



Algeria 2013

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Instability in North Africa appears to be spreading, as a hostage crisis unfolds in an Algerian gas plant run jointly by BP. The Algerian government seemed to have escaped lightly compared with other North African governments from the Arab uprisings. But the war in neighbouring Libya and increasing unrest in the Sahel region to Algeria's south have taken their toll. It remains to be seen whether Algeria's authoritarian regime will be seriously challenged by the twin threats of domestic political unrest and *jihadi* terrorism.

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1 Constitutional change

A new Constitution for the People's Democratic Republic of Algeria, approved by popular referendum, was promulgated on 22 November 1976. The Constitution was amended by the National People's Assembly on 30 June 1979. Further amendments were approved by referendum on 3 November 1988, on 23 February 1989 and on 28 November 1996. On 8 April 2002 the Assembly approved an amendment that granted Tamazight, the principal language spoken by the Berber population of the country, the status of a national language. On 12 November 2008 the Assembly approved an amendment to abolish the limit on the number of terms a President may serve. The main provisions of the Constitution, as amended, are summarized below:

The preamble recalls that Algeria owes its independence to a war of liberation which led to the creation of a modern sovereign state, guaranteeing social justice, equality and liberty for all. It emphasizes Algeria's Islamic, Arab and Amazigh (Berber) heritage, and stresses that, as an Arab Mediterranean and African country, it forms an integral part of the Great Arab Maghreb.¹

2 Government

President and Minister of National Defence: Abdelaziz Bouteflika (inaugurated 27 April 1999; re-elected 8 April 2004 and 9 April 2009).

Principal ministers

Prime Minister: Abdelmalek Sellal.

Minister of Interior and Local Authorities: Dahou Ould Kablia.

Minister of Foreign Affairs: Mourad Medelci.

Minister of Justice and Attorney-General: Muhammad Charfi.

Minister of Finance: Karim Djoudi.

3 Algeria and the Arab Spring

Algeria is a special case in the region. It had a serious experiment with democracy in 1991 and, when the military could not accept the likely victory by the Islamists and cancelled the election, the resulting civil war was marked by atrocities and resulted in the deaths of more than 100,000 people. Even this paled compared with the war of independence from France from 1954 to 1962, where estimates of the number of dead range from some 350,000 to 1.5 million.² Fear of a return to such levels of violence is thought to have played a part in keeping Algeria relatively peaceful.

Nevertheless, the government of Abdelaziz Bouteflika has implemented some reforms and also spent some money to try to ensure its survival. In February 2011, Bouteflika lifted the state of emergency that had been in place for 19 years. This move may have been a tactic to out-manoeuvre General Muhammad Mediène, long the regime's military strong man. There are reported to be significant tensions between Bouteflika and Mediène.³

¹ The Constitution (Algeria), in Europa World online. London, Routledge. House of Commons. Retrieved 06 December 2012 from <http://www.europaworld.com/entry/dz.dir.2>

² Wikipedia, [Algerian War](#) [visited 11 August 2011]

³ "Don't count your dominoes", *Economist*, 19 February 2011

There were large pro-democracy demonstrations in Algeria, some ending in riots, particularly in February. The regime promised talks on reforms, and the National Commission for Consultations on Political Reforms first met in May. However, in a pattern repeated across the region, the commission was composed of regime insiders and, although it took evidence from a range of opposition leaders, many of these had little legitimacy with the average Algerian.⁴ The commission's task was simply to collect complaints and suggestions for reform, and then to present a catalogue to the president. Bouteflika would then propose a plan to implement reform or not, a decision to be made by him alone.

Commentators are generally unimpressed by the reform process. One US-based academic said that the regime has no intention of implementing anything radical:

Observers say the political-military elites, or le Pouvoir - "the Power" - are attempting to present the illusion that political negotiations are taking place across the board.

Yet as one source close to the government told me, at the end of the process any "change will not be radical; it is planned by the system".⁵

Few have much faith in the political reform process. It is the export of hydrocarbons and the government's earnings from that that has enabled it to protect itself from the sort of unrest seen in other countries.

According to the Algerian press, more than one million new jobs were created in Algeria in the first half of 2011, with the results being largely attributed to public investment of more than \$28.8 billion.⁶ These figures are from the Algerian government and may be an exaggeration. However, there is more investment to come and it seems likely that the economic stimulus is significant in fending off calls for reform. Algeria, along with Tunisia and Morocco, abolished import tariffs and customs duties on a number of foodstuffs in 2011, leading to a rise in wheat imports of 128% in the first half of 2011 compared with the same period in 2010.⁷

For some analysts, however, these measures are superficial and a day of reckoning will come for Algeria. One commentator argues that governments in the region are stuck in the past and that Algeria is one of the worst examples, making it vulnerable to overthrow:

Now that the clock has finally struck for Mubarak in Egypt, other states in the region suffering from PTD [postcolonial time disorder] remain vulnerable to revolution. Algeria -- a regional power, U.S. ally, and major energy producer -- is foremost among them.⁸

⁴ Abdelkader Cheref, "Algerian 'Reforms' Are All Smoke, But No Real Substance", *Middle East Spectator Blog*, 1 July 2011

⁵ Abdelkader Cheref, "Algerian 'Reforms' Are All Smoke, But No Real Substance", *Middle East Spectator Blog*, 1 July 2011

⁶ "Plus de 1 million d'emplois créés", *L'Expression* (Algeria), 10 August 2011

⁷ "Wheat Imports Rise by 128% in Algeria", *IHS Global Insight*, 28 July 2011

⁸ James D Lesueur, "Postcolonial Time Disorder", Council on Foreign Relations, 11 February 2011

4 Elections

4.1 Presidential election 2009

Candidate	Votes	% of votes
Abdelaziz Bouteflika	13,019,787	90.23
Louisa Hanoune	649,632	4.5
Moussa Touati	294,411	2.04
Muhammad Djahid Younsi	208,549	0.45
Mohand Oussaïd Belaïd	133,315	0.92
Ali Fawzi Rebaïne	124,559	0.86
Total	14,430,253	100

Source: Europa World Yearbook

4.2 Parliamentary election 2012

Until 1989 the FLN [Front de Libération Nationale] was the only legal party in Algeria. Amendments to the Constitution in February of that year permitted the formation of other political associations, with some restrictions. The right to establish political parties was guaranteed by constitutional amendments in November 1996; however, political associations based on differences in religion, language, race, gender or region were proscribed. Some 27 political parties contested the legislative elections of May 2012.⁹

Elections to the National People's Assembly took place on 10 May 2012 against the background of the Arab uprisings and significant reform in neighbouring countries. There was some liberalisation of the political process in Algeria. But many commentators felt that the Algerian moves were more cosmetic than those, for example, in neighbouring Morocco. The ruling National Liberation Front was the most popular party and took a commanding majority of seats in the assembly. However, there was a widespread belief in Algeria that the results were fraudulent. The relatively poor showing of the Islamist Green Alliance bucked the trend of some of Algeria's neighbours such as Morocco, Tunisia and Egypt, where Islamist parties came top of parliamentary polls.

The official turnout of over 40% was also questioned, particularly as the Interior Minister announced a turnout figure before all the regions had returned their results.¹⁰ The reliability of the electoral roll was also in doubt, as millions of new voters had been added to the roll since the last election but EU observers were denied permission to see the list. Generally the election was held in conditions of calm, but the transparency of the count left something to be desired, according to the EU monitoring mission.¹¹ The mission also found that the number of spoiled ballot papers was an indication of the public's rejection of the authorities' attempts to make participation in the political system more meaningful. The turnout was 43.14% according to the IPU.

⁹ Europa World online. London, Routledge. House of Commons. Retrieved 06 December 2012

¹⁰ [Algeria's 2012 Elections: the Numbers Game](#), Chatham House, 16 May 2012

¹¹ Union européenne, Mission d'observation électorale, [Rapport final, Elections législatives Algérie 2012](#)

4.3 Estimated distribution of seats

Party	Seats
Front de libération nationale (FLN)	221
Rassemblement national démocratique (RND)	70
Alliance de l'Algérie verte (AAV)	47
Front des forces socialistes (FFS)	21
Parti des travailleurs (PT)	17
Front national algérien (FNA)	9
Front pour la justice et le développement (FJD-EI-Addala)	7
Mouvement populaire algérien (MPA)	6
Parti el-Fedjr el-Jadid (PFJ)	5
Parti national pour la solidarité et le développement (PNSD)	4
Front du changement (FC)	4
Ahd 54	3
Alliance nationale républicaine (ANR)	3
Front national pour la justice sociale (FNJS)	3
Union des forces démocratiques et sociales (UFDS-EI-Ittihad)	3
Rassemblement algérien (RA)	2
Rassemblement patriotique républicain (RPR)	2
Mouvement national de l'espérance (MNE)	2
Front El-Moustakbel (FM)	2
Parti El-Karama (PK)	2
Mouvement des citoyens libres (MCL)	2
Parti des jeunes (PJ)	2
Parti Ennour el-Djazairi (PED)	2
Others	4
Independents	19
Total	462

Source: National People's Assembly (Algeria), in Europa World online. London, Routledge. House of Commons.

The IPU made the following analysis of the 2012 election (the exact number of seats won by each party remains unclear):

Unlike neighbouring countries, where Islamist parties were victorious in recent elections, the parties in the government took nearly 60 per cent of the enlarged 462-member National People's Assembly. President Abdelaziz Bouteflika's National Liberation Front won 208 seats and Prime Minister Ahmed Ouyahia's National Democratic Rally took 68. They pledged to reinforce democracy and provide more jobs and housing for the youth. The Islamic parties' relatively poor performance could be attributed in part to bitter memories of terrorism and a bloody civil war in the 1990s.

An Islamist bloc, the Green Algeria Coalition, came in third with 49 seats. It had pledged a new constitution based on "a democratic and social sovereign Algerian state, respecting Islamic values". The Socialist Forces Front (FFS, based in Algeria's Berber provinces) took part in the 2012 elections after boycotting all national elections for 15 years over alleged fraud. It came in fourth with 27 seats.

A record 146 women were elected, making Algeria the first and only Arab country where women hold more than 30 per cent of the seats in parliament. This sharp

increase - from 7.7 per cent in 2007 - was due to an Organic Law which requires between 20 and 50 per cent of the candidates for parliament to be women.¹²

5 Recent political developments and outlook

Forthcoming regional elections have raised less interest than a series of corruption probes which analysts are interpreting as a power play between the shadowy political and military figures that hold real power in Algeria. Bouteflika has announced that he will retire in 2014 and rival factions are already manoeuvring to fill the presidency after Bouteflika has gone.

Talk of political reform has petered out and there are now no serious plans to amend the constitution. Commentators say that political freedom has in fact been further limited recently. The head of Algeria's main human rights organisation says that reform plans have ground to a halt:

It's practically illegal to demonstrate or even gather. There is no real political will to carry out social, political or economic reforms.¹³

The gas plant hostage crisis and the unrest in Mali will make Algerian stability more attractive and will probably reduce further the pressure for political reform. Failure to adapt, however, could undermine Algerian stability in the longer term.

6 Western Sahara and relations with Morocco

The Western Sahara dispute has poisoned relations with Algeria's neighbour Morocco, although there are reports that the relationship may be improving. In March 2012, Middle East and North Africa Minister Alistair Burt answered a question on relations:

The Secretary of State for Foreign and Commonwealth Affairs, my right hon. Friend the Member for Richmond (Yorks) (Mr Hague), discussed regional co-operation in the Maghreb, including relations between Algeria and Morocco during his visit to New York on 12 March. The UK Permanent Representative to the UN also discussed the situation in the region during the visit of Moroccan Foreign Minister, Saad Eddine El Othmani, to the Security Council earlier this month.

I discussed the positive shift in the relationship between Algeria and Morocco with the Algerian Minister for the Maghreb and Africa, Abdelkader Messahel, when I met him for the annual UK-Algeria high level talks on 8 March. I have also discussed the issue of regional co-operation with other Maghreb countries, including during my recent visit to Tunisia on 13-14 March.

We welcome the exchange of ministerial visits between Morocco and Algeria and their commitment to work together to improve relations. We look forward to a revitalised role for the Arab Maghreb Union. A better integrated Maghreb would have clear economic and security benefits for the countries of the region.¹⁴

7 Al-Qaeda in the Islamic Maghreb

Western security circles are worried about *jihadi* groups in North Africa. In 2006, the Salafist Group for Preaching and Combat (GSPC), pledged allegiance to Osama bin Laden, and in 2007 changed its name to al-Qaeda Organisation in the Islamic Maghreb (AQIM). The group

¹² Inter Parliamentary Union, [ALGERIA Al-Majlis Al-Chaabi Al-Watani \(National People's Assembly\)](#)

¹³ 'Arab nations on divergent paths; Morocco and Algeria may appear more stable than Tunisia, but tensions remain after 'Arab Spring.', *Los Angeles Times*, 6 January 2012

¹⁴ [HC Deb 20 Mar 2012, c593W](#)

had been losing public support after years of violent struggle with the Algerian authorities, and perhaps sought to be re-born as a pan-Islamic jihadist organisation. One of the organisation's stated policies is to carry out more attacks in Europe.¹⁵

While the link with al-Qaeda has given AQIM a publicity boost and access to international funding, the North African security forces, particularly of Algeria, have had some success in controlling it. At the same time, al-Qaeda's senior leadership is reported to be suspicious of the largely Algerian leadership of AQIM, fearing that it may be infiltrated by the Algerian secret services.¹⁶

IHS Jane's suggests that the other objective of the newly-formed AQIM -- to form the unified North African command that its name suggested -- has also generally failed due to the unwillingness of groups in Morocco and Tunisia to accept its leadership,¹⁷ although there has been evidence of successful recruiting in Morocco.

AQIM's aim of launching attacks in Europe has been frustrated in recent years. Faced with this situation, AQIM is reported to be turning its attention south, to the Sahel fringes of the Sahara desert. This area (in Mauritania, southern Algeria, Mali, Niger and Chad) is sparsely populated and weakly governed, causing concern in Western circles that AQIM may be able to set up bases in the region.

AQIM directs much of its rhetoric against France, whose policies on restricting the wearing of the veil, among other things, have attracted hostility. The French intelligence service has warned that the threat of a terrorist attack in France is the highest since the mid-1990s, when the country was at risk from Algerian militants.

Mauritania, Mali and Niger are thought to be particularly vulnerable to AQIM activity. Borders in the region are notoriously difficult to control and the states have limited security capacity. On top of this, difficult relations between North African states have hindered cooperation against terrorist groups.

On 21 April 2010, Algeria, Mali, Niger and Mauritania opened a joint military command to co-ordinate military operations and intelligence against the Islamist extremists operating in the Sahel and Sahara regions. The command is likely to be based at the Algerian air base in Tamanrasset, in the south of the country.¹⁸ In September 2011, Algeria hosted an international conference on security which focussed on the threat from groups such as AQIM. Representatives from the Sahel states attended along with EU and US officials. However, the outcome of the conference was reported to be disappointing.¹⁹

Nevertheless, the battle against AQIM has been relatively successful in much of Algeria, with the exception of the mountainous Kabylie region. This area, the centre of Berber population in Algeria, has become a haven for AQIM because difficult relations between the Algerian authorities and the Berbers have meant that the locals do not give information to the security services about the militants' whereabouts. That appears to be changing, as Algerian security

¹⁵ "Al-Qaeda in the Islamic Maghreb- sliding south", *Relationships and rivalries- assessing al-Qaeda's affiliate network*, IHS Jane's Security and Military Intelligence Consulting, October 2010, p30

¹⁶ "Al-Qaeda in the Islamic Maghreb- sliding south", *Relationships and rivalries- assessing al-Qaeda's affiliate network*, IHS Jane's Security and Military Intelligence Consulting, October 2010, p31

¹⁷ *Ibid.*

¹⁸ "Algeria Highlights Benefits of Counter-terrorism Intelligence Sharing", *IHS Global Insight*, 17 October 2011

¹⁹ "Algeria-Hosted Conference on Regional Security Closes, Little Meaningful Progress Made", *IHS Global Insight*, 9 September 2011

forces recently killed a top AQIM commander in October 2012 and subsequently four other militants after tip-offs from local Berbers.²⁰

The loss in 2012 by the government of Mali of the northern half of its territory to violent *jihadi* groups including AQIM was a major boost to the group. In September, AQIM was linked by some to the deadly attack on the US embassy in Libya and in December, the US administration said that Mali had become a safe haven for terrorists.

8 Persecution of Christians

Although Christianity pre-dates Islam in North Africa, it is now the minority religion. The number of Christians in the country is small, probably less than 50,000. Many of the Christians resident in Algeria have French or Italian descent or marriage connections, although there is a cluster of Christians in the mountainous Kabylie region, the heart of the Berber community in Algeria. There are also some Christian immigrants to Algeria from Africa south of the Sahara, and some from Egypt.

The Algerian state is secular and provides a relatively good environment for religious diversity in the country, although there are some instances of discrimination and persecution. The US State Department's *2011 International Religious Freedom Report* provides an account of the legal and constitutional framework relating to religious freedom in Algeria:

The constitution provides for religious freedom, but other laws, policies, and practices have a restrictive effect on religious freedom. The government did not demonstrate a trend towards either improvement of or deterioration in respect for and protection of the right to religious freedom. Article 2 of the constitution declares Islam the state religion and prohibits institutions from engaging in behavior incompatible with Islamic morality. Other laws and regulations provide non-Muslims the freedom to practice their religion as long as it is in keeping with public order, morality, and respect for the rights and basic freedoms of others. However, non-Muslim groups have long experienced difficulty when attempting to register with the government. Proselytizing is a criminal offense and carries a punishment of one to three years in jail, but implementation has been irregular. Depending on the severity of the infraction (e.g., selling Bibles as opposed to actively proselytizing), one-time fines against Christians can range from 500 dinars (\$6.95) to 500,000 dinars (\$6,957). Government officials emphasized the dominant role of Islam in society. Christian groups cited lengthy delays in receiving, and outright denials for, visas for their personnel to work in Algeria as a major concern. However, some Christian groups indicated that the visa situation has improved compared to previous years.

There were reports of societal abuses or discrimination based on religious affiliation, belief, or practice. Although society generally tolerated foreigners and citizens who practiced religions other than Islam, some local converts to Christianity kept a low profile due to concern for their personal safety and potential legal and social problems. Extremists harassed and threatened the personal security of some converts to Christianity. Violent extremists continued to refer to interpretations of religious texts to justify their killing of security force members and civilians. Muslim religious and political leaders publicly criticized acts of violence committed in the name of Islam.²¹

The State Department's report, which is the fullest account of the situation of Christians in Algeria, goes on to provide details of controversial cases in 2011. Many of these

²⁰ 'Algeria Gains Crucial Help In Fight Against Al Qaeda', *New York Times*, 4 November 2012

²¹ *International Religious Freedom Report for 2011, Algeria*, US State Department, 2012

controversies arise in relation to converts from Islam to Christianity and from proselytising, which is an offence under Algerian law.

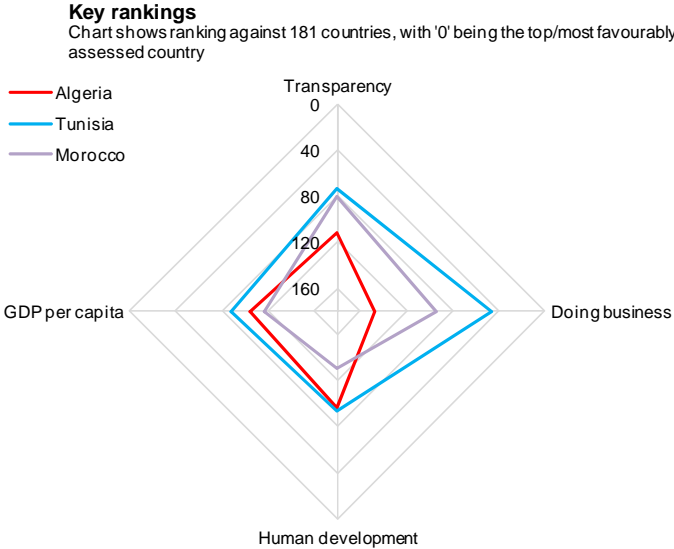
9 Economy²²

History and context

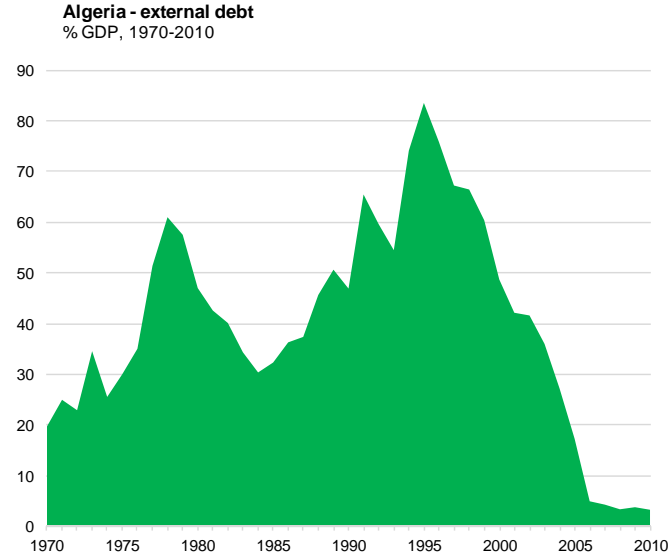
In the decades immediately after independence in 1962, Algeria's government pursued socialist economic policies, acquiring either a complete or controlling interest in most areas of the economy, most importantly the hydrocarbon sector. From the 1980s, this trend was reversed to an extent, as the government relaxed direct control over state-owned companies, encouraged private investment, eased restrictions on commercial bank lending, and ceased its monopoly control over the importing of goods for resale on the domestic market.

Economic liberalisation continued during the 1990s, though this took place under IMF and World Bank structural adjustment programmes, and in the context of the refinancing or writing-off of Algeria's substantial foreign debt (see first chart overleaf). Reforms during this period included the removal of some food and commodity price subsidies, the introduction of a comprehensive privatisation law, and the loosening of exchange and capital controls.

Both as a socialist and as a more market-orientated economy, Algeria has achieved modest increases in standards of living (as measured by GDP per capita) since independence, with the exception of a period from the mid-1980s to the early 1990s, when depressed oil prices and rapid population growth caused a decline in GDP per capita. More generally, the gap between Algeria, and the Middle East and North Africa as a whole, has widened (see second chart overleaf). Again, this is partly a consequence of the



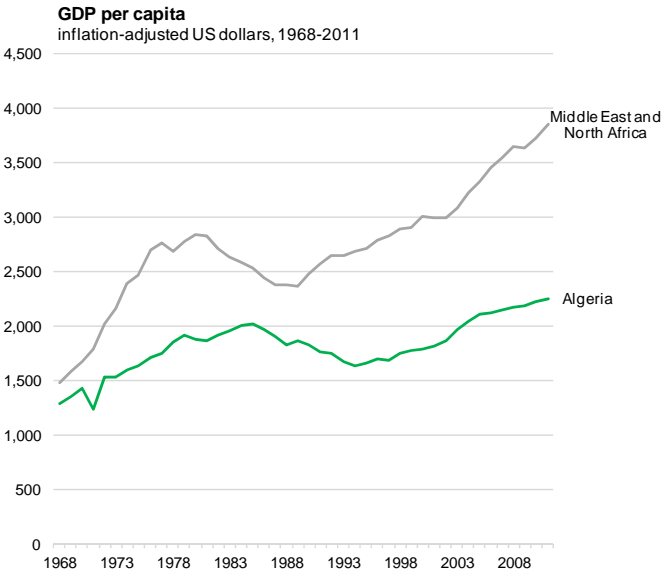
Transparency: Transparency International Corruption Perceptions Index 2011; **Doing business:** World Bank Doing Business 2012; **Human development:** UN Human Development Index 2012 ranking; **GDP per capita:** ranking based on dollar at purchasing-power-parity



²² Information in this section is based on the IMF [Article IV assessments](#) of the Algerian economy, along with press reports in the FT [beyondbrics blog](#); the Europa World Plus [economic profile](#) of Algeria; and the African Development Bank [country dialogue](#) paper and relevant Economic Outlook 2012 [chapter](#). Statistics are from the World Bank [World Development Indicators 2012](#) and IMF [World Economic Outlook database](#).

growth in Algeria's population, which doubled from 13m to 26m in the 25 years from 1968 to 1993, but also an over-reliance on oil and gas exports as an engine of growth.

Despite its economic reforms, Algeria's government has struggled to attract private interest in state-owned companies, to foster private sector investment more generally, and to diversify its economy from the hydrocarbons sector. Recent measures have led some to conclude that it has given up. In 2008, the government introduced new tax regulations on the repatriation of capital owned by foreign companies, and required that foreign investors be limited to minority stakes in projects with local companies; and in mid-2011, it announced that it was abandoning its targeted privatisation programme due to lack of interest from foreign investors. Diversification and growth in the non-hydrocarbon sectors has undoubtedly been hindered by the restrictiveness of the country's business environment: Algeria ranked 152nd out of 185 in the World Bank's most recent *Ease of Doing Business* report; its neighbours, Morocco and Tunisia, ranked 97th and 50th respectively.



Specific issues and recent developments are dealt with below.

Hydrocarbons

Rising oil and gas prices have ensured that Algeria experienced reasonably strong economic growth during the 2000s, and contributed to the country's large foreign currency reserves and an increase in the country's oil savings fund.

Algeria's proved oil reserves at the end of 2011 were 12.2bn barrels, the fourth-largest in North Africa (behind Libya, Nigeria and Angola) and four times that of the UK. Proved gas reserves, at 4.5tn cubic metres, and 2.2% of the global total. In 2011, oil production was the third-highest, and gas production the highest, in North Africa.

Though Algeria's state-owned company, Sonatrach, remains dominant in the petroleum and gas sector, unlike many major oil producers in the region (most notably Saudi Arabia), there is extensive foreign participation in hydrocarbons development. In 2011, Sonatrach signed a co-operation agreement with Italy's ENI for the exploration and exploitation of the country's shale gasfields, while it has in the past licensed (mostly Asian and European) firms to explore for and produce oil, and to construct and modernise oil refineries.

Economic diversification and measures to boost growth

Ever since Algeria's 1980-84 development plan, the government has set itself objectives of diversifying the country's economy and reducing its dependence on the hydrocarbon sector. To date, these have been largely unsuccessful: 98% of exports and two-thirds of budgetary revenues still come from hydrocarbons. Most commentators believe that Algeria's private sector is underdeveloped, and levels of domestic and foreign investment are below optimal levels. The government has recently taken steps to support the development of SMEs

through loan subsidies and debt rescheduling, but at the same time conditions for foreign investment have become more restrictive. It has also engaged in an extensive public investment programme, to support growth and improve the country's infrastructure, although this has now reached a plateau in terms of execution of large projects. Algeria's development bank (the National Investment Fund, or FIN) has been used to support public-private partnerships in sectors deemed important for innovations.

Access to business finance is poor in Algeria. The lack of a reliable credit reporting system makes assessment of risk difficult, and the predominantly state-owned banking sector is correspondingly prudent in extending loans. Unsecured (i.e. non-mortgage) consumer lending is prohibited in Algeria.

Fiscal policy

Rising oil prices have enabled the government to protect the prices of food staples from international fluctuation, raise civil service salaries by 50% since 2008, and increase the minimum wage, pensions and other social expenditure,). These measures are likely to have made important contributions to social cohesion in the context of the Arab Spring, but they have also generated upward pressure on prices (inflation currently stands at 10%, up from 5%) and, in the IMF's view, made the country fiscally vulnerable to fluctuating hydrocarbon prices. The Fund forecasts that if expenditure increases on the basis of envisaged measures, Algeria's oil savings fund will fall from 32% GDP currently to 16% GDP by 2016, with a potentially more dramatic outcome, and the necessity for sharp decreases in public expenditure, if oil prices fall.

Unemployment

In recent years, unemployment in Algeria has declined dramatically, from 30% in 2000 to 10% in 2011. Demographic factors have played an important role in this development; Algeria has undergone a rapid transition to a low fertility, slow population growth country; reflecting this, the average (median) age of the population has risen from 18 in 1990 to 26 today. Nonetheless, youth unemployment has not decreased at the same speed as the overall rate, and currently stands at around 21%. Unemployment is particularly high among young graduates, indicating that the economy has not been able to create a sufficient number of high-skill jobs, and possibly that the graduate mix does not reflect the needs of the private sector. Long-term unemployment is also particularly prevalent: 50% of Algeria's unemployed have been seeking a job for more than two years.

Trade

Algeria is not a member of the World Trade Organisation (negotiations for accession, which started in 1987, are still ongoing) and has pursued trade openness with caution, concerned by the fact that past liberalisation has led to an increase in imports without any substantial diversification of the export base. The country has been a member of the Arab Free Trade Area since 2009 and is undertaking initiatives to develop trade and co-operation with other African countries and groups, including the West Africa Economic and Monetary Union. Apart from hydrocarbons, Algeria exports vehicle components (0.8% of total exports), chemicals (most notably ammonia, comprising 0.6% of total exports) and sugar cane (0.4% of total exports). It typically exports more by value than it imports; in 2011, the trade surplus was \$19.1bn, or 10% GDP.

Around half of Algeria's exports go to the EU (and half of its imports come from there). It currently benefits from lower duties on some of its exports to the EU under the [Generalised System of Preferences](#). Further trade integration will be guided by an [Association Agreement](#), which came into effect in 2005. Imports from the EU to Algeria are dominated by

machinery (in particular non- electrical machinery and transport equipment), telecommunication equipment, agricultural products, iron and steel, and chemicals.

Other major export partners include the US, Canada, Brazil and Turkey. Major import partners include China, the US, Argentina and Brazil.

10 Appendix: historical context

Algeria was conquered by French forces in the 1830s and annexed by France in 1842. The territory was colonized with French settlers, and many French citizens became permanent residents. Unlike most of France's overseas possessions, Algeria was not formally a colony but was 'attached' to metropolitan France. However, the indigenous Muslim majority were denied equal rights, and political and economic power within Algeria was largely held by the settler minority.

On 1 November 1954 the principal Algerian nationalist movement, the Front de libération nationale (FLN), began a war for national independence, in the course of which about 1m. Muslims were killed or wounded. The French Government agreed to a cease-fire in March 1962, and independence was declared on 3 July. In August the Algerian provisional Government transferred its functions to the Political Bureau of the FLN, and in September a National Constituent Assembly was elected (from a single list of FLN candidates) and a Republic proclaimed. A new Government was formed, with Ahmed Ben Bella, founder of the FLN, as Prime Minister.

A draft Constitution, providing for a presidential regime with the FLN as the sole party, was approved by popular referendum in September 1963. Ben Bella was elected President, although real power remained with the bureaucracy and the army. In June 1965 the Minister of Defence, Col Houari Boumedienne, deposed Ben Bella in a bloodless coup and took control of the country as President of a Council of the Revolution, composed chiefly of army officers. In 1975 Boumedienne announced a series of measures to consolidate the regime and enhance his personal power, including the holding of elections for a President and National People's Assembly. A newly drafted National Charter, which enshrined both the creation of a socialist system and the maintenance of Islam as the state religion, and Constitution were approved at referendums held in June and November 1976, respectively, and in December Boumedienne was elected President unopposed. The new formal structure of power was completed in February 1977 by the election of FLN members to the National People's Assembly.

President Boumedienne died in December 1978, and the Council of the Revolution took over the Government. In January 1979 the FLN adopted a new party structure, electing a Central Committee that was envisaged as the highest policy-making body both of the party and of the nation as a whole. The Committee's choice of Col Ben Djedid Chadli, commander of Oran military district and new party Secretary-General, as the sole presidential candidate was endorsed by a referendum in February. Chadli appointed a Prime Minister, Col Muhammad Abd al-Ghani, anticipating constitutional changes approved by the National People's Assembly in June, which included the obligatory appointment of a premier. In mid-1980 the FLN authorized Chadli to form a smaller Political Bureau, with more limited responsibilities, thereby increasing the power of the President. Chadli was re-elected to the presidency in January 1984, and subsequently appointed Abd al-Hamid Brahimi as Prime Minister. Following a public debate on Boumedienne's National Charter in 1985, a revised Charter—which emphasized a state ideology based on the twin principles of socialism and Islam while encouraging the development of private enterprise—was approved by a referendum in January 1986.

During the second half of the 1980s opposition to the Government was increasingly manifest. In 1985 22 Berber cultural and human rights activists were imprisoned after being convicted of belonging to illegal organizations. In 1987 several leading activists of an Islamist group were killed by security forces, and some 200 of the group's members were imprisoned. From mid-1988 severe unemployment, high consumer prices and shortages of essential supplies provoked a series of strikes, and in October rioting in the capital, Algiers, spread to Oran and Annaba. In November constitutional amendments allowing non-FLN candidates to participate in elections and making the Prime Minister answerable to the National People's Assembly (rather than to the President) were approved in a referendum. In December Chadli was elected President for a third term of office.

In February 1989 a new Constitution, signifying the end of the one-party socialist state, was approved by referendum. The executive, legislative and judicial functions of the state were separated and made subject to the supervision of a Constitutional Council. In July legislation permitting the formation of political associations outside the FLN entered force: by mid-1991 a total of 47 political parties had been licensed by the Government, including a radical Islamist group, the Front islamique du salut (FIS), the Mouvement pour la démocratie en Algérie (MDA), which had been founded by Ben Bella in 1984, the Parti d'avant-garde socialiste (renamed Ettahaddi in 1993), the Parti social-démocrate (PSD) and the Berber Rassemblement pour la culture et la démocratie (RCD). Other legislation adopted in July 1989 further reduced state control of the economy, allowed the expansion of foreign investment and ended the state monopoly of the press (although the principal newspapers remained under FLN control). In September President Chadli appointed Mouloud Hamrouche as Prime Minister.

At local elections held in June 1990 the FIS received some 55% of total votes cast, while the FLN obtained about 32%. In July, following internal disagreement concerning the pace of economic and political reform, Hamrouche and four other ministers resigned from the FLN's Political Bureau. In December the National People's Assembly adopted a law whereby, from 1997, Arabic would be Algeria's only official language and the use of French and the Berber language, Tamazight, in schools and in official transactions would be punishable offences; more than 100,000 people subsequently demonstrated in Algiers against political and religious intolerance.²³

²³ Europa World online. London, Routledge. House of Commons. Retrieved 06 December 2012