

Political

Political Structure

Republic

President

Abdelaziz Bouteflika

Prime Minister

Abdelaziz Belkhadem (FLN)

Legislative Body (seats)

- Lower House – National People's Assembly (Al-Majlis al-Chaabi al-Watani) – 389 seats
- Upper House – National Council (Majlis al-Oumma) – 144 seats

Major Parties (seats in National Assembly)

- National Liberation Front (FLN) – 136
- National Rally for Democracy – 61
- Movement of the Society for Peace (MSP) – 52
- Worker's Party (PT) – 26

Last Elections

- Presidential: April 8, 2004
- Legislative: May 17, 2007

Next Elections

- Presidential: April 2009
- Legislative: 2012

Press Freedom Survey:

- 2007 Score: 62 (Not Free)
- freedomhouse.org

Control of Corruption Index:

- 2006 Score: -0.39 (-2.5: Worst; +2.5: Best)
- worldbank.org

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General Political Environment:

President Bouteflika secured a second term in office following his landslide victory in 2004 presidential elections. The polls were notable both for the army's neutrality during the electoral process and the absence of terrorist violence. These factors have served to strengthen both the President's mandate and Algeria's overall political stability.

The President's key objectives in his second term include a focus on the promotion of the rule of law, economic development and national reconciliation. President Bouteflika has vowed to continue with efforts to liberalize the state-dominated economy. However, this process has proceeded slowly and is likely to continue to do so owing to groups who have vested interests in maintaining the status quo and bureaucratic impediments.

The governing FLN and its coalition partners maintained control of the National Assembly in the legislative elections of May 2007. Voter apathy toward the legislature - which has limited powers in relation to the executive - contributed to record low turnout of 35.7 per cent.

Investment Environment:

Algeria is keen to attract foreign investment. The 1993 Investment Code was updated by new investment legislation in 2001. The new law affords equal treatment to foreign and local investors and streamlines investment approval processes. These improvements, in conjunction with the country's improved security situation, resulted in increased foreign investment in the early 2000s.

The government has moved forward on liberalizing the mining, energy and electricity sector, for example through the enactment of a new hydrocarbons law in 2004: the much anticipated law was expected to significantly increase investment into Algeria's oil and gas sector by introducing greater transparency and efficiency to the sector, as well as ending state-owned oil company's Sonatrach's problematic dual-role as "partner-regulator" by handing over regulatory functions to an independent agency. While these reforms in the country's all-important energy sector were well-received by investors, the elation was short-lived as the hydrocarbon law was amended in November 2006, establishing a windfall tax on oil-generated profits and solidifying state-owned Sonatrach's control of the sector – a worrying development for investors.

Algiers has signed an Association Agreement with the EU to promote increased trade and political cooperation. President Bouteflika sees the agreement as a stepping-stone to possible WTO accession for Algeria.

Political Violence:

The terrorist campaign against the state which took hold following the army's cancellation of 1991-92 elections and claimed upwards of 100,000 lives was thought to have been all but exhausted. An amnesty offer to terrorist groups in 1999 combined with the government's concerted counter-terrorism efforts against the two key groups that refused to accept it had resulted in a marked decrease in violence.

However, following the late 2006 merger of the Salafist Group for Preaching and Combat (GSPC) and al-Qaida to form a new group, al-Qaida in the Islamic Maghreb (AQIM), there has been an upswing in terrorist violence in the country's northeast. Simultaneous suicide bombings in Algiers in April 2007 – the worst terrorist incident in Algeria for more than a decade – left 30 people dead. AQIM claimed responsibility for the bombings and two earlier attacks against foreign oil workers.

The Berber-dominated region of Kabylie was the seat of significant unrest in 2001-02. In early 2005, the government agreed to implement a list of 15 key Berber demands as part of its efforts to defuse the long-running tensions that have existed with its minority Berber community. Successful implementation of the agreement will serve to further improve Algeria's security environment.

Political Outlook

Algeria's political stability and security environment has greatly improved over the past several years. However, AQIM has reinvigorated the terrorist threat in the country's northeast and further attacks are expected. While these are likely to be focused on government and military targets, foreigners and foreign operations in the Algerian northeast are also increasingly at risk.

Algerian authorities must address the country's pressing socio-economic concerns (housing shortages, falling living standards and high unemployment) and promote greater social justice in order to avoid social unrest. This will be the country's most serious future challenge. Crime levels – which have been negligible in the past decade – may increase.