



Updated December 19, 2019

Algeria

Large peaceful protests forced Algeria's longstanding president to resign in early 2019 and continue to prompt questions about the country's political stability and future. Abdelmadjid Tebboune was declared the winner of presidential elections held on December 12, with historically low turnout of 40%. A previous cabinet minister and prime minister (for a short time in 2017), Tebboune ran as an independent and is seen by some observers as close to military leaders; Algeria's two largest political parties endorsed a rival candidate. Protesters have continued to take to the streets, decrying the election process as illegitimate, Tebboune as representing political continuity, and military leaders for steering the transition process in recent months. Dozens of protesters have been arrested since mid-2019 on various, often vague charges. Police and protesters clashed violently on election day.

The protests began in February 2019, sparked by then-President Abdelaziz Bouteflika's decision to seek a fifth term despite his evident ill health and advanced age (81), in a vote then due in April. Bouteflika withdrew from the race in March, then resigned on April 2 after military chief of staff General Ahmed Gaïd Salah (a onetime ally) called for his impeachment. Law enforcement has since arrested prominent business, military intelligence, and political party figures on corruption and state security charges.

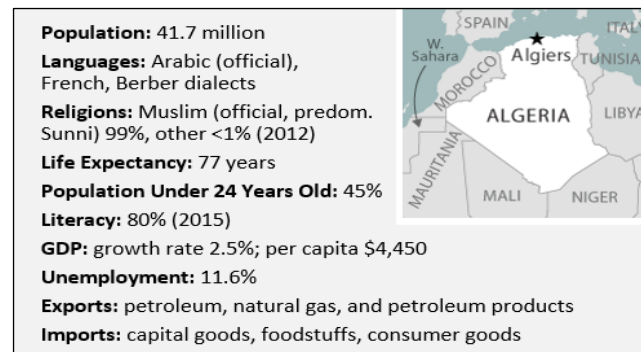
A presidential vote was initially scheduled for July 2019, then canceled when the Constitutional Council disqualified the two candidates who had registered. General Gaïd Salah, who has positioned himself as a power broker without explicitly seizing control, strongly backed the December 12 election date and process, and characterizing protests as the dangerous product of outside interference.

Politics: Context

Algeria remained politically stable amid regional turmoil between 2011 and 2018, but the prospect of an uncertain leadership transition loomed as members of the "revolutionary generation" that fought for independence from France aged. A strong presidency and security apparatus, a state-centric economy with an emerging oligarchic business class, and social welfare programs fueled by oil and natural gas revenues have defined the political system. Decision-making under Bouteflika was often opaque, with politicians, security officials, and business leaders reportedly wielding influence. This system brought relative stability and living standard improvements to a country wracked by violence in the 1990s. In recent years, however, 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 conflict with Islamist armed groups was waning. He introduced reconciliation initiatives and sought to exert greater control over the army and intelligence service.

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: the National Liberation Front (FLN), which led the fight for independence and was the sole legal party for decades, and the National Rally for Democracy (RND), considered close to the military. Both parties formally backed former Minister of Culture Azzedine Mihoubi in the December 2019 presidential race, who lost. 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

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 since the early 2000s. 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), a regional network, originated as a faction in Algeria's 1990s conflict and aligned itself with Al Qaeda in 2006. 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. An AQIM splinter faction claimed an assault in 2013 on a natural gas plant in southeast Algeria in which 39 foreigners (including three Americans) were killed. 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-affiliated group emerged in northern Algeria and beheaded a French tourist. Algerian security forces reportedly killed the group's leader the following year. The further spread of IS-linked activity within the country appears to have been limited, though in late 2019, IS claimed an attack on soldiers in Tamanrasset, in the south.

Algerian Islamist "foreign fighters" were prominent in Afghanistan, the Balkans, 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. China its top source of imports, as well as a key player in the infrastructure and construction sector.

Prior to 2014, high global energy prices allowed Algeria to accrue sizable foreign reserves, which financed its large military and social programs that arguably assuaged dissent. Since then, the drop in global prices has caused fiscal deficits and prompted 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 has also reported rising unemployment (which is higher among youth) and criticized Algeria's reliance on monetary expansion to finance deficit spending. (Algeria has little debt and does not borrow from the IMF.)

Algerian leaders have long called for diversification and increased foreign investment, but reforms that could encourage such outcomes have largely stalled, notwithstanding revisions to the hydrocarbons law and annual finance law provisions in late 2019. Most 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 drop and possibly fueling inflation and smuggling. Weak infrastructure links to neighboring states and the closure of the border with Morocco since 1994 also arguably inhibit trade. 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 long-standing policy prohibits military deployments outside its borders. Relations with Morocco

remain tense due to a rivalry for regional influence and tensions over Western Sahara. Morocco claims and largely administers Western Sahara, while Algeria hosts and backs the independence-seeking Polisario Front.

Algeria mediated Mali's 2015 peace accord and backed the U.N.-led political process in Libya. Given its large military, financial resources, and aversion to Western direct intervention, Algeria has 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, which Algeria recognizes as an independent state. Successive U.S. Administrations have expressed support for U.N.-facilitated talks to determine Western Sahara'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 regional crises, while criticizing Algeria's challenging business environment. Algeria's reliance on Russia for most of its defense acquisitions is also a point of friction, though Algerian purchases of U.S. equipment have increased in recent years. U.S. foreign direct investment stocks totaled \$3.6 billion as of 2018 (latest), mostly 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. The United States has periodically provided additional funds via regional or global programs 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. Congress has not granted authority to the Department of Defense to aid Algeria in securing its border with Libya on a reimbursement basis, as it has for Tunisia and Egypt.

Alexis Arieff, Specialist in African Affairs

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.