

# CRS Report for Congress

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## Algeria: Current Issues

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### Summary

The situation in Algeria is generally good. President Abdelaziz Bouteflika was reelected in 2004 with some manipulation of the political process but without blatant fraud, suggesting modest progress toward democratization. The voice of the military, the most significant political force since independence, has been muted. Domestic terrorism has decreased after a decade of civil conflict, yet Algerians continue to be linked to terror abroad. The U.S. State Department lists the two Algerian groups as Foreign Terrorist Organizations (FTOs). Terrorism provides a rationale for Algeria's uneven human rights record. Growing oil revenues have spurred economic growth and social investment. Bouteflika has energized foreign policy and broadened cooperation with the United States. This report will be updated if warranted. See also CRS Report RS20962, *Western Sahara: The United Nations Shifts Course*.

### Government and Politics

Since a 1965 coup, the military has been the most significant political force in Algeria. In 1992, it carried out another coup to prevent the Islamic Salvation Front (FIS) from coming to power. In 1999, former Foreign Minister Abdelaziz Bouteflika, a civilian with military backing, won the presidential election after all other candidates withdrew, charging fraud. Bouteflika has replaced most of the high command, but the military probably still will play a role in the choice of his successor. In April 2004, Bouteflika was re-elected with 83.5% of the vote in a multiparty contest, with the military remaining officially neutral. International observers hailed the election as progress toward democratization even though the bureaucracy and judiciary had manipulated the political process in the pre-election period to favor Bouteflika. Bouteflika's victory was seen as an accurate reflection of the popular will and an endorsement of his effort to decrease violence and for continued political stability.<sup>1</sup> It has been speculated that Bouteflika will seek to modify the constitution in order to run for a third term. After his five-week stay

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<sup>1</sup> Marwane Ben Yahmed, "Les Raisons D'Un Plebiscite," *Jeune Afrique Intelligent*, No. 2258, 18-14 April 2004.

in a Paris military hospital in late 2005-early 2006 under veiled circumstances, however, there also has been heightened concern that the 69-year-old leader has no clear successor.

The President heads the Council of Ministers (cabinet) and the High Security Council, and appoints the Prime Minister, who need not and does not lead the main party in parliament. The current government is a coalition of the National Liberation Front (FLN), the Rassemblement National Democratique (RND/Democratic National Rally), and the moderately Islamist Movement for a Peaceful Society (MPS), and headed by RND Secretary General Ahmed Ouyahia. Algeria has a bicameral legislature. In the September 2002 elections, the FLN won 199 out of 389 seats in the National People's Assembly, the directly elected lower house. Eight other parties and 30 independent deputies also were elected to the chamber. In December 2003, after Bouteflika's supporters enfeebled the FLN because it had failed to endorse him for president, the RND won 17 out of the 46 elected seats in the 144-seat Council of the Nation, upper house, to 11 for the FLN, and 10 for a pro-Bouteflika FLN "corrective movement;" two other parties also won seats. In February 2005, the FLN reunited, voting Bouteflika "honorary president" and his loyalist and then foreign minister Abdelaziz Belkhadem as Secretary General of the party.

## Terrorism

Between 150,000 and 200,000 lives have been lost to terrorism and related violence in Algeria since 1992, but casualties have declined sharply in recent years. The Armed Islamic Group (GIA) and its more active offshoot, the Salafist Group for Preaching and Combat (GSPC), which seek an Islamist regime, are both on the U.S. State Department's list of Foreign Terrorist Organizations. GSPC split from the GIA in 1998, claiming to disagree with the targeting of civilians and preferring to attack the armed forces, the regime, and foreign companies which sustain it. GIA now has fewer than 100 members and has had no leader since January 2005. Its last significant action was in 2001. GSPC is active, has about 600 members, and declared its allegiance to Al Qaeda in 2003. In 2004, Abd al-Malik Druqdal aka Abu Musab Abd al-Wadud became the GSPC leader.

Government actions have weakened both GIA and GSPC domestically, but Algeria is viewed as a major source of international terrorists because GSPC is very active internationally.<sup>2</sup> GSPC adherents "appear to have largely co-opted the external networks of the GIA, active throughout Europe, Africa, and the Middle East."<sup>3</sup> *Jane's Defense Weekly* reported that 2,800 Algerians may have trained in Al Qaeda camps in Afghanistan,<sup>4</sup> and 20 Algerians are being held at the U.S. Naval Base at Guantanamo Bay, Cuba. Algerians have been found among suicide bombers and terrorists captured in Iraq. In 2005-2006, GSPC cells were broken up and linked to plots in France, Italy, Spain, and Canada. The group also still operates the Algerian east and far south, and in the Sahel.

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<sup>2</sup> "Algerian Militants the Main Terror Threat to Britain," *Scotsman*, January 16, 2003, and "In Europe, Terror Trail leads to Algeria," *Christian Science Monitor*, January 28, 2003.

<sup>3</sup> U.S. Department of State, *Country Reports on Terrorism*, 2004, available online at [<http://www.state.gov>].

<sup>4</sup> Cited in "Algeria: Terrorist Breeding Ground," *Africa Research Bulletin*, January 1-31, 2003, pp. 15154-15155, and other sources. Terrorism experts disagree about the total number of terrorists trained in Afghanistan. If 60,000 were trained, then the Jane's figure of 2,800 Algerians may be reasonable. If 10,000 were trained, then the 2,800 estimate may be far too high.

Several potentially deadly terrorist plots have involved Algerians. In December 1999, Ahmed Ressay, an Algerian who had trained in Afghanistan, was arrested after attempting to enter the United States from Canada; he was later convicted for the so-called Millennium Plot to carry out bomb attacks in Los Angeles. His associates and other Algerians in Canada were linked to the GIA and Al Qaeda. In January 2003, six Algerians were arrested in a London apartment where traces of ricin, a deadly poison with no known antidote, were found.

In September 2000, an Algerian national referendum approved an amnesty, called the "Civil Concord," for those who fought the government in the 1990s. The policy diminished, but did not eliminate, domestic terrorism, and members the armed wing of the Islamic Salvation Front (FIS), the Islamic Salvation Army (AIS), and not the GIA nor the GSPC, were granted amnesty. In September 2005, another referendum approved the Charter for Peace and National Reconciliation, offering amnesty to Islamists except murderers, rapists, and bombers, exemption for security forces from prosecution for crimes committed in the 1990s, and compensation for families of victims of violence and the disappeared. The measure did not provide for accountability for the disappeared or for truth-telling about the role of the security forces, but it may assist in keeping the military in their barracks.

## Human Rights

Under Bouteflika, Algeria's human rights record has been mixed, worsening in some areas and improving in others. A state of emergency declared in 1992 remains in effect to allow the army to play what officials call "an effective part in the war on terrorism," and it is used to justify abuses by the security forces.<sup>5</sup> A presidential commission determined that "excesses" of unsupervised security forces were responsible for the disappearances of 6,146 civilians during the 1992-2000 civil conflict and recommended compensation. Organizations representing victims' families claim up to 20,000 victims.

There are allegations of abuse and torture of detainees, arbitrary arrests and prolonged pre-trial detention, lack of judicial independence, and denial of fair and expeditious trials. All civil liberties are restricted. Defamation laws have led to the arrests of journalists and the closure of newspapers, prompting increasing self-censorship in what was one of the freest presses in the Arab World. The government also refused to reaccredit several European journalists and Arab television networks. The government lacks transparency. There is discrimination against women and minorities.<sup>6</sup>

Berbers, who are the natives of North Africa from before the 7<sup>th</sup> century Arab Muslim invasions, seek language and other cultural rights and an end to government discrimination and neglect. In April 2001 ("black spring"), the death of a Berber youth in custody sparked riots in which security forces killed 126 people. The government has since agreed to compensate the victims and recognized the Berber language, Tamazight, as a national, but not as an official language, as Berber activists want but President

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<sup>5</sup> "Algerian Premier Reviews Government Performance," Algerian Radio, March 21, 2006, BBC Monitoring Middle East.

<sup>6</sup> U.S. Department of State, *Country Reports on Human Rights Practices - 2005, Algeria*, March 8, 2006, online at [<http://www.state.gov>].

Bouteflika opposes. Prime Minister Ouyahia has engaged in a dialogue with Berber representatives known as the *Arouch*. In January 2005, the government agreed to rehabilitate protesters and remove gendarmerie and police from Berber areas, and established a joint committee to follow up.

## Economy

Algeria has the fifth largest natural gas reserves and is the second largest gas exporter in the world. Hydrocarbons are the engine of the economy, providing about 60% of the budget revenues, 30% of gross domestic product (GDP), and 97% of export earnings.<sup>7</sup> High oil prices have boosted foreign monetary reserves and economic growth, and enabled a decline in the very high unemployment rate and early repayment of some foreign debt. The government plans to raise crude oil output from 1.5 million to 2 million barrels per day by 2010.

Despite the considerable oil and gas income, there are chronic socioeconomic problems in Algeria: high unemployment and underemployment; inadequate housing, health services, and education; decaying infrastructure; great inequality of income distribution; and government corruption.<sup>8</sup> An ambitious \$60 billion five-year plan for 2005-2009 calls for investments in infrastructure, housing, and social projects, but implementation has not begun. Central control of the economy is easing gradually with hundreds of companies slated for sale. A July 2005 hydrocarbons law diminishes the state energy company's (SONATRACH) monopoly and opens the sector to private and foreign investment; however, there are no plans to sell the company. Algeria has not yet joined the World Trade Organization.

## Foreign Affairs

After independence in 1962, Algeria was in the forefront of Third World politics, especially the Non-Aligned Movement, and very active in the Arab world and Africa. It was considerably less active in the 1990's, when it was preoccupied by domestic violence. Algeria has reemerged as a regional actor since Bouteflika became President. He worked with other African leaders to transform the Organization for African Unity into the African Union. He wants to revive the Arab Maghreb Union (UMA), a loose organization

### Basic Facts

<b>Population:</b>	32.9 million (July 2006, est.)
<b>GDP growth rate:</b>	6% (2005 est.)
<b>GDP per capita:</b>	\$7,200
<b>Inflation rate:</b>	4.7% (2005 est.)
<b>Unemployment:</b>	22.5% (2005 est.)
<b>Exports:</b>	petroleum, gas, petroleum products
<b>Export Partners:</b>	United States, Italy, France, Spain, Canada
<b>Imports:</b>	capital goods, food, consumer goods
<b>Import Partners:</b>	France, Italy, German, Spain

*Source: CIA, World Factbook, March 29, 2006.*

<sup>7</sup> U.S. Department of State, Bureau of Near Eastern Affairs, *Background Note: Algeria*, November 2005, online at [<http://www.state.gov>].

<sup>8</sup> Algeria ranks 97 out of 158 on Transparency International's 2005 *Corruption Perceptions Index*, online at [<http://www.transparency.org>].

of Algeria, Libya, Tunisia, Morocco, and Mauritania, but has been stymied by bilateral Algerian-Moroccan disputes. He also seeks to reform the Arab League so that the post of secretary general would be rotated and not always be held by an Egyptian.

Algeria's relations with neighboring Morocco have been strained because Algeria has supported and hosted the Popular Front for the Liberation of Saqiat al-Hamra and Rio de Oro (POLISARIO), which seeks the independence of the former Spanish Sahara known as the Western Sahara. Morocco also claims and largely occupies the region. Algeria maintains that it is not a party to the conflict and views the problem as one of "decolonization" to be resolved by the U.N. It supports a plan developed by former U.S. Secretary of State James Baker as personal envoy of the U.N. Secretary General that would grant the Western Sahara autonomy for a transitional period until a referendum on independence is held. Morocco rejects the Baker plan and calls for negotiations between Algeria and Morocco. Baker resigned in 2004 as the situation deadlocked.

Algeria would like to improve bilateral relations with Morocco by excluding the Western Sahara issue from that equation. However, Morocco views resolution of the Sahara issue as a precondition for improved ties, and relations have been unpredictable. They warmed with ministerial visits, a meeting of leaders at the U.N. in September 2003, cooperation to counter terrorism and on other functional issues, and with King Mohammed VI's first visit to Algiers for an Arab League summit in March 2005. However, the King refused to attend an UMA summit in Libya that June after Bouteflika sent a congratulatory message to the POLISARIO on its anniversary, causing the summit's cancellation. In March 2006, Algeria agreed to purchase \$3.5 billion in Russian arms, including at least 36 MiG-29SMT fighters, with an option for 20 more, generating concern in Rabat. (In return, Russia wrote off \$4.7 billion in Algerian debt.)

Algeria and France, its former colonizer, have complex relations. France is Algeria's major trading partner. More than 2 million Algerians live in France and many more want visas, but France has reduced the number of visas out of fear of terrorism and absorption difficulties. With France's support, Algeria signed an association agreement with the European Union (EU) in December 2001, and has participated in the Europe-Mediterranean Partnership (MEDA) since 1995. Under Bouteflika, French-Algerian relations have warmed considerably. In March 2003, French President Jacques Chirac made a landmark reconciliation visit to Algeria, and he visited again just one week after Bouteflika's 2004 re-election. In July 2004, a French defense minister visited Algeria for the first time since independence to sign a defense cooperation accord. That same month, France agreed to swap U.S.\$365 million of Algeria's debt for investments in Algerian industries. However, a planned treaty of friendship has been postponed due to Algeria's demand for an apology for the crimes of colonization after French legislation extolled the benefits of the period.

## **Relations with the United States**

U.S.-Algerian ties date from a Treaty of Peace and Friendship in 1775. Algerians have fond memories of President Kennedy's support for their independence from France. In subsequent years, however, relations were unsteady, mainly due to ideological differences during the Cold War. Algeria was a socialist republic with close ties to the Soviet Union. Relations have been energized in recent years, as Bouteflika visited the White House in July 2001 and again in November 2001, after the September 11 terrorist

attacks. Bouteflika and President Bush also met at the U.N. in September 2003. Bouteflika attended the June 2004 G-8 summit of industrialized states and Russia in Sea Island, Georgia at which the Broader Middle East and North Africa Initiative to promote democracy and political reform was officially introduced.

U.S. policy has tried to balance appreciation for Algeria's cooperation in the war on terrorism and the fact of its oil and gas resources with encouragement for democratization. U.S. officials have urged Algiers to lift the state of emergency and described the April 2004 presidential election as an important phase in a democratic process. Algerian authorities have shared information regarding terrorists of Algerian origin with the U.S. and European governments. Algeria receives very limited U.S. aid, mainly for International Military Education and Training (IMET): \$743,000 in FY2006, with \$840,000 requested for FY2007. Algeria is one of the North African and Sahelian countries participating in the U.S. European Command (EUCOM) Trans-Sahara Counter Terrorism Initiative (TSCTI). As part of the effort, U.S. Special Forces operate in southern Algeria and the Sahel to train, equip, and aid national forces in fighting the GSPC and Al Qaeda.<sup>9</sup> U.S. intelligence also is shared.<sup>10</sup> Algeria participates in the NATO-Mediterranean dialogue and in NATO naval exercises, and has expressed interest in participating in NATO's Operation Active Endeavor, patrolling the Mediterranean Sea to detect and deter terrorist activity. In early 2006, FBI Director Robert Mueller and Secretary of Defense Donald Rumsfeld visited Algeria to discuss cooperation in the fight against terror.

The United States was first to invest in the hydrocarbon sector after the 2005 liberalization law opened it to foreigners. Economic ties are broadening beyond the energy sector, where most of the \$4.1 billion U.S. investment has been made, to banking and finance, services, pharmaceuticals, and other industries. In March 2004, President Bush declared Algeria eligible for duty-free treatment under the Generalized System of Preferences (GSP).

Despite improving ties, Washington and Algiers strongly disagree about major U.S. policies in the Middle East. Bouteflika condemned the use of force against Iraq and has called for the early withdrawal of foreign troops. He criticized U.S. charges against Syria, but Algeria did not actively oppose U.S. diplomatic efforts in the U.N. Security Council and abstained from voting on a resolution calling on Syria to withdraw from Lebanon. Like other Arab governments, Algeria faults U.S. efforts to isolate the Hamas-led Palestinian government and recently has provided it with \$34.5 million in aid.

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<sup>9</sup> "Desert Shadows," *Africa Confidential*, Vol. 45, No. 4, February 10, 2004, p. 8.

<sup>10</sup> Brian Whitmore, "US Pushes Antiterror Alliance for North African Nations," *Boston Globe*, April 11, 2004.