

An hourglass-shaped graphic with a globe inside. The top bulb is dark blue, and the bottom bulb is light blue. The globe is centered in the narrow neck of the hourglass. The text is overlaid on the graphic.

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ALGERIA: A NEW PRESIDENT AND HIS POLICIES

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Abstract. The powerful Algerian army appears to have sought President Liamine Zeroual's early departure from office and, in elections held in April 1999, Abdulaziz Bouteflika was elected to replace him. The outlook for U.S.-Algerian relations appears positive, as modest bilateral military contacts solidify ties that have a firm commercial foundation and Bouteflika seems open to improvements.

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Algeria: A New President and His Policies

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Summary

The powerful Algerian army appears to have sought President Liamine Zeroual's early departure from office and, in elections held in April 1999, Abdulaziz Bouteflika was elected to replace him. The opposition charged that the elections were fraudulent. Bouteflika had served as Foreign Minister from 1963-78, but had been absent from the country for some years. After seven years of civil war between government security forces and Islamist militants, Bouteflika has proposed a "civil concord" or amnesty to advance the prospects for domestic peace. Rising oil prices could enable him to address some of the country's many socioeconomic problems, should he choose to do so. Bouteflika already has reactivated Algeria's foreign policy to restore its international prestige. The outlook for U.S.-Algerian relations appears positive, as modest bilateral military contacts solidify ties that have a firm commercial foundation and Bouteflika seems open to improvements. For background, see CRS Report 98-219F, *Algeria: Developments and Dilemmas*, and CRS Report 96-392F, *Algeria: Four Years of Crisis*. This report will be updated if developments warrant.

Background

Since a 1965 coup, the army leadership has been the most powerful political institution in Algeria. In French, it is referred to as "*le pouvoir*," the power. Its decision-making processes are opaque, earning another French sobriquet, "*le grand muette*," the great silent one. In January 1992, the army interrupted the first national multiparty elections after an initial round of voting indicated that the Islamic Salvation Front (FIS) would probably obtain a majority in parliament. A civil war between government security forces and Islamist militants ensued and continues until today. In January 1994, an army-dominated civilian-military council appointed retired General and former Defense Minister Liamine Zeroual to be President. Over the course of several years, Zeroual engaged in systematic government institution-building, including the legitimation of his presidency in a 1995 election. The process, however, applied a only veneer of democratization to Algerian politics because elections for parliament and local government were seriously flawed.

In the summer of 1998, factional disputes within the military surfaced unprecedentedly in the press, with articles charging General Mohammed Betchine, President Zeroual's closest aide, with corruption. On September 11, 1998, Zeroual surprisingly announced that an early presidential election would be held in 1999, 19 months before his term was due to end, and that he would not be a candidate. Analyses of his decision varied. Some suggested that Chief of Staff General Mohammed Lamari, long considered an "eradicator" opposed to dialogue with Islamists, wanted Zeroual out of office because of his reported talks with the FIS.¹ Others argued that Zeroual and Lamari had, in fact, switched views. Zeroual's negotiations with FIS politicians had failed, hardening his stance; while Lamari had successfully achieved a cease-fire with the Islamic Salvation Army (AIS), the FIS military arm, in October 1997, and moderated his position.² Still others contended that the army was united against Islamism and that its internal splits were about presidential succession and, therefore, about power.³ Zeroual was known to have a vascular ailment.⁴ Because the "*pouvoir*" is closed, the truth may never be known. In October, Betchine resigned.

Election

Although the 1996 parliamentary and 1997 local government elections had been marred by irregularities, seven candidates campaigned actively in the 1999 presidential election. However, Shaykh Mafoud Nahnah, leader of the moderate Islamist Movement for a Peaceful Society (MPS) who had won about 25% of the vote in the 1995 race against Zeroual, was disqualified from running, leading some to question the legitimacy of the process. Abdulaziz Bouteflika was widely viewed as the choice of the *pouvoir*, especially after the old establishment National Liberation Front (FLN) and the new establishment Rally for National Democracy (RND) political parties endorsed his candidacy, and General Khaled Nazzar, the former Defense Minister believed responsible for the 1992 coup, openly voiced support. Yet Bouteflika's election was not foreseen as automatic. Some analysts predicted a run-off between Bouteflika and either reformist former Prime Minister Mouloud Hamrouche or the moderate Islamist former Foreign Minister Ahmed Taleb-Ibrahimi,⁵ who was openly supported by the banned FIS.

After early voting by a half million members of the army, police, and customs service and at mobile stations in the Sahara, six candidates charged that fraud had begun, demanded cancellation of the results, and asked for a meeting with President Zeroual. He refused, referred them to legal avenues of appeal, and declared the election process "irreversible." On the day before the election, the six withdrew, leaving a field of one -- Bouteflika, who won unsurprisingly. Although officials reported a voter-turnout of over

¹ Betchine Leaves, *The Estimate*, Vol. X, No. 22, October 23, 1998, p. 1, 11.

² Power Struggle Heats up as Betchine Resigns, *Middle East Economic Digest*, October 30, 1998, p. 10.

³ Paul-Marie de la Gorce, Changements de strategies, *Jeune Afrique*, 18-31 August 1998, pp. 35-37.

⁴ Paul-Marie de la Gorce, L'onde de Choc, *Jeune Afrique*, 22-28 September 1998, pp. 16-19.

⁵ Poll on the Presidential Election, *El Watan*, April 6, 1999.

60%, observers, newspapers, and the six non-participating candidates, suggested that perhaps fewer than 25% had voted.⁶ Bouteflika claimed a mandate with 73% of the vote.

Abdulaziz Bouteflika

Bouteflika was sworn in as President of Algeria on April 27, 1999. He was born in 1937 in Morocco, but his home base is in Tlemcen, in western Algeria. In 1956, he joined the National Liberation Army (ALN) in the fight for Algeria's independence from France. When Algerian won independence in 1962, Bouteflika was named a deputy in the Constituent Assembly and Minister of Youth and Sports. In 1963, at age 26, he was named Minister of Foreign Affairs, and held the post until 1979. His conduct of foreign policy brought Algeria to leadership ranks of Third World and pan-Arab diplomacy. Although regarded as a possible heir apparent of President Houari Boumediene, who had seized power in a 1965 bloodless coup, Bouteflika was passed over when Boumediene died in 1978. The new President, Chadli Bendjedid, marginalized Bouteflika, giving him a title, Minister Counselor to the President, without a function, until Bouteflika resigned in 1981. In 1983, Bouteflika was charged with financial irregularities stemming from his years of service as Foreign Minister and ordered to repay allegedly misallocated funds. He left Algeria for self-imposed exile in Europe and the Persian Gulf, where he reportedly advised Gulf monarchs. In 1989, Bouteflika returned home, rejoined the National Liberation Front (FLN) Central Committee, and spoke out against Bendjedid's political reforms that had produced a multi-party system with a strong FIS. Bouteflika sided with the military in the January 1992 coup. In early 1994, Bouteflika rejected the military-dominated High State Council's offer of the Presidency, and it chose Zeroual instead.

In December 1998, a divided FLN selected Bouteflika as its candidate in the 1999 presidential election, and he subsequently was endorsed by an equally split RND and by General Nazzar. Movement for a Peaceful Society and En Nahdah (Renaissance Movement), legal, moderate Islamist parties, and the General Union of Algerian Workers national trade union also backed Bouteflika. His supporters may have viewed Bouteflika as a symbol of a return to "the good old days," of one-party rule, state enterprise, possibilities for personal enrichment, or leadership in world diplomacy. After remaining silent for his first several weeks in office, Bouteflika called for domestic reconciliation and a reactivated foreign policy to restore Algeria's international status after years of introversion.

Peace Prospects

Since 1992, violence has become endemic in Algeria and, according to Bouteflika, has taken 100,000 lives. But the security forces' draconian actions, the cease-fire with the Islamic Salvation Army (AIS), alleged splits among Islamist militants, and perhaps violence fatigue have recently lowered the death toll. For years, the Islamic holy month of Ramadan had been the bloodiest month. In 1999, 200 died compared to 1,200 in 1998. Bouteflika said that his top priority would be to end the violence. In his first speech to the nation on May 29, he hinted at an amnesty for Islamist militants who renounce violence, i.e. the AIS, whose cease-fire has held since October 1997. Since the *pouvoir* was the architect of the cease-fire, Bouteflika's moves formalized its strategy. On June 1, AIS

⁶ George Joffe, Algerian Election: More Con than Constitutional, Knight Ridder, April 23, 1999.

commander Madani Mezrag replied, saying that if Bouteflika gave the truce a legal basis and political cover, then the AIS would cooperate "to close the file of the crisis, definitively, to abandon the armed action...."⁷ FIS founder Abassi Madani gave the AIS proposal his full support. Other FIS political leaders dissented. The terrorist Armed Islamic Group (GIA), to which the continuing violence has been attributed, denounced the reconciliation process. Bouteflika subsequently rejected the idea of lifting the ban on the FIS because, according to him, the 1996 constitution prohibits political parties based on religion. On July 5, Independence Day, Bouteflika pardoned several thousand prisoners. Afterwards, both houses of parliament approved a "civil concord" reconciliation law that would amnesty others. The law will be the subject of a national referendum on September 16, which also is seen as a vote to grant Bouteflika's presidency the legitimacy it did not attain in April. Neither the pardons nor the civil concord apply to FIS leaders. As Bouteflika has undertaken these measures, violence has escalated.

Other Domestic Issues

Algeria has many domestic problems: a large population of alienated youth (70% of the population is under 30), an unemployment rate of 30% (over 50% of it young), a housing deficit of 2 million units (possibly the worst in the world), and costly state enterprises that have been privatized only slowly since 1995. Moreover, the civil war has done about \$2 billion in damage to infrastructure. Low oil prices have exacerbated the economic distress. Income from oil and gas sales abroad plummeted from \$13.6 billion in 1997 to \$9.7 billion in 1998 as prices fell 33%. Algeria depends on hydrocarbons for 90% of its foreign exchange earnings, more than 50% of government revenues, and 25% of gross domestic product. An International Monetary Fund (IMF) supported reform program begun in 1995 was completed in May 1998. It had made possible debt rescheduling arrangements with the Paris Club of government creditors and the London Club of commercial creditors. But debt payment obligations remain high, with \$5.7 billion due in 1999. Partly due to the IMF program and to falling oil prices, former Prime Minister Ahmed Ouyahia's government was largely unsuccessful in addressing domestic problems.

Although viewed as wedded to the socialism of the Boumediene era, Bouteflika declared during his campaign, "The all-providing state is dead, and it will never return. Algeria must enter the market economy."⁸ He will soon appoint a new government, and his commitment to economic liberalism may be revealed in its program. Oil prices have risen steadily since March 1999, when Algerian Minister of Energy Youssef Yousfi orchestrated an Organization of Petroleum Exporting Countries (OPEC) agreement to slash production. Debt repayments may be less onerous. However, any government is unlikely to tackle the endemic corruption that feeds the *pouvoir*. It is equally unlikely to reform the Family Code and end restrictions on women's rights that were legislated as a gesture toward moderate Islamist political parties and the AIS.

⁷ Rebel Islamic army commander offers conditional support to Bouteflika, BBC Monitoring Middle East-Political, June 3, 1999.

⁸ Charles Trueheart, One-Choice Ballot Sweeps in Algeria; Winner Cast as Heir to Revered, *The Washington Post*, April 17, 1999, p. A11.

Bouteflika so far has operated alone. He is more comfortable giving speeches and press conferences than Bendjedid and Zeroual, and has made the presidency more accessible. Bouteflika has totally occupied the political stage, with Algerian TV providing comprehensive coverage of his activities. It is unlikely that he will imbue the government institutions created by Zeroual with the life and power of a democracy.

Foreign Policy

Bouteflika has moved rapidly to restore Algeria's lost international prestige. Through six personal emissaries, including three former prime ministers, he produced a well-attended Organization of African Unity (OAU) summit in Algiers in July. Bouteflika presided and assumed the OAU chairmanship. He immediately designated former Prime Minister Ouyahia to mediate the Ethiopian-Eritrean conflict, and some progress has been made. In November, Bouteflika will host an Arab Maghreb Union (UMA) summit. Founded in 1989, the UMA has been inactive for years because Algeria and Morocco disagree over the sovereignty of Western Sahara. Morocco claims the region, while the Popular Front for the Liberation of Saqiat al Hamra and Rio de Oro (POLISARIO), Algeria's protégé, seeks its independence. Since 1991, the United Nations has been organizing an oft-postponed referendum on sovereignty, now scheduled for July 2000. Bouteflika wants to improve bilateral relations with Morocco and has referred to the Western Sahara as a "purely U.N. issue." He received the late King Hassan II's envoy, Moroccan Interior Minister Driss Basri, and wrote to the King, "I still believe that what binds our two peoples is far stronger ... than dealing with summer clouds...."⁹ Bouteflika attended the King's funeral in July and referred to his successor, King Mohammed VI, as a "brother." The new King responded in kind. A bilateral summit is expected shortly. The two neighbors are working on reopening their border, which was closed in 1994.

Bouteflika has acquaintances throughout the Arab world. He knows long-serving leaders, such as Syrian President Hafez al-Asad, Iraqi President Saddam Hussein, and Libyan President Mu'ammr Qadhafi, from his days as foreign minister, and has more recent friendships with Gulf monarchs. Algeria houses the Iraqi interests section in its embassy in Washington. Egyptian President Hosni Mubarak, a friend, has visited Algeria twice, once to transmit messages from the French government to Bouteflika. Bouteflika visited ailing Saudi King Fahd in Spain, and reportedly elicited promises of aid.

Bouteflika has vowed to strengthen relations with the United States, claiming "there has never been at any time since independence any bilateral problem between the American and Algerian peoples."¹⁰ Bouteflika shook hands with Israeli Prime Minister Ehud Barak at King Hassan's funeral and, in a dramatic change from Algeria's traditional rejectionism, expressed support for the Arab-Israeli peace process. His later statements reflected official Palestinian and Syrian positions. Nonetheless, the change in policy prompted President Clinton to write a letter to Bouteflika about the peace process.

Relations between Algeria and its former colonizer, France, have been warming. Relations had chilled in the mid-1990s, when Islamist militants targeted French citizens

⁹ BBC Monitoring Middle East, Algerian TV, July 7, 1999.

¹⁰ BBC Monitoring Middle East, Algerian TV, April 16, 1999

in Algeria and the GIA perpetrated terrorist attacks in France, and Paris responded by closing offices in Algeria and taking harsh security measures against Algerians living in France. French officials recently visited Algiers. A French cultural center and two consulates will reopen, visas for Algerians will be increased to 150,000 annually, and Air France may resume flights. French businesses are being encouraged to return to Algeria. President Jacques Chirac met Bouteflika at King Hassan's funeral and expressed hope to visit Algeria. Prime Minister Lionel Jospin also voiced eagerness to develop relations.

U.S. Policy

At the height of the civil war, the Administration favored a dialogue between the Algerian regime and all political forces, including FIS, but Algiers categorically rejected that approach. The Administration has since shifted its emphasis, accepting the military as a power to deal with, and increasing official contacts on that track. In August 1998, the Chief of U.S. Naval Forces in Europe became the highest ranking U.S. officer to visit Algeria, where he discussed Mediterranean security. In October, the first ever bilateral search and rescue military exercises were held. Also in October, the Administration approved the sale of \$250 million in border radars to Algeria, noting their non-lethal character. International Military Education and Training funds are the only U.S. foreign aid for Algeria. For FY1999, Congress appropriated \$125,000 for this purpose and, for FY2000, the Administration has requested an increase to \$175,000.

The Administration supports increased commerce with Algeria, where U.S. businesses have significant energy-related interests. It also has proposed a common market in North Africa. In 1998, the United States imported \$1.6 billion worth of hydrocarbons from Algeria and exported \$650 million in goods, mostly food and machinery, to it.¹¹ In 1997, the Export-Import Bank guaranteed over \$150 million in loans to Algeria, with SONATRACH, the national oil and gas company, acting as guarantor. From January 1998 until the present, new loans totaled \$75 million. Total Export-Import Bank exposure in Algeria is over \$1.4 billion.¹²

Congress has been interested in and appalled by the Algerian civil war and has sought political and economic reforms as well as the restoration of law and order. (See H.Res. 374, April 28, 1998). H.Rept. 105-719, September 15, 1998, to accompany H.R. 4569, the Foreign Operations Appropriations Bill for FY1999, expressed concern about the conflict. It asserted that a political solution was needed and could be fostered by the promotion of pluralism, human rights, democracy, and the rule of law. The Committee on Appropriations recommended initiatives to train labor leaders and trade unionists, parliamentarians, leaders of non-governmental organizations, technical assistance on development of a mortgage banking system and reform of the financial sector, promotion of private sector cooperation between the U.S. and North Africa, promotion of press freedom, training on international principles governing criminal justice and fair trial, and human rights training for police.

¹¹ U.S. Census Bureau, Foreign Trade Division, on-line.

¹² Export-Import Bank congressional liaison office, August 17, 1999, and *Export-Import Bank Annual Report*, on-line.