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## Algeria: In Focus

A sudden surge of large, peaceful protests opposing President Abdelaziz Bouteflika's bid for a fifth five-year term in office are bringing questions about Algeria's presidential succession and political future to the fore. President Bouteflika (82) is in evident ill-health and has rarely appeared in public since suffering a stroke in 2013. On March 11, 2019, he announced in a written statement that he was rescinding his candidacy and that elections slated for April would be delayed indefinitely to allow a "national conference" to draft a new constitution. Protests have since grown as many demonstrators have interpreted the announcement as unresponsive to their concerns and a de facto unilateral extension of Bouteflika's current term.

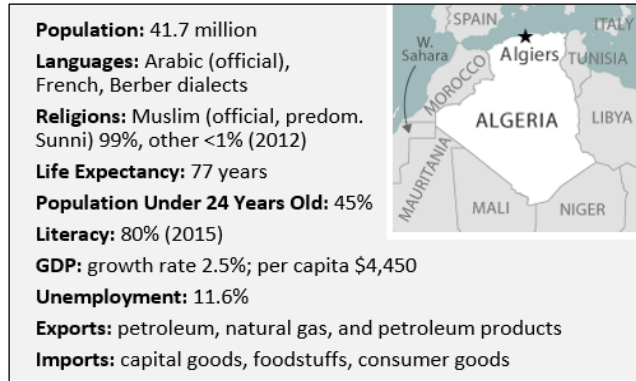
Algeria is a republic characterized by a strong presidency and security apparatus, with a state-centric economy and social welfare programs underpinned by oil and gas revenues. State decision-making authority is diffuse and often opaque, and the country faces an uncertain transition as the "revolutionary generation" that fought for independence from France in the mid-20<sup>th</sup> century continues to age. Small strikes and protests arise frequently over socioeconomic issues. The State Department's human rights report cites "official corruption" as a key issue.

### Politics

President Bouteflika was first elected in 1999 with military backing, as Algeria's decade-long counterinsurgency against armed Islamist groups was winding down. He has advanced reconciliation initiatives and sought to consolidate executive powers under the presidency, in part by asserting greater control over the army and powerful military intelligence service. Bouteflika last won reelection in 2014 with 82% of the vote. Top opposition candidate Ali Benflis, a former prime minister, decried the 2014 results as fraudulent; to some, the results reflected Bouteflika's enduring popularity. Experts nonetheless have pointed to "political paralysis" due to a lack of elite consensus over "the general outline of the post-Bouteflika era."

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

Figure 1. Algeria at a Glance



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

### Terrorism and Counterterrorism

Internal security has improved markedly since the civil conflict of the 1990s. Terrorist threats persist, particularly in southern and eastern border regions, but the pace of attacks has decreased since 2013, when 39 foreign nationals (including three Americans) were killed during an Islamist militant assault on a natural gas compound. More recent attacks have targeted security force outposts near the eastern border with Tunisia, where small cells linked to Al Qaeda and the Islamic State (IS) reportedly remain active. Since the start of wars in Libya and Mali in 2011, Algerian security forces have bolstered their presence in border regions and conduct frequent counterterrorism operations. The government also runs de-radicalization programs and has sought to control the content of religious sermons.

Al Qaeda in the Islamic Maghreb (AQIM), a regional network and U.S.-designated Foreign Terrorist Organization, is the offshoot of an insurgent faction from Algeria's 1990s conflict. An AQIM splinter faction claimed responsibility for the aforementioned 2013 gas plant attack. AQIM's leader or *emir*, Abdel Malek Droukdel, reportedly remains based in Algeria's mountainous northeast, but the group's center of gravity has moved south into Mali over the past decade. (Since 2017, AQIM's southern branch has been subsumed under a Mali-based jihadist coalition known as the Group for Supporting Islam and Muslims, or JNIM after its transliterated Arabic name.) AQIM elements and offshoots are also active in Libya and Tunisia, as are IS-linked factions. In 2014, an Algerian IS affiliate beheaded a French tourist. Algerian security forces reportedly killed the faction's leader the following year and they appear to have been effective in preventing the further spread of IS-linked groups within the country.

Algerian "foreign fighters" were reportedly prominent within Islamist militant groups in the Balkans, Afghanistan, and Iraq from the 1980s-2000s. At the height of IS-held territory in Iraq and Syria (2014-2015), however, relatively

few Algerians reportedly joined the group compared to those from neighboring Tunisia and Morocco. At one time, 26 Algerians were held at the U.S. base in Guantánamo; nearly all have been repatriated or sent to third countries.

### The Economy and Energy Sector

Algeria has the world's 11<sup>th</sup> largest proven natural gas reserves and 16<sup>th</sup> largest proven oil reserves, and is the 7<sup>th</sup>-largest natural gas exporter. It is also estimated to have the world's third-largest recoverable shale gas reserves. More than half of the formal economy is reportedly comprised of state-owned enterprises, led by the national oil and gas company Sonatrach. Most of Algeria's natural gas exports go to Europe, either by pipeline or ship. As of 2017 (latest), Italy was the top destination for Algeria's exports and China was its top source of imports.

High global energy prices prior to 2014 allowed Algeria to accrue large foreign exchange reserves, which protected it from global economic swings, financed its large military, and funded social programs that arguably assuaged domestic dissent. Amid a drop in global energy prices since then, Algeria's foreign exchange reserves have declined by more than half, according to the International Monetary Fund (IMF), while the country's "oil stabilization fund" decreased from \$20 billion to about \$7 billion as of 2017. The IMF has documented ongoing fiscal deficits and a gradual rise in unemployment. (Algeria does not borrow from the IMF but submits to monitoring.) Economic frustrations have reportedly fueled illicit, often dangerous, migration to Europe.

Algerian leaders have called for diversification and more foreign investment, but reforms that could encourage such outcomes have not advanced. Algerian law requires 51% local ownership of foreign investment projects, there are limits on capital flows and currency exchange, and the process of setting up a business is "heavily bureaucratic," according to the U.S. State Department. The government imposed sweeping import restrictions in 2017 in an effort to promote increased local production, causing trade to plummet and possibly fueling inflation and smuggling. Weak infrastructure linkages with neighboring countries and the closure of the border with Morocco since 1994 also inhibit growth. Critics further point to the absence of a modern financial market and an underdeveloped stock exchange and banking system. Algeria has applied to join the World Trade Organization (WTO) but has yet to qualify.

### Foreign Policy and Regional Issues

Algeria's foreign policy emphasizes state sovereignty and non-interference; residual skepticism of Western powers and NATO is a legacy of the country's armed struggle for independence from France (1954-1962). Although Algeria has by far the largest defense budget in Africa, longstanding policy prohibits troop deployments beyond its borders.

Relations with neighboring Morocco remain tense due to a rivalry for regional influence and opposing views regarding the disputed territory of Western Sahara. Morocco claims Western Sahara and de facto administers most of it. Algeria hosts and backs the Polisario Front, which seeks independence for the territory. Algeria participated in U.N.-convened talks on Western Sahara in late 2018, but does not consider itself a party to the dispute.

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

Algeria's foreign policy has often conflicted with that of the United States: e.g., Algeria has close ties to Russia, regularly criticizes Israel, opposed the 2011 NATO-led intervention in Libya, and maintains relations with the Assad government in Syria. With regard to Western Sahara, the United States has recognized neither Morocco's claim of sovereignty nor the Polisario's self-proclaimed Sahrawi Arab Democratic Republic (SADR), which Algeria recognizes as an independent state. The United States has backed U.N.-led talks on the territory's final status.

### U.S. Relations

Like its predecessors, the Trump Administration has emphasized the value of U.S.-Algerian cooperation to counter terrorism (notably via information sharing and coordination in multilateral forums) and respond to crises in neighboring Libya and Mali, while continuing to issue occasional criticism of Algeria's human rights performance and challenging business environment. Algeria's reliance on Russia for most defense acquisitions remains a point of friction, though Algeria has increased purchases of U.S. equipment in recent years. U.S. foreign direct investment (FDI) stocks totaled \$3 billion as of 2017 (latest), concentrated in the energy sector.

During a visit to Algiers in 2018, Deputy Secretary of State John Sullivan emphasized the United States' "commitment to strengthening and broadening U.S.-Algerian relations." In early 2019, Algeria's then-Foreign Minister, Abdelkader Messahel, visited Washington DC for a high-level U.S.-Algeria Strategic Dialogue, which had last convened in 2015. Officials also meet regularly for bilateral counterterrorism and joint military dialogues.

U.S. bilateral aid comprised \$1.3 million for International Military Education and Training (IMET) and \$0.8 million for Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR) in FY2018 (latest). The Administration has requested \$1.3 million in IMET and \$0.7 million in NADR for FY2020. Additional regionally or centrally managed funds periodically have been provided to promote economic growth, strengthen civil society, and counter violent extremism. U.S. exchange programs seek to build relations with young Algerians and other emergent actors.

Algeria is among 12 countries participating in the State Department-led Trans-Sahara Counter-Terrorism Partnership (TSCTP), but has not been a major recipient of aid under the program and appears to prefer bilateral activities. In contrast to Tunisia and Egypt, Congress has not granted specific authority to the Department of Defense to aid Algeria in securing its border with Libya.

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