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DECIPHERING ALGERIA: THE STIRRINGS OF REFORM?

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SUMMARY

- Africa's largest country and an important counterterrorism partner for the West since 2001, Algeria has wrongly been seen as stagnant. However, the country has gradually begun to open up amid a looming economic crisis and the security and political changes unleashed by the Arab Spring and NATO intervention in Libya.
- Algeria has increased security cooperation with its neighbours and reinforced its internal security apparatus to respond to threats of terrorism and instability from outside, as exemplified by the 2013 In Amenas attack, reportedly organised in north Mali and Libya.
- Algeria has also faced the risk of protest and unrest as the country waits to see who will succeed President Bouteflika.
- Acceptance of the need for economic reform is widespread among some of the country's elites, but proposals for reform have so far been held back by Algeria's complex political dynamics.
- The EU and other partners must assist Algeria where possible to improve its hydrocarbons infrastructure and diversify its economy, but in ways that do not infringe on Algerian sovereignty or appear to interfere with the country's politics and society.

Contemporary Algeria presents a puzzle for outside observers. Since the protests of the Arab Spring toppled governments in Tunisia, Libya, and Egypt, policymakers and analysts have devoted increasing attention to Algeria,¹ but have tended to see it in rather one-dimensional terms. Formerly regarded as a bulwark of regional stability, Algeria is now more often described as a potential source of tension and conflict in the future, especially as the price of oil – the bedrock of Algeria's economy – remains at its lowest levels in more than a decade.²

At the same time as Algeria faces a looming economic crisis, the country has been forced to deal with an increasingly hazardous regional security environment due to terrorist threats in Tunisia, insecurity and political breakdown in Libya following the 2011 NATO intervention, jihadist occupation and enduring civil conflict in northern Mali, and a continued flow of weapons, narcotics, people, and fuel across the Sahara. These events coincide with a period of uncertain political leadership and prospective transition in Algeria following the 2013 stroke suffered by President Abdelaziz Bouteflika, who has occupied the presidency since 1999 and was elected to a fourth term in office despite appearing only once during the entire electoral cycle.³

¹ On the obsession with the absence of an "Arab Spring" in Algeria and the underpinnings of governmental security there, see Robert P. Parks, "Algeria and the Arab Uprisings", in Clement Henry and Ji-Hyang Jang (eds), *The Arab Spring: Will It Lead to Democratic Transitions?* (New York: Palgrave Macmillan, 2013) (hereafter, Parks, "Algeria and the Arab Uprisings").

² The issue of the widely read Francophone magazine *Jeune Afrique* for 1 September 2015, for instance, features a drawing on its cover of an oil barrel stamped with Algeria's flag trailing a lit fuse, suggesting with little subtlety an impending explosion linked to oil prices.

³ Bouteflika was hospitalised for nearly three months in France before returning to Algeria.

The vision of Algeria as a stagnant country heading for crisis⁴ has, however, obscured important shifts within the country's politics, security architecture, and regional and international outlook.⁵ While Algeria's government has only recently begun to take significant action to shore up the country's heavily hydrocarbon-dependent economy, growing internal consensus over the need for political and economic reforms – even among politicians and business leaders close to the government – may help push the country towards a tentative political and economic opening. Against this background, this paper will argue that the EU and those member states with the greatest connection to Algeria should expand their engagement with the country, broadening their contacts and seeking to more effectively leverage opportunities that exist for current partnerships, while laying the ground for deeper relations in the future.

Political succession and internal realignment

Current politics in Algeria are a game of wait-and-see. While Algerians and international observers have for years described the military leaders, intelligence officials, businessmen, and politicians who make up the country's leadership elite as *le pouvoir*, the reality is somewhat more complicated. Mechanisms for exercising political power remain opaque, but most close observers of Algerian politics agree that power passes between different "clans" or groupings of influential figures bound by diverse ties,⁶ from Revolutionary solidarities to school relationships to family and regional divisions.⁷ Important political decisions in such a system require a modicum of consensus within political elites; this does not mean that Algerian politics are simply a sham, but it does mean that individual politicians often have limited influence, competition for position within the system is commonplace, and it can be extremely difficult to initiate significant reforms.

A good example of this challenge can be found in recent discussion of constitutional reform in Algeria. Bouteflika promised constitutional reform beginning in 2011, and political leaders like Prime Minister Abdelmalek Sellal have

in recent months announced that reforms would happen in the short term.⁸ Yet despite the proposed revisions being published on the website of the presidency last year,⁹ the reforms have since languished. While this could be attributed to government hesitation to implement reforms, Algeria's fragmented opposition parties – in particular the parties grouped in the *Coordination pour les Libertés et la Transition Démocratique* (CLTD) – have also refused dialogue on the constitution without the implementation of a "roadmap" for political transition.¹⁰ While this stance allows opposition parties to avoid appearing to compromise with an administration they decry, it also makes it easier for the government to avoid pressure to reform. Moreover, as the Algeria-based scholar Robert Parks points out, many opposition figures, such as onetime Bouteflika Prime Minister Ali Benflis, were once part of the system; they, like the main Islamist political leaders, are longstanding fixtures in the Algerian political system, a fact that reduces the possibilities for opposition groupings to acquire high levels of support.¹¹

This weak formal opposition does not mean that opposition groupings do not exist, or are completely ineffective. Algeria's Islamist parties still have internal structures and supporters across Algeria (particularly in the more populous north), and more longstanding opposition parties like the *Front des Forces Socialistes* (FFS) have in recent months made considerable efforts to expand their support and mobilisation efforts in central and southern Algeria, outside the party's historic base in the mountainous Kabylia region.¹² Moreover, movements like the *chômeurs* who led protests against the high cost of living and lack of employment prospects, along with the anti-shale-fracking protests in In Salah, demonstrate continued agitation against some government policies and particularly management of the economy.¹³

More striking are the restructurings of and within the security services and changes in their relationship to the government in recent years. These developments, which began in October 2013, culminated in September 2015 in the replacement of the long-serving head of the Département de la Renseignement et de la Sécurité (DRS), General Mohamed "Tewfiq" Mediène, and his reported replacement

4 See "Une crise économique 'extrêmement sévère' se profile en algérie, selon l'économiste Mouloud Hédir", *HuffPost Algérie*, 17 October 2014, available at http://www.huffpostmaghreb.com/2014/10/17/crise-economique-algerie_n_6004390.html; see also Mireille Duteil, "Comment sauver l'Algérie de la crise pétrolière?", *Le Point*, 2 January 2015, available at http://www.lepoint.fr/editos-du-point/mireille-duteil/comment-sauver-l-algerie-de-la-crise-petroliere-02-01-2015-1893609_239.php.

5 For a discussion of some of the political changes under Bouteflika, see Riccardo Fabiani, "The Changing Nature of the Algerian Political System and the Illusion of a Civilian Regime", *Jadaliyya*, 6 August 2015, available at <http://www.jadaliyya.com/pages/index/22347/the-changing-nature-of-the-algerian-political-syst> (hereafter, Fabiani, "The Changing Nature of the Algerian Political System").

6 A more detailed discussion of how elite political networks in Algeria interact and overlap can be found in Isabelle Werenfels, *Managing Instability in Algeria: Elites and Political Change Since 1995* (New York: Routledge, 2007). The political scientist Miriam Lowi, citing Hugh Roberts, prefers the word "faction" to describe Algerian political arrangements. However, I use the word "clan" as this is generally the more common term used within Algerian political discourses. Miriam R. Lowi, *Oil Wealth and the Poverty of Politics: Algeria Compared* (Cambridge: Cambridge University Press, 2009), p. 70.

7 Those around Bouteflika, for instance, are often referred to as the *clan d'Oujda*, a reference to Bouteflika's birth in the now-Moroccan city of Oujda and the origin of many members of the so-called "Presidential clan" in western Algeria. However, it is important to note that these regional ties can be overstated and are not always determinative of the distribution of power. See Farid Aliat, "Algérie: Tlemcen Power, une ville au coeur du pouvoir", *Jeune Afrique*, 29 July 2015, available at <http://www.jeuneafrique.com/mag/245622/politique/algerie-tlemcen-power-une-ville-au-coeur-du-pouvoir/>.

8 "Algérie: révision constitutionnelle compromise", *Jeune Afrique*, 28 November 2013, available at <http://www.jeuneafrique.com/135414/politique/alg-rie-r-vision-constitutionnelle-compromise/>.

9 Saïd Djafer, "Algérie: le projet de révision de la Constitution publié sur le site de la Présidence", *HuffPost Maghreb*, 16 May 2014, available at http://www.huffpostmaghreb.com/2014/05/16/algerie-revision-constitution_n_5336185.html. The proposed revisions can be found here: <http://www.el-mouradia.dz/francais/infos/actualite/archives/Consultations/Propositions.htm>.

10 Amine Kadi, "En Algérie, l'opposition refuse tout dialogue sur la réforme constitutionnelle", *La Croix*, 1 June 2014, available at <http://www.la-croix.com/Actualite/Monde/En-Algerie-l-opposition-refuse-tout-dialogue-sur-la-reforme-constitutionnel-le-2014-06-01-1159245>.

11 Parks, "Algeria and the Arab Uprisings"; in the run-up to parliamentary elections in 2012 Algeria's main Islamist parties, including the *Mouvement de la Société pour la Paix* (MSP) and the *Front pour la Justice et de le Développement* (FJD), formed a grouping called *Alliance de l'Algérie Verte*, or Green Algeria Alliance. Although this formation prompted speculation about Islamist victories like those seen in Tunisia and Egypt, the alliance fared dismally.

12 This process has been under way for several years. See, for instance, Front des Forces Socialistes, "Ouargla: Rencontre des militants du Sud autour du débat sur les échéances électorales", 29 January 2012, available at <http://www.ffc-dz.net/?p=365>.

13 Protests broke out in the Saharan hydrocarbon centre of In Salah in January 2015 over the drilling of test wells for hydraulic fracking in the region, which quickly spread to other Saharan cities as well as northern Algeria. The protests have since died down, but they demonstrated deep concerns over fracking and its impact on fragile Saharan ecosystems.

by a former ally, General Othman “Bachir” Tartag.¹⁴

During this period, despite the apparent power of the DRS and longstanding reports of conflict between the “clans” of Bouteflika, Mediène, and the military, a number of key DRS branches were removed from the organisation’s control and placed under the authority of the government or regular army. Leaders of other DRS branches were replaced by executive decree.¹⁵ These changes nominally removed the ability of the DRS to conduct corruption investigations that had formerly targeted allies of President Bouteflika like the former energy minister Chekib Khelil, and they also redistributed elite military units like the *Groupe d’Intervention Spéciale* (GIS) that previously fell under DRS control. Other changes took place in July 2015 following reports of a suspicious incident at the presidential residence at Zéralda, outside Algiers.¹⁶ In September, Bouteflika replaced the long-serving head of Algeria’s Gendarmerie, General Ahmed Boustila,¹⁷ while the former head of counterterrorism operations for the DRS was recently arrested after having been removed from his post last year, and later tried and imprisoned for five years.¹⁸ The former head of Algeria’s Presidential Guard was also removed after the incident at Zéralda, and tried and sentenced to three years in prison.¹⁹ This series of judicial manoeuvres prompted an unprecedented open letter from Mediène to several Algerian newspapers condemning the trials.²⁰

The exact meaning of these changes and judicial manoeuvres is difficult to decipher, given the opacity surrounding leadership decisions and intelligence matters in Algeria. Many Algerians and outside observers view the changes as part of leadership struggles between the government, the DRS, and the army, which has grown closer to Bouteflika under the leadership of General Ahmed Gaid Salah. However, this story of inter-service conflict is not universally agreed.²¹ The changes have also sparked speculation about the potential for massive upheaval in Algeria, though there is little evidence to suggest that this will actually take place. Bouteflika also changed his cabinet twice in the spring and summer of 2015, and replaced a number of regional governors, or *Walis*, in July.

14 “Algeria’s Bouteflika replaces head of DRS military intelligence – sources, state media”, *Reuters*, 13 September 2015, available at <http://af.reuters.com/article/topNews/idAFKCNORdOME20150913>.

15 For a fuller discussion of these changes, see Fabiani, “The Changing Nature of the Algerian Political System”. For a discussion of the context of these changes and an organigramme detailing control of specific agencies and sectors, see Adlène Meddi, “Algérie: les services secrets ne meurent jamais”, *Middle East Eye*, 9 September 2015, available at <http://www.middleeasteye.net/fr/analyses/alg-rie-les-services-secrets-ne-meurent-jamais-2125441115>.

16 Salima Tlemçani, “La ‘restructuration’ de l’armée s’accélère”, *El Watan*, 9 August 2015, available at <http://www.algeria-watch.org/fr/article/mil/restructuration.htm>.

17 Riyad Hamadi, “Bouteflika nomme un nouveau patron à la tête de la gendarmerie nationale”, *Tout sur l’Algérie*, 10 September 2015, available at <http://www.tsa-algerie.com/20150910/bouteflika-nomme-un-nouveau-patron-a-la-tete-de-la-gendarmerie-nationale/>.

18 Hebba Selim, “De très graves accusations pèsent sur lui: le général Hassan, ancien chef de l’antiterrorisme incarcéré à Blida”, *HuffPost Maghreb*, 29 August 2015, available at http://www.huffpostmaghreb.com/2015/08/29/drs-general-hassan-terrorisme_n_8057676.html.

19 Adlène Meddi and Akram Khariief, “Dans les coulisses des purges”, *El Watan*, 4 December 2015, available at http://www.elwatan.com/actualite/dans-les-coulisses-des-purges-04-12-2015-309111_109.php.

20 Salima Tlemçani, “Lettre du général Toufik et affaire du général Hassan: le message codé de l’ex-chef du DRS”, *El Watan*, 6 December 2015, available at http://elwatan.com/actualite/lettre-du-general-toufik-et-affaire-du-general-hassan-le-message-code-de-l-ex-chef-du-drs-06-12-2015-309242_109.php.

21 Achira Mammeri, “Mouloud Hamrouche: ‘Il n’y a pas de conflit au sommet de l’État’”, *Tout sur l’Algérie*, 7 September 2015, available at <http://www.tsa-algerie.com/20150907/mouloud-hamrouche-il-ny-a-pas-de-conflit-au-sommet-de-letat/>.

At a minimum, the changes show that the Algerian political and security systems are in flux, and that the government has not been immobilised by concerns about Bouteflika’s health. Additionally, although the senior military leadership still belongs to the “first” generation of Algerian leaders now in their 70s, leadership changes may open the way for a transition to a younger generation of military leaders who were not as involved in the period of more direct military control in Algeria through the civil war. This does not mean that Algeria’s security services are facing a completely new beginning; after all, Mediène’s replacement, Tartag, has a long military and intelligence pedigree, and became known during the civil war as an *éradicateur* who favoured military repression of the armed Islamist groups over negotiations.²² The changes that have taken place could be explained in part by internal conflict and jockeying for position as questions of political succession loom in Algeria. Still, it appears that the presidency has succeeded in publicly reinforcing its authority and that of the regular army in recent years. The movements within the security services present renewed options for engagement to better understand Algeria’s current leadership and promote a greater role in regional security cooperation that does not violate Algerian principles of non-interference in others’ affairs.

Economic outlook, governmental responses, and new financial actors

Algeria’s economic situation is a matter of concern both within the country and for the international community. Doubts about the stability of Algeria’s economy are not new,²³ but the precipitous slide in oil prices in 2015 has thrown into sharp relief Algeria’s dependence on hydrocarbon exports, which account for nearly 60 percent of GDP and 95 percent of foreign receipts.²⁴ The fall in the price of oil led to a series of dire pronouncements from Algerian officials last summer, with news that Algerian receipts from hydrocarbon exports had dropped more than 45 percent in the first five months of 2015, followed by a Banque d’Algérie report that Algeria’s foreign exchange reserves had fallen by \$19 billion in the first quarter of 2015.²⁵ Overall export receipts dropped 40 percent with a deficit of more than \$8 billion in the first half of 2015,²⁶ and there seems little prospect for improvement given the long decline in exports of gas and the difficulties surrounding

22 Kal Ben Khalid, “The ‘dur’ who came in from the cold”, *al-Wasat*, 30 December 2011, available at <https://thewasat.wordpress.com/2011/12/30/algeria-the-dur-who-came-in-from-the-cold/>.

23 See Mansouria Mokhefi, “Algeria – an unsteady partner for Europe”, European Council on Foreign Relations, 29 July 2014, available at http://www.ecfr.eu/publications/summary/algeria_an_unsteady_partner_for_europe316 (hereafter, Mokhefi, “Algeria – an unsteady partner for Europe”).

24 “Algeria oil exports plunge 45% through May”, *AFP*, 23 June 2015, available at <https://en-maktoob.news.yahoo.com/algeria-oil-exports-plunge-45-may-151423705--finance.html>.

25 Ali Titouche, “Chute de 45.47% des recettes”, *El Watan*, 24 June 2015, available at http://www.algeria-watch.org/fr/article/eco/hydroc/chute_recettes.htm; “Les réserves de change de l’Algérie perdent plus de 19 milliards de dollars en 3 mois (BA)”, *Maghreb Emergent*, 14 July 2015.

26 Joël Té-Léssia, “Algérie: résultats contrastés pour l’industrie des hydrocarbures en 2014”, *Jeune Afrique*, 24 August 2015, available at <http://www.jeuneafrique.com/257880/economie/algerie-resultats-contrastés-pour-lindustrie-des-hydrocarbures-en-2014/>; “Le déficit commercial de l’Algérie passe la barre des 8 milliards de dollars”, *Jeune Afrique*, 24 August 2015, available at <http://www.jeuneafrique.com/259092/economie/le-deficit-commercial-de-lalgerie-passe-la-barre-des-8-milliards-de-dollars/>.

plans to increase production through proposed hydraulic fracking. With current budget deficits and fairly static oil prices, Algeria would be on track to exhaust its still large foreign exchange reserves – now at approximately \$159 billion – within the next several years. Current government projections indicate that the reserves could fall to \$121 billion in 2016, enough to cover imports for 23 months at current spending rates.²⁷ Government officials have even suggested the possibility that the country may have to take out loans from the International Monetary Fund (IMF) to cover its payments, though Prime Minister Sellal has indicated that such a move remains unlikely.²⁸

Algerian and foreign economists and business leaders have warned about the risks posed by Algeria's economic dependence on hydrocarbon production for years, but it took the recent plunge in oil prices to precipitate the current focus on the country's economic future. The Algerian government's response to the crisis has been mixed. Officials such as Sellal and Bouteflika's *chef de cabinet* Ahmed Ouyahia have publicly recognised the potential severity of Algeria's economic woes, although Ouyahia has gone further and attacked Sellal for purportedly not fully revealing the "truth" of the situation to Algeria's people.²⁹

In formulating plans for improving Algeria's economic prospects, the government has sought to avoid dealing directly with the widespread subsidies on basic goods and staples as well as medical care and housing, which could equal as much as 50 percent of GDP.³⁰ Many Algerians as well as foreign specialists see the hesitation to dramatically alter subsidies as a mark of concern that social protests will follow any attempt to touch these allocations, although statements in early December from Minister of Finance Abderrahmane Benkhalfa clearly indicated a desire to phase out price subsidies while also increasing cash transfers to some Algerians.³¹ Instead, the government's public plan for addressing the economic crisis consists of budget reductions of up to nine percent, a further reduction in imports, and an attempt to bring the estimated \$40 billion informal economy under control through the combination of a tax amnesty,

increased enforcement, and altered regulatory structures.³² The government also hopes to pursue planned infrastructure investments to increase hydrocarbon production.³³

In November 2015, Algeria's parliament passed a finance bill for 2016 that contains price increases for some staple goods as well as the liberalisation of the 51/49 law requiring majority Algerian ownership of investment projects and increased government control over spending and allocation, among numerous other measures.³⁴ The bill passed despite vocal opposition and protests within the parliament from opposition deputies from Louisa Hanoune's *Parti des Travailleurs* (PT), the FFS, and the Islamist Green Alliance, who claim that the bill will destroy Algerian social protections and further strengthen some of the country's powerful business leaders through privatisation of public goods, services, and companies.³⁵ Some commentators and experts believe the political opposition to the law could presage larger unrest in Algeria's streets, especially given the frequency of localised social protests.³⁶

Although opposition to government-led economic liberalisation undoubtedly exists, it is striking how widespread the discussion about "rationalising" these subsidies is in Algeria, whether among politicians, in the Francophone and Arab-speaking media,³⁷ or among regular Algerians. There is no guarantee, of course, that increased discussion of issues like subsidies will lead to any dramatic change; structural reforms have been discussed for years in Algeria with little or no movement,³⁸ although this may now be changing with the increased moves towards privatisation, possible changes in the 51/49 law requiring majority Algerian ownership of investment projects, and increased taxes and prices on important goods.

Additionally, numerous voices within the Algerian elite, including business leaders, are pushing for deep structural changes in the Algerian economy. These figures are relatively new actors in Algerian politics, having grown in prominence since the 1990s and in particular during

27 Achira Mammeri, "Le gouvernement annonce une accélération de la fonte des réserves de change en 2016", *Tout sur l'Algérie*, 27 November 2015, available at <http://www.tsa-algerie.com/20151122/benkhalifa-loi-de-finance-2016/>.

28 Nadia Mellal, "Sellal évoque un éventuel retour à l'endettement extérieur", *Tout sur l'Algérie*, 29 August 2015, available at <http://www.tsa-algerie.com/20150829/sellal-evoqe-devnt-ls-walis-le-retour-a-lendettement-exterieur/>.

29 Zahir Mehdaoui, "Crise économique: Les aveux de Sellal", *Le Quotidien d'Oran*, 26 May 2015, available at http://www.algeria-watch.org/fr/article/pol/administration/aveux_sellal.htm; "Ouyahia sort ses griffes", *El Watan*, 12 July 2015.

30 This calculation takes into account all of the facets of Algerian life that are subsidised by the government. Various Algerian estimates suggest that the state could save as much as \$13 billion from restructuring subsidies and taking targeted measures to avoid putting undue stress on low-income Algerians. See Tewfik Abdelbari, "Elles profitent aux riches: ce que coûtent les subventions à l'Algérie", *Tout sur l'Algérie*, 5 August 2015, available at <http://www.tsa-algerie.com/20150805/elles-profitent-aux-riches-ce-que-coutent-les-subventions-a-lalgerie-2/>.

31 Riyad Hamadi, "Le gouvernement prépare le terrain à un abandon des subventions généralisées", *Tout sur l'Algérie*, 2 December 2015, available at <http://www.tsa-algerie.com/20151202/gouvernement-prepare-terrain-a-abandon-subventions-generalisees/>; Imad Boubekri, "L'abandon progressif des subventions est inévitable", *Tout sur l'Algérie*, 3 December 2015, available <http://www.tsa-algerie.com/20151203/labandon-progressif-des-subventions-est-inevitable/>.

32 Ali Benyahia, "Abderrahmane Benkhalfa, ministre des finances: 'On a besoin de l'argent des Algériens'", *El Watan*, 7 September 2015, available at <http://fr.africatime.com/algerie/articles/abderrahmane-benkhalifa-ministre-des-finances-besoin-de-largent-des-algeriens>; Hamid Ould Ahmed, "Algeria to cut spending by 9 pct next year over oil price slump", *Reuters*, 29 August 2015, available at <http://www.reuters.com/article/algeria-economy-idUSL5N1140IZ20150829>.

33 Ryadh Benlahrech, "L'Algérie veut relancer sa production de gaz naturel", *Jeune Afrique*, 1 September 2015, available at <http://www.jeuneafrique.com/261194/economie/lalgerie-veut-relancer-sa-production-de-gaz-naturel/>.

34 Hamid Ould Ahmed, "Algeria parliament approves 2016 budget, energy price increases", *Reuters*, 30 November 2015, available at <http://af.reuters.com/article/algeriaNews/idAFL8N13P3S720151130>.

35 "Des deputes empêchent l'adoption de la LF 2016 à l'APN", *El Watan*, 30 November 2015; Imad Boubekri, "Le FFS rejette le projet de Loi de finances 2016", *Tout sur l'Algérie*, 29 November 2015, available at <http://www.tsa-algerie.com/20151129/le-ffs-rejette-le-projet-de-loi-de-finances-2016/>.

36 Bouzid Ichalalene, "Petites augmentations, grandes inquiétudes", *El Watan*, 4 December 2015, available at http://www.elwatan.com/actualite/petites-augmentations-grandes-inquietudes-04-12-2015-309105_109.php; also see Mohamed Saidmou, "Mukhawif min tuhawwal al-'arak al-barlamani ila ghadab sha'bi", *El Khabar*, 1 December 2015; on the level of protests in Algeria, see Dalia Ghanem-Yazbek, "Algeria, the Sleeping Giant of North Africa", *Carnegie Middle East Center*, 4 November 2015, available at <http://carnegie-mec.org/2015/11/04/algeria-sleeping-giant-of-north-africa/ili>.

37 These discussions are more prevalent in Francophone media outlets, but major Arabic newspapers such as *El Khabar* carried numerous articles about the country's economic situation during this summer and the preceding months.

38 See, for instance, *Algérie Presse Service*, "Une Commission de réflexion sur la rationalisation des subventions des produits de base", 9 April 2013, available at <http://www.djazairress.com/fr/maghrebemergent/22786>.

Bouteflika's presidency.³⁹ Business leaders like Ali Haddad, Laïd Benamor, Issad Rebrab (Algeria's richest man), Slim Othmani, and others represent different political trends and ideas about Algeria's future. While Haddad, the current president of the *Forum des Chefs d'Entreprise* (FCE), is seen as close to Bouteflika, Othmani, Rebrab, and others have tried to carve out a space for business leaders as public advocates and supporters of Algerian civil society.⁴⁰ Rebrab in particular has clashed with the government over what he describes as its lack of political and economic vision, and has alleged interference with and delays to his investments and projects in Algeria.⁴¹ Yet despite these rivalries and divergent orientations, even the voices that have benefited tremendously from the current Algerian government have felt the need to respond to the perceived crisis in Algeria and propose solutions that would dramatically alter key structures like subsidies.⁴²

At a minimum, this means that the subject of economic reform – in particular the need to alter the structure of subsidies, diversify Algeria's economy and increase investment in the country – was becoming much more common in Algerian political and commercial discussion even before the 2016 Finance Law. While much international attention has been directed to the 51/49 law, Algerian and foreign business experts and investors say that the law does little in practice to interfere with foreign investment. Instead, the centralised nature of the Algerian political system, extensive bureaucracy, and regulatory uncertainty have kept many enterprises from investing in Algeria. Business leaders frequently complain of goods blocked in Algeria's ports with little explanation or other administrative delays in implementing investment in Algeria or the investments of Algerians abroad. In spite of these difficulties, the French government has encouraged increased investment in projects like the creation of a factory for the Peugeot auto company and encouraged other French business leaders to do business in Algeria.⁴³ Publicly and privately, French and other European officials have emphasised a commitment to long-term economic partnerships with Algeria, even when the immediate financial environment is not always profitable.⁴⁴

39 See Fabiani, "The Changing Nature of the Algerian Political System"; also see Amel Boubekeur, "Rolling Either Way? Algerian Entrepreneurs as Both Agents of Change and Means of Preservation of the System", the *Journal of North African Studies* 18: 3 (April 2013), pp. 469–481, available at <http://www.brookings.edu/research/articles/2013/04/14-algerian-entrepreneurs-boubekeur>.

40 Rebrab owns Cevital, Algeria's largest private company, while Othmani heads the juice company NCA Rouiba. Both left the FCE in protest of its overtly pro-Bouteflika positioning in 2014. Othmani directs the think-tank Care and is heavily involved with another think-tank advocating political and economic reform, Nabni ("Notre Algérie Bâtie sur de Nouvelles Idées" and also "we build" in Arabic). See Armin Arefi, "Slim Othmani, le patron qui a dit non à Bouteflika", *Le Point*, 19 August 2014, available at http://afrique.lepoint.fr/economie/le-patron-slim-othmani-le-patron-qui-a-dit-non-a-bouteflika-19-08-2014-1857539_2258.php.

41 Hadjer Guenana, "Issad Rebrab dénonce et accuse", *Tout sur l'Algérie*, 23 September 2015, available at <http://www.tsa-algerie.com/20150923/issad-rebrab-denonce-et-accuse/>.

42 See, for instance, Tewfik Abdelbari, "Les mesures du FCE pour faire face à la chute du pétrole", *Tout sur l'Algérie*, 27 July 2015, available at <http://www.tsa-algerie.com/20150727/les-mesures-du-fce-pour-faire-face-a-la-chute-du-petrole/>.

43 Nordine Grim, "L'énigmatique annonce d'un projet d'usine Peugeot en Algérie", *El Watan*, 22 June 2015, available at <http://www.djazairss.com/fr/elwatan/497888;interviews%20with%20European%20diplomats%20in%20Algiers,%20July%202015>.

44 Interviews with European diplomats in London and Algiers, summer 2015; Naïma Djekhar, "Bernard Emié, ambassadeur de France en Algérie: 'La France investit dans le long terme en Algérie'", *El Watan*, 14 November 2015, available at <http://www.djazairss.com/fr/elwatan/507528>.

This opening-up of the public debate over the creation of a more favourable investment climate by no means guarantees that there will in fact be changes to the complicated legal and bureaucratic structures governing Algeria's still state-oriented economy. However, there are some indications that the government is moving tentatively to push for new investment and is considering gradual reductions to subsidies; officials have announced plans to increase taxes on energy, electricity, and other services.⁴⁵ Although these openings remain tentative, they nonetheless may represent the best chance for heading off the potential political, economic, and social problems arising from a worsening of Algeria's economic situation.

Economic diversification is not a silver bullet for Algeria's problems, and the emergence of new economic actors and privatisation has not always reaped positive benefits for Algeria.⁴⁶ Ideally, the government would seek to reap the benefits that could accrue from liberalising the economy and opening it to foreign investment while avoiding the pitfalls of the sudden political and economic opening of the late 1980s and the massive social and political shocks that came with it. While some steps have been taken in this direction, their fulfilment will require sustained government attention and effort to clear some of the legal and procedural roadblocks while also reducing spending without sacrificing important internal investments. This is a significant challenge that is not unsolvable, but cannot be faced without government leadership and support from the international community that takes into account the Algerian context and Algerian needs.

Regional security and international diplomacy

Although Algeria has long faced significant security threats,⁴⁷ the country's security situation has grown increasingly complicated since 2011. Algeria's military has traditionally focused on maintaining order within the country, a tendency reinforced by the country's "black decade" in the 1990s.⁴⁸ Moreover, Algeria's constitution

45 Prime Minister Sellal has encouraged regional governors to remove obstacles to foreign investment, although any real change would require more direct central government intervention and a sustained commitment to welcoming investment. Nadia Mellal and Samir Allam, "Investissement étranger: Sellal tente de corriger les erreurs d'Ouyahia", *Tout sur l'Algérie*, 1 September 2015, available at <http://www.tsa-algerie.com/20150901/investissement-etranger-sellal-tente-de-corriger-les-erreurs-douyahia/>. On possible changes to fuel and electricity subsidies, see Tewfik Abdelbari and Yacine Babouche, "Les principales mesures contenues dans le projet de budget crise", *Tout sur l'Algérie*, 9 September 2015, available at <http://www.tsa-algerie.com/20150909/les-principales-mesures-contenues-dans-le-projet-de-budget-crise/>; Karim Kebir, "Algeria raises taxes to make up for plunge in oil revenue", *Associated Press*, 11 September 2015, available at <http://bigstory.ap.org/article/e2d2624c82bd4dd09e06af5d1aeeaa/algeria-raises-taxes-make-plunge-oil-revenue>.

46 Grégoire Delhaye and Loïc Le Pape, "Les transformations économiques en Algérie: Privatisation ou prédation de l'État?", *Journal des Anthropologues* 96–97 (2004).

47 Algeria's civil war began soon after Algeria's military cancelled planned parliamentary elections and deposed President Chadli Bendjedid in January 1992. The ensuing conflict took a heavy toll on security forces and civilians alike, featuring massacres of civilians by jihadist groups like the Armed Islamic Group (GIA) and repeated attacks by the *Armée Islamique du Salut* (AIS) and alleged abuses by security forces. At least 200,000 civilians were reportedly killed in the conflict. More recently, the ambush by AQIM fighters of Algerian troops at Ain Defla in July 2015 that killed at least 11 soldiers had a brief but important resonance in the country and served as a stark reminder of the continued threat posed by terrorists to Algerian security forces. RFI, "Algérie: Aqmi revendique l'embuscade contre des soldats", 18 July 2015, available at <http://www.rfi.fr/afrique/20150718-algerie-militaires-tues-terrorisme>.

48 On the traditional orientation of the Algerian military, see Kal Ben Khalid, "Evolving Approaches in Algerian Security Cooperation", *CTC Sentinel*, 29 June 2015, available at <https://www.ctc.usma.edu/posts/evolving-approaches-in-algerian-security-cooperation> (hereafter, Kal Ben Khalid, "Evolving Approaches in Algerian Security Cooperation").

explicitly forbids the military from intervening in the “internal affairs” of other countries.⁴⁹ Although Algeria maintained an active regional and international diplomatic posture from independence through the 1980s and undertook major efforts to resolve regional conflicts like the Tuareg rebellion in northern Mali in the early 1990s,⁵⁰ Algeria’s military remained less involved in these affairs, focusing largely on training relationships and commanding joint patrols to try to restore order in Mali during the 1990s, for instance.⁵¹ However, the regional disruptions that followed the Tunisian Revolution, the NATO intervention in Libya, the 2012 Tuareg rebellion and subsequent jihadist takeover in northern Mali, all forced the military and government as a whole to reassess Algeria’s role in the region and reorganise its military posture.

Since 2011 Algeria has repeatedly moved regular forces as well as elite Special Forces units into the Sahara and along Algeria’s lengthy borders with Mali, Niger, Libya, and Tunisia. This was at first a response to concern that weapons were flowing out of Libya and crossing through or into Algeria, and subsequently to a series of major attacks within Algeria that purportedly originated in neighbouring countries. The Movement for Oneness and Jihad in West Africa (MUJAO), a splinter of Al-Qaeda in the Islamic Maghreb (AQIM) conducted suicide attacks on gendarmerie and police bases in Tamanrasset and Ouargla in 2012. The devastating attack on the gas complex at In Amenas in January 2013 organised by veteran jihadist commander and former senior AQIM figure Mokhtar Belmokhtar killed more than 39 foreign workers and put a significant dent in Algerian gas production for more than two years. According to Algerian authorities, this attack was planned and organised in Libya, although it benefited from local support and complicity, possibly driven by discontent in Algeria’s Sahara over the distribution of hydrocarbon wealth and jobs in the country’s hydrocarbons industry.⁵²

More recently, there has been growing concern that Algeria, like neighbouring Morocco and Tunisia, could fall prey to recruitment efforts and attack plots linked to Islamic State (ISIS) in Syria and Iraq. This concern grew after an offshoot of AQIM pledged allegiance to ISIS *emir* Abu Bakr al-Baghdadi under the name “Jund al-Khilafa” (Soldiers of the Caliphate) and kidnapped and beheaded a French tourist in the Djurdjura mountains in September 2014 (since November 2014 this group and other groups affiliated with ISIS have referred to themselves as the ISIS “Wilayat al-Jaza’ir”). Algerian security forces acted

49 Algerian forces clashed with Moroccan troops in the “War of the Sands” in 1963, and the Algerian government sent infantry and combat aircraft to Egypt during the 1967 Arab-Israeli War.

50 An initial peace deal was signed in the southern Algerian city of Tamanrasset in January 1991.

51 Baz Lecocq, *Disputed Desert: Decolonisation, Competing Nationalisms and Tuareg Rebellions in Northern Mali* (Leiden: Brill, 2010), pp. 273–274.

52 On discontent and protest movements in southern Algeria, see Hannah Armstrong, “The In Amenas Attack in the Context of Southern Algeria’s Growing Social Unrest”, *CTC Sentinel*, 24 February 2014, available at <https://www.ctc.usma.edu/posts/the-in-amenas-attack-in-the-context-of-southern-algerias-growing-social-unrest>. On the In Amenas attack, see Angelique Chrisafis, Julian Borger, Justin McCurry, and Terry Macalister, “Algeria hostage crisis: the full story of the kidnapping in the desert”, the *Guardian*, 25 January 2013, available at <http://www.theguardian.com/world/2013/jan/25/in-amenas-timeline-siege-algeria>.

quickly, killing several suspected Jund al-Khilafa members, including the group’s announced leader, Abdelmalek al-Gouri in December 2014.⁵³ During large-scale operations in May 2015, the Algerian military reportedly killed at least 21 Jund al-Khilafa fighters in the Boumerdès region.⁵⁴ These raids also reportedly recovered large numbers of small arms and ammunition, as well as explosives.⁵⁵ Subsequently, two other groups in Algeria have declared their allegiance to ISIS, in the *Wilayah* of Skikda and in Constantine, but there is little indication for the moment that these groups contain more than a small number of fighters. During operations in December 2015, the Algerian military reportedly killed another seven fighters in Tizi Ouzou who reportedly sought to pledge allegiance to ISIS.⁵⁶

It also remains unclear how many Algerians have gone to fight in Syria and Iraq. The Algerian newspaper *El Khabar* reported in August 2015 that 407 Algerian jihadists had been killed in northern Mali, Libya, Syria, and Iraq, with 213 killed in the latter two countries.⁵⁷ Official Algerian estimates last year placed the number of Algerian fighters in Syria around 200,⁵⁸ while Algerian media reports in Algeria place the number only slightly higher, at approximately 300.⁵⁹ This number is almost certainly too low, given the number of fighters reportedly killed in Syria and Iraq and the rate of flows of foreign fighters from neighbouring countries. However, unlike their Tunisian and Moroccan counterparts, Algerian fighters in Syria are not remotely as present in jihadist media, and interviews with experts and European officials suggest that the number of Algerian fighters in Syria and Iraq remains low compared to its neighbours.

Since the start of the Arab Spring, Algeria has reportedly deployed at least 75,000 security forces to monitor the country’s southern and eastern borders, including at least 50,000 reportedly along the Libyan border alone,⁶⁰

53 “Un an après, que sont devenus les assassins d’Hervé Gourdel?”, *RFI*, 21 September 2015, available at <http://www.rfi.fr/afrique/20150920-herve-gourdel-terrorisme-soldats-califat-algerie-etat-islamique-aqm>; also see “Algerian army ‘kills jihadist behind Hervé Gourdel beheading’”, *BBC News*, 23 December 2014, available at <http://www.bbc.com/news/world-africa-30587765>.

54 “Algerian forces kill ‘21 ISIL-linked fighters’”, *Al Jazeera*, 20 May 2015, available at <http://www.aljazeera.com/news/2015/05/algerian-forces-kill-21-isil-linked-fighters-150520031043192.html>.

55 Interview with Western diplomatic official, Algiers, July 2015.

56 Imene Brahimi, “Les terroristes abattus à Tizi Ouzou étaient soupçonnés de vouloir rallier Daech”, *Tout sur l’Algérie*, 4 December 2015, available at <http://www.tsa-algerie.com/2015/08/02/djihadistes-algeriens-tues-a-tizi-ouzou-etaient-soupeconnes-de-vouloir-rallier-daech/>.

57 “407 djihadistes algériens tués au nord du Mali, en Libye, et en Syrie (journal)”, *HuffPost Maghreb*, 2 August 2015, available at http://www.huffpostmaghreb.com/2015/08/02/djihadistes-algeriens-tues-a-letranger_n_7919606.html.

58 Richard Barrett, “Foreign Fighters in Syria”, The Soufan Group, June 2014, available at <http://soufangroup.com/foreign-fighters-in-syria/>; also see Peter R. Neumann, “Foreign fighter total in Syria/Iraq now exceeds 20,000; surpasses Afghanistan conflict in 1980s”, International Centre for the Study of Radicalisation (ICSR), 26 January 2015, available at <http://icsr.info/2015/01/foreign-fighter-total-syria-iraq-now-exceeds-20000-surpasses-afghanistan-conflict-1980s/>.

59 Ikram Ghioua, “Interpol alerte l’Algérie: 1500 terroristes dans la nature”, *L’Expression*, 7 May 2015, available at <http://www.lexpressiondz.com/actualite/215640-1500-terroristes-dans-la-nature.html>.

60 Abdelkarim Toudert, “L’Algérie face au dilemme libyen”, *L’Expression*, 22 June 2015, available at <http://www.lexpressiondz.com/actualite/218623-l-algerie-face-au-dilemme-libyen.html>; Mahmoud Tadjer, “75 000 hommes mobilisés contre le redéploiement d’El-Qaida au Sahel: Alerte aux frontières sud”, *Le Jeune Independent*, 7 June 2011, available at <http://www.presse-dz.com/revue-de-presse/75-000-hommes-mobilises-contre-le-redeploiement-del-qaida-au-sahel-alerte-aux-frontieres-sud>.

although this number may be as high as 100,000.⁶¹ Algerian news sources carry frequent reports of the interdiction of men and materiel across southern Algeria and the seizure or destruction of everything from weapons to illicit fuel⁶² to metal detectors, used to dig up weapons caches but also by informal gold miners operating in north-eastern Niger.

The very real threat of insecurity appears to have prompted a series of shifts in Algerian security policy as well as diplomacy. Although concrete information on official policy remains difficult to obtain, the outlines of these strategies can be gleaned through careful analysis of Algerian official and unofficial media as well as conversations with Algerian observers and foreign diplomats in Algeria and in Europe.

For several years, Algeria has sought to organise regional security arrangements in order to deal with increases in trafficking as well as the threat posed by jihadist groups, in particular through the *Comité d'État-Major Opérationnel Conjoint* (CEMOC), a joint military command of Sahelian countries based in Tamanrasset and inaugurated in 2010. However, CEMOC has proved largely ineffective in most areas except for intelligence sharing, and Algeria and its partners disagreed over several key issues, including the so-called “right of hot pursuit” of terrorist groups across borders. However, Algeria appears in recent years to have adapted its positions on intervention and increased bilateral cooperation with some of its neighbours in response to an unprecedented deterioration in Algeria’s regional security environment since 2011.⁶³ Algeria has provided important support for the Nouakchott Process, an African Union initiative founded in 2013 that brings together 11 West African and Sahelian countries. Officials have told the International Crisis Group that this grouping has already helped improve intelligence sharing and that plans exist for increased training and cooperation.⁶⁴

Algeria remains steadfastly committed to its historical non-interventionist stance, one that Algerian policymakers and much of the Algerian public see as having been validated by the rapid degradation of Libya’s internal security following the 2011 NATO intervention. At the same time, Algeria has assumed a more overt leadership role in regional counterterrorism efforts, in response to the changing security environment, as part of a *rapprochement* with the United States and Europe since the September 11, 2001 attacks, and also in response to the growing security cooperation between Algeria’s neighbour and regional rival Morocco and the US.⁶⁵

61 Tewfiq Abdelbari, “L’armée algérienne se prépare à un déploiement massif et à long-terme dans le Sud”, *Tout sur l’Algérie*, 24 July 2015, available at <http://www.tsa-algerie.com/20150724/larmee-algerienne-se-prepare-a-un-deploiement-massif-et-a-long-terme-dans-le-sud/>; “Algeria and its Neighbours”, International Crisis Group, Number 164, 12 October 2015, p. 7 (hereafter, “Algeria and its Neighbours”).

62 Fuel subsidies in Algeria have long made fuel-smuggling a profitable operation in southern as well as northern Algeria, and in 2013 then-Minister of the Interior Daho Ould Kablia estimated that as much as 25 percent of Algerian petrol disappeared over the borders with Morocco, Mali, Niger, and Tunisia. “Algérie: dans les régions frontalières le trafic de carburant engendre de nouveau la pénurie”, *RFI*, 22 July 2013, available at <http://www.rfi.fr/afrique/20130722-algerie-trafic-carburant-Daho-Ould-Kablia>.

63 Geoff D. Porter, “Challenges to Algeria’s Non-Interventionist Stance Seen Through a Regional Lens,” *Politique Étrangère*, Volume 3 (2015), pp. 1–12 (hereafter, Porter, “Challenges to Algeria’s Non-Interventionist Stance”).

64 “Algeria and its Neighbours”, pp. 11–12.

65 Porter, “Challenges to Algeria’s Non-Interventionist Stance”.

Algerian intelligence-sharing with both EU member states and the US has reportedly improved dramatically in recent years and in particular after the In Amenas attack.⁶⁶ US and European officials frequently laud Algerian counterterrorism cooperation and diplomatic efforts to resolve security and governance crises in Mali as well as Libya. Algerian military and intelligence officials frequently meet with Western officials and participate in regional dialogues with counterparts in the Sahel. Algerian regional and international diplomacy in particular has become more active and prominent since Ramtane Lamamra was appointed Foreign Minister in September 2013.⁶⁷ Algeria took the lead in promoting and overseeing a peace deal in northern Mali that was finally signed in June 2015, and Algeria has also hosted talks aimed at the formation of a national unity government in Libya.⁶⁸

Algeria’s government, and in particular its Minister of Religious Affairs Mohamed Aïssa, has also been much more open in recent months about its internal security concerns related especially to the civil war in Syria and the threat of radicalisation in Algeria.⁶⁹ Aïssa’s approach has focused on revitalising Islamic education and practice in Algeria in order to promote tolerance and religious moderation,⁷⁰ while also urging greater supervision over *salafi* imams and mosques that exist independently of government control.⁷¹ He has also argued against religious practices close to Saudi Wahhabism, saying that that form of Islam has no place in Algeria.⁷² Algeria has also increasingly emphasised its historic religious ties to neighbouring countries – particularly in the Sahel – as a means of aiding foreign relations, mediating conflict, and serving as a force for counter-radicalisation. In recent years, Algeria has considerably increased its spending on revitalising Sufi orders and sponsoring conferences and pilgrimages related to the Tijaniyya Sufi order in particular,⁷³ while also sponsoring organisations such as the *Ligue des Oulémas du Sahel*.⁷⁴

66 British Prime Minister David Cameron, for instance, visited Algeria just after the attacks in part in order to solidify and improve defence and intelligence coordination. Interviews with senior European diplomats in Algiers, July 2015.

67 Interviews with senior European diplomats in Algiers, July 2015.

68 For an excellent description and analysis of Algeria’s regional policy, see “Algeria and its Neighbours”.

69 Mustapha Benfodil, “Mohamed Aïssa: ‘Le danger des imams autoproclamés’”, *El Watan*, 24 June 2015, available at http://www.algeria-watch.org/fr/article/div/danger_imams_autoproclames.htm. It is worth noting, however, that by most estimates the number of Algerians fighting in Syria is significantly lower than similar numbers in Tunisia and Morocco. This is likely due to a complex array of factors related to Algeria’s brutal civil war, Algeria’s internal security presence, and the recruitment of Algerian jihadists to fight in countries such as Mali and Libya.

70 See Cherif Ouazani, “Algérie: la profession de foi de Mohamed Aïssa”, *Jeune Afrique*, 7 October 2014, available at <http://www.jeuneafrique.com/43410/politique/alg-rie-la-profession-de-foi-de-mohamed-aissa/>.

71 Anouar Boukhars, “‘Quietist’ and ‘Firebrand’ Salafism in Algeria”, *FRIDE*, 23 November 2015, available at <http://carnegieendowment.org/2015/11/24/quietist-and-firebrand-salafism-in-algeria/im9b>.

72 Rafik Maddour, “Mohamed Aïssa: ‘Le wahhabisme convient à l’Arabie Saoudite et non à notre pays’”, *Algérie Patriotique*, 6 June 2015, available at <http://www.algeriepatriotique.com/article/mohamed-aissa-le-wahhabisme-convient-l-arabie-saoudite-et-non-pas-notre-pays>.

73 Efforts to reclaim Sufi heritage plays a role in Algerian religious management, but also regional competition with Morocco, which also lays claim to the heritage of the Tijaniyya, currently headquartered in the city of Fez. During research in Senegal this summer, multiple religious leaders referenced invitations for conferences and meetings in the past decade to both Morocco and Algeria for high-level discussions on religious issues, radicalisation, and the legacy of Sufism in North and West Africa.

74 Mounir Abi, “La ligue des oulémas du Sahel est née”, *Le Temps d’Algérie*, 29 January 2013, available at [http://www.djazairss.com/fr/letemps/84293;Atelier de la ligue des oulémas des pays du sahel à Alger: Appel à une coordination contre l’extrémisme religieux et violent](http://www.djazairss.com/fr/letemps/84293;Atelier%20de%20la%20ligue%20des%20oulemas%20du%20sahel%20Alger%3A%20Appel%20à%20une%20coordination%20contre%20l%27extrémisme%20religieux%20et%20violent%3F), *El Moudjahid*, 4 November 2015, available at <http://www.elmoudjahid.com/fr/actualites/85806>.

These moves are part of a larger revitalisation of Algerian diplomacy in sub-Saharan Africa under Lamamra, who is among a number of Algerian diplomats to have served at high-level positions in regional and international bodies focused on Africa.⁷⁵ They also appear similar in some ways to Moroccan training of sub-Saharan African imams in specially designed programmes in Morocco,⁷⁶ although Algerian policy tends to favour leveraging personal relationships and shared communities across its southern borders in particular. Above all else, as Lamamra recently emphasised, Algerian diplomacy – whether official or religious in nature – prizes “discretion” in its mediation and conflict resolution.⁷⁷

The government has also stepped up its counterterrorism cooperation with Tunisia, which includes joint patrols along the countries’ shared border to root out fighters linked to AQIM’s *Katibat Uqba Ibn Nafi* and to ISIS, intelligence sharing, training for Tunisian Special Forces, and bilateral agreements on counterterrorism and security coordination.⁷⁸ According to some reports, these joint efforts include the presence of Algerian Special Forces inside Tunisia, though Algeria’s government vehemently denies any military intervention in neighbouring countries.⁷⁹

Regardless of the various reports, Algeria’s response to the evolving security situation demonstrates not just its concern about the regional environment, but also its willingness to deploy military forces largely within the cadre of bilateral security partnerships. While Algeria will not simply be the region’s “policeman” in the way that Western officials might want,⁸⁰ it will likely continue to expand both military and diplomatic efforts to deal with regional crises within the framework of long-held Algerian principles.

Conclusion: Algeria and the international community

Despite the anxious pronouncements of outside observers, Algeria is neither completely static nor on the verge of collapse. The country’s decision-making process remains opaque to both outsiders and many within Algeria, yet a changing regional environment, questions of political succession, and the prospect of economic crisis have all helped prompt a series of gradual changes and openings. This is not the first time such changes have been mooted, but there is now widespread consensus among Algeria’s political and economic elite, as well as widespread

awareness of the country’s potential problems among its citizenry, that could help ensure that at least some of these changes actually take place.

The desire for stability felt not just by Algerian leaders but also by Algerians scarred by painful memories and alert to their troubled regional environment has dimmed support for broad-based movements for change. But despite this, many Algerians want change and reform. The appearance of movement or debate is not simply for show. Given the importance of Algeria within the region and abroad as a diplomatic and counterterrorism presence, and its potential for economic growth and investment, the EU and the US should be paying careful attention to the country and pursuing sustained engagement with Algerian political leaders, civil society, and its people as a whole.

The EU should, at the same time, be careful to find the most effective form of engagement. Algeria is understandably jealous of its sovereignty, and some of its central principles, like opposition to direct intervention in the affairs of other states, are unlikely to change.⁸¹ Algeria works closely with international institutions like the EU and the Organisation of African Unity, where Algerian diplomats have long played central roles and maintained an important presence. However, Algeria continues in many cases to privilege bilateral interactions with states as partners, and bristles at international attempts to dictate policy changes.

International institutions like the EU and the IMF have a tendency, particularly with economic reform issues, to come to Algeria with a series of demands, such as revisions to the 51/49 law that mandates Algerian-majority ownership and investment in international partnerships.⁸² Lamamra recently lashed out at this kind of stance, criticising the EU’s approach to Algeria and indicating his belief that the EU received more from its relationship with Algeria than Algeria received in return.⁸³ Instead, key energy and investment partners of Algeria, particularly France, have adopted conscious strategies of pushing companies to invest long-term with Algeria so as to maintain ties and build relationships with Algerian companies even if economic terms for industries like automobile production are more favourable in neighbouring Morocco or elsewhere.⁸⁴ The British government has also encouraged cultural ties through the British Council’s activities in Algeria as well as the UK–Algeria Business Council, and Lord Risby, the UK’s trade envoy for Algeria, has made numerous trips to Algeria and sponsored meetings with Algerian officials and business leaders since his appointment in 2012. Spain has also coordinated with Algeria on increasing gas exports as well as in signing a series of trade deals in recent months.

75 Charlotte Bozonnet, “Le réveil de la diplomatie algérienne en Afrique”, *Le Monde*, 10 November 2015, available at http://www.lemonde.fr/afrique/article/2015/11/09/le-reveil-de-la-diplomatie-algerienne-en-afrique_4805702_3212.html.

76 Jack Watling and Paul Raymond, “The struggle for Mali”, the *Guardian*, 25 November 2015, available at <http://www.theguardian.com/world/2015/nov/25/the-struggle-for-mali>.

77 Yasmine Ryan, “Libya crisis: Foreign intervention is ‘part of the problem’”, says Algerian minister Ramtane Lamamra”, the *Independent*, 30 November 2015, available at <http://www.independent.co.uk/news/world/africa/libya-crisis-foreign-intervention-is-part-of-the-problem-says-algerian-minister-ramtane-lamamra-a6755096.html>.

78 Kal Ben Khalid, “Evolving Approaches in Algerian Security Cooperation”.

79 Kal Ben Khalid, “Evolving Approaches in Algerian Security Cooperation”. Similar reports have emerged in the Algerian press about Algerian military operations inside Libya, reports that the government has similarly denied.

80 Imad Mesdoua, “Algeria: North Africa’s Reluctant Policeman”, *African Arguments*, 26 September 2014.

81 On this principle in Algerian foreign policy, see Geoff D. Porter, “Fortress Algeria”, *The World Post*, 10 December 2012, available at http://www.huffingtonpost.com/geoff-d-porter/fortress-algeria_b_1951286.html.

82 Jean-Pierre Sérénis, “L’Algérie dans le piège gazier”, *Orient XXI*, 3 September 2015, available at <http://orientxxi.info/magazine/l-algerie-dans-le-piege-gazier,0999>.

83 Lila Ghali, “Lamamra critique l’UE pour sa politique de voisinage en direction de l’Algérie”, *Algerie1.com*, 24 June 2015, available at <http://www.algerie1.com/actualite/lamamra-critique-lue-pour-sa-politique-de-voisinage-en-direction-de-lalgerie/>.

84 Interviews with French officials in Algeria and London, August 2015.

Algeria's sometimes tense relationships with international institutions have shown that it is increasingly ready to consider partnerships to improve and diversify its economy and bolster regional stability, but that it bristles at perceptions that outsiders might try to dictate terms to the government. Algeria and the EU have an ongoing dialogue on energy issues, one that will become increasingly important as the EU looks to move away from its dependence on gas from Russia.⁸⁵ However, despite promises to increase hydrocarbon production by 4.1 percent over the next year, rising internal demand will prevent Algeria from supplying a significantly greater amount of gas to the European market without significant investment to improve its hydrocarbons infrastructure.⁸⁶ This echoes a broader Algerian concern that the EU is unwilling to invest sufficiently in the long-term growth of Algeria's economy despite the country presenting a rich market for European goods. Algerian officials have called for a revision of the 2005 Association Agreement with the EU as part of a rethinking of this relationship.⁸⁷

Ultimately, as the EU and its member states look to the future of their engagement with Algeria, bilateral relationships based on partnerships will likely remain the most effective avenue to pursue. What will be most important for the future, however, is a sustained engagement that seeks to help Algeria move forward, rather than relying on a sense of its stability or passively anticipating a future crisis.

⁸⁵ "EU and Algeria to cooperate on energy", European Commission, 5 May 2015, available at <https://ec.europa.eu/energy/en/news/eu-and-algeria-cooperate-energy>; also see Tim Boersma, Marie Vandendriessche and Andrew Leber, "Shale Gas in Algeria: No Quick Fix", Brookings Policy Brief, 1 December 2015, available at <http://www.brookings.edu/research/papers/2015/11/algeria-shale-gas>.

⁸⁶ Patrick Markey, "Algeria expects 4.1 pct rise in oil and gas exports in 2015", *Reuters*, 7 October 2015, available at <https://en-maktoob.news.yahoo.com/algeria-expects-4-1-pct-rise-oil-gas-093248870--business.html>; see Simone Tagliapietra and Georg Zachmann, "Reinvigorating the EU–Algeria energy cooperation", *Bruegel*, 10 June 2015, available at <http://bruegel.org/2015/06/reinvigorating-the-eu-algeria-energy-cooperation/>. Also see Mokhefi, "Algeria – an unsteady partner for Europe".

⁸⁷ Ali Titouche, "Accord d'Association avec l'Union européenne: L'Algérie réclame une révision", *El Watan*, 7 October 2015.

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