



Algeria: Current Issues

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Summary

U.S.-Algerian ties have grown over the past decade as the United States has increasingly viewed Algeria as an important partner in the fight against international terrorism. The Algerian economy is largely based on hydrocarbons, and the country is a significant source of petroleum for the United States and of natural gas for Europe. Congress appropriates and oversees small amounts of bilateral development assistance, and Algerian security forces benefit from U.S. security assistance and participation in bilateral and regional military cooperation programs.

Algeria's political system is dominated by a strong presidency and security apparatus. The military views itself as the heir to Algeria's long struggle for independence from France, and has remained the most significant political force since independence in 1962. Following Algeria's bloody domestic counterinsurgency against Islamist groups in the 1990s, the military backed Abdelaziz Bouteflika for the presidency in 1999. Bouteflika was reelected for a third term in April 2009, after the constitution was altered to remove term limits. He is widely rumored to be in poor health, and has no clear successor.

Algeria's macroeconomic situation is stable due to high global oil and gas prices, but the pressures of unemployment, high food prices, and housing shortages weigh on many families. These factors, along with longstanding political frustrations and the ripple effects of political change and tumult across the region, have motivated recent demonstrations and labor unrest. At the same time, Algeria's experience with civil conflict, the fragmented nature of civil society, and the "negative" examples of violence and uncertainty in countries such as Libya, Yemen, and Syria, may dampen enthusiasm for dramatic political change. The government has used the security forces to prevent and break up demonstrations, while also attempting to defuse public demands with limited political and economic concessions. Some hope that reforms initiated in April 2011 might strengthen the relatively weak legislature and judiciary. Yet it is unclear whether the reforms have the potential to alter the deeper balance of power within the opaque politico-military elite network that Algerians refer to as "Le Pouvoir" (the powers-that-be).

Domestic terrorism perpetrated by violent Islamists remains Algeria's principal security challenge. Algerian terrorists also operate across the southern border in the Sahel and are linked to terrorism abroad. Al Qaeda in the Islamic Maghreb (AQIM), a U.S.-designated Foreign Terrorist Organization (FTO), is an Algerian-led criminal-terrorist network with roots in the 1990s civil conflict. As the dominant economic and military power in the region, Algeria has attempted to take the lead in developing a regional approach to counterterrorism in the Sahel. President Bouteflika's tenure has produced an energized foreign policy. Strains in ties with neighboring Morocco continue, due to the unresolved status of the Western Sahara and a rivalry for regional power, although signs of a thaw have emerged in the past year. Relations with former colonial power France remain complex and volatile. The legacy of Algeria's anti-colonial struggle contributes to Algerian leaders' desire to prevent direct foreign counterterrorism intervention, their residual skepticism of French intentions, and Algeria's positions on regional affairs, including a non-interventionist stance toward uprisings in Libya and Syria.

See also CRS Report R41070, *Al Qaeda and Affiliates: Historical Perspective, Global Presence, and Implications for U.S. Policy*, coordinated by John Rollins; and CRS Report RS20962, *Western Sahara*, by Alexis Arieff.

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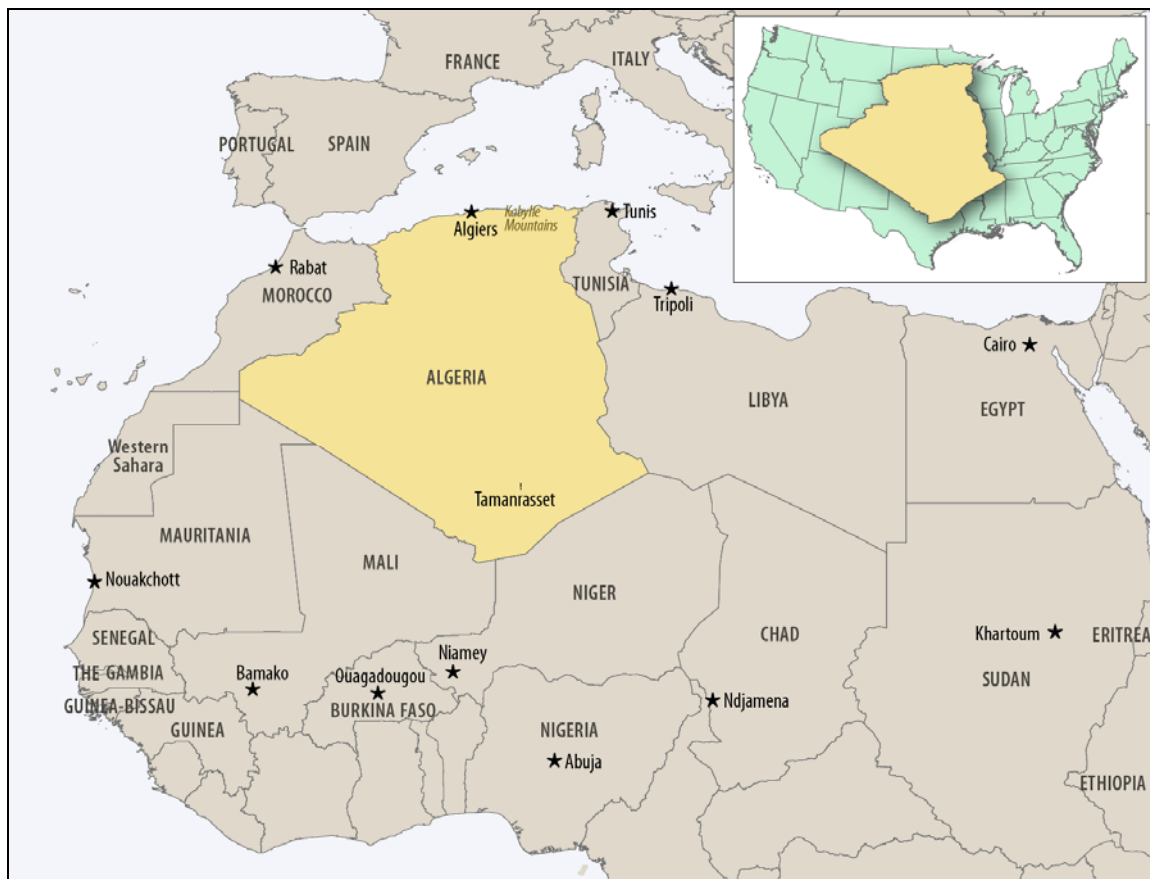
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Overview

The United States has tried to balance appreciation for Algeria's cooperation in counterterrorism with encouragement of greater political openness. This balance has taken on a new importance in light of ongoing regional unrest and political transformations in neighboring countries. Algeria is viewed as an important partner in countering Al Qaeda-linked groups, and is influential in regional diplomacy and security initiatives. At the same time, the State Department continues to publicly document a variety of human rights problems. U.S. policy challenges in Algeria in some ways resemble those faced elsewhere in the region. However, because of the limited nature of U.S. bilateral foreign assistance and Algeria's famous resistance to outside pressure, the U.S. government may lack well-developed levers of influence.

This report focuses on current political issues, as well as Algeria's economy, its foreign policy, and U.S.-Algeria relations. Key issues include reform efforts initiated after anti-government demonstrations in early 2011 and amid the regional tumult of the "Arab Spring"; terrorism and related security issues; human rights; national reconciliation following the "dark decade" of the 1990s Islamist insurgency; and activism in ethnic Berber areas.

Figure I. Map of Algeria and Its Neighbors



Source: CRS.

Background

Algerians fought a protracted independence war between 1954 and 1962 against the French, who had colonized Algeria since the early 19th century, populated some areas with over one million settlers, and incorporated the country as a department of France. The conflict was notable for its brutal tactics: the guerilla National Liberation Front (FLN) carried out urban terrorist attacks and violent retribution against competing nationalist factions, while the French military engaged in torture, extrajudicial killings, and other abuses targeting the FLN and Arab civilians suspected of supporting it.¹ After an independence referendum on July 1, 1962, the FLN became the single ruling

party, and—backed by the powerful military—it remained politically dominant until the 1980s. The anti-colonial struggle remains a key foundation of Algeria’s political identity, and many of the country’s influential political and military figures are of an older generation that view their political legitimacy as closely tied to their role as former freedom fighters. Algeria was a leader in the Non-Aligned Movement during the Cold War, and although the government was socialist-leaning and engaged in military cooperation with the Soviet Union during that period, it never allowed foreign bases on its soil and strongly defended its independent status.

Infighting among the revolutionary leadership, first reflected during the anti-colonial struggle, continued after independence and foreshadowed factional competition within the government and security sector. In 1965, Houari Boumediène seized power in a military coup from Algeria’s first president, Ahmed Ben Bella. Boumediène served as revolutionary council chairman, head of the military, and president until his death in 1978; his presidency is remembered as a period of unprecedented, and since unequaled, political and military centralization. Another military figure, Chadli Bendjedid, succeeded Boumediène. The 1980s saw the rise of Islamist ideology, starting on university campuses and eventually escalating into the most significant political challenge to the FLN since independence. Economic crisis contributed to a sense, among many, that those who had led Algeria to independence, and their professed socialist ideology, had failed to deliver on a promised social contract. In October 1988, mass protests and riots erupted, revealing widespread frustration with the FLN’s leadership and altering the political landscape. A violent military crackdown on protesters further contributed to the public’s loss of esteem for the ruling authorities. The government then quickly initiated a process of rapid political liberalization, including a new constitution in 1989 that opened the way to greater political pluralism and

Algeria at a Glance

Population: 35 million (2011 est.)

Languages: Arabic (official), French, Berber dialects

Religions: Sunni Muslim (state religion) 99%, Christian and Jewish 1%

GDP growth rate: 3.3% (2010)

Unemployment: 10% (2010 est.)

Unemployment (ages 15-24): 24.3% (2006)

Poverty rate: 23% (2006)

Literacy: 69.9% (2002)

Life expectancy: 74.5 years (2011)

Median Age: 27.6 years

Exports: petroleum, gas, petroleum products

Imports: capital goods, foodstuffs, consumer goods

Major trading partners: France, United States, Italy, China, Spain, Canada (2010)

Source: CIA, *The World Factbook*, 2011

¹ See Alistair Horne, *A Savage War of Peace: Algeria 1954-1962*, New York Review Books Classics: 2006 [1977].

multiparty competition.² These changes placed Algeria far ahead of other countries in the region in terms of introducing the mechanisms of democratic governance.

Amid this political upheaval, the Islamic Salvation Front (FIS) was formed as a broad—and non-cohesive—coalition of Islamist groups. The movement successfully used Islamist terms to criticize the FLN government from a populist and “moral” stance. FIS members also called for an Islamic state and denounced democracy as “infidel.”³ The government recognized the FIS as a legal political party and allowed it to compete in local elections in 1990, in which the FIS won a majority of votes cast. In the first round of parliamentary elections held in December 1991, the FIS again did well, and was expected to win a majority through a second round of voting scheduled for early 1992. Instead, the army intervened in January 1992, forcing Bendjedid to resign and canceling the election results. A military-dominated High Council of State (HCE) took control of the government. The FIS was banned and many of its leaders imprisoned; thousands of FIS activists were detained, with many of them interned at prison camps in the Sahara desert.

The thwarted Islamist movement fractured, with some factions turning to violence. A decade of civil conflict between security forces and Islamist insurgents ensued, resulting in as many as 200,000 deaths. During this period, reported factional competition within the government and security forces dominated politics and the conduct of the state’s counterinsurgency campaign. The conflict was characterized by high levels of atrocities against civilians. Islamist militants, divided over tactics and ideology, targeted intellectuals, journalists, artists, and musicians, along with ordinary citizens and each other. The Armed Islamic Group (GIA) engaged in an escalating cycle of extremism and brutality that included terrorist attacks in France and a series of massacres of civilians in the mid-1990s. The Salafist Group for Preaching and Combat (GSPC), which split from the GIA, initially differentiated itself by disavowing attacks on civilians and focusing instead on the Algerian military. Questions remain about the government’s culpability in violence during the conflict; most analysts contend that the security forces committed serious abuses, including torture and disappearances.⁴ The government also restricted freedom of the press, assembly, and association. Some opposition leaders supported the government’s strategy as a necessary step to neutralize the Islamists before providing for greater democracy, which may have discredited them in some eyes.⁵ Among supporters of the government, a strong sense of international abandonment during the crisis persists, due to a sense that Algeria was unfairly isolated by Western critics for doing what was necessary to prevent the country’s disintegration.⁶

Relative stability was restored by the early 2000s, aided by the introduction of an amnesty for former militants, an initiative of President Abdelaziz Bouteflika (elected in 1999) that was approved in a referendum and was extended, again by referendum, in 2005. The Islamic Salvation Army (AIS), the armed wing of the FIS, agreed to an amnesty in 2000. The GIA has been inactive in recent years. The GSPC merged with Al Qaeda in 2006, changing its name to Al Qaeda in the Islamic Maghreb (AQIM; see “Terrorism,” below). In recent years, GSPC/AQIM

² See John Ruedy, *Modern Algeria: The Origins and Development of a Nation*, Indiana University Press: 2005 (1992).

³ See International Crisis Group (ICG), *Islamism, Violence, and Reform in Algeria: Turning the page*, July 30, 2004.

⁴ See Amnesty International, “Algeria: Civilian population caught in a spiral of violence,” November 18, 1997; and Hugh Roberts, “Demilitarizing Algeria,” Carnegie Endowment for International Peace, May 2007. The government also encouraged and financed local civilian “self-defense” groups, which were accused of abuses.

⁵ Lahouari Addi, “Algeria’s Army, Algeria’s Agony,” *Foreign Affairs*, July-August 1998.

⁶ Observers note that despite its relative isolation due to human rights concerns, several Western countries—notably France—engaged in security cooperation with Algeria throughout the 1990s (Ruedy, *Modern Algeria*, op. cit., p. 262).

attacks have targeted the military, state institutions, the police, and civilians, including Westerners targeted in kidnappings.

Politics and Key Players

Algeria's political system is dominated by a strong presidency and security apparatus. President Abdelaziz Bouteflika, a former foreign minister, was first elected in 1999 with vital military support, after his major challengers withdrew from the contest, alleging fraud. He was reelected in 2004 and again in 2009, after the constitution was altered to remove term limits.⁷ In 2004, he won 85% of the vote, soundly defeating (among others) prominent politician Ali Benflis, a former ally and Prime Minister who ran on the FLN ticket. In 2009, Bouteflika won over 90% of the vote against five challengers. Some attributed military leaders' acquiescence to Bouteflika's candidacy in 2009 to their inability to find a viable alternative.⁸ The president's rivals alleged fraud and bias, as in previous elections, and claimed the turnout figures (74%) were inflated. Still, many viewed Bouteflika's victories as a public endorsement of his efforts to decrease violence and enhance political stability. Since 2005, there have been persistent rumors about the state of the 74-year-old president's health, spurred by his intermittent absences from public view. Bouteflika lacks a clear successor, and many analysts expect the military to influence the choice of his replacement.

A political independent, Bouteflika was until recently supported by a coalition of three parties known as the Presidential Alliance: the National Liberation Front (FLN), the former anti-colonial movement; the centrist and secularist National Democratic Rally (RND); and a moderate Islamist party, the Social Movement for Peace (MSP/Hamas), whose origins are tied to the Egyptian Muslim Brotherhood. Ahmed Ouyahia of the RND serves as Prime Minister. In late 2011, the MSP announced it was leaving the Alliance in order to campaign as an opposition party in parliamentary elections tentatively scheduled for May 2012. The MSP cited dissatisfaction with the government's political reforms, which it claimed were insufficient.

Algerians refer to *Le Pouvoir* (the powers-that-be) to designate opaque political and military elite networks that are widely perceived as driving events and major political decisions. These networks are widely viewed as internally divided. Corruption and cronyism are also widely considered to be problems. Many analysts view President Bouteflika as having sought to establish the authority of the presidency by diminishing the influence of senior military commanders in government decision-making.⁹ Still, the military intelligence service known as the DRS (Department of Intelligence and Security, after its French acronym) is reported to retain

⁷ In November 2008, a joint session of parliament adopted constitutional amendments that, among other provisions, abolished presidential term limits and allowed Bouteflika to run for a third term. A huge salary increase for legislators may have contributed to the amendments' passage. Some critics had argued that the constitutional changes required a national referendum, but the Constitutional Court disagreed.

⁸ *Africa Confidential*, "Algeria: Victory in a Vacuum," April 17, 2009.

⁹ See, e.g., Isabelle Werenfels, "Who Is In Charge? Algerian Power Structures and their Resilience to Change," CERI SciencesPo, February 2010; and Roberts 2007, *op. cit.* Roberts, a longtime Algeria analyst, argues that the "exceptionally intense factionalism within the power structure" in Algeria grew in part from the protracted and defuse conduct of the Algerian war for independence, and that it has been aggravated by a number of more recent factors such as the role of the state in allocating hydrocarbon resources, identity-based and ideologically-driven conflicts, and internal dynamics linked to economic liberalization in the 1990s. It is worth noting, as does Werenfels, that divisions within elite power structures echo deep divisions within Algerian society, including along geographic, ethnic, linguistic, class, and ideological lines.

significant power.¹⁰ The DRS has been headed since 1990 by General Mohamed “Tewfiq” Médiène, the only senior military commander of the early 1990s to have retained his position to date.¹¹ The DRS’s authority stems not only from its role in security and intelligence affairs, but also from its reported ability to influence official policy decisions and its role as an investigatory entity in state anticorruption matters, which appears to provide leverage over rival factions. Tensions within the elite establishment appear to be ongoing, and could signal potential fracture points if additional pressures are placed on the government, e.g., by growing public protests, electoral disputes, security concerns, or regional developments.

Key components of the government include the Ministry of the Interior, which oversees domestic security, registers political parties, and administers elections; and the Ministry of Energy and Mines, which sets policy for Algeria’s lucrative oil and gas sector and oversees the state energy company, SONATRACH. A government reshuffle in May 2010 saw the departure of longtime Energy Minister Chakib Khelil and the reassignment of Interior Minister Nourredine Zerhouni to the relatively powerless post of Deputy Prime Minister. They were replaced, respectively, by Youcef Yousfi and Dahou Ould Kablia, both senior figures in the government bureaucracy. Former ministers Khelil and Zerhouni had been seen as allies of President Bouteflika, and some analysts viewed the reshuffle as symbolizing a blow to Bouteflika’s influence within the regime, and to Khelil’s efforts to open up the energy sector to greater foreign investment.¹²

The bicameral, multiparty parliament is weak. The president appoints the prime minister as well as one-third of the upper house of parliament, known as the Council of the Nation. (The remaining two-thirds are selected by indirect vote.) Although either the president or one of the parliamentary chambers may initiate legislation, it cannot be passed into law without being brought before both chambers, which requires the support of the presidency. The 380-seat National People’s Assembly (lower house) was last elected on May 17, 2007, with a voter turnout of 36.5%—the lowest ever, possibly reflecting a lack of popular faith in the political system and the legislature in particular. Parties in the governing coalition placed at the top: the FLN won 23% of the vote and 136 seats; the RND 10.3%, 61 seats; and the MSP 9.6%, 51 seats. Eighteen other parties and 33 independents also won seats. The Council of the Nation has 144 seats, of which the FLN has 29, RND 12, and MSP 3; independents and appointees hold the remainder.

Many Algerians, particularly from younger generations, appear to feel disconnected from formal politics. Disillusionment with the political status quo, maintained by an aging elite that many view as exhibiting disdain toward the broader population, appears to be widespread.¹³ Political opposition movements also remain deeply divided. Secularist opposition parties include the

¹⁰ Ibid; *El Watan*, “Le DRS, l’armature du régime,” March 15, 2011; John P. Entelis, “Algeria, Revolutionary in Name Only,” *ForeignPolicy.com* Mideast Channel, September 7, 2011. On anticorruption matters, see, e.g., *Africa-Asia Confidential*, “Algeria: Chinese Companies Named in Anti-Corruption Probe,” March 16, 2010; *Reuters*, “Interview—Algeria Corruption Case ‘Part of Political Struggle,’” February 8, 2010.

¹¹ In late December 2011, formerly retired General Bashir “Athman” Tartag was appointed to head the Department of Internal Security (DSI) within the DRS, which is responsible for counterterrorism and counter-intelligence. Some analysts viewed the appointment as signaling the return of a hard-line stance toward violent extremism and, possibly, toward political unrest. *El Watan*, “Changement à la direction du renseignement et de la sécurité (DRS): Un nouveau patron pour le contre-espionnage,” December 26, 2011; *El Wasat*, “Algeria: The ‘Dur’ Who Came in From the Cold,” December 30, 2011.

¹² Arezki Daoud, “Government Reshuffle in Algeria: Changes in Continuity,” *North Africa Journal*, June 2, 2010; and Economist Intelligence Unit (EIU), *Country Report: Algeria*, June 2010.

¹³ OSC, “Country Report: Algeria,” *Master Narratives*, November 2011; see “Hogra.”

Workers' Party (PT), led by Louisa Hanoune, which has 26 seats in parliament, along with two rival Berber-led parties: the Rally for Cultural Democracy (RCD), headed by Saïd Sadi, and the Front for Socialist Forces (FFS), headed by Hocine Aït Ahmed. The RCD, which currently holds 19 seats in parliament, is strongly critical of Bouteflika but considered close to the military. RCD leader Sadi spearheaded an attempt in early 2011 to rally opposition parties, civil society groups, and independent trade unions into a coordinated anti-regime protest movement; however, it fractured. The FFS, one of Algeria's oldest political parties, is viewed as having a wider base of public support and popular legitimacy, but it has boycotted recent legislative elections.

Since the mid-1990s, several Islamist parties have been permitted to participate in electoral politics. These include the MSP, led by Bouguerra Soltani, which participated in the Bouteflika government for seven years, and the Movement of Islamic Renaissance (MRI/Al Nahda) and Movement for National Reform (MRN/Islah), which hold a few seats in parliament. Both the MRI and MRN were originally founded by longtime Islamist activist Abdallah Djeballah, who left each over internal disputes. Djeballah recently announced his intention to launch a new party. Some observers predict that Islamists could make significant gains in 2012 parliamentary elections, pointing to trends in Tunisia and Morocco; others contend that political Islam has lost its popular luster in Algeria due to the 1990s conflict, or that the legalized Islamist parties have lost credibility due to their accommodation with the regime.¹⁴ Some former FIS supporters may have joined other Islamist parties, but the movement's former leaders, some of whom live abroad, remain banned from formal political activities.¹⁵ Religiously conservative Salafist movements have grown in prominence; for many Algerians, Islamism is expressed as social conservatism with no institutional or partisan attachment.¹⁶ Armed Islamist movements are discussed below.

Given Algeria's history of leftist economic policies, the country's trade unions are influential political players. Trade unions lead regular strikes in socioeconomically important sectors, such as hospitals, universities, and public administration, and the leaders of the quasi-official General Union of Algerian Workers (UGTA) influence annual wages through "tripartite" talks with the government and business leaders. "Autonomous" unions, which portray themselves as resisting state cooption and control, have less influence over government policy than the UGTA, which is seen as close to the government.¹⁷ Other civil society actors include human rights groups, notably the independent Algerian League for the Defense of Human Rights (LADDH). There is also a state-backed National Consultative Commission for the Promotion and Protection of Human Rights. The print media are diverse and often critical of the government; Arabic and French language international satellite television stations are also influential.

¹⁴ See *The Moor Next Door*, "Party Hopping in Algeria," November 27, 2011.

¹⁵ Some analysts (e.g., ICG 2004, op. cit.) note that since the mid-1990s, the doctrine espoused by ex-FIS leaders has evolved toward acceptance of the Algerian nation-state and of the principles of democratic competition. At the same time, some continue to justify the use of violence during the civil conflict. See, e.g., *Tout Sur l'Algérie*, "Entretien avec Ali Belhadj, numéro 2 de l'ex-FIS," December 13, 2011.

¹⁶ Amel Boubekeur, *Salafism and Radical Politics in Postconflict Algeria*, Carnegie Endowment for International Peace, September 2008; and Yahia Zoubir, "Algeria," in *World Almanac of Islamism*, American Foreign Policy Council: 2011.

¹⁷ The autonomous unions have supported recent opposition protest movements, and their leaders report being subject to state harassment and intimidation.

Selected Issues

Political Unrest and Reform

In early January 2011, riots broke out in several cities, provoked by a rise in food prices but also long-simmering discontent among younger urban residents.¹⁸ While the riots were quickly brought under control, public demonstrations escalated. A handful of small opposition parties, civil society groups, and independent trade unions formed the National Coordination for Change and Democracy (CNCD), which held several protests in Algiers in February and called for greater democracy, the lifting of the 1992 state of emergency, the freeing of individuals detained during previous protests, a loosening of controls over the state media, increased employment, and “social justice.”¹⁹ Larger protests, some of which directly referenced the “Jasmine Revolution” in neighboring Tunisia, were curtailed by substantial deployments of security forces, and the coalition fractured due to internal divisions. However, labor strikes in various sectors and localized protests continued through 2011. Urban riots and other civil unrest, particularly led by unemployed youth, are relatively common in Algeria and are often tolerated by the authorities.

Despite genuine popular frustrations, the potential for a mass popular uprising is uncertain, and several factors may weigh in favor of political continuity. For example, some observers contend that vivid memories of the 1990s have rendered many Algerians averse to perceived insecurity and therefore prone to reject widespread anti-government mobilization.²⁰ Still, some local commentators attributed the domestic tumult of 2011 to “a deep social malaise” among Algerians struggling with difficult living conditions, bureaucracy, and corruption.²¹

In the context of the “Arab Spring,” the Algerian government has moved proactively to contain unrest. Authorities have attempted to address economic grievances—lowering key food commodity prices, raising wages, and initiating new programs to provide land, youth employment, and housing—while seeking to preclude large protest gatherings through security deployments. Economic subsidies are a frequent tactic in Algeria, where oil and gas revenues provide resources for policies that some view as designed to buy off dissenters. The government has also taken steps toward a gradual, regime-led reform process. The 1992 “state of emergency” was repealed in February 2011—although restrictions on civil liberties, contained elsewhere in law and decrees, remain in place²²—and some controls on state media appear to have been relaxed. In a televised speech in April 2011, President Bouteflika promised unspecified changes to the constitution and the revision of laws governing political activity, the conduct of elections, and freedom of the press and of association; he stated that these reforms would “reinforce representative democracy” in Algeria.²³ Senate president Abdelkader Bensalah then led “consultations” that culminated in a series of laws introduced in the parliament and before the

¹⁸ Jack Brown, “Algeria’s Midwinter Uproar,” *Middle East Research and Information Project*, January 20, 2011.

¹⁹ *Le Temps d’Algérie*, “La CNCD demande aujourd’hui l’autorisation: Marche du 12 février à Alger,” February 1, 2011.

²⁰ See, e.g., William Bauer, “Algeria’s Springtime Silence,” *Fair Observer*, December 25, 2011.

²¹ “Algeria’s Year of Riots Seen Ominous for Elections, Pouvoir’s Authority,” *L’Expression*, January 4, 2012, via U.S. government Open Source Center (OSC).

²² See Human Rights Watch, “Algeria: End Public Assembly Ban in Algiers,” March 20, 2011.

²³ *Reuters*, “Algerian President Promises Major Political Reforms,” April 15, 2011.

cabinet in mid-2011. A constitutional revision is expected in 2012, following parliamentary elections scheduled for May. The Interior Minister has pledged that the elections will be “transparent” and that international observers will be permitted.²⁴

The impact of the legal changes to date, and the potential scope of the planned constitutional revision, remain to be seen. The most significant outcome to date may be changes that allow private ownership of local television and radio stations for the first time. Women’s quotas for elected assemblies were also increased, and judges are to play a greater role in election administration. Many observers assess the sum change to the political status quo, however, as minimal, and critics argue that the new laws on association and the media may prove at least as repressive as their predecessors.²⁵ Critics further charge that the reform process was non-inclusive and did not address key issues within Algeria’s political system, such as the role of the military.²⁶ Although President Bouteflika’s attempts to shape some of the draft laws were rebutted by legislators, the president defended the reforms process as a positive response to the “difficulties” presented by “major shifts in the Arab-Muslim world” in a statement in mid-December 2011.²⁷

Terrorism

The security situation has greatly improved since the civil conflict of the 1990s, but terrorism has not been eliminated. The U.S. State Department designates Al Qaeda in the Islamic Maghreb (AQIM), an Algerian-led group, as a Foreign Terrorist Organization (FTO).²⁸ AQIM was formed by the Salafist Group for Preaching and Combat (GSPC), which split from Algeria’s GIA insurgent group in 1998, declared allegiance to Al Qaeda in 2003 and, after Abdelmalik Droukdel (a.k.a. Abu Musab Abdulwadood) became its leader, united with Al Qaeda on September 11, 2006.²⁹ AQIM seeks to replace the Algerian regime with an Islamic state; it also has called for *jihad* against the United States, France, and Spain, and for the withdrawal of French troops from Afghanistan. In May 2011, Droukdel called for attacks on Western interests in “revenge” for the killing of Osama Bin Laden.³⁰ Still, the group remains Algerian-led and primarily regionally focused. In October 2011, Al Qaeda leader Ayman al Zawahiri called on Algerians to overthrow their government by “following the footsteps” of the Libyans.³¹ Algerian authorities are concerned that AQIM is taking advantage of the situation in neighboring Libya to seize territory, obtain sophisticated weapons systems, or infiltrate the nascent transitional authorities.³² The

²⁴ “Algerian Interior Minister Says Legislative Polls to be Transparent,” *El Khabar*, January 6, 2012, via OSC.

²⁵ *Agence France Presse (AFP)*, “Algérie: adoption d'une nouvelle loi controversée sur les médias,” December 14, 2011; and “Algérie: adoption d'une nouvelle loi restreignant les associations,” December 13, 2011. See also *El Watan*, “A contre-courant des réformes promises,” April 25, 2011; and “Projet de loi sur les partis politiques : Des changements en deçà des attentes,” October 3, 2011.

²⁶ Sonia Lyes, “Mehri: ‘Il faut régler le problème de la pratique occulte du pouvoir,’” *Tout Sur l’Algerie*, June 13, 2011.

²⁷ “President Bouteflika Rejects Review of Political Reforms in Written Speech,” *El Khabar Online*, December 15, 2011, via OSC.

²⁸ U.S. State Department, *Country Reports on Terrorism, 2010*, released August 18, 2011. The GIA, which has been inactive since 2006, was additionally designated prior to 2010.

²⁹ See CRS Report R41070, *Al Qaeda and Affiliates: Historical Perspective, Global Presence, and Implications for U.S. Policy*, coordinated by John Rollins; note text-box on “Jihad, Al Qaeda, and other Violent Islamist Groups,” p. 4.

³⁰ “Algeria: Al Qa’idah in Maghreb Calls for Bin-Laden Revenge,” *El Khabar*, May 11, 2011, via OSC.

³¹ *AFP*, “Zawahiri Calls for Algeria Revolution in New Video,” October 11, 2011.

³² *Reuters*, “Al Qaeda Bolstering Presence in Libya, Algeria Says,” April 6, 2011; *Al-Hayat*, “Algeria Deploys Troops to Monitor Libyan Desert, Prevent Infiltration,” March 12, 2011; *L’Expression*, “La chute du régime El Gueddafi favorable à AQMI: L’Algérie face à de nouveaux défis,” August 24, 2011.

security services have bolstered their presence, launched new surveillance and disruption operations, and reinforced their positions along the Libyan and Tunisian borders.

The practical meaning of AQIM's union with Al Qaeda is uncertain, and links between the two may be nominal but mutually beneficial.³³ Adopting the famous name may have enhanced AQIM's legitimacy among extremists and facilitated recruitment, while enabling Al Qaeda to burnish its international credentials and, potentially, access a region geographically close to Europe. The merger may also have discredited the GSPC/AQIM among Algerian Islamists focused on a domestic agenda and/or opposed to violence against civilians. AQIM's cohesiveness is also questionable, as it may be operating as relatively autonomous and/or rival cells. The State Department estimates AQIM's strength at under 1,000 fighters in Algeria, with a smaller number in the Sahel, and notes that the group is "constrained by its poor finances and lack of broad general appeal in the region."³⁴

The AQIM organizational structure is hazy. Droukdel reportedly continues to be based in the region of Kabylia, east of Algiers, where there was a reduction in security forces as part of a bid to reduce ethnic Berber unrest in 2001. The group is also active in the south, and across the border in the Sahelian countries of Mauritania, Niger, and Mali.³⁵ Droukdel may be the ideologue of the group who sets broad directions, but Mokhtar Belmokhtar, Yahia Djouadi, and Abdelhamid Abu Zaid (aka Abid Hammadou) have gained public prominence as (perhaps rival) leaders of AQIM regional commands or "emirates" in the south and Sahel. AQIM's southern cells raise funds by kidnapping Westerners for ransom and by trafficking in arms, drugs, vehicles, cigarettes, and persons.³⁶ These activities have led some to describe it as a "hybrid terrorist-criminal organization" or a "criminal organization with an attachment to Al Qaeda."³⁷ AQIM may also get some small-scale funding from cells in Europe.³⁸ U.S. officials have expressed concerns over potential links to other regional extremist organizations, such as Boko Haram in Nigeria.³⁹

After Droukdel became leader, AQIM increased its attacks against the Algerian government and security forces, and against foreign workers in the country. In 2007, it shifted tactics to suicide attacks, with simultaneous bombings of the Government Palace (the prime and interior ministries) and a suburban police station on April 11, 2007, and of the Constitutional Council and the U.N. headquarters on December 11, 2007, among others. In addition, an AQIM suicide bomber unsuccessfully attempted to assassinate President Bouteflika on September 6, 2007. All of these attacks resulted in civilian casualties. After a relative lull, AQIM again targeted security forces in a suicide bombing on a police academy in Kabylia in August 2008, causing more than 40 deaths.

³³ Several reports have suggested that Droukdel's initial contacts with Al Qaeda were channeled through Ayman al Zawahiri and/or the late Abu Musab al Zarqawi in Iraq.

³⁴ State Department, *Country Reports on Terrorism, 2010*, op. cit.

³⁵ Jean-Pierre Filiu, "Al-Qaeda in the Islamic Maghreb: Algerian Challenge or Global Threat?" Carnegie Endowment for International Peace, October 2009; Dario Cristiani and Riccardo Fabiani, "Al Qaeda in the Islamic Maghreb (AQIM): Implications for Algeria's Regional and International Relations," Istituto Affari Internazionali, April 2011.

³⁶ AQIM reportedly mostly purchases Western hostages from local criminal gangs and tribes in the Sahel. Center for Strategic and International Studies (CSIS), *The Dynamics of North African Terrorism*, Conference Report, March 2010.

³⁷ Ibid.

³⁸ Michael Jonson and Christian Nils Larson, "Illegal Tender: Funding Al-Qaeda in the Islamic Maghreb," *Janes Intelligence Review*, October 2008.

³⁹ Thom Shanker and Eric Schmitt, "Three Terrorist Groups in Africa Pose Threat to U.S., American Commander Says," *The New York Times*, September 14, 2011.

Since 2009, AQIM has conducted attacks outside of the capital, where security controls have made it difficult to operate, instead focusing on Kabylia and the Sahel. There has been a surge in large attacks in northern Algeria since early 2011. Attackers identified as AQIM killed at least 13 Algerian soldiers at a Kabylia outpost in April; used a suicide truck bombing to attack a police headquarters in the Kabyle city of Tizi Ouzou in August, killing at least 29; carried out a double-suicide bombing at an elite military academy in the usually secure western town of Cherchell, also in August, killing at least 18; and fired a rocket launcher at a regional airport in the Kabyle city of Jijel in September; among many other recent attacks.⁴⁰ Analysts have attributed the spike in attacks to factors such as changes in Algerian security force deployments, the impact of regional instability, and, possibly, new funding streams from southern cells.⁴¹

The U.S. State Department considers the potential terrorist threat to U.S. personnel in Algiers “sufficiently serious to require them to live and work under significant security restrictions,” and the Algerian government requires Embassy personnel to “seek permission to travel to the Casbah [old city] within Algiers or outside the province of Algiers and to have a security escort.”⁴² AQIM-produced internet videos have shown images of the U.S. Embassy and have specifically referenced Algeria’s security cooperation with the United States and France as part of their efforts to discredit the Algerian regime.⁴³ In September 2011, the U.S. Embassy in Algiers warned of a potential Al Qaeda threat to launch missile attacks against planes used by foreign oil firms.

Algeria is a significant source of transnational terrorists, and one batch of seized Al Qaeda records suggested that Algeria was one of the largest suppliers of anti-coalition fighters in Iraq.⁴⁴ Algerians were captured in Afghanistan and, at one time, 26 were held at the U.S. Naval Base at Guantanamo Bay, Cuba. Most have been repatriated or sent to third countries. The Bush and Obama Administrations sought assurances from Algiers that repatriated detainees would not pose a future danger and would be treated fairly. Several were tried in Algeria after their return and acquitted for lack of evidence. Some of those released have claimed innocence.⁴⁵ Algerians have been arrested on suspicion of belonging to or supporting AQIM in France, Spain, Italy, Germany, and Britain, while several reported international terrorist plots—including the “Millennium Plot” to carry out bomb attacks in Los Angeles in 1999—have involved Algerian suspects.

Counterterrorism Efforts

The military frequently conducts targeted counterterrorism operations and searches in areas surrounding Algiers, particularly in Kabylia, and has deployed troops to Algeria’s southern borders. In recent years, the government has recruited new police and gendarmes, augmented security at borders and airports, and increased the security presence in major cities. Efforts to

⁴⁰ In a statement attributed to AQIM, the group referred to the Cherchell target as “the most important symbol of the Algerian regime, the largest military barracks in the country... which produces the Army’s leaders and officers.” “AQIM Claims 26 Aug Attack on Algerian Military Academy Near Algiers,” Al-Boraq Islamic Forums, August 28, 2011, via OSC.

⁴¹ Andrew Lebovich, “AQIM Returns in Force in Northern Algeria,” *CTC Sentinel*, September 26, 2011.

⁴² State Department Travel Warning on Algeria, September 19, 2011. (This language echoes previous State Department travel warnings.)

⁴³ “AQIM Video: ‘Assault Them at the Gate,’ Part Two,” Ansar al Mujahidin Network, August 3, 2011, via OSC.

⁴⁴ Combating Terrorism Center at West Point, Harmony Project, “Al-Qaida’s Foreign Fighters in Iraq: A First Look at the Sinjar Records,” January 2008.

⁴⁵ E.g., Lakhdar Boumediène, “My Guantánamo Nightmare,” *The New York Times* [op-ed], January 7, 2012.

control terrorist financing have expanded. The military claims to have killed several AQIM commanders in recent months. In June 2011, Interior Minister Dahou Ould Kablia claimed that the movement had “largely lost its capacity to harm” within Algeria, although some critics pointed to a string of deadly attacks in Kabylia.⁴⁶ The government has also instituted deradicalization programs and seeks to control the content of religious sermons within the country. According to the State Department, in 2010, “Algerian law enforcement agencies cooperated with the United States and other foreign governments to prevent terrorist attacks against foreigners... The United States provided multiple training courses to Algerian police, judges, and customs officials on cyber crime, bulk cash smuggling, and counterterrorism tactics.”⁴⁷ Terrorism charges have been brought against several AQIM leaders in absentia.

As the region’s dominant economic and military power, Algeria has sought to lead a regional response to AQIM activities. Algiers is wary of a potential foreign direct counterterrorism role and seeks to prevent foreign, non-African (i.e., French and U.S.) intervention in the region. In addition, Algiers seeks to impede AQIM’s ability to extract large ransoms from Western governments and, thereby, to build up a treasury to pay more recruits and buy more arms. While it opposes a foreign presence, Algiers welcomes indirect outside counterterrorism support, such as arms, surveillance equipment, and intelligence sharing.

In mid-2009, the military chiefs of Algeria, Libya, Niger, Mali, and Mauritania developed the “Tamanrasset Plan” (after the town in southern Algeria) for regional cooperation to counter terrorism and related crime. In 2010, working under this framework, Algeria, Mali, Mauritania, and Niger established a combined military command center in Tamanrasset and later established an intelligence sharing center in Algiers. Algeria has provided equipment and training to its Sahel partners, and announced new development aid in 2011. Participating governments have agreed to increase the number of security forces, gendarmes, and soldiers deployed for Sahel counterterrorism to 75,000; Algeria has increased its forces to 25,000.⁴⁸ Algeria has also increased its bilateral cooperation with Burkina Faso. Probably due to strained bilateral ties, and because Algiers argues that the security of the Sahel does not concern Morocco, it has not invited its western neighbor to participate in regional counterterrorism efforts. (Algerian officials have reportedly indicated that they may review Morocco’s exclusion, possibly in the spirit of a growing bilateral rapprochement initiated in 2011.⁴⁹)

The sometimes dissonant relations and differing priorities among the neighbors, along with France’s influence in the Sahel states, have limited implementation of Algeria’s regional approach in practice. Mali has also at times reportedly angered Algeria by reportedly helping to negotiate ransoms for European hostages.⁵⁰ However, officials of Mali and Algeria claimed in 2011 to have overcome their differences.⁵¹

⁴⁶ AFP, “Algérie: les ‘terroristes’ ont perdu énormément de leur capacité de nuisance (ministre),” June 2, 2011.

⁴⁷ State Department, *Country Reports on Terrorism, 2010*, op. cit.

⁴⁸ “Anti-Terrorism Troops in the Sahel Increased from 25,000 to 75,000,” *El-Khabar* website, April 24, 2010, BBC Monitoring Middle East.

⁴⁹ Raby Ould Idoumou, “Morocco to Join Sahel Meetings,” *Magharebia*, December 21, 2011.

⁵⁰ “Algerian Paper Says Mali Violating Regional Anti-terrorism Agreements,” *Echourouk El Youmi* website, August 19, 2010, BBC Monitoring Middle East, August 20, 2010.

⁵¹ Remarks by Malian Foreign Affairs Minister Soumeylou Maïga and Algerian Minister for Maghreb and African Affairs Abdelkader Messahel, at CSIS, Washington DC, November 8, 2011.

Human Rights

A state of emergency—declared in 1992 at the outset of the conflict between the Algerian security forces and Islamist insurgents—was lifted in February 2011. The state of emergency granted authorities extraordinary powers, such as the ability to detain suspects without charge and to restrict public meetings and demonstrations. Still, various restrictions on freedom of assembly and association remain in effect, including a ban on protests in Algiers and other provisions that human rights advocates contend place significant constraints on civil liberties. The government also continues to detain some former Islamist militants who were previously held under emergency provisions, but under different orders.⁵² The military and intelligence services continue to play a role in domestic law enforcement. Despite administrative and financial pressures, the print media express a variety of political views.

According to the U.S. State Department’s annual *Country Report on Human Rights Practices*, human rights problems in Algeria include failure to account for persons who disappeared in detention in the 1990s, official impunity for human rights abuses by security forces, overuse of pretrial detention, poor prison conditions, corruption, and a lack of judicial independence. Reports of torture and “arbitrary killings” still occur, but less frequently than in previous years. The 2010 report also noted problems with security-based restrictions on movement, lack of government transparency, discrimination and violence against women, and restrictions on workers rights.⁵³ Algerian officials have criticized and disputed aspects of these U.S. reports.

The State Department’s most recent *International Religious Freedom Report* noted that “the government generally respected religious freedom in law”—aside from a legal prohibition against efforts to proselytize Muslims, which is unevenly enforced—“but there were restrictions in practice.” The government reportedly did not approve requests for registration by non-Muslim religious associations, “including Christian groups that attempted to comply with ordinance 06-03, which restricts public assembly for the purpose of worship and calls for the creation of a national commission to regulate the registration process for non-Muslim religious groups.” Such registrations have reportedly been deferred since 2008. Tiny Christian and Jewish communities are subject to threats from violent extremists. While the government allowed for the reopening of 25 synagogues shuttered during the civil conflict, none is in use, presumably due to the diminished size of the Jewish community (estimated at 2,000) and a fear of terrorist violence.⁵⁴

In 2011, the State Department’s annual *Trafficking in Persons Report* downgraded Algeria to “Tier 3” (the lowest ranking) with regard to human trafficking because it “does not fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so.” In January 2009, the government approved legislation that criminalizes trafficking in persons for the purposes of labor and sexual exploitation, but according to the State Department, “the government made no discernible effort to enforce” the law; it also “failed to identify and protect trafficking victims.”⁵⁵ Algerian officials refuted the trafficking report as an “unfounded” effort to harm Algeria’s international reputation.⁵⁶

⁵² AFP, “Algeria’s Ex-Islamist Leader Moved to ‘Safe Place,’” March 9, 2011.

⁵³ State Department, *Country Reports on Human Rights Practices, 2010, Algeria*, April 8, 2011.

⁵⁴ State Department, *July-December, 2010, International Religious Freedom Report*, September 13, 2011.

⁵⁵ State Department, *Trafficking in Persons Report, 2011*, June 27, 2011.

⁵⁶ Jamie Ingram, “Algerian Official Refutes US People-Trafficking Report Conclusions,” IHS Global Insight, June 30, 2011; *Horizons*, “Rapport US sur la prétendue traite des personnes en Algérie: ‘Des informations erronées et non (continued...)”

“National Reconciliation”

During the civil conflict, intra-government debates raged over whether to negotiate with insurgent and terrorist groups or to seek, instead, to “eradicate” them militarily. After President Bouteflika took office, he sought to add peaceful means to the government’s tactics to counter terrorism. In September 1999, a national referendum approved the “Civil Concord,” an amnesty for those who had fought the government. In September 2005, another referendum approved the Charter for Peace and National Reconciliation, including an amnesty for all except murderers, rapists, and bombers, exemption of security forces from prosecution for crimes of the 1990s, and compensation for families of victims of violence. Critics charge that it has resulted in the freeing of terrorists or that it failed to provide accountability or truth-telling for abuses allegedly committed by the security forces. A presidential commission determined that excesses of purportedly unsupervised security forces were responsible for the disappearances of 6,146 civilians from 1992 to 2000 and recommended compensation. Organizations representing victims’ families claim up to 20,000 people were “disappeared.” The government has extended the amnesty period indefinitely and has controversially extended it to some former GSPC leaders. Officials stated in 2011 that about 10,000 former militants had accepted amnesty under the Charter.⁵⁷ Former FIS leaders have recently stepped up their criticism of the reconciliation charter’s ban on their engagement in political activity.

Contestation in Berber Areas

Ethnic Berbers (Amazigh/Imazighen) are viewed as the native inhabitants of North Africa from before the seventh century Arab Muslim invasions. Many Algerians’ heritage reflects both Berber and Arab influences, but the state has pursued “Arabization” policies in national education and politics that are seen by some Berbers as disadvantageous. Populations identifying primarily as Berber predominate in several regions, but have been particularly focused on articulating demands for language and cultural rights in the densely inhabited Kabylia region east of Algiers. Periodic unrest in Kabylia has also been fueled by perceived official discrimination and neglect.⁵⁸

In April 2001 (known as “Black Spring” in reference to an earlier uprising in 1980), the death of a Berber youth in custody sparked riots in which security forces killed 126 people. The government agreed to compensate the victims and recognize Tamazight, a Berber language, as a national language, but not an official language. (Berber activists continue to press for official language status.) The government also agreed to rehabilitate protesters and remove security forces from some areas. The withdrawal, combined with lingering distrust between the security forces and the inhabitants of Kabylia, may have impeded government counterterrorism efforts in recent years, contributing to the region’s role as an AQIM stronghold due to its mountainous terrain and strategic location. (Berber populations tend to be secularist in their political views, and are likely victims rather than supporters of AQIM.) In turn, terrorist activity has entrenched Kabylia’s economic isolation. Recent military operations that have caused civilian deaths have

(...continued)

fiabiles’ affirme le porte-parole du MAE,” July 25, 2011.

⁵⁷ Merzak Tigrine, “Medelci révèle que 10 000 terroristes se sont rendus,” *Liberté*, September 21, 2011.

⁵⁸ See ICG, *Algeria: Unrest and Impasse in Kabylia*, June 10, 2003.

contributed to civil-military tension. Some analysts point to Kabylia as a potential vector of instability due to insecurity, political and economic isolation, and ethnic unrest.⁵⁹

U.S. Relations

U.S.-Algerian ties date from a Treaty of Peace and Friendship in 1795. In 1860, after the Algerian anti-colonial resistance fighter El Emir Abd el Kader protected large numbers of Christians from ethnic pogroms, President Abraham Lincoln honored him with a gift of several guns that remain on display in Algiers; the town of Elkader, Iowa, was named after him. Older Algerians have fond memories of President Kennedy's support for their independence struggle.⁶⁰ Relations suffered later due to Cold War differences. Still, Algerian diplomacy was instrumental in obtaining the release of U.S. hostages from Iran in 1981. Bilateral ties have been re-energized over the past decade, and Bouteflika met with President George W. Bush several times, including at the White House in July and November 2001.

U.S.-Algeria relations are highly focused on security cooperation and counterterrorism. Algeria is viewed as an important partner in countering Al Qaeda-linked groups, and U.S. officials often portray bilateral relations as an important "partnership," a term that emphasizes mutual benefits and responds to Algerian concerns over sovereignty. Algeria also plays a significant role in the African Union (AU), which the United States seeks to empower in regional development and conflict resolution, and leads several regional security initiatives. Algerian security officers benefit from U.S. training and cooperation, and the two countries share information on terrorist threats.⁶¹ In April 2010, the two countries signed a Mutual Legal Assistance Treaty. Algeria has recently pursued U.S. arms sales, although in some cases congressionally mandated end-use monitoring requirements have been a sticking point.

Obama Administration policy has tried to balance appreciation for Algeria's cooperation in counterterrorism with encouragement of democratization, and U.S. officials have paired recent calls for political reforms with statements asserting broad support for the Algerian government's leadership and for U.S.-Algerian ties. President Obama commended Algeria's decision in February 2011 to lift the 1992 state of emergency law, adding that "we look forward to additional steps by the government that enable the Algerian people to fully exercise their universal rights, including freedom of expression, association and assembly."⁶² After meeting with President Bouteflika and other senior Algerian officials during a February visit, then-Undersecretary of State for Political Affairs William J. Burns noted that across the region, "people are continuing to seek freedom and opportunity and dignity," but added that "the pursuit of those aspirations will take different shapes in different societies. How best to address them is a choice that people and leaderships in those societies will have to choose. As friends, we simply encourage that those

⁵⁹ Arezki Aït-Larbi, "En Algérie, la Kabylie est une poudrière," *Le Figaro*, July 21, 2011.

⁶⁰ John F. Kennedy was supportive of Algeria's anti-colonial struggle as a U.S. Senator, and as President, on July 3, 1962, Kennedy congratulated Algerians on "the creation of a great new state [which] represents the courageous and devoted work of the Algerian people and their leaders stretching over many years," and likened Algeria's war for independence to America's own.

⁶¹ At the same time, U.S. diplomatic security officials have expressed concerns that "the government at times possesses but does not share AQIM terrorist threat information directed towards Americans and American interests in Algeria" (U.S. Embassy Algiers, Regional Security Office, "Algiers Security Briefing, AQIM Activities, Threats to U.S. Embassy, Country Trends and Statistics," April 2011.)

⁶² The White House, "Press Statement by the President on Algeria Lifting Its State of Emergency," February 24, 2011.

aspirations be addressed early and openly and peacefully and seriously.”⁶³ In a television interview in March 2011 during a visit to neighboring Tunisia, Secretary of State Hillary Clinton called for political reforms in Algeria, including “greater space” for political speech and opposition activity.”⁶⁴ At his Senate confirmation hearing in May 2011, U.S. Ambassador to Algeria Henry S. Ensher stated that he would continue to pursue counterterrorism cooperation and greater economic ties, while also expanding outreach to Algerian civil society.⁶⁵

During a visit by Algerian Foreign Minister Mourad Medelci to Washington DC in mid-January 2012, Secretary Clinton stated that “Algeria has undertaken very significant reforms, and we welcome those,” and referenced the upcoming parliamentary elections and the Algerian government’s “moves to open up the broadcast media so more voices can be heard.” Clinton also thanked Algeria “for the support it has given to Tunisia and Libya,” noted that the United States would continue to work with Algeria and the Arab League to end the violence in Syria, and encouraged Algeria to undertake “greater cooperation with Morocco and an active role in the UN-led negotiations to resolve the conflict in Western Sahara.”⁶⁶

A bilateral “contact group” on counterterrorism was launched in March 2011. The U.S. Embassy in Algiers referred to it as “a historic moment for the development of bilateral security cooperation,” citing “Algeria’s unfailing commitment to the fight against terrorism and organized crime.”⁶⁷ In 2005, the United States and Algeria launched a Joint Military Dialogue to foster exchanges, training, and joint exercises. Algeria participates in the U.S. Trans-Sahara Counter Terrorism Partnership (TSCTP), an interagency program that aims to improve regional governments’ capacity and coordination to counter violent extremism, but Algeria prefers bilateral activities with the United States that recognize its regional importance. As part of TSCTP, U.S. Special Forces train, equip, and aid national forces in fighting AQIM in southern Algeria and the Sahel. U.S. intelligence also is reportedly shared.⁶⁸ For their part, Algerian authorities have shared information regarding terrorists of Algerian origin with the United States. Algeria participates in the NATO-Mediterranean dialogue and in NATO naval exercises.

A number of senior U.S. military commanders have visited Algiers in recent years, including General Carter Ham, Commander of U.S. Africa Command (AFRICOM), in June 2011. U.S. officials and military leaders have pointed to the importance of bilateral cooperation while emphasizing that the United States does not seek to impose its views or install a military footprint in the region, a preemption of Algerian sensitivities.⁶⁹ U.S. officials also often note that the

⁶³ U.S. Embassy Algiers, “Undersecretary of State for Political Affairs in Algeria,” February 25, 2011.

⁶⁴ *El Watan*, “Hillary Clinton Demande ‘Un Plus Grand Espace’ Pour l’Opposition,” March 18, 2011.

⁶⁵ “Statement of Henry S. Ensher,” Senate Committee on Foreign Relations, May 4, 2011.

⁶⁶ State Department, “Remarks With Algerian Foreign Minister Mourad Medelci,” January 12, 2012.

⁶⁷ U.S. Embassy Algiers, “Bilateral Counterterrorism Contact Group Launched,” March 2011.

⁶⁸ Mhand Berkouk, *U.S.–Algerian Security Cooperation and the War on Terror*, Carnegie Endowment for International Peace, June 2009.

⁶⁹ “AFRICOM Commander Strengthens US-Algerian Cooperation in Algiers Visit,” *Liberté*, November 26, 2009, via BBC Monitoring Middle East, December 14, 2009; and “Africom Commander Says No US Bases to be Set Up in Algeria,” *El Watan* website, November 26, 2009, BBC Monitoring Middle East. At a press briefing in early 2011, General Ward reiterated similar points, stating that “Algeria has a very important role in addressing this threat of Al-Qaeda” (“U.S. Africa Command Commander Gen. William Ward Holds Briefing for the Foreign Media on ‘U.S. Africa Command (AFRICOM)—The Commander’s Perspective,’” February 18, 2011, via CQ); “Algeria, ‘Leader’ and ‘Key’ Partner in Fight Against Terrorism,” *Algeria Press Service*, July 27, 2010; “US Assistant Secretary Discusses US-Algerian Ties, Counter-Terrorism,” *Liberté* website, October 22, 2010, via BBC Monitoring Middle East.

United States opposes paying ransoms to win the freedom of hostages as part of its “no-concessions” policy, which is the same policy as Algeria’s.

Despite improving ties, Washington and Algiers strongly disagree on many areas of foreign policy. Bouteflika condemned the use of force against Iraq in 2003 and called for the early withdrawal of foreign troops. Algeria supports the Arab Peace Initiative, which promises full normalization of relations with Israel after it withdraws from Arab lands. It roundly criticized Israel’s military operation against Hamas in the Gaza Strip in December 2008-January 2009. Algeria considers the situation in Darfur, Sudan, to result from ethnic conflict and poverty—not a genocide, as U.S. officials maintain—and is concerned about its regional implications. Although Algeria initially supported the U.N. Security Council’s authorization of a no-fly zone in Libya in February 2011, the Foreign Ministry subsequently expressed concern over the U.S.- and NATO-led military intervention, stating that “it is up to the Libyan people to decide on their future.”⁷⁰ The Algerian government did not recognize the Libyan Transitional National Council (TNC) until September 2011, later than other governments in the region.

In 2010, the Algerian government condemned the inclusion of Algeria on the list of 14 predominantly Muslim countries from which air travelers to the United States were subject to heightened screening in the aftermath of a Nigerian’s failed attempt to bomb an airplane en route from Amsterdam to Detroit on Christmas Day 2009.⁷¹ The U.S. Department of Homeland Security revised its procedures in April 2010 so that Algeria and other countries are not listed, but their nationals may still be subject to more security checks. U.S. government reporting on Algeria’s human rights and trafficking in persons record is another area of bilateral friction.

U.S. Trade and Investment Issues

The United States is the largest purchaser of Algerian oil, and the United States was first to invest in the Algerian hydrocarbon sector after the 2005 liberalization law opened it to foreigners. About 1,100 American citizens live in Algeria, most of whom live and work in the oil and gas fields in the south.⁷² In July 2001, the United States and Algeria signed a Trade and Investment Framework Agreement. U.S. exports to Algeria totaled \$1.13 billion in 2010, and U.S. imports from Algeria reached \$13.29 billion in 2010, primarily in the form of crude oil. U.S. imports of natural gas from Algeria dropped off in 2008 due to market forces and contract revisions.⁷³ Economic ties have broadened beyond the energy sector to financial services, pharmaceuticals, and other industries, but U.S. investors confront many bureaucratic and policy obstacles. Algeria receives duty-free treatment under the Generalized System of Preferences (GSP). In June 2007, Algeria and the United States signed an agreement to cooperate in the peaceful use of nuclear energy, but the United States has neither built nor has plans to build reactors in Algeria.

The State Department’s annual Investment Climate Statement on Algeria has criticized government policies vis-à-vis foreign investment, noting in 2011 that

⁷⁰ *Xinhua*, “Algeria Supports UN Resolution on Libya Crisis,” March 20, 2011; and CRS communications with Algerian government representatives, March 2011. Algeria repeatedly denied claims by Libyan rebels that Algerian mercenaries have supported forces loyal to Libyan leader Muammar al Qadhafi. *AFP*, “Algeria Denies Libyan Mercenary Claims,” April 10, 2011; and CRS communications with Algerian government representatives, April 2011.

⁷¹ Eric Lipton, “Some Cry Foul as New Travel Rules Take Effect,” *International Herald Tribune*, January 5, 2010.

⁷² State Department, “Background Note: Algeria,” updated August 2, 2010.

⁷³ Michael Ratner, CRS Analyst in Energy Policy, provided information on these developments.

U.S. firms continue to consider Algeria as an emerging export market that is expected to grow in 2011. However, the climate for U.S. firms considering direct investments in Algeria has worsened, particularly in the wake of a series of restrictive foreign investment rules enacted in 2009 and 2010. Algeria's inability to move forward with WTO accession or modernize its banking sector has prevented significant foreign investment outside the energy sector. These investment restrictions combined with statements by senior leaders noting the inability of foreign investment to bring about desired growth and a focus on developing state-owned enterprises reinforce the impression of a government that has turned toward economic nationalism.⁷⁴

U.S. Assistance

Table I. U.S. Bilateral Foreign Assistance to Algeria, Selected Accounts
(appropriations, \$ thousands, not inflation-adjusted)

	FY2008	FY2009	FY2010	FY2011 (est.)	FY2012 Request
NADR	317	500	775	650	700
INCLE	198	0	0	0	870
IMET	696	898	950	950	1,300
ESF	400	0	0	0	0
DA	0	400	710	0	0
Food for Peace, Title II (P.L.480)	6,816	0	6,213	Not available	0
Total, above accounts	8,427	1,798	2,610	1,600	2,870

Source: U.S. Department of State Congressional Budget Justifications for Foreign Operations; State Department, 653(a) allocations, FY2011.

Notes: NADR = Nonproliferation, Antiterrorism, Demining, and Related Programs, INCLE = International Narcotic Control and Law Enforcement, IMET= International Military Education and Training, ESF = Economic Support Fund, DA = Development Assistance. This table does not reflect assistance appropriated for regional programs, nor funding administered by other agencies and departments, such as the Defense Department.

Congress appropriates and oversees little bilateral development aid for Algeria, but Algeria benefits from military cooperation and security assistance programs. In FY2007, Algeria participated in two Defense Department-administered "Section 1206" regional programs: a \$1.1 million, seven-country regional "intelligence capability" package, and a \$5.8 million, 15-country regional maritime security package.⁷⁵ The State Department's Middle East Partnership Initiative (MEPI) has administered funding for projects in Algeria to promote democratic governance,

⁷⁴ State Department, Bureau of Economic, Energy and Business Affairs, "2011 Investment Climate Statement—Algeria," March 2011.

⁷⁵ Section 1206 of the National Defense Authorization Act (NDAA) for Fiscal Year 2006, as amended, authorizes the Defense Department to train and equip foreign military and foreign maritime security forces for certain specific purposes. See CRS Report RS22855, *Security Assistance Reform: "Section 1206" Background and Issues for Congress*, by Nina M. Serafino.

improved education, and an enhanced financial sector. The U.S.-funded National Democratic Institute (NDI) has a program to strengthen political parties, civil society, and the media.⁷⁶

In 2011, the State Department waived aid restrictions that would otherwise have been imposed under the Trafficking Victims Protection Act (Division I of P.L. 106-386, as amended) due to Algeria's Tier 3 ranking in the State Department's 2011 *Trafficking in Persons Report*. Separately, on March 25, 2010, the State Department waived, with regard to Algeria, a prohibition included in the FY2010 Consolidated Appropriations Act (P.L. 111-117) on certain bilateral foreign assistance "for the central government of any country that fails to publicly disclose on an annual basis its national budget."⁷⁷

The Economy

Hydrocarbons (oil and gas) are the engine of the Algerian economy, providing about 65% of public revenues, 26% of the gross domestic product (GDP), and 98% of export earnings.⁷⁸ Algeria has several pipelines supplying gas to Europe and plans for more, and also is expanding its exploration and drilling. In the past decade, high oil prices boosted foreign monetary reserves and economic growth, fueled a construction boom, eased unemployment somewhat, and enabled early repayment of foreign debt. However, chronic socioeconomic problems include high unemployment, particularly among college graduates; inadequate housing, health services, and infrastructure; inequality; and corruption. These conditions have sparked protests and labor unrest, and motivate a continuing tide of illegal Algerian immigrants to Europe. Labor productivity has been stagnant over the past decade, and many of those who have found employment have done so in the informal sector.⁷⁹

The government is directing some of its hydrocarbon revenues for development. A \$140 billion, five-year plan that ended in 2009 invested in infrastructure, highways, ports, airports, and water resources. A \$286 billion five-year plan for the period 2010-2014 now follows. The plans are intended to generate diversified growth and employment—which the government has been hard-pressed to achieve thus far—in part through investments in education, housing, and infrastructure.

The International Monetary Fund (IMF) has praised Algeria's strides in achieving macroeconomic stability, while expressing concern about the economy's dependency on hydrocarbon prices and on public expenditures. Public spending increased in 2011 with an expansion of subsidies, public sector wage increases, and other efforts to respond to popular unrest. In October 2011, the IMF noted that "the long-term sustainability of public finances will depend on rationalization of current spending and sustained efforts to mobilize non-oil revenue," and called on Algeria to "pursue an ambitious program of structural reforms to improve the business climate and the competitiveness of companies" while also better targeting public

⁷⁶ More information on MEPI and NDI programming is at <http://mepi.state.gov/mepi/index.html> and <http://www.ndi.org/algeria>.

⁷⁷ State Department, "Waiver of Restriction on Assistance to the Central Government of Algeria," Executive Order 11423, as Amended, *Federal Register*, March 25, 2010 (Volume 75, Number 57).

⁷⁸ CRS calculations based on International Monetary Fund (IMF) figures for 2009, in IMF, *Algeria: 2010 Article IV Consultation—Staff Report; Public Information Notice on the Executive Board Discussion; and Statement by the Executive Director for Algeria*, February 2011.

⁷⁹ Ghazi Ben Jaballah, "Graduate Unemployment in the Maghreb," German Marshall Fund, November 2011.

investments toward infrastructure improvements.⁸⁰ Separately, some commentators have questioned whether Algeria's security expenditures are sustainable.⁸¹

Algeria has maintained a guarded stance toward the international financial system. It has sharply reduced its national debt, relied increasingly on domestic financing to fund development, and rejected total convertibility of the *dinar* (the national currency). Critics point out as weaknesses the absence of a modern financial market, an underdeveloped stock exchange and banking system, and a failure to integrate in the world economy. Algeria has applied to join the World Trade Organization, but stumbling blocks include ongoing strong government intervention in the economy, with only a very selective privatization program. Officials argue that conditions on foreign investment are needed to encourage domestic companies.

A 2005 hydrocarbon law diminished the monopoly of the state energy company, SONATRACH, opening the sector for private and foreign investment. A 2006 law, however, required international companies to give SONATRACH a 51% stake in new oil, gas, and related transport projects. Further restrictive rules were enacted the Complementary Finance Law (CFL) of 2009. These measures require 51% Algerian ownership of new foreign investment, 30% Algerian ownership of foreign import companies, and use of letters of credit for the payment of import bills. Further, the 2010 CFL, effective as of September 2010, requires foreign bidders who win construction contracts to invest in a joint venture with a local partner.⁸² Such changes have prompted foreign investors, including U.S. businesses and government officials, to appeal for greater stability of laws in Algeria, and may have contributed to a reported slowing of foreign investment in exploration and production.⁸³ (See "U.S. Trade and Investment Issues," above.)

In January 2010, nearly the entirety of SONATRACH's senior management were removed from their posts as a result of an official investigation into alleged corruption in the awarding of contracts. Several executives, including the CEO, Mohamed Meziane, were sentenced to jail in 2011. The government provided few public comments on the investigation, and some analysts viewed it as opaque and potentially politically motivated.⁸⁴ The shakeup had little visible impact on production, but it appeared to contribute to the president's decision to replace then-Minister of Energy and Mines Chakib Khelil, formerly a powerful figure. In November 2010, SONATRACH published new anti-corruption guidelines for staff, partner companies, and contractors.

In August 2009, Chinese workers clashed with Algerians in Algiers. The incident was attributed in part to unemployed Algerians' resentment of the thousands of Chinese working on development projects. There have been no subsequent reports of similar incidents. China has been awarded approximately \$20 billion in contracts under the new development plan and has surged to become second only to France as a supplier of imports to Algeria.⁸⁵ It has yet to become a major recipient of Algerian oil exports, but it is actively prospecting new fields.

⁸⁰ "Statement at the Conclusion of an IMF Article IV Mission to Algeria," October 26, 2011.

⁸¹ "Algeria Spending Five Billion Euros on Security," *L'Expression*, May 15, 2011, via OSC.

⁸² State Department, Bureau of Economic, Energy and Business Affairs, "2011 Investment Climate Statement—Algeria," March 2011.

⁸³ Samuel Ciszuk, "Abysmal Licensing Round Result in Algeria Confirms Energy Sector Malaise," *IHS Global Insight*, March 18, 2011; *Africa Energy Intelligence*, "Oil Companies Steer Clear of Algeria Due to Windfall Tax, Few Bid for Licenses," March 23, 2011.

⁸⁴ *Reuters*, "Interview—Algeria Corruption Case 'Part of Political Struggle,'" February 8, 2010.

⁸⁵ Alfred de Montesquiou, "China Builds Up Support in Algeria; The Chinese are Aiding a Construction Boom in the (continued...)"

Foreign Affairs

After independence in 1962, Algeria was in the forefront of the Non-Aligned Movement, and was very active in the Arab world and Africa. Its diplomacy was considerably less active in the 1990s, when Algeria was preoccupied by domestic turmoil. Under Bouteflika, Algeria has reemerged as an important regional actor. Bouteflika has also pursued closer relations with the United States and, to some degree, France and the European Union. Still, Algeria's foreign policy is defined by efforts to position itself as a leader in the Arab world, in Africa, and among developing countries; and by a residual suspicion of Western diplomatic and financial motives. Algeria was critical of NATO operations in Libya and has urged a non-interventionist approach, led by the Arab League, to the situation in Syria. In 2012, Algeria is presiding over the Group of 77 plus China (G-77), the largest intergovernmental organization of developing countries in the United Nations.

Morocco

Algeria and Morocco are neighbors, but they had different colonial experiences and emerged with distinctly different forms of government and with a rivalry. Algeria achieved its independence via a bloody revolution and emerged as a republic with military-influenced, leftist governments. Morocco is a centuries-old monarchy that made a more peaceful transition from French control. Shortly after Algeria became independent, Morocco laid claim to some Algerian territory, and they briefly went to war in 1963-1964. The border was not demarcated until 1972.

Algeria's relations with Morocco are currently strained because Algeria supports and hosts the Popular Front for the Liberation of Saqiat al-Hamra and Rio de Oro (POLISARIO), which seeks independence for the former Spanish Sahara, known as the Western Sahara.⁸⁶ Morocco claims and largely occupies the Western Sahara. Thousands of Sahrawi (as the people of Western Sahara are known) occupy refugee camps in the Tindouf area of southwest Algeria. The camps are aided by the U.N. High Commissioner for Refugees (UNHCR), but administered by the POLISARIO. Algeria considers the Western Sahara issue to be one of decolonization requiring resolution by the U.N., and maintains that it is not a party to the conflict. Direct talks between Morocco and the Polisario are ongoing under U.N. auspices, but no significant progress has emerged.

In 2011, tentative evidence of a thaw with Morocco emerged, as senior leaders on both sides—including King Mohammed VI of Morocco and President Bouteflika—repeatedly stated publicly a desire to improve bilateral relations and revive the inactive Arab Maghreb Union (AMU), an organization of Morocco, Tunisia, Algeria, Mauritania, and Libya. During the year, government ministers met in both countries, and several economic agreements were signed, including for Morocco to import Algerian natural gas. However, prospects for further concrete steps are uncertain. Algiers has not reopened the border with Morocco, which it closed 15 years ago in retaliation for Moroccan accusations that Algerians were involved in terror attacks in Marrakesh. Algiers has maintained that smuggling, drug-trafficking, and illegal immigration need to be dealt with before it opens the border and that an opening would endanger Algeria's security.⁸⁷ It also

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North African Nation, Eager to Earn Good Will and Oil," *Los Angeles Times*, January 24, 2010; and *Africa Research Bulletin*, July 16-August 15, 2009, p. 18335.

⁸⁶ See CRS Report RS20962, *Western Sahara*, by Alexis Arief.

⁸⁷ "Zerhouni Responds to Call by Rabat, Algeria not in Hurry to Open Border," *El-Khabar*, March 23, 2008, via BBC (continued...)

believes that Morocco has more to gain in trade and tourism than Algeria if the border is reopened. Algerians note that Morocco continues to levy accusations against Algeria on the Western Sahara issue at the same time that it seeks benefits from Algeria.

France

Algeria and France, its former colonizer, have complex, unpredictable relations. France is Algeria's major trading partner. About 4 million Algerians and individuals of Algerian descent live in France, but France has restricted Algerian immigration out of fear of terrorism and absorption difficulties. Under Bouteflika, French-Algerian relations initially warmed considerably. However, a planned treaty of friendship fizzled when France rejected Algeria's demand for an apology for the crimes of colonization. President Nicolas Sarkozy refuses to apologize, but acknowledges that colonialism was "profoundly unjust." He seeks to deepen bilateral business and trade ties, advance civilian nuclear energy cooperation, and promote the European Union's Union for the Mediterranean (UfM), a community of states bordering the sea. France's inclusion of Algerians on a list of persons subject to "meticulous inspection" for security purposes at French airports was protested by Algiers. An Algerian official later described UfM as a "Trojan horse for the normalization with Israel" and said that Algeria is not interested in it "if its aim is to normalize relations with the Zionist regime."⁸⁸

AQIM has kidnapped several French citizens in the Sahel, and the group declared war on President Sarkozy after a failed French hostage rescue attempt in July 2010. Algeria criticized the July action, and France's then-Foreign Minister Bernard Kouchner did not visit Algeria when he subsequently tried to increase Sahelian cooperation with Paris to fight terrorism. President Sarkozy has declared that France is at war with AQIM and has made fighting the group one of his highest priorities, dispatching military and intelligence forces and equipment to the Sahel. He also said that France would no longer pay ransoms.⁸⁹ If France follows this policy and consults with Algiers on regional counterterrorism, cooperation could improve. Still, France has economic and other interests in the Sahel and may, on occasion, seek to further them unilaterally.

European Union

With France's support, Algeria signed an association agreement with the European Union (EU) in 2002 (it entered into force in 2005) and Algeria has participated in the Europe-Mediterranean Partnership (MEDA) since 1995. Trade negotiations under the agreement have been stymied to date by Algiers' reluctance to dismantle certain tariffs. In March 2009, Algeria enacted a law making it a crime to leave "the national territory in an illegal manner" in order to address EU concerns about illegal immigration as well as to stop human trafficking. At the same time, Algeria wants Europe to assist with development in order to strike at the causes of emigration.

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Monitoring Middle East; "Algerian President Advised by Military to Keep Border with Morocco Closed," *Al-Quds al-Arabi*, August 1, 2009, via BBC Monitoring Middle East.

⁸⁸ Minister of State and special representative of the President Abdelaziz Belkhadem, quoted in *El-Khabar* website, June 18, 2010, via BBC Monitoring Middle East.

⁸⁹ Charles Bremner, "Sarkozy Wages Desert War on Terror," *The Times* (London), September 21, 2010.

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