



Algeria

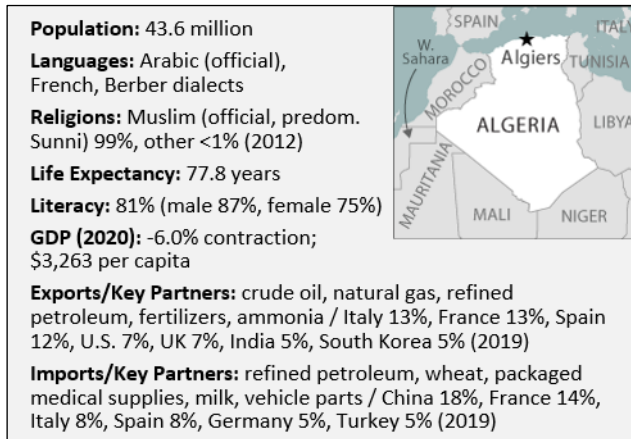
More than two years after nationwide protests forced long-standing President Abdelaziz Bouteflika to step down, questions remain about the future of Algeria's political system and state-centric economy, which revolves around oil and gas exports. President Abdelmadjid Tebboune (75), a former prime minister, was elected in late 2019 to succeed Bouteflika, but some observers question his legitimacy and influence within the complex elite networks known in Algeria as *le pouvoir* ("the powers that be"). Tebboune won nearly 60% of the vote but turnout was under 40%; his reputed patron, army chief of staff General Ahmed Gaïd Salah, died soon after; and the president spent months in hospitals abroad after contracting COVID-19 in late 2020.

President Tebboune has pledged reforms and a "new Algeria," but structural changes have proven elusive. A new constitution adopted by referendum in late 2020 did not significantly alter the political system or expand civil liberties. In any case, core aspects of Algeria's governance—such as the influence wielded by top figures in the state security apparatus and energy sector—are not directly rooted in constitutional prerogatives. In early 2021, President Tebboune dissolved the lower house of parliament and called legislative elections for June 12, a year ahead of schedule. Turnout, at 23%, was historically low, reflecting apparent voter apathy and calls for a boycott from some opposition parties and the protest movement. The National Liberation Front (FLN), the largest party under Bouteflika, again won a plurality of seats, though its share (24%) has declined in recent cycles.

The largely leaderless protest movement, known as the *hirak* ("movement"), began in February 2019 and initially bridged regional, ethno-linguistic, class, and ideological divisions. Protests withered in 2020 amid the COVID-19 pandemic, pressure from authorities, fatigue among many citizens, and internal disputes over tactics and goals. Smaller numbers of protesters have gathered since early 2021 to express continued demands for more accountable and transparent governance. Authorities have oscillated between conciliatory moves—such as prisoner releases and offers of dialogue—and repression, including mass arrests and the prosecution of prominent organizers and journalists for crimes such as "harming national unity." In May 2021, the government announced a ban on unauthorized demonstrations, expanding existing restrictions on freedom of assembly.

COVID-19. As of June 2021, Algeria had reported fewer cumulative COVID-19 cases per capita than neighboring Morocco or Tunisia, but also had given far fewer tests per capita. The country has seen a gradual third wave of cases since April 2021. Algeria has received vaccine doses through the multilateral COVAX initiative and bilaterally from China and Russia. Some COVID-related lockdown measures, including travel restrictions, remain in place. The pandemic has worsened preexisting economic strains.

Figure 1. Algeria at a Glance



Source: CIA World Factbook, IMF; 2020 estimates unless noted

Political Context. Algeria remained comparatively stable between 2011 and 2018 amid turmoil elsewhere in North Africa, but the prospect of an uncertain leadership transition loomed. Elected in 1999 as a decade of conflict with Islamist militants was winding down, President Bouteflika oversaw national reconciliation initiatives along with infrastructure and living standard improvements funded by oil and gas revenues. Official decisionmaking was often opaque and subject to apparent factional disputes, while the rise of an oligarchic business class spurred corruption concerns. Despite signs of advanced illness, Bouteflika was reelected in 2014 and sought reelection in 2019. Observers perceived an elite impasse over who might succeed him, as members of the politically dominant "revolutionary generation"—who participated in Algeria's anticolonial war against France—age and pass away.

The leading parties in parliament are the FLN, which led the fight for independence and was the sole legal party for decades (98 out of 407 seats), the Islamist Movement of Society for Peace (65 seats), and the National Rally for Democracy (58 seats), considered close to the military. None backed Tebboune in the 2019 election. The opposition is diverse and divided, comprising leftist, Islamist, Berber-led, and regionally focused parties. Some analysts argue that Islamism has been discredited in Algeria due to armed Islamists' role in the 1990s conflict, or alternately due to some Islamists' accommodation with the state. The Islamic Salvation Front, whose electoral gains in 1991 sparked a military coup and the subsequent conflict, remains banned. Religiously conservative Salafist social movements have grown in prominence in recent decades.

Terrorism and Counterterrorism

Cells linked to Al Qaeda and the Islamic State (IS) are reportedly active in some areas, but the pace of terrorist attacks has decreased continuously since the early 2000s. State security forces have conducted frequent

counterterrorism operations and bolstered their presence in border regions over the past decade amid wars in Libya and Mali. The government runs de-radicalization programs and seeks to control the content of religious sermons.

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

The Economy and Energy Sector

Algeria has the world's 11th- and 16th-largest proven reserves of natural gas and oil, respectively, and was the 10th-largest natural gas producer as of 2019. It is also estimated to have the world's 3rd-largest recoverable shale gas reserves. State-owned enterprises reportedly comprise over half of the formal economy, led by the national oil and gas company, Sonatrach. Most of Algeria's natural gas exports go to Europe, by pipeline or ship. China is the top source of Algeria's imports and a key player in the infrastructure and construction sectors.

High global energy prices prior to 2014 allowed Algeria to accrue sizable foreign reserves, which financed its large military and social programs that arguably assuaged dissent. The subsequent price drop, along with stagnant exploration and production, led to fiscal deficits, diminishing foreign reserves, and concerns about the sustainability of Algeria's economic model. Even prior to the COVID-19 pandemic, which further depressed global energy prices, the IMF had criticized Algeria's reliance on deficit spending in the face of debt payment arrears, rising unemployment, and "slowing growth." (Algeria has little external debt and does not borrow from the IMF.)

Algerian leaders have long called for greater diversification and foreign investment, but there have been few reforms in recent years to encourage such outcomes. A law requiring at least 51% local ownership of investments was amended in 2020 to limit its scope, but it still applies to "strategic sectors," i.e., energy, mining, defense, and pharmaceuticals. Limits on capital flows and currency exchange further inhibit foreign investment and private sector growth, as do bureaucratic red tape, the absence of a modern financial market, and an underdeveloped stock exchange and banking system. Weak infrastructure links to neighboring countries constrain trade; the border with Morocco has been closed since 1994. Algeria has applied to join the World Trade Organization (WTO) but has yet to qualify.

Foreign Policy and Regional Issues

Algeria's foreign policy emphasizes sovereignty and noninterference. Its positions have often diverged from those of the United States. For example, Algeria has close ties to Russia and China, is highly critical of Israel, opposed

the 2011 NATO-led intervention in Libya, and maintains relations with the Assad government in Syria. Algeria decried the Trump Administration's decision in late 2020 to recognize Morocco's claim of sovereignty over the disputed territory of Western Sahara; Algeria hosts and backs the Polisario Front, which seeks independence for the territory, and recognizes the Polisario's self-declared Sahrawi Arab Democratic Republic (SADR) as a state.

Leaders' skepticism of Western powers and NATO are a legacy of the country's history of French settler colonialism (1830-1962) and the long armed struggle for independence. Algeria's defense budget (about \$10 billion/year) is the largest in Africa by far, although Algerian policy has long eschewed foreign deployments. The 2020 constitution newly authorizes the president to deploy troops abroad with parliamentary approval, with uncertain implications.

Algeria mediated Mali's 2015 peace accord and backed U.N.-led political talks in Libya that produced a unity government the same year. However, often distrustful relations with neighboring states, along with elite preoccupations with internal issues, have hindered the country's regional influence. Relations with Morocco remain tense due to disaccord over Western Sahara as well as a regional rivalry.

U.S. Relations

The State Department characterizes Algeria as "a strategically located and capable partner" with which the United States seeks to expand security cooperation, increase economic links, and build person-to-person ties. Successive U.S. Administrations have praised U.S.-Algeria counterterrorism cooperation (notably information sharing and coordination in multilateral forums) and coordination on regional crises, while expressing concerns about Algeria's challenging business environment. Although Algerian purchases of U.S. military equipment have grown in recent years, the country's overwhelming reliance on Russia for its defense acquisitions has also sparked friction. Secretary of State Antony Blinken spoke with Algerian Foreign Minister Sabri Boukadoum in April 2021, but Biden Administration engagement with Algeria has otherwise been limited to date. In 2019, the Trump Administration hosted a U.S.-Algeria Strategic Dialogue that had last convened in 2015.

U.S. bilateral aid is limited (\$2 million in FY2020 appropriations) and highly focused on security. Additional funds are often allocated via regional or global programs, e.g., to promote economic growth, strengthen civil society, and counter violent extremism. Some U.S. aid and arms sales are subject to restrictions under the Trafficking Victims Protection Act of 2000, due to Algeria's designation as Tier 3 (worst-performing), but successive Presidents have issued a waiver under the act. Algeria participates in, but is not a top focus of, the State Department-led Trans-Sahara Counter Terrorism Partnership. Congress has not explicitly authorized the Defense Department to aid Algeria in securing its border with Libya, as it has for Tunisia and Egypt.

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