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## Algeria: In Focus

President Abdelaziz Bouteflika (82) stepped down on April 2, 2019, in the face of large, peaceful protests, ushering in a new era of political uncertainty in Algeria. The protests first erupted in February in opposition to Bouteflika's candidacy for a fifth term, despite his evident ill health and advanced age, in elections originally slated for April. On March 11, Bouteflika had renounced his reelection bid while delaying elections indefinitely pending constitutional and electoral reforms. Protests continued. Bouteflika ultimately stepped down after the military chief of staff, Gen. Ahmed Gaïd Salah—previously viewed as an ally—publicly called for constitutional impeachment procedures.

Following Bouteflika's resignation, Algeria's parliament recognized Senate leader Abdelkader Bensalah as interim president with new elections to be held within 90 days, consistent with constitutional succession provisions. Bensalah has scheduled elections for July 4. Law enforcement bodies have also launched what appears to be a sweeping anti-corruption crackdown targeting prominent business leaders; some, but not all, were considered close to Bouteflika. Large protests have continued, with activists pressing for more comprehensive political changes.

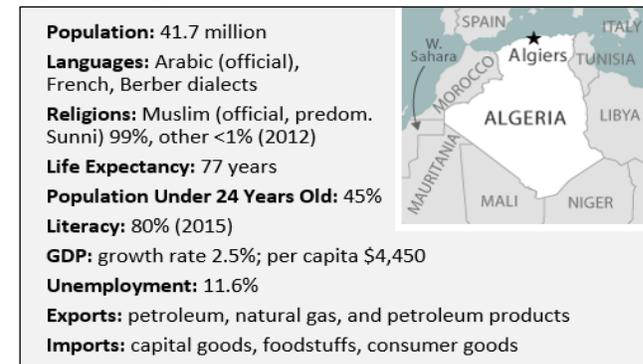
Algeria's political system is a republic with a strong presidency and security apparatus, a state-centric economy, and social welfare programs underpinned by oil and gas revenues. State decisionmaking is diffuse and opaque, with elected politicians, military and intelligence officers, and business leaders reportedly wielding influence behind the scenes. The State Department's human rights reports cite "official corruption" as a key issue. This system had withstood turmoil in the region since 2011 as well as internal pressures. The prospect of an uncertain leadership transition has nonetheless preoccupied Algerians as members of the "revolutionary generation" that fought for independence from France in the mid-20<sup>th</sup> century have aged or passed away.

### Politics: Context

President Bouteflika was first elected in 1999 with military backing, as Algeria's decade-long brutal counterinsurgency against armed Islamist groups was winding down. He advanced reconciliation initiatives and sought to consolidate executive powers under the presidency, in part by asserting greater control over the army and military intelligence service. Bouteflika was last reelected in 2014, a year after suffering a stroke that appeared to leave him physically debilitated. For years, analysts have observed "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 long 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).

Figure 1. Algeria at a Glance



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

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' 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. Small cells linked to Al Qaeda and the Islamic State (IS) reportedly remain active in some areas, but the pace of attacks has continuously decreased. 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 U.S.-designated Foreign Terrorist Organization, originated as an insurgent faction from Algeria's 1990s conflict. An AQIM splinter faction claimed an assault in 2013 on a 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 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.

In 2014, an Algerian IS affiliate known as Jund al Khilafah ("soldiers of the caliphate") emerged 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 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 3<sup>rd</sup>-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. As of 2017, Italy was Algeria’s top export destination and China 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 the drop in prices since then, Algeria’s foreign reserves declined by more than half, according to the International Monetary Fund (IMF), while its “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. 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. 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. Analysts 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 noninterference; residual skepticism of Western powers and NATO is a legacy of its armed struggle for independence from France (1954-1962). Although Algeria has by far the largest defense budget in Africa, long-standing policy prohibits troop 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 de facto administers most of it. Algeria hosts and backs the Polisario Front, which seeks independence for the territory. Algeria has participated in U.N.-convened

talks on Western Sahara since late 2018, 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 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 the 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 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. educational and cultural exchange programs seek to build relations with young Algerians and other emergent actors.

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. 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 also 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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