

Algeria

Background: After more than a century of rule by France, Algerians fought through much of the 1950s to achieve independence in 1962. Algeria's primary political party, the National Liberation Front (FLN), was established in 1954 as part of the struggle for independence and has since largely dominated politics. The Government of Algeria in 1988 instituted a multi-party system in response to public unrest, but the surprising first round success of the Islamic Salvation Front (FIS) in the December 1991 balloting led the Algerian army to intervene and postpone the second round of elections to prevent what the secular elite feared would be an extremist-led government from assuming power. The army began a crackdown on the FIS that spurred FIS supporters to begin attacking government targets. Fighting escalated into an insurgency, which saw intense violence from 1992-98, resulting in over 100,000 deaths - many attributed to indiscriminate massacres of villagers by extremists. The government gained the upper hand by the late-1990s, and FIS's armed wing, the Islamic Salvation Army, disbanded in January 2000.

Abdelaziz BOUTEFLIKA, with the backing of the military, won the presidency in 1999 in an election widely viewed as fraudulent and won subsequent elections in 2004, 2009, and 2014. The government in 2011 introduced some political reforms in response to the Arab Spring, including lifting the 19-year-old state of emergency restrictions and increasing women's quotas for elected assemblies, while also increasing subsidies to the populace. Algeria's reliance on hydrocarbon revenues to finance the government and large subsidies for the population is under stress because of declining oil prices.



Basic Facts (2016)

Population	40,400,000[6] (33rd)
Area	2,381,741 km ² (10th)
currency	<u>Dinar</u> (DZD)
GDP (Nominal)	\$181.71 billion ^[9]
Export Volume	\$34,795,951
Import Volume	\$5,346,550
Export to OIC Member States	\$4,293,677
Import from OIC Member States	\$51,803,071

Economy - overview: Algeria's economy remains dominated by the state, a legacy of the country's socialist post independence development model. In recent years the Algerian Government has halted the privatization of state-owned industries and imposed restrictions on imports and foreign involvement in its economy.

Hydrocarbons have long been the backbone of the economy, accounting for roughly 60% of budget revenues, 30% of GDP, and over 95% of export earnings. Algeria has the 10th-largest reserves of natural gas in the world and is the sixth-largest gas exporter. It ranks 16th in oil reserves. Hydrocarbon exports have enabled Algeria to maintain macroeconomic stability and amass large foreign currency reserves and a large budget stabilization fund available for tapping. In addition, Algeria's external debt is extremely low at about 2% of GDP. However, Algeria has struggled to develop non-hydrocarbon industries because of heavy regulation and an emphasis on state-driven growth.

The government's efforts have done little to reduce high youth unemployment rates or to address housing shortages. A wave of economic protests in February and March 2011 prompted the Algerian Government to offer more than \$23 billion in public grants and retroactive salary and benefit increases, moves which continue to weigh on public finances. Since late 2014, declining oil prices forced the government to spend down its reserves at a high rate in order to sustain social spending on salaries and subsidies, particularly since the government has been unable to boost exports of hydrocarbons or significantly grow its nonoil sector. In 2015, the Algerian Government imposed further restrictions on imports in an effort to reduce withdrawals from its foreign exchange reserves. The Government also

increased the value-added tax on electricity and fuel, but said it would address subsidies at a later date.

Long-term economic challenges include diversifying the economy away from its reliance on hydrocarbon exports, bolstering the private sector, attracting foreign investment, and providing adequate jobs for younger Algerians.