



## Algeria

Successive U.S. Administrations have sought to improve ties with Algeria, an energy exporter with one of Africa's largest militaries. Algeria is a top purchaser of Russian arms and a top source of natural gas for Western Europe. Algeria is also on the U.N. Security Council in 2024-2025, further elevating its importance for U.S. policymakers. Algeria's energy sector has attracted interest from U.S. firms, albeit constrained by a challenging business climate.

Algeria's longstanding skepticism of Western powers is rooted in its brutal war of independence from France (1954-1962). U.S. policy leverage is further limited by Algeria's economic self-reliance and warm relations with China and Russia, and by the United States' close ties to regional rival Morocco. Algerian officials have welcomed increased U.S. outreach and expressed an interest in diversifying the country's partnerships, but stark policy differences endure over Ukraine, the Gaza war, and other issues.

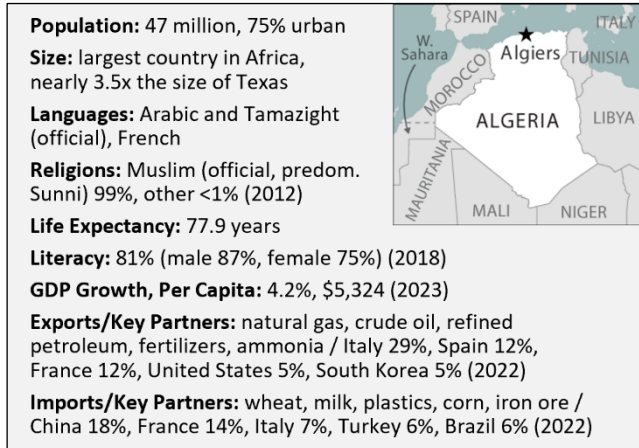
### Politics

Algeria's political system is defined by a strong presidency and security apparatus. President Abdelmadjid Tebboune, 78, appears to face few viable rivals as he seeks a second term in elections slated for September 7, 2024. Tebboune was first elected in 2019, after longstanding President Abdelaziz Bouteflika stepped down in the face of an unprecedented national protest movement. Turnout in the 2019 election was low at 40%, and some observers initially characterized Tebboune, a former prime minister, as a relatively weak figure backed by the senior military command. Tebboune appears to have since consolidated power, with the help of strong energy export revenues.

Pledging a "new Algeria," President Tebboune has pursued anticorruption prosecutions of Bouteflika-era officials and business leaders, restructured the powerful intelligence services, and advanced further protectionist measures within Algeria's state-centric economy. Tebboune has also overseen a broad crackdown on civil society activists, opposition parties, and the once freewheeling press. After pandemic-related lockdowns, the government has effectively quashed what remained of the 2019 protest movement, some of whose participants assailed Tebboune as representing continuity in Algeria's ruling "system." Amnesty International reported that over 200 Algerians were in jail as of late 2023 due to a "relentless crackdown on citizens for expressing any form of dissent."

A political independent, President Tebboune is supported by the National Liberation Front (FLN), the former independence movement and once the sole legal party. The FLN remains the largest party in parliament, but lost seats in elections in 2021 and 2017. The bicameral legislature rarely serves as a check on the executive, and voter turnout in 2021 was historically low at 23%. A new constitution adopted by referendum in 2020 did not significantly alter the government's structure or balance of power.

Figure 1. Algeria at a Glance



Source: CIA World Factbook, IMF; 2024 estimates unless noted

The opposition is diverse and divided, comprising leftist, Islamist, Amazigh (Berber), and regionally-anchored parties. After the FLN, the largest parties in parliament are the pro-military National Rally for Democracy (RND) and the Islamist Movement of Society for Peace (MSP). The RND has backed Tebboune's reelection bid, while the MSP has nominated a candidate to challenge him, as has the country's oldest opposition party, the Amazigh-led Front of Socialist Forces (FFS). The Islamic Salvation Front, whose electoral gains in 1991 sparked a military coup and subsequent decade-long civil conflict, remains banned. Up to 200,000 people died in the 1990s conflict, known in Algeria as the "black decade." Religiously conservative Salafist social movements that eschew formal political competition have grown in prominence since the 2000s.

### The Economy and Energy Sector

Algeria was the world's seventh-largest natural gas exporter in 2023 and has the 12<sup>th</sup>-largest proven natural gas reserves. Algeria also produces and exports oil, and is thought to have the world's third-largest untapped shale gas resources and significant renewable energy potential. The oil and gas sector accounts for about one-fifth of Algeria's GDP, over 90% of its exports, and nearly 40% of state revenues.

Most of Algeria's gas exports go to Europe, by ship and pipeline. Algeria is the top gas supplier for Italy and Spain, and Europe's second-largest supplier of liquified natural gas by pipeline. Friction with Morocco led Algeria in 2021 to suspend gas exports to Spain via the Maghreb-Europe Gas (MEG) pipeline, which transits Morocco; two other pipelines directly connect Algeria to Spain and Italy.

State-owned enterprises reportedly comprise more than half of Algeria's formal economy, led by the national oil and gas firm, Sonatrach. The State Department reports that "a difficult business climate, an inconsistent regulatory environment, and sometimes contradictory government

policies complicate foreign investment.” Algeria maintains restrictions on imports and currency exchange, along with a requirement that any business in a “strategic sector” must be 51% Algerian-owned. The category includes energy, mining, defense, transportation, infrastructure, and pharmaceuticals manufacturing.

Algerian policymakers have used energy revenues to build up large foreign exchange reserves (estimated at \$71 billion in 2024), insulating the country from the need to borrow money and, by extension, from external reform pressures. Resource revenues have also financed state investments in infrastructure and social welfare. The International Monetary Fund (IMF) assessed Algeria’s outlook in early 2024 as “broadly positive,” but noted concern about fiscal deficits and “stubborn” inflation, topping 9% since 2022.

## Security

Algeria has consolidated internal security over the past two decades, a dramatic shift since the 1990s. An Algerian Islamic State (IS/ISIS) affiliate emerged in 2014 but has not claimed an attack since 2020. Algerian-led Al Qaeda in the Islamic Maghreb (AQIM), a regional network, grew out of Algeria’s 1990s conflict but has refocused its operations on the Sahel region south of Algeria, where it has merged with Malian-led groups over the past decade. Algeria last experienced a major Al Qaeda-linked attack in 2013, when militants seized a gas plant and killed 40 people, including three Americans. AQIM’s longtime *emir* was killed in a French military strike in Mali in 2020 and was replaced by another Algerian national, Abu Ubaidah Youssef al Annabi.

Algeria has one of Africa’s largest militaries, with a 100,000-strong army, and has one of the world’s top 30 defense budgets. Leveraging high energy revenues, President Tebboune nearly doubled the defense budget in 2023 to \$18 billion, the highest amount ever reported by the country. The military is an important domestic political stakeholder. Longstanding Algerian policy prohibits military deployments abroad.

## 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 warm relations with Russia and China, rejects normalization with Israel, maintains diplomatic ties with Iran and Syria, and opposed NATO’s 2011 intervention in Libya. Algeria petitioned unsuccessfully to join the BRICS bloc in 2023. U.S. officials have underscored shared interests where they exist, such as regional security and stability in the Sahel.

**Russia.** Cold War-era ties and defense cooperation anchor Algeria-Russia relations. Algeria has been one of the top global purchasers of Russian arms. President Tebboune visited Russia in June 2023, where he met with President Vladimir Putin and signed an “enhanced strategic partnership” declaration. Putin pledged continued arms sales and expressed openness to localizing defense production in Algeria. Algeria’s chief of defense staff, Gen. Saïd Chengriha, visited Russia two months later. The two countries have conducted joint military exercises, including a naval drill in the Mediterranean in late 2023. Algiers has nonetheless expressed discomfort over Russian security personnel deployments in neighboring Libya and Mali.

**People’s Republic of China (PRC).** Algeria and China have a “comprehensive strategic partnership,” comprising trade, PRC support for infrastructure construction, and security cooperation. PRC leader Xi Jinping hosted President Tebboune in China in July 2023 and pledged to expand cooperation in aerospace, infrastructure, nuclear energy, petrochemicals, and renewable energy. Algeria reportedly hosted some 91,000 Chinese workers before the COVID-19 pandemic, one of the highest levels in Africa, but the number has reportedly dropped since then.

**Morocco and Western Sahara.** Algeria-Morocco tensions have long impeded regional cooperation. Algeria hosts the Polisario Front, which seeks independence for Western Sahara, a territory that Morocco claims and largely administers. Algerian officials have praised the Biden Administration’s effort to revive U.N. talks on the territory, having decried President Trump’s recognition of Morocco’s claim of sovereignty. Algeria cut diplomatic ties with Morocco in 2021, after the Polisario and Morocco reengaged in military hostilities, and after Morocco joined the U.S.-backed Abraham Accords with Israel.

## U.S. Relations

U.S. engagement with Algeria seeks to expand security cooperation, economic links, and educational and cultural ties. The Biden Administration has engaged in high-level outreach to Algeria in the context of the Russia-Ukraine war and Algeria’s Security Council tenure. Secretary of State Antony Blinken visited Algeria in 2022 and hosted Algerian Foreign Minister Ahmed Attaf in Washington, DC, in August 2023. General Michael Langley, who leads U.S. Africa Command (AFRICOM), has visited Algeria twice, most recently in July 2024. CIA Director William Burns reportedly spoke with defense chief Gen. Chengriha in September 2023. The State Department hosted a session of the U.S.-Algeria Strategic Dialogue in October and the two countries held a Joint Military Dialogue in December.

**Aid.** U.S. bilateral assistance to Algeria is limited, with \$1 million in military assistance and \$750,000 in economic assistance allocated in FY2023. Some additional funds have been provided through regional and global programs.

**Trade and Investment.** U.S. trade with Algeria has fallen significantly over the past decade as U.S. domestic energy production has grown, reducing demand for Algerian oil. U.S. exports to Algeria totaled \$1.2 billion in 2023, led by soybeans, and U.S. imports from Algeria totaled \$3.0 billion, led by refined petroleum. U.S. foreign direct investment stock in Algeria totaled \$963 million in 2022 (latest). The United States and Algeria have a Trade and Investment Framework Agreement (TIFA).

Algerian state-owned firms have signed several deals with U.S. firms over the past two years, including a May 2024 Sonatrach deal with ExxonMobil to study opportunities to develop the Ahnet and Gourara gas basins. Chevron was reportedly also finalizing a deal with Sonatrach as of mid-2024. In 2023, Air Algérie ordered eight Boeing 737 Max jets and committed to acquiring two Boeing freighters.

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