



CRS Report for Congress

Yemen: Current Conditions and U.S. Relations

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Summary

Yemen, the only republic on the Arabian Peninsula, is the poorest country in that area. A presidential election deemed relatively fair was held in 2006 with President Ali Abdullah Salih winning reelection with 77% of the popular vote. Nevertheless, democratic institutions remain fragile. U.S.-Yemeni relations have generally been good, though marred occasionally by policy differences over Iraq and the Arab-Israeli conflict. Yemen has played a cooperative role in U.S. counter-terrorism efforts in the Red Sea and Arabian Peninsula, though overall U.S. economic and military assistance to Yemen remains modest. This report summarizes Yemen's domestic situation, foreign relations, and ties with the United States. It will be updated as significant developments occur.

Overview

The Republic of Yemen, formed by the merger of the former separate states of North Yemen and South Yemen in 1990, is pursuing political and economic reforms, although its progress in implementing these reforms has been uneven. In 1994, government forces loyal to President Ali Abdullah Salih put down an attempt by southern-based dissidents to secede from the newly unified state, but some southerners still resent what they perceive as continued northern domination of the political scene. In addition to north-south cleavages based on religious sectarian differences, political rivalries, and disputes over sharing of oil revenue, Yemen faces complex regional issues that have created additional divisions within the population and further complicate efforts by the government to build a unified, modern state.

Terrorism and Al Qaeda

A relatively undeveloped country where tribal leaders often exert more control than do central government authorities, Yemen has long been the scene of random violence and kidnaping; there are an estimated 60 million firearms among a population of less than 20 million. In the past, kidnapings of Yemeni officials and foreign tourists have been carried out mainly by dissatisfied tribal groups pressing the government for financial largesse or infrastructure projects in their districts; hostages were usually well treated and

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released without injury. Some incidents, however, appear to have been politically motivated, including violence against Christian institutions. On December 31, 2002, three American medical missionaries were killed by a Muslim extremist at a hospital that their church had operated at Jibla in central Yemen for a number of years.

The prevailing climate of lawlessness in much of Yemen has provided opportunities for terrorist groups to maintain a presence in outlying areas of the country. Some Al Qaeda sympathizers and operatives are believed to be located in an eastern province of Yemen known as Al Hadramut, which is the ancestral home of Al Qaeda leader Osama Bin Laden. The United States has linked Al Qaeda to the October 2000 bombing of the U.S. Navy Ship *U.S.S. Cole* while it was refueling in the southern Yemeni port of Aden. A similar attack on a French oil tanker (*Limburg*) near the southern Yemeni port of Mukalla in October 2002 was praised by bin Laden, and many attribute that attack to Al Qaeda.

Recent Al Qaeda Activity in Yemen. In February 2006, 23 inmates, including two members of Al Qaeda who had been sentenced to death for their role in the 2002 bombing of the *Limburg*, escaped from a high-security prison in Yemen. Six months later, only days before Yemen's presidential election, Yemeni security forces foiled two near simultaneous Al Qaeda suicide attacks on oil facilities in the northeastern region of Maarib and on the Gulf of Aden coast at Dhabba. Some analysts believed that several of the Al Qaeda fugitives who had escaped from prison in February may have been involved in the planning of the failed attack, which would have crippled Yemen's oil industry. In October 2006, Yemeni security forces killed two of the Al Qaeda fugitives in a raid in the capital of Sana'a. On December 5, 2006, a gunman opened fire on the U.S. embassy in Sana'a. It is unclear whether the man acted alone or was part of a larger terrorist plot.

U.S.-Yemeni Intelligence Cooperation. U.S. officials initially complained that Yemeni authorities did not fully cooperate in the investigation of the *Cole* bombing. Since September 11, 2001, however, and perhaps because Al Qaeda attacks have continued in Yemen, President Salih has been more forthcoming in his cooperation with the U.S. campaign to suppress Al Qaeda. He reportedly allowed small groups of U.S. Special Forces troops and CIA agents to assist in identifying and rooting out Al Qaeda cadres hiding in Yemen, despite sympathy for Al Qaeda among many Yemenis. According to press articles quoting U.S. and Yemeni officials, the Yemeni government allowed U.S. personnel to launch a missile strike from an unmanned aircraft against an automobile in eastern Yemen in November 2002, killing six passengers believed to be terrorists, including Qaid Salim Sinan al Harithi, a key planner of the attack on the *U.S.S. Cole*. The United States also has helped Yemen build and equip a modern coast guard, which is used to patrol the strategic Bab al Mandab strait where the tip of the Red Sea meets the Gulf of Aden and the Indian Ocean.¹ Finally, the United States has provided technical assistance, equipment, and training to the Anti-Terrorism Unit [ATU] of the Yemeni Central Security forces and other Yemeni Interior Ministry departments.

¹ According to the U.S. Energy Information Administration (EIA), the Bab al Mandab strait is one of the most strategic shipping lanes in the world, with an estimated 3 million barrels per day (bbl/d) oil flow.

Shaykh Abd al Majid al Zindani. One source of strain in U.S.-Yemeni relations is the status of Shaykh Abd al Majid al Zindani, an alleged Al Qaeda financier and recruiter who in February 2004 was designated as a U.S. Specially Designated Global Terrorist by the U.S. Treasury Department.² Al Zindani is the leader of Al Iman University located in the capital of Sana'a. U.S. officials have accused Al Zindani of using the university as a recruiting ground for Al Qaeda foot soldiers, as some student groups there openly advocate for a violent jihad against the West. According to one report, the university has "a small contingent of students that veer away from the quietist trend of their colleagues. They tend to be foreign students that are drawn to Al Iman by al Zindani's radical reputation."³ Yemen has refused to turn al Zindani over to U.S. authorities, as many observers believe that President Salih is protecting him for political purposes.

Domestic Affairs

Poverty and Development Challenges. With limited natural resources, a crippling illiteracy rate, and high population growth, Yemen faces an array of daunting development challenges that some observers believe make it at risk for becoming a failed state in the next few decades. Currently, it ranks 151 out of 177 countries on the United Nations Development Programme's Human Development Index, a score comparable to most poor sub-Saharan African nations. Over 43% of the population lives below the poverty line. Water scarcity is becoming a serious concern in Yemen, as water demand has forced Yemen to dig deeper wells and deplete its ground water reserves at alarming rates. Yemeni agriculture, the economy's largest employer, is largely inefficient with up to 45% of the water used in growing food wasted. The cultivation of *qat*, a natural stimulant grown in the Horn of Africa and chewed by over 70% of the Yemen's population, is rapidly depleting Yemen's water resources. With the prohibitive cost of desalinization for a country in Yemen's income bracket, its only option for water preservation may be to increase efficiency.

Literacy rates in Yemen are 49% for males and an even lower 33% for females. According to Yemen's Ministry of Planning and International Cooperation, a third of Yemeni children do not attend primary school, and over ten thousand new schools will need to be built in the upcoming years just to keep up with population growth (3.1% in 2005).⁴ Per capita GDP in Yemen is estimated to be between \$650-\$800. Oil production accounts for over 70% of government revenues; however, oil reserves are declining and may be depleted entirely in the next decade, barring the discovery of new oil fields. The export of liquid natural gas (LNG) may be a promising source of income in the future, though Yemen has had difficulty in securing long-term foreign investment for LNG projects.⁵ Yemen is largely dependent on external aid from Persian Gulf countries, Western donors, and international financial institutions.

² See Executive Order 13224, United States Designates bin Laden Loyalist, U.S. Department of the Treasury, Feb. 24, 2004, JS-1190.

³ Gregory Johnsen, "Yemen's Al-Iman University: A Pipeline for Fundamentalists?" *Terrorism Monitor*, Volume 4, Issue 22, Nov. 16, 2006. Published by the Jamestown Foundation.

⁴ CRS analyst's conversation with Yemeni government officials, Sept. 18, 2006.

⁵ U.S.-based Hunt Oil has been a major investor in Yemen's energy industry since 1981.

In November 2006, an international donor's conference was convened in London to raise funds for Yemen's development. Yemen received pledges totaling \$4.7 billion, which will be disbursed over four years (2007-2010) and represents over 85% of the government's estimated external financing needs.

Domestic Politics and the 2006 Presidential Election. Yemen, the only republic on the Arabian Peninsula where monarchies predominate, is pursuing limited political reform, which some outside observers assert is managed and manipulated to preserve the status quo. President Salih, a former military officer, has governed Yemen since the unified state came into being in 1990; prior to this, he had headed the former state of North Yemen from 1978 to 1990. In Yemen's first popular presidential election, held in 1999, President Salih won 96.3% of the vote amidst calls of ballot tampering. In 2006, Salih stood for reelection and received 77% of the vote. His main opponent, Faisal Bin Shamlan, a 72-year-old former oil executive and government minister, ran an effective campaign but was outspent by Salih and the ruling party.⁶ Shamlan was supported by an opposition coalition composed of Islamists, Communists, and powerful tribes. According to Bin Shamlan, "We subordinated our ideological agendas to the one thing we all had in common, which was a realization that political reform was a necessity if we were to save democracy in Yemen and stop the country's descent into endemic corruption."⁷

Independent and foreign observers praised the conduct of the election. Campaign violence was limited, and the state-controlled media gave the Bin Shamlan campaign sufficient coverage. Women voted in large numbers, and overall voter turnout was close to 58%.⁸ However, irregularities were reported. Election observers with the European Union Election Observation Mission said that there were shortcomings like overcrowding, breaches in voting secrecy, illegal assistance to voters and underage voters.⁹ In preparation for the elections, the National Democratic Institute (NDI), a U.S. democracy promotion organization, conducted a number of campaign training and election monitoring programs at the national and local levels. According to Leslie Campbell, Director of NDI's Middle East Program, Saleh's campaign managers "actually were worried. I think that for an Arab incumbent to only get 70-some percent of the vote would be pretty hard for him to take. This wasn't just a showpiece election."¹⁰

A number of political parties in Yemen represent a variety of ideologies and constituencies. President Salih's moderately secularist party, the General Peoples Congress (GPC), is by far the largest and has a majority of seats in the parliament. The Islah (reform) party, a broad coalition of tribal groups and Islamists (ranging from moderate to radical) is the most powerful opposition group, though cleavages within Islah

⁶ Shamlan's campaign slogan was, "A President for Yemen, not Yemen for a President."

⁷ "Technocrat Recasts Yemen's Presidential Race, Political Future," *Washington Post*, Sept. 20, 2006.

⁸ Local elections were conducted at the same time as the presidential election. A total of 33 women won in the local elections from among the 150 who contested. In the first local elections held in 2001, 38 women won.

⁹ "Yemeni President Wins Re-election," *New York Times*, Sept. 24, 2006.

¹⁰ "Democracy in Yemen?" *The Weekly Standard*, Oct. 11, 2006.

make it difficult to characterize as exclusively within the opposition. Many of Islah's more radical elements (such as Zindani) have supported President Salih, while more moderate Islamists stood with Bin Shamlan during the 2006 election.

Aside from President Salih, the second most powerful figure in Yemen is Shaykh Abdullah al Ahmar, the wealthy head of the Hashid tribal federation, president of the Islah party and speaker of the Yemeni parliament. Shaykh Abdullah endorsed Salih in the 2006 presidential election, though he claimed that his endorsement was not binding on Islah party members. However, Shaykh Abdullah's son, Hamid, was a major Bin Shamlan supporter and has harshly criticized Salih. Some analysts suggest that the 2006 election may be the opening round of a power struggle between the sons of Shaykh Abdullah and President Salih's 35-year old son Ahmed, who many believe is being groomed to succeed his father.¹¹ The opposition has accused Salih of attempting to create a "royal presidency" by sponsoring a March 2001 amendment that lengthened the president's term from five to seven years.

Regional Relations

Somalia. Some analysts fear that the preponderance of arms in Yemen make it a natural supplier for Islamist militias in Somalia (Islamic Courts Union) and terrorist groups like Al Qaeda that may be operating there. In October 2006, Yemeni security officials arrested eight men in an alleged plot linked to Al Qaeda to smuggle weapons from Yemen to Somalia.

Iraq. Yemen has generally opposed military action against Iraq, both at the governmental and popular levels. In 1990, as a member of the U.N. Security Council, Yemen voted against the U.N. resolution that authorized military action to expel Iraqi forces from Kuwait. This decision ended up crippling Yemen's economy for years, as its neighbors banned Yemeni laborers, a key source of remittances, from working in many parts of the Gulf. Yemen did not favor the U.S.-led campaign to overthrow the Saddam Hussein regime in 2003, and press reports indicate that some Yemeni volunteers went to Iraq to fight against U.S.-led allied forces. Since the U.S. invasion, Yemen has offered to host several reconciliation conferences in order to halt the spread of sectarian violence there.

Gulf Neighbors. Yemen has largely repaired relations with Saudi Arabia and the five smaller Arab Persian Gulf states, which had been alienated by Yemen's refusal to support the allied campaign to expel Iraqi forces from Kuwait in 1990-1991. Some border problems persist, however, as Saudi officials complain that smugglers from Yemen have brought in explosives and weapons which militants have used in recent terrorist attacks in Saudi Arabia. Another sensitive issue is Yemen's desire to join the 23-year-old Gulf Cooperation Council (GCC), a sub-regional organization which groups Saudi Arabia,

¹¹ Ahmed is a Lieutenant Colonel and in charge of Yemen's Republican Guard. President Salih has tight control over Yemen's security services and military. One of his half-brothers is a military leader and another is commander of the air force, while his nephew is the head of security forces.

Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman in an economic and security alliance. GCC members have traditionally opposed accession of additional states. Currently, Yemen has some partial observer status on some GCC committees, however many observers believe that full membership is a long way off. Others assert that it is in the GCC's interest to assist Yemen and prevent it from becoming a failed state, lest its instability spread to neighboring Persian Gulf countries.

Arab-Israeli Conflict. Yemen has usually followed mainstream Arab positions on Arab-Israel issues, and its geographic distance from the conflict and lack of political clout make it a minor player in the peace process. Yemen has not established any bilateral mechanism for diplomatic or commercial contacts with Israel. The Yemeni Jewish community continues to dwindle, as many of its members emigrated to Israel decades ago.

U.S. Relations and Foreign Aid

U.S.-Yemeni relations have generally been good, though marred occasionally by differences over Iraq and the Arab-Israeli conflict. U.S. officials have welcomed Yemen's support for the war on terrorism since September 11, 2001; however, because of ambivalent attitudes among the Yemeni populace over any western military presence, the Yemeni government tends to downplay U.S.-Yemeni military and intelligence ties. Nevertheless, the U.S. government modestly increased its aid programs for Yemen, which had virtually ended in the late 1990s. In 2003, the U.S. Agency for International Development (USAID) reopened its mission in Yemen after a hiatus of seven years.

Millennium Challenge Corporation (MCC) Aid? Some analysts question whether the Yemeni government will derive any tangible benefits from its cooperation with the United States. In November 2005, the Millennium Challenge Corporation (MCC) suspended Yemen's eligibility for assistance under its Threshold Program, concluding that after Yemen was named as a potential aid candidate in fiscal year 2004, corruption in the country had increased.¹² Yemen became eligible to reapply in November 2006.

Table 1. U.S. Aid to Yemen
(current year \$ in millions)^a

Program	FY2005	FY2006 (Estimate)	FY2007 (Request)
Economic Support Fund (ESF)	14.800	7.90	12.00
Foreign Military Financing (FMF)	9.900	8.40	8.50
International Military Education and Training (IMET)	1.080	1.08	1.08
Non-Proliferation, Anti-Terrorism, De-mining, and Related Programs (NADR)	3.175	2.25	3.74
Totals	28.955	19.63	25.32

a. Does not include food aid under P.L. 480-Title II or the Agriculture Act of 1949.

¹² See [http://www.mcc.gov/about/reports/congressional/notifications/2005/112805-cn_Yemen_suspended.pdf].