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Algeria: In Focus

Large peaceful protests in Algeria have upended the established political order since early 2019 and ushered in a new era of uncertainty. The protests first erupted in February in response to then-President Abdelaziz Bouteflika's decision to seek a fifth term despite his evident ill health and advanced age (81 at the time). Bouteflika withdrew his reelection bid in March, then stepped down on April 2 after military chief of staff General Ahmed Gaïd Salah—a onetime ally—called for his impeachment.

Elections were originally scheduled for April 2019. Following Bouteflika's resignation, Algeria's parliament recognized Senate leader Abdelkader Bensalah as interim president, with elections to be held within 90 days, in line with constitutional succession provisions. In June, however, Algeria's Constitutional Council canceled elections planned for July 4 after disqualifying the only two candidates who had registered. Protesters have continued to take to the streets to demand more comprehensive political changes, albeit with few signs of consensus over process or outcome.

No clear road map has emerged to end the stalemate between the street and the interim authorities, and it remains unclear who might credibly negotiate one. General Gaïd Salah has positioned himself as a key power-broker without explicitly seizing control; Bensalah remains in office past the expiration of his 90-day mandate. Law enforcement bodies have simultaneously arrested prominent business leaders, military intelligence officials, and politicians, mostly on anticorruption charges; some, but not all, were seen as close to Bouteflika.

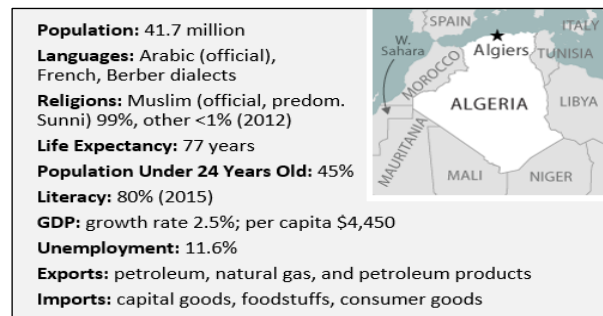
Politics: Context

Algeria withstood regional turmoil between 2011 and 2018, but the prospect of an uncertain leadership transition loomed large as members of the “revolutionary generation” that fought for independence aged or passed away. The political system under Bouteflika was defined by a strong presidency and security apparatus, a state-centric economy, and social welfare programs fueled by oil and natural gas revenues. Decision-making was widely viewed as diffuse and opaque, with politicians, military and intelligence officers, and business leaders reportedly wielding influence (and engaging in rivalry) behind the scenes. This system brought relative stability and living standard improvements to a country wracked by internal conflict in the 1990s. Yet in recent years, analysts observed “political paralysis” due to a lack of elite consensus over “the post-Bouteflika era.”

Bouteflika was first elected president in 1999, with military backing, as Algeria's decade-long counterinsurgency against armed Islamist groups was winding down. He introduced reconciliation initiatives and sought to exert greater presidential control over the army and powerful military intelligence service. Bouteflika was reelected to a

fourth five-year term in 2014 despite having suffered a stroke that appeared to leave him physically debilitated.

Figure 1. Algeria at a Glance



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

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

Terrorism and Counterterrorism

Internal security has improved markedly since the civil conflict of the 1990s. Today, cells linked to Al Qaeda and the Islamic State (IS) are reportedly active in some areas, but the pace of terrorist attacks has continuously decreased. State security forces conduct frequent counterterrorism operations, and they have bolstered their presence in border regions since the outbreak of wars in Libya and Mali in 2011. The government also runs de-radicalization programs and has sought to control the content of religious sermons.

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

Muslims (JNIM after its transliterated Arabic name). AQIM elements and offshoots are also active in Libya and Tunisia.

In 2014, an IS affiliate known as Jund al Khilafah (“soldiers of the caliphate”) emerged in northern Algeria and beheaded a French tourist. Algerian security forces reportedly killed the group’s leader the following year and they appear to have been effective in preventing the further spread of IS-linked groups within the country.

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

The Economy and Energy Sector

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

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

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

Foreign Policy and Regional Issues

Algeria’s foreign policy emphasizes sovereignty and noninterference; skepticism of Western powers and NATO is a legacy of its history of French colonization (1848-1962) and armed struggle for independence. Algeria’s defense budget (about \$10 billion in recent years) is the largest in Africa, though longstanding policy prohibits deployments beyond its borders. Relations with 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 administers most of it; Algeria hosts and backs the Polisario Front, which seeks independence for the territory. Algeria participated in U.N.-led talks on Western Sahara in 2018 and early 2019, but does not consider itself a party to the dispute.

Algeria mediated Mali’s 2015 peace accord and has backed the U.N.-led political process in Libya. 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 in the Sahel region. Yet the country’s complex and often distrustful relations with neighboring states have hindered cooperation, as has the leadership’s current focus on domestic political questions.

Algeria’s foreign policy has often conflicted with that of the United States; for example, Algeria has close ties to Russia, is highly critical of Israel, opposed the 2011 NATO-led intervention in Libya, and maintains relations with the Asad 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 Libya and Mali, while occasionally criticizing Algeria’s challenging business environment. Algeria’s reliance on Russia for most of its defense acquisitions remains a point of friction, though Algeria has increased its purchases of U.S. equipment in recent years. U.S. foreign direct investment (FDI) stocks totaled \$3.6 billion as of 2018 (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, the Administration hosted a high-level U.S.-Algeria Strategic Dialogue, which had last convened in 2015. Officials also meet regularly for bilateral counterterrorism and joint military consultations. U.S. educational and cultural exchange programs seek to build relations with young Algerians and other emergent actors.

U.S. bilateral aid in FY2018 comprised \$1.3 million for International Military Education and Training (IMET) and \$0.8 million for Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR). The Administration has requested similar funding for FY2020. Additional regional or global funds have periodically been provided to promote economic growth, strengthen civil society, and counter violent extremism. Algeria participates in the State Department-led Trans-Sahara Counter-Terrorism Partnership (TSCTP), but has not been a top recipient of aid under the program 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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