quasi-official General Union of Algerian Workers (UGTA). Some U.S.-funded civil society groups are active in Algeria, such as

¹² Prior to the elections, the government promulgated a new electoral law, increased the number of seats in the legislature, legalized a number of new political parties, and invited international organizations to observe the vote (albeit with certain restrictions). Yet voter enthusiasm appeared low, and the results favored the parties that already dominated the government. Turnout was reported at 43%, a slight increase over the last legislative election. Over 18% of votes cast were null ballots, potentially reflecting a protest vote. Observers from the European Union and U.S.-funded National Democratic Institute criticized the complexity of oversight mechanisms and a lack of transparency in results tabulation. Some opposition parties and observers claimed results were tainted by fraud. The system of proportional representation and proliferation of new parties likely played to the advantage of the FLN and RND.

¹³ Under the current constitution, in case of the president’s resignation, death, or “incapacity” (with the latter declared by the Parliament upon the proposal of the Constitutional Council), the leader of the Council of the Nation assumes the duties of Head of State for a maximum period of 60 days, during which presidential elections are to be organized. The interim Head of State is barred from being a candidate in the elections. The key political succession question for many Algerians and outside observers is which individual(s) would be most likely to campaign to be Bouteflika’s replacement, and whether any could garner what is widely viewed as necessary support from the various powerful factions within the government and security services.

¹⁴ See <http://www.el-mouradia.dz/francais>, “Présentation générale des propositions d’amendements pour la révision constitutionnelle,” July 2014.

the National Democratic Institute (NDI). Human rights organizations include the independent Algerian League for the Defense of Human Rights (LADDH) and the state-backed National Consultative Commission for the Promotion and Protection of Human Rights.

Background

Algerians fought a protracted independence war between 1954 and 1962 against France, which had colonized Algeria starting in the early 19th century, populated some areas with settlers, and incorporated its land as French national territory. The conflict was notable for its brutal tactics: the guerilla National Liberation Front (FLN) carried out urban terrorist attacks and violent retribution against competing factions, while French commanders oversaw torture, extrajudicial killings, and other abuses targeting the FLN and local civilians suspected of supporting it.¹⁵ After the war was brought to an end through an independence referendum on July 1, 1962, the FLN became the ruling party in a single-party system. Backed by the powerful military, it remained politically dominant until the 1980s. The anti-colonial struggle remains a key foundation of Algeria's political identity; many of the country's aging political and military elites view their political legitimacy as closely tied to their role as former freedom fighters. Algeria was a leader in the Non-Aligned Movement during the Cold War; the government was ideologically leftist and engaged in military cooperation with the Soviet Union.

Infighting among the revolutionary leadership, first reflected during the anti-colonial struggle, continued after independence and foreshadowed factional competition within the government and security sector. The 1980s saw the rise of Islamist ideology, escalating from university activism into a growing challenge to the FLN's leadership. Economic hardships contributed to a sense, among many Algerians, that those who had led the country to independence, and their professed socialist ideology, had failed to deliver on a promised social contract. In October 1988, mass protests erupted, altering the political landscape. A violent crackdown by the military damaged its prestige and deepened popular frustrations. The government then changed tack by initiating rapid political liberalization, ushering in a new constitution in 1989 that opened the way to multiparty competition.¹⁶ These changes placed Algeria far ahead of other countries in the region, at the time, in terms of introducing the mechanisms of democratic governance.

Amid this political upheaval, the Islamic Salvation Front (FIS) was formed as a broad and fractious coalition of Islamist groups. The movement used religious terms to criticize the FLN government from a populist and "moral" stance. FIS leaders also called for an Islamic state and denounced democracy as "infidel."¹⁷ The FIS was granted legal status and made huge gains in local/municipal elections in 1990. It performed well in parliamentary elections held in December 1991, and was expected to win a majority of seats in a run-off round of voting scheduled for early 1992. Instead, the army intervened in January 1992, forcing the president to resign and canceling the election. The FIS was banned and its leaders imprisoned or exiled; thousands of FIS activists were detained, many of them at prison camps in the Sahara.

The thwarted Islamist movement fractured, with some factions turning to violence. A decade of conflict between security forces and Islamist insurgents ensued, resulting in as many as 200,000

¹⁵ See Alistair Horne, *A Savage War of Peace: Algeria 1954-1962*, New York Review Books Classics: 2006 [1977].

¹⁶ See John Ruedy, *Modern Algeria: The Origins and Development of a Nation*, Indiana University Press: 2005 (1992).

¹⁷ See ICG, *Islamism, Violence, and Reform in Algeria: Turning the page*, July 30, 2004.

deaths. During this period, factional competition within the government and security forces reportedly influenced politics and the conduct of the state's counterinsurgency campaign. The conflict was characterized by atrocities against civilians. Islamist militants, divided over tactics and ideology, targeted intellectuals, journalists, foreigners, artists, and musicians, along with ordinary citizens and each other. The Armed Islamic Group (GIA) engaged in an escalating cycle of brutality that included terrorist attacks in France and massacres of civilians. The Salafist Group for Preaching and Combat (GSPC), which split from the GIA, initially differentiated itself by disavowing attacks on civilians and focusing instead on the Algerian military.

Questions remain about the government's culpability in violence against civilians during the conflict. Most analysts contend that the security forces committed serious abuses, including torture and disappearances.¹⁸ The government also restricted freedom of the press, assembly, and association. Some opposition parties sought common ground with exiled FIS leaders in support of a return to civilian governance and the democratic process. Others backed the military's strategy as necessary to neutralize the Islamists. Supporters argue that Algeria was unfairly isolated by Western critics for doing what they viewed as necessary to prevent the country's disintegration.¹⁹

Relative stability was restored by the early 2000s, aided by the introduction of an amnesty for former militants. An initiative of President Bouteflika after his 1999 election, the amnesty was approved in a referendum and was expanded, again by referendum, in 2005-2006. The Islamic Salvation Army (AIS), the armed wing of the FIS, declared a unilateral ceasefire in 1997. The GIA has been inactive since 2002, and is widely viewed as defunct. The GSPC, however, merged with Al Qaeda in 2006 and changed its name to Al Qaeda in the Islamic Maghreb (AQIM) (see "Terrorism," below). In recent years, GSPC/AQIM attacks have targeted the military, state institutions, the police, and civilians, including Westerners in the region. AQIM and affiliated groups have also carried out attacks in neighboring Mauritania, Mali, and Niger, and appear to have ties to groups operating in Tunisia and Libya.

Terrorism

The security situation has greatly improved since the civil conflict of the 1990s, but terrorism has not been eliminated. The State Department continues to assess that Al Qaeda in the Islamic Maghreb (AQIM), a regional network led primarily by Algerian nationals, represents the "most active terrorist threat" within Algeria, while indicating that an AQIM splinter faction known as Al Murabitoun "constitutes the greatest near-term threat" in the neighboring Sahel region of West Africa.²⁰ AQIM's leadership is reportedly based in Kabylie, a mountainous region east of Algiers. The group's rhetoric focuses on replacing the Algerian state and other North African governments with an Islamic state, and on countering Western influence, especially that of France.

After a string of large AQIM bombings in Algiers in 2007, Algerian security forces tightened their control over major urban centers. AQIM activities have since focused on Kabylie, southern

¹⁸ See Amnesty International, *Algeria: Civilian population caught in a spiral of violence*, November 18, 1997; and Roberts 2007, op. cit. The government also supported civilian self-defense groups, which were accused of abuses.

¹⁹ Observers note that despite its relative diplomatic isolation in the 1990s, Algeria continued to benefit from security cooperation with Western countries—notably France—in the 1990s (Ruedy, *Modern Algeria*, op. cit., p. 262).

²⁰ *Country Reports on Terrorism 2013*, April 30, 2014, "Algeria" and "Al-Mulathamun Battalion [al-Murabitoun]." The term *Maghreb* broadly encompasses Morocco, Algeria, Tunisia, Libya, and Mauritania.

Algeria, and the countries of the Sahel. AQIM and Al Murabitoun attacks in Algeria have included bombings (including suicide bombings), hostage-taking, and armed clashes with security forces. AQIM figures also reportedly engage in regional smuggling activities, kidnap-for-ransom, and other types of organized crime, leading some observers to question whether the group is motivated primarily by ideology or by money-making, or both.

Obama Administration officials have stated that the threat posed by AQIM and its offshoots primarily affects the region of North and West Africa, while expressing concern about AQIM's role in arms trafficking and its ties to other Islamist extremist groups, including in Libya, Tunisia, and Nigeria.²¹ French military operations in Mali, initiated in 2013, have disrupted logistical networks used by AQIM and AQIM-linked groups, but these groups have not been eradicated. Algerian security forces conduct frequent domestic counterterrorism operations, regularly reporting that militants have been killed or captured. The military's presence in border regions has been bolstered amid crises in Mali and Libya. The government has also instituted de-radicalization programs and seeks to control the content of religious sermons. While it opposes direct foreign military intervention, Algiers welcomes indirect outside counterterrorism support, such as arms, surveillance equipment, and intelligence sharing. Algiers also regularly urges greater international efforts to impede AQIM's ability to extract large ransoms from Western (i.e., European) countries through kidnappings.²²

The U.S. State Department considers the potential terrorist threat to U.S. personnel in Algiers "sufficiently serious to require them to live and work under significant security restrictions," and the Algerian government requires U.S. 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."²³ AQIM-produced Internet videos have shown images of the U.S. Embassy and have condemned Algeria's security cooperation with the United States and France.²⁴

Long-reported fractures within AQIM erupted in 2012, with several of AQIM's southern-based commanders joining or founding new groups. Notably, Mokhtar bel Mokhtar, a former Sahel-based GSPC/AQIM commander, split from AQIM and later founded Al Murabitoun. Bel Mokhtar claimed responsibility for the January 2013 In Amenas hostage seizure (see text-box below). Both AQIM and Al Murabitoun have reportedly pledged support for Al Qaeda in the context of its struggle for primacy against the Islamic State (formerly ISIL/ISIS), but some analysts have speculated that the issue is divisive among these groups' adherents.

AQIM was formed when the Salafist Group for Preaching and Combat (GSPC), an Islamist insurgent faction in Algeria's 1990s civil conflict (see "Background"), declared allegiance to Al Qaeda in 2003 and, after Abdelmalik Droukdel became its leader, "united" with Al Qaeda on

²¹ E.g., General David Rodriguez, Commander of U.S. Africa Command (AFRICOM), statement to the Senate Armed Services Committee, February 14, 2013; State Department, *Country Reports on Terrorism 2013*; testimony of Admiral William H. McRaven, Commander, U.S. Special Operations Command, House Armed Services Committee, February 27, 2014. An AQIM splinter-faction that later joined Al Murabitoun, the Movement for Unity and Jihad in West Africa (MUJWA/MUJAO), is active in Mali and kidnapped a group of Algerian diplomats there in 2012.

²² See, e.g., David Lewis, "Al Qaeda's Richest Faction Dominant in North Mali-US," *Reuters*, July 26, 2012; and Under Secretary of the Treasury David Cohen, "Kidnapping for Ransom: The Growing Terrorist Financing Challenge," Chatham House, October 5, 2012. Most recently, some \$30 million was reportedly paid in 2013 for the liberation of four French hostages whom AQIM had kidnapped in Niger. France has denied making or facilitating ransom payments.

²³ "Algeria Travel Warning," updated February 6, 2014.

²⁴ E.g., "AQIM Video: 'Assault Them at the Gate,' Part Two," Ansar al Mujahidin Network, August 3, 2011, via OSC.

September 11, 2006, and renamed itself the following year.²⁵ The practical meaning of AQIM's union with Al Qaeda is uncertain, and links between the two may be nominal but mutually beneficial. General Martin Dempsey, chairman of the Joint Chiefs of Staff, has suggested that AQIM resembles "a syndicate of groups who come together episodically, when it's convenient to them, in order to advance their cause."²⁶

Algeria is a source of transnational terrorists, including in the Balkans, Afghanistan, Iraq, and Syria. At one time, 26 Algerians were held at the U.S. naval base in Guantanamo, Cuba. Most have been repatriated or sent to third countries, including two transferred to Algeria in August 2013 and one in March 2014.²⁷

The January 2013 In Amenas Attack

On January 16, 2013, an AQIM splinter faction seized control of the Tiguertourine natural gas facility near In Amenas, Algeria, taking some 800 people, including 132 foreign nationals, hostage. The siege ended on January 19 with an Algerian military operation in which 29 assailants were reportedly killed and three were captured. The attack resulted in the deaths of 39 civilians, including three U.S. citizens.²⁸ Seven other Americans survived the attack. Bel Mokhtar has long been implicated in smuggling and kidnap-for-ransom attacks, but the scale and sophistication of the In Amenas operation outpaced his previous activities. The assailants reportedly included Tunisians, Algerians, Egyptians, Nigerians, and Canadians, among others.²⁹

The facts surrounding the incident remain opaque. The hostage-takers claimed to be retaliating against France's military intervention in Mali, which had begun days earlier, but the attack appeared to be the product of longer-term planning. The assailants reportedly entered Algeria from Libya. Algerian authorities initially indicated they were negotiating with the hostage-takers. (The scope of talks was unclear. Algeria's stated policy is to oppose ransom payments.) On January 17, the Algerian military launched a first assault on the compound, which appeared to result in the deaths of some hostages. The British and American governments, which had indicated they were in communication with Algerian authorities, stated that they had not been informed in advance of the Algerian operation, and some unnamed U.S. officials expressed frustration in comments to the press.³⁰ The United States also reportedly deployed an unmanned aerial surveillance vehicle over the gas plant under siege. In July 2013, U.S. federal charges were filed against Bel Mokhtar in absentia in connection with the attack.

Regional Counterterrorism Efforts

As a regional economic and military power, Algeria has sought to lead a response to terrorist threats in coordination with the poorer Sahel states of West Africa. At the same time, Algeria has a longstanding policy of refraining from conducting military operations beyond its borders, which some Algerian commentators have questioned in the context of burgeoning security threats in

²⁵ The State Department designated the GSPC as an FTO in 2002, and subsequently amended the designation to reflect the name change. FTOs are designated by the Secretary of State in accordance with section 219 of the Immigration and Nationality Act (INA). Several groups linked to AQIM have been designated as FTOs since 2013, including Al Murabitoun (designated as Al Mulathamun Battalion). The GIA, now inactive, was designated until 2010.

²⁶ Quoted in CNN.com, "More Signs Al Qaeda In Mali Orchestrated Algeria Attack," January 25, 2013.

²⁷ The Bush and Obama Administrations have sought assurances from Algiers that repatriated detainees would not pose a future danger and would be treated fairly. In January 2012, the House Armed Services Committee published a report critical of executive branch detainee transfer policies that referenced these and other cases. See *Leaving Guantánamo: Policies, Pressures, and Detainees Returning to the Fight*, HASC Committee Print 112-4.

²⁸ State Department, 2013 *Country Report on Human Rights Practices*, April 30, 2014.

²⁹ Magharebia, "'Multi-National Group' Behind Algeria Attack," January 22, 2013.

³⁰ *The Telegraph*, "David Cameron Protests to Algeria Over Failure to Warn Downing Street Before Raid," January 17, 2013; Associated Press (AP), "Nations Fume, Quietly, Over Algerian Hostage Raid," January 18, 2013; Craig Whitlock, "Algerian Stance Spoils U.S. Regional Strategy," *The Washington Post*, January 19, 2013.

neighboring states.³¹ A desire to deter direct Western military intervention has often appeared to be a primary motivation for Algeria's regional cooperation efforts, although France has nevertheless recently established an enduring regional counterterrorism presence in the Sahel.³²

Ultimately, the sometimes dissonant relations and differing priorities among Algeria and its poorer southern neighbors, along with France's influence, appear to have limited the success of cooperative regional security arrangements in practice.³³ These include a joint command center established in the southern town of Tamanrasset in 2010, known as the CEMOC, which nominally coordinates security cooperation among Algeria, Mali, Mauritania, and Niger.³⁴ An intelligence sharing center was also created in Algiers. Various other regional initiatives have been planned or announced in recent years. Due to strained bilateral ties, and because Algiers argues that the security of the Sahel does not concern Morocco, it has not invited its western neighbor to participate in its regional counterterrorism efforts. For its part, Morocco has recently increased its bilateral outreach to West African states, including defense cooperation and counter-radicalization assistance.

Human Rights

The U.S. State Department's 2013 human rights report states that "the three most significant continuing human rights problems" include restrictions on freedom of assembly and association, lack of judicial independence, and overuse of pretrial detention.³⁵ Other human rights concerns documented in the report include "limitations on the ability of citizens to change their government," "excessive use of force by police," "poor prison conditions," "widespread corruption," violence against women, and government restrictions on workers' rights.³⁶ Algerian officials have criticized and disputed aspects of these annual reports.

Despite the lifting of a 20-year "state of emergency" in 2011, a ban on protests in Algiers remains in place and has been used to justify breaking up political demonstrations.³⁷ Human rights organizations have criticized the 2012 law on non-governmental associations as overly restrictive. The military and intelligence services play a role in domestic law enforcement, sometimes acting without apparent judicial or public oversight. Critics charge that amnesty policies adopted

³¹ Abed Charef, "La non-intervention, une doctrine militaire éculée et paralysante: Crise libyenne et Sahel imposent un changement de mode," *Le Quotidien d'Oran*, May 20, 2014.

³² *Wall Street Journal*, "France to Deploy 3,000 Troops to North Africa," July 13, 2014. Despite the long-standing Algerian objections to Western troop deployments in the region, French officials stated in early 2013 that Algeria had allowed use of its airspace for French military overflights into Mali.

³³ See, e.g., Laurence Aïda Ammour, *Regional Security Cooperation in the Maghreb and Sahel: Algeria's Pivotal Ambivalence*, Africa Center for Strategic Studies, February 2012; Anouar Boukhars, *The Paranoid Neighbor: Algeria and the Conflict in Mali*, Carnegie Endowment for International Peace, October 22, 2012.

³⁴ In 2013, U.S. General David Rodriguez, then-Commander-Designate of AFRICOM, stated that the CEMOC "plays no significant role in regional counterterrorism activity... [and] has not demonstrated any logistical capacity since its 2010 inception." Statement before the Senate Committee on Armed Services, February 14, 2013.

³⁵ *Country Reports on Human Rights Practices for 2013*, "Algeria," February 27, 2014.

³⁶ See also Human Rights Watch, "Workers' Rights Trampled," May 27, 2014.

³⁷ Human Rights Watch, "Crackdown on Protest as Election Nears," March 17, 2014.

following the 1990s conflict have resulted in the freeing of terrorists and/or have failed to provide accountability for abuses committed by security forces.³⁸

The State Department's 2014 International Religious Freedom Report states that "the constitution provides for the inviolable right to creed and opinion but declares Islam the state religion and prohibits state institutions from engaging in behavior incompatible with Islamic morality."³⁹ Proselytizing by non-Muslims is a criminal offense, and the report notes that "non-Muslim groups experienced difficulty when attempting to register with the government" as legally required. While the government has technically allowed for the reopening of 25 synagogues shuttered during the 1990s conflict, none is reportedly in use, possibly due to the "shrinking" size of the Jewish community (as few as several hundred) and a fear of terrorism.

The State Department's 2014 Trafficking in Persons Report ranks Algeria as "Tier 3" (lowest), reporting that Algeria "does not fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so."⁴⁰ The ranking has implications for U.S. aid to Algeria (see "U.S. Assistance"). The report states that "the government did not demonstrate efforts to investigate, prosecute, or convict perpetrators of sex trafficking and forced labor," adding that the government "lacked adequate measures" to identify and protect victims. Algerian officials have stridently objected to these findings.

Many Algerians' heritage reflects both Berber (Amazigh)⁴¹ and Arab influences, but the state has pursued "Arabization" policies in national education and language policies that are seen by some Berbers as disadvantageous. Berber groups in the Kabylie region east of Algiers have been particularly focused on articulating demands for language and cultural rights.⁴² Periodic unrest in Kabylie has been fueled by perceived official discrimination and neglect. AQIM activity in the region and related security measures have also made it difficult for businesses to operate in the area, entrenching its economic isolation.

The Economy

Hydrocarbons (oil and gas) are the engine of the Algerian economy, providing about two-thirds of public revenues, one-third of the gross domestic product (GDP), and over 90% of export earnings.⁴³ Algeria is the leading natural gas producer in Africa and among the top three oil producers in Africa, and is the second-largest natural gas supplier to Europe.⁴⁴ Oil and gas production have declined in recent years, and known hydrocarbon resources are projected to be

³⁸ A presidential commission determined that excesses of purportedly unsupervised security forces were responsible for the disappearances of over 6,000 civilians from 1992 to 2000 and recommended compensation. Organizations representing victims' families claim up to 20,000 people were "disappeared."

³⁹ State Department, *International Religious Freedom Report for 2013*, July 28, 2014.

⁴⁰ State Department, *Trafficking in Persons Report 2014*, June 18, 2014.

⁴¹ Ethnic Berbers (many of whom refer to themselves as Amazigh/Imazighen) are considered the native inhabitants of North Africa from before the seventh century Arab Muslim invasions.

⁴² See ICG, *Algeria: Unrest and Impasse in Kabylia*, June 10, 2003.

⁴³ CRS calculations based on Algerian statistics in International Monetary Fund, *Algeria: Statistical Appendix*, February 2013.

⁴⁴ U.S. Energy Information Administration, *Country Analysis Brief: Algeria*, July 24, 2014.

depleted over the next 50 years.⁴⁵ However, Algeria is expanding exploration, including of shale gas, of which it is estimated to hold the world's third-largest recoverable resources.⁴⁶

High global energy prices over the past decade have boosted monetary reserves and economic growth, fueled a construction boom, eased unemployment somewhat, and allowed Algeria to reduce its external debt to 2% of GDP—an extremely low figure by global standards. However, chronic socioeconomic problems persist, such as high unemployment among young people and especially young college graduates; inadequate housing, health services, and infrastructure; inequality; and corruption. These conditions have sparked protests and labor unrest, and motivate a continuing tide of illegal Algerian immigrants to Europe. Labor productivity is stagnant, and many of those who have found work have done so in the relatively precarious informal sector.⁴⁷

Algeria's economy is dominated by the state. Amendments since 2006 to the Hydrocarbon Act require the state-owned oil and gas company, SONATRACH, to hold 51% ownership in any hydrocarbon project. Algeria further requires 30% local ownership of foreign import companies. These laws—along with red tape, corruption concerns, and security threats—have reportedly dampened foreign investor interest. The International Monetary Fund (IMF) has praised Algeria's macroeconomic stability while criticizing a poor business climate, unsustainable fiscal policies (including high levels of subsidies for domestic consumption), controls on currency exchange that the IMF views as excessive, and a lack of diversification.⁴⁸ Critics further point to the absence of a modern financial market, an underdeveloped stock exchange and banking system, and a failure to integrate into the global economy. Algeria has applied to join the World Trade Organization, but has yet to qualify for membership. Algerian officials argue that conditions on foreign investment are needed to encourage domestic companies. While many analysts and U.S. policymakers have called for economic reforms, these inefficiencies may benefit the ruling elite.

Foreign Affairs

After independence in 1962, Algeria was in the forefront of the Non-Aligned Movement, and was active in the Arab world and Africa. Its diplomacy was considerably less active in the 1990s, when the country was preoccupied by domestic turmoil. Under President Bouteflika, Algeria has reemerged as an important diplomatic player in Africa and in multilateral forums. Bouteflika has also pursued closer relations with the United States, France, and the European Union. Still, Algeria's foreign policy continues to be defined, in part, by a residual suspicion of Western motives. Political and military ties with Russia are extensive. Algeria plays a prominent role in the African Union (AU). Algerian politicians are generally extremely critical of Israel and of Israeli policy toward the Palestinians. Algeria's leaders criticized NATO's intervention in Libya and have urged a non-interventionist approach to the conflict in Syria. Algeria is influential in Mali, and has mediated peace talks between the Malian government and northern rebel groups.

⁴⁵ International Monetary Fund (IMF), *Algeria: Selected Issues*, February 2014, p. 30.

⁴⁶ U.S. Energy Information Administration, *Technically Recoverable Shale Oil and Shale Gas Resources*, June 2013. Since mid-2014, several opposition political parties and grassroots movements have protested against shale gas exploitation, arguing that it threatens the environment and public safety.

⁴⁷ Ghazi Ben Jaballah, "Graduate Unemployment in the Maghreb," German Marshall Fund, November 2011.

⁴⁸ *Algeria: Staff Report for the 2013 Article IV Consultation*, January 9, 2014; *Algeria: Financial System Stability Assessment*, June 2014.

Relations with Morocco are strained over the issue of Western Sahara and due to a rivalry for regional power.⁴⁹ The Western Sahara is a disputed territory claimed and largely administered by Morocco; Algeria hosts and supports the independence-seeking Popular Front for the Liberation of Saqiat al Hamra and Rio de Oro (Polisario) and its self-declared government-in-exile, the Sahrawi Arab Democratic Republic. Tens of thousands of Sahrawi (as the people of Western Sahara are known) live in refugee camps in the Tindouf area of southwest Algeria. The camps receive aid from the U.N. High Commissioner for Refugees (UNHCR) but are administered by the Polisario. Algeria considers the Western Sahara issue to be one of decolonization requiring resolution by the U.N., and maintains that it is not a party to the conflict. Talks between Morocco and the Polisario have been conducted under U.N. auspices since 2007, with no significant breakthrough. Algeria has not reopened its border with Morocco since closing it in 1994, after Morocco imposed visa restrictions on Algerian nationals and blamed Algeria for a terrorist attack.

Algeria and France, its former colonizer, have complex, unpredictable relations. Economic ties are extensive, and millions of individuals of Algerian descent live in France. Yet France's restrictive immigration policies and the weight of history continue to trouble the relationship. French President François Hollande has pursued warmer ties, conducting a high-profile visit to Algeria in 2012. Algeria has an association agreement with the European Union (EU) and has participated in the Europe-Mediterranean Partnership (MEDA) since 1995. Trade negotiations with the EU have been slow, in part due to Algiers' reluctance to dismantle certain tariffs.

U.S. Relations

The State Department indicates that the U.S.-Algeria relationship is “characterized by our shared interests to combat terrorism and facilitate greater stability in the region,” and that U.S. policy is “also focused on developing a more robust trade and economic partnership and supporting the development of civil society groups.”⁵⁰ The Administration has sought to expand bilateral ties and to enlist Algeria's help in addressing regional security crises, including via the Bilateral Strategic Dialogue initiated in 2012. Yet, the two countries' foreign policy priorities often diverge.⁵¹ U.S. leverage may be further reduced by Algeria's often opaque decision-making, frequent preoccupation with internal affairs, ties to non-Western strategic players such as Russia, and storied reputation for resistance to outside pressure.

Secretary of State Kerry stated during his visit to Algeria in April 2014 that “We will look to increase our security assistance.”⁵² In a televised meeting, President Bouteflika urged Secretary Kerry to share “real-time” U.S. intelligence on the Sahel and Sahara.⁵³ The United States and Algeria have a Joint Military Dialogue to foster exchanges, training, and joint exercises. Algeria

⁴⁹ Shortly after Algeria became independent, Morocco laid claim to some Algerian territory, and they briefly went to war in 1963-1964. The border was not demarcated until 1972. See also CRS Report RS20962, *Western Sahara*.

⁵⁰ Richard Schmierer, Acting Principal Deputy Assistant Secretary of State for Near Eastern Affairs, statement before the Senate Foreign Relations Subcommittee on Near Eastern and South and Central Asian Affairs, November 21, 2013.

⁵¹ For example, President Bouteflika condemned the U.S. war in Iraq in 2003 and called for the early withdrawal of foreign troops. Algeria supports normalization of relations with Israel only after it withdraws from Arab lands, per the Arab Peace Initiative, and is generally stridently critical of Israeli policies. Algerian officials criticized the 2011 NATO intervention in Libya, which they viewed as contributing to regional instability.

⁵² Remarks at the Opening Plenary Sessions of the U.S.-Algeria Strategic Dialogue, April 3, 2014.

⁵³ The news segment is online at <https://www.youtube.com/watch?v=HCCreXaZYos>; accessed on July 24, 2014.

participates in the NATO-Mediterranean dialogue and in NATO naval exercises. A bilateral contact group on counterterrorism was launched in 2011, and the two countries signed a mutual legal assistance treaty in 2010. Algeria has recently pursued purchases of U.S.-origin defense materiel and services, particularly related to enhancing its maritime and aerial surveillance capacity—part of an apparent Algerian effort to diversify its military acquisitions, for which it has historically relied primarily on Russia.⁵⁴ Congressionally mandated end-use monitoring requirements have sometimes been an obstacle to U.S. arms sales, as Algeria considers them an infringement on its sovereignty.

U.S. officials often refer to relations with Algeria as an important “partnership,” a term that emphasizes mutual benefits and responds to Algerian concerns over sovereignty. U.S. military leaders, while pointing to the importance of bilateral cooperation, have also regularly emphasized that the United States does not seek to impose its views or install a military footprint in the region, in apparent recognition of Algerian sensitivities.⁵⁵ U.S. officials also often note that the United States opposes paying ransoms for terrorist-held hostages, a policy that Algeria shares.

The Obama Administration has occasionally publicly urged political and economic reforms. For example, Secretary of State Kerry stated that the United States would work with Algeria “in order to bring about the future that Algeria and its neighbors deserve. And that is a future where citizens can enjoy the free exercise of their civil, political, and human rights, and where global companies, businesses, are confident in being able to invest for the long haul.”⁵⁶ Then-Secretary of State Hillary Clinton referred to Algeria’s May 2012 legislative elections as “a welcome step in Algeria’s progress toward democratic reform,” but later stated that “Algeria has a lot of work to do to uphold universal rights and create space for civil society.”⁵⁷

U.S.-Algerian ties date from a Treaty of Peace and Friendship in 1795.⁵⁸ In 1860, after the Algerian anti-colonial resistance fighter El Emir Abd el Kader protected large numbers of Christians from attack, President Abraham Lincoln honored him with a gift of guns that remain on display in Algiers; the town of Elkader, Iowa, was named after the emir. Older Algerians have fond memories of President Kennedy’s support for their independence struggle.⁵⁹ Relations suffered later due to Cold War differences, although Algerian diplomats played a key role in facilitating the release of U.S. hostages from Iran in 1981.

Trade and Investment Issues

The United States imports Algerian crude oil, and was the largest destination for Algerian crude oil exports prior to a decline in 2013. U.S. investment is concentrated in the oil and gas sector, and U.S. Secretary of Energy Ernest Moniz led a U.S. delegation to the Algerian International

⁵⁴ See, e.g., Department of State Transmittal No. DDTC 13-092, Certification of Proposed Issuance of an Export License Pursuant to Section 36(c) of the Arms Export Control Act, delivered to Congress on August 29, 2013.

⁵⁵ E.g., “Africom Commander Says No US Bases to be Set Up in Algeria,” BBC Monitoring/*El Watan*, November 26, 2009; and “Algeria, ‘Leader’ and ‘Key’ Partner in Fight Against Terrorism,” *Algeria Press Service*, July 27, 2010.

⁵⁶ Remarks at the Opening Plenary Sessions of the U.S.-Algeria Strategic Dialogue, April 3, 2014.

⁵⁷ State Department, “Algerian Elections,” May 12, 2012; and “Secretary of State Clinton Delivers Remarks at the Center for Strategic and International Studies on Democratic Transitions in the Maghreb,” October 12, 2012.

⁵⁸ Algeria severed relations between 1967 and 1974, in the wake of the Arab-Israeli war.

⁵⁹ John F. Kennedy was supportive of Algeria’s anti-colonial struggle as a U.S. Senator, and as President, on July 3, 1962, he congratulated Algerians on their independence, likening Algeria’s war for independence to America’s own.

Trade Fair in June 2014. U.S. firms specializing in shale gas exploration and production are reportedly particularly interested in Algerian opportunities. The United States and Algeria signed a Trade and Investment Framework Agreement (TIFA) in 2001, and to a limited extent, economic ties have also broadened beyond the energy sector, to include financial services, pharmaceuticals, and other industries. For example, in 2013, General Electric won a \$2.7 billion contract to supply technology for Algerian power plants. In 2007, the two countries signed an agreement to cooperate in the peaceful use of nuclear energy, albeit with no apparent plans to build a U.S. reactor in Algeria. U.S. imports from Algeria totaled \$4.8 billion in 2013, and U.S. bilateral exports totaled \$1.8 billion, making Algeria the United States' 56th largest trading partner.⁶⁰

Although Algeria's natural resources, sizable domestic market, and economic diversification efforts present potential substantial opportunities for U.S. investors, they continue to confront bureaucratic and policy obstacles. The State Department's latest Investment Climate Statement indicates that the climate for international investors has "stabilized" in the wake of laws enacted in recent years requiring at least 51% local ownership (see "The Economy").⁶¹ However, the report relays investor complaints that "laws and regulations both are constantly shifting and are applied unevenly, raising the perception of commercial risk." It further notes that "business contracts are likewise subject to interpretation and revision, which has proved challenging to U.S. and international firms." The Office of the U.S. Trade Representative has listed Algeria on its "Priority Watch List" as a country of particular concern with regard to the protection of intellectual property rights.⁶²

U.S. Assistance

Algeria receives relatively little U.S. bilateral aid, but it participates in U.S. military and counterterrorism cooperation. In addition to aid administered on a bilateral basis, the State Department's Middle East Partnership Initiative (MEPI) has funded projects in Algeria to promote democratic governance, improved education, and an enhanced financial sector. The Administration has also sought to increase educational exchanges with young Algerians. Assistance for counter-extremism efforts and border security has been provided through the State Department-led multi-country Trans-Sahara Counter-Terrorism Partnership (TSCTP). The Defense Department also administers some security cooperation programs.

Under the Trafficking Victims Protection Act (Division A of P.L. 106-386), as amended, Algeria's poor ranking in the State Department's annual Trafficking in Persons report potentially makes it ineligible for certain types of foreign aid. Aid to Algeria's central government has also been restricted under provisions in recent annual appropriations measures that pertain to budget transparency.⁶³ A similar provision is contained in the FY2014 appropriations act (P.L. 113-76). The Obama Administration has waived these restrictions, stating that continued assistance is in the U.S. "national interest."

⁶⁰ U.S. International Trade Commission data, consulted July 18, 2014.

⁶¹ *2014 Investment Climate Statement – Algeria*, June 2014.

⁶² "USTR Releases Annual Special 301 Report on Intellectual Property Rights," April 2014.

⁶³ Algeria was determined to not be in compliance with Section 7031 of the FY2012 Consolidated Appropriations Act (P.L. 112-74), pertaining to budget transparency, as carried forward into FY2013 via continuing resolutions (See *2013 Fiscal Transparency Report*, Department of State Public Notice 8673, March 26, 2014).

Table 1. U.S. Bilateral Foreign Assistance to Algeria, Selected Accounts
 Appropriations, \$ Millions, State Department and U.S. Agency for International Development (USAID)

	FY2010	FY2011	FY2012	FY2013	FY2014 est.	FY2015 req.
NADR	0.8	0.7	0.9	1.3	1.3	1.5
IMET	1.0	1.0	1.3	1.3	1.3	1.1
DA	0.7	0.0	0.0	0.0	0.0	0.0
Food for Peace, Title II (P.L.480) ^a	6.2	8.2	8.7	6.6	TBD	TBD
Total	8.6	9.8	10.9	9.1	2.6	2.6

Source: U.S. Department of State Congressional Budget Justifications for Foreign Operations, FY2012-FY2015.

Notes: Totals may not sum due to rounding. NADR=Nonproliferation, Antiterrorism, Demining, and Related Programs, INCLE=International Narcotics Control and Law Enforcement, IMET=International Military Education and Training, ESF=Economic Support Fund, DA=Development Assistance, TBD=to be determined. Table does not reflect assistance allocated on a regional or global basis; nor does it include funding administered by U.S. agencies and departments other than the State Department and USAID.

- a. Food aid, which is often allocated during the year according to need, contributes to humanitarian support for Western Sahara refugees in the Tindouf region.

Outlook

Counterterrorism is likely to remain a core focus of U.S. policy toward Algeria, particularly given the In Amenas attack in 2013 and the region's generally deteriorating security outlook. Concerns over the security of U.S. personnel in North Africa have heightened in the wake of the terrorist attacks against U.S. facilities in Benghazi in 2012. The Administration's FY2015 proposal for a global Counterterrorism Partnerships Fund could potentially lead to greater U.S. cooperation with Algeria, including, conceivably, increased intelligence-sharing, which the Algerians have requested. Still, cooperation may continue to face obstacles related to the opaque nature of Algerian decision-making, as well as occasionally divergent foreign policy priorities.

Algeria's role in regional security is of potential interest to Congress, as is, potentially, the degree to which U.S. policy toward Algeria includes the encouragement of human rights and greater democracy. The role and influence of Algerian Islamist political parties and movements may also be of interest in the context of regional developments. Another area of potential interest concerns bilateral trade and investment. Algeria's energy resources, economic diversification and privatization efforts, and relatively large domestic market present opportunities to U.S. firms and prospective investors, although Algeria's business environment remains challenging.

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