

Algeria

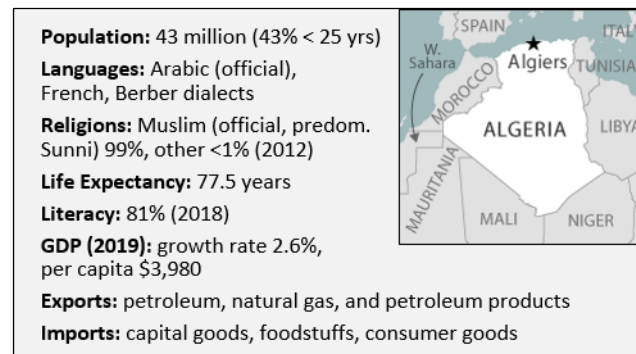
The Coronavirus Disease 2019 (COVID-19) pandemic largely halted a yearlong mass protest movement in early 2020, but questions remain about the future of Algeria's political system. Defining features have included a strong presidency and security apparatus, a state-centric economy with an oligarchic business class, and social welfare programs fueled by oil and natural gas revenues. In early 2019, then-President Abdelaziz Bouteflika was forced to abandon his reelection bid, and then to resign, amid swelling protests and a public withdrawal of support from then-chief of defense staff General Ahmed Gaïd Salah. Senate leader Abdelkader Bensalah became interim head of state pending elections for a new president, consistent with the constitution, although the vote was delayed past constitutional timelines. Gaïd Salah then appeared to consolidate influence at the expense of the powerful and sometimes rival military intelligence service (which Bouteflika had brought under the presidency's control) and of top business and ruling party figures, many of whom were prosecuted on corruption or national security grounds.

The election was ultimately held in December 2019, in the face of protester demands for deeper political changes. Activists' calls for a boycott appeared to depress turnout, officially 40%. Abdelmadjid Tebboune (74), a former prime minister who ran as an independent, was declared the winner with 58%, besting four other political insiders. Viewed as favored in the race by Gaïd Salah, Tebboune arguably hails from the economic nationalist wing of the political elite: during his brief tenure as prime minister in 2017, he imposed sweeping import restrictions and sought to curtail the influence of the business class. Gaïd Salah died of a heart attack shortly after the election and was replaced by Gen. Saïd Chengriha (75), former army chief of staff and a veteran of the 1967 and 1973 Arab-Israeli wars.

Whether and how the events of 2019 might lead to more accountable and transparent governance are uncertain, as is the extent of President Tebboune's power and commitment to such goals. Tebboune has offered dialogue with protesters, pardoned some activists, and floated changes to the constitution. At the same time, a growing number of protest leaders and local journalists have faced criminal charges and/or prison terms in 2020, and the constitutional proposals appear unlikely to alter the fundamental balance of power. After the country locked down due to COVID-19 in March-April 2020, authorities blocked several critical internet news sites, while parliament enacted a new law criminalizing "fake news" deemed harmful to state security. Hundreds of people were reportedly detained when small protests resurged in some cities in May-June 2020. Economic challenges, which have worsened with the pandemic, may fuel further unrest.

Context. Algeria remained comparatively stable between 2011 and 2018 amid turmoil elsewhere in North Africa, but the prospect of an uncertain leadership transition loomed.

Figure 1. Algeria at a Glance



Source: CRS graphic; data from CIA World Factbook + IMF (2019).

After the country was wracked by internal conflict in the 1990s, Bouteflika's two decade-long presidency emphasized national reconciliation and improved living standards, but official decision-making was often opaque, with politicians, security officials, and business leaders reportedly wielding influence. Despite being largely silenced by illness, Bouteflika was reelected in 2014 and again sought reelection in 2019. Observers interpreted this as resulting from an elite impasse over who might succeed him, as members of the "revolutionary generation" who had long dominated politics aged and passed away.

Two parties dominate the institutionally weak parliament: 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 backed former Minister of Culture Azzedine Mihoubi for president in December 2019; he lost. The opposition is diverse and divided, comprising leftist, Islamist, Berber-led, and regionally focused parties. Many exhibit internal divisions. Some analysts argue that political Islam has been discredited in Algeria due to armed Islamists' role in the 1990s civil conflict, or—conversely—due to some Islamists' accommodation with the state. The Islamic Salvation Front, 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.

COVID-19. Algeria has been a COVID-19 hotspot in Africa, possibly due in part to travel and family connections with Europe, along with ample domestic transportation infrastructure (which facilitates internal travel and thus, contagion). As of July 24, Algeria had recorded nearly 25,500 cases (about 5.8 per 10,000 people, slightly higher than Morocco and significantly higher than Tunisia), and the rate of new infections was rising. The pandemic's economic impact, including continued downward pressure on global energy prices, is also a key concern; as of April, the International Monetary Fund (IMF) predicted Algeria's GDP would shrink by 5.2% in 2020.

Terrorism and Counterterrorism

Cells linked to Al Qaeda and the Islamic State (IS) are apparently active in some areas, but the pace of terrorist attacks has decreased continuously since the early 2000s. State security forces have conducted frequent counterterrorism operations and bolstered their presence in border regions since wars broke out in Libya and Mali in 2011. The government administers de-radicalization programs and seeks to control the content of religious sermons.

Al Qaeda in the Islamic Maghreb (AQIM), a U.S.-designated Foreign Terrorist Organization, originated as a faction in Algeria's 1990s conflict, but the group's center of gravity has moved south and east over the past decade. The most recent large attack linked to the group within Algeria occurred in 2013, when an AQIM splinter faction mounted an assault on a natural gas plant in which 39 foreigners (including three Americans) were killed. In 2017, the same splinter faction joined with AQIM's southern wing and two Malian allies to form the Malian-led Group for Supporting Islam and Muslims (aka JNIM). AQIM's leader, an Algerian reportedly based in northeast Algeria, was killed in a U.S.-assisted French military strike in northern Mali in June 2020. There have been few IS-linked attacks since the beheading of a French tourist in 2014, but in 2019, IS claimed an attack on soldiers in Tamanrasset, in the south.

The Economy and Energy Sector

Algeria has the world's 10th- and 16th-largest proven reserves of natural gas and oil, respectively, and was the 10th-largest natural gas producer in 2019. It is also thought to have the 3rd-largest recoverable shale gas reserves. State-owned enterprises reportedly comprise over half of the formal economy, 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 is the top source of imports, and a key player in the infrastructure and construction sector.

High global energy prices prior to 2014 allowed Algeria to accrue sizable foreign reserves, which financed its large military and social programs that arguably assuaged dissent. Since then, the price drop has caused fiscal deficits and spurred concerns about the sustainability of Algeria's economic (and political) model. Foreign reserves declined by more than half between 2014 and 2018, according to the IMF (latest available), and unemployment has risen. The IMF has criticized Algeria's reliance on monetary expansion to finance deficit spending. (Algeria has little external debt and does not borrow from the IMF.)

Algerian leaders have long called for greater diversification and foreign investment, but reforms that could encourage such outcomes have largely stalled, notwithstanding some legal changes in 2019 and 2020 portrayed locally as pro-business. Most investments are required by law to be at least 51% locally owned. Limits on capital flows and currency exchange further inhibit foreign investment and private sector growth, as do bureaucratic red tape, the absence of a modern financial market, and an underdeveloped stock exchange and banking system. Weak infrastructure links to neighboring countries and the dispute-driven closure of the border with Morocco since 1994 constrain 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. Leaders' skepticism of Western powers and NATO are a legacy of the country's history of French settler colonialism (1830-1962) and the long armed struggle for independence. Algeria's defense budget (about \$10 billion/year) is the largest in Africa. Longstanding policy prohibits military deployments abroad, although recently proposed constitutional amendments could change this.

Algiers mediated Mali's 2015 peace accord and backed U.N.-led political talks in Libya. Complex and often distrustful relations with neighboring states (along with Algerian elites' current focus on internal political questions) have hindered past efforts to coordinate a regional response to security threats in West Africa's Sahel region. Relations with Morocco remain tense due to a regional rivalry and disaccord over Western Sahara. Morocco claims (and administers most of) the disputed territory, while Algeria hosts and backs the independence-seeking Polisario Front.

Algeria's foreign policy has often conflicted with that of the United States. For example, Algeria has close ties to Russia and China, is highly critical of Israel, opposed the 2011 NATO-led intervention in Libya, and maintains relations with the Asad government in Syria. The United States has recognized neither Morocco's claim of sovereignty over Western Sahara, nor the Polisario's Sahrawi Arab Democratic Republic, which Algeria recognizes as a state.

U.S. Relations

During a visit to Algiers in 2018, then-Deputy Secretary of State John Sullivan stated a "commitment to strengthening and broadening U.S.-Algerian relations." In early 2019, the Administration hosted a U.S.-Algeria Strategic Dialogue, which had last convened in 2015. Like its predecessors, the Trump Administration has praised U.S.-Algeria cooperation on regional crises and counterterrorism (notably via information sharing and coordination in multilateral forums), while criticizing Algeria's challenging business environment. Algeria's reliance on Russia for defense acquisitions has also sparked friction, though Algerian purchases of U.S. equipment have grown in recent years.

U.S. bilateral aid allocations in FY2019 comprised \$1.1 million for International Military Education and Training (IMET) and \$0.4 million for Nonproliferation, Antiterrorism, Demining, and Related Programs (NADR). The Administration has proposed to increase bilateral aid in FY2021 to \$2 million in economic aid and \$1.3 million in IMET. Additional funds are often allocated for Algeria via regional or global programs, e.g., to promote economic growth, strengthen civil society, and counter violent extremism. Algeria participates in, but is not a top focus of, the State Department-led Trans-Sahara Counter Terrorism Partnership. Congress has not authorized the Defense Department to aid Algeria in securing its border with Libya on a reimbursement basis, as it has for Tunisia and Egypt.

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