



# Yemen: Background and U.S. Relations

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## Summary

Large protests and President Ali Abdullah Saleh's attempts to preempt a broad crisis with concessions have concentrated U.S. and international attention on the daunting array of political and development challenges facing Yemen. With limited natural resources, a crippling illiteracy rate, and high population growth, some observers believe Yemen is at risk for becoming a failed state. In 2009, Yemen ranked 140 out of 182 countries on the United Nations Development Program's Human Development Index, a score comparable to the poorest sub-Saharan African countries. Over 43% of the population of nearly 24 million people lives below the poverty line, and per capita GDP is estimated to be between \$650 and \$800. Yemen is largely dependent on external aid from Persian Gulf countries, Western donors, and international financial institutions, though its per capita share of assistance is below the global average.

As the country's population rapidly rises, resources dwindle, terrorist groups take root in the outlying provinces, and a southern secessionist movement grows, the Obama Administration and the 112<sup>th</sup> Congress are left to grapple with the consequences of Yemeni instability. Unrest in Tunisia and Egypt has amplified existing political tension in Yemen, as opposition protestors and government supporters struggle to influence developments in the run-up to Yemen's 2013 presidential election. Traditionally, U.S.-Yemeni relations have been tepid, as the lack of strong military-to-military partnership, trade relations, and cross cultural exchanges has hindered the development of close bilateral ties. During the early years of the Bush Administration, relations improved under the rubric of the war against Al Qaeda, though Yemen's lax policy toward wanted terrorists and U.S. concerns about governance and corruption have stalled large-scale U.S. support.

Over the past several fiscal years, Congress has appropriated an average of \$20 million to \$25 million annually for Yemen in total U.S. foreign aid. In FY2010, Yemen is receiving \$58.4 million in aid. The Defense Department also is providing Yemen's security forces with \$150 million worth of training and equipment for FY2010. For FY2011, the Obama Administration requested \$106 million in U.S. economic and military assistance to Yemen.

As President Obama and the 112<sup>th</sup> Congress reassess U.S. policy toward the Arab world, the opportunity for improved U.S.-Yemeni ties is strong, though tensions persist over counterterrorism cooperation. In recent years, the broader U.S. foreign policy community has not adequately focused on Yemen, its challenges, and their potential consequences for U.S. foreign policy interests beyond the realm of counterterrorism.

The failed bomb attack against Northwest Airlines Flight 253 on Christmas Day 2009 once again highlighted the potential for terrorism emanating from Yemen, a potential that periodically emerges to threaten U.S. interests both at home and abroad. Whether terrorist groups in Yemen, such as Al Qaeda in the Arabian Peninsula (AQAP), have a long-term ability to threaten U.S. homeland security may determine the extent of U.S. resources committed to counterterrorism and stabilization efforts there. Some believe these groups lack such capability and fear the United States might overreact; others assert that Yemen is gradually becoming a failed state and safe haven for Al Qaeda operatives and as such should be considered an active theater for U.S. counterterrorism operations. Given Yemen's contentious political climate and its myriad development challenges, most long-time Yemen watchers suggest that security problems emanating from Yemen may persist in spite of increased U.S. or international efforts to combat them.

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## Unrest in Yemen

Initially inspired by Tunisia's "Jasmine Revolution," opposition protests surged in Yemen's capital, Sana'a, beginning on January 16, 2011. Using social media to organize and motivated by images of revolt and repression strewn across *Al Jazeera* satellite television, Sana'a University students comprised the bulk of the demonstrators, though they were led by more seasoned Yemeni democracy activists. Tawakel Karman, who is head of non-governmental organization Women Journalists Without Chains and a member of the opposition Islah party, has been a major figure in the protest movement in Yemen and in recent weeks has been reportedly attacked by police.

Once unrest emerged in Egypt beginning on January 25, demonstrations in Yemen concurrently grew, culminating in a crowd of tens of thousands that gathered on January 27 in Sana'a. Two days later, protestors specifically began calling for the ouster of President Ali Abdullah Saleh, as demonstrators marched to the Egyptian Embassy chanting, "Ali, leave, leave!" and, "Tunisia left, Egypt after it and Yemen in the coming future."

Even well before unrest in Tunisia and Egypt, Yemen's opposition parties had been angry over President Saleh's plans to amend the electoral law, form a new Supreme Commission for Elections and Referenda (SCER),<sup>1</sup> and even amend the constitution to allow himself to stand for reelection—all without opposition agreement. According to one journalist, "These were not spontaneous or popular protests like in Egypt, but rather mass-rallies organized by the opposition who are using events in Tunisia to test Saleh's regime. This is only the start of a fierce political battle in the run-up to Yemen's parliamentary elections in April."<sup>2</sup> As in Egypt and elsewhere, Yemenis are angry over the prospect of hereditary succession, since many believe that President Saleh has been grooming his son Ahmad for the presidency. After several days of protests earlier in January 2011, President Saleh denied that he was paving the way for his son to succeed him, stating that "We are against succession.... We are in favor of change ... and these are rude statements, they are the utmost rudeness."

In a surprise development intended to deflate protestors' momentum, President Saleh announced on February 2 that he would not seek reelection when his final seven-year term expires in 2013. He also announced that his son Ahmad would not succeed him. President Saleh then demanded that the opposition call off the planned "day of rage" protest set for February 3. Though President Saleh has made similar promises in the past, one Yemeni analyst believes that now the political situation has dramatically altered. According to Abdul-Ghani al-Iryani, "The opposition is skeptical and think he's trying to buy time. But I think President Saleh is more sophisticated than that. He knows the situation and that the rules of the game have changed completely. There's no way he can backtrack from this."<sup>3</sup> The "day of rage" protests were largely peaceful and parallel protests in support of avoiding chaos and unrest occurred without incident or clashes.

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<sup>1</sup> In December 2010, parliament passed an amendment to the electoral law that allowed the SCER to be comprised of judges rather than representatives appointed by members of parliament. The opposition opposed the amendment. The composition of the SCER has been contested for nearly three years, as members of the opposition charge that it is comprised of Saleh loyalists unwilling to make the electoral system free and fair.

<sup>2</sup> "Middle East: Yemen: Your Time is Up, Demonstrators Tell President," *The Guardian*, January 28, 2011.

<sup>3</sup> "Yemen's President Moves to Head off Unrest, Vows to Leave Office in 2013," *Washington Post*, February 2, 2011.

If the opposition is not placated and violence ensues, there is the distant possibility that President Saleh could be forced from office, either by his own military, a mass popular uprising, or by losing the support of his key tribal allies and Saudi Arabia. According to the *Economist Intelligence Unit*, “Equally, the loyalty of the military cannot be taken for granted—rumors have circulated for some time that several leading generals have become disaffected (following the dismissal of a number of their colleagues in 2009), and it was notable that in January the president promised a significant wage increase for military personnel.”<sup>4</sup>

## Country Overview

Located at the southwestern tip of the Arabian Peninsula, Yemen is an impoverished Arab country with a population of 23.8 million. The country’s rugged terrain and geographic isolation, strong tribal social structure, and sparsely settled population have historically made it difficult to centrally govern (and conquer), a feature that has promoted a more pluralistic political environment, but that also has hampered socioeconomic development. Outside of the capital of Sana’a, tribal leaders often exert more control than central and local government authorities. Kidnappings of Yemeni officials and foreign tourists have been carried out mainly by dissatisfied tribal groups pressing the government for financial largesse or for infrastructure projects in their districts.

A series of Zaydi<sup>5</sup> Islamic dynasties ruled parts of Yemen both directly and nominally from 897 until 1962. The Ottoman Empire occupied a small portion of the Western Yemeni coastline between 1849 and 1918. In 1839, the British Empire captured the port of Aden, which it held, including some of its surrounding territories, until 1967.

The 20<sup>th</sup> century political upheavals in the Arab world driven by anti-colonialism and Arab nationalism tore Yemen apart in the 1960s. In the north, a civil war pitting royalist forces backed by Saudi Arabia against a republican movement backed by Egypt ultimately led to the dissolution of the Yemeni Imamate and the creation of the Yemen Arab Republic (YAR). In the south, a Yemeni Marxist movement became the primary vehicle for resisting the British occupation of Aden. Communist insurgents eventually succeeded in establishing their own socialist state (People's Democratic Republic of Yemen or PDRY) that over time developed close ties to the Soviet Union and supported what were then radical Palestinian terrorist organizations. Throughout the cold war, the two Yemeni states frequently clashed, and the United States assisted the YAR, with Saudi Arabian financial support, by periodically providing it with weaponry.

By the mid-1980s, relations between North and South Yemen improved, aided in part by the discovery of modest oil reserves. The Republic of Yemen was formed by the merger of the formerly separate states of North Yemen and South Yemen in 1990. However, Yemen’s support for Iraq during Operation Desert Storm crippled the country economically, as Saudi Arabia and

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<sup>4</sup> “Yemen Politics: Saleh's Turn,” *Economist Intelligence Unit*, January 27, 2010.

<sup>5</sup> The population of Yemen is almost entirely Muslim, divided between Zaydis, found in much of the north (and a majority in the northwest), and Shafi’is, found mainly in the south and east. Zaydis belong to a branch of Shi’a Islam, while Shafi’is follow one of several Sunni Muslim legal schools. Yemen’s Zaydis take their name from their fifth Imam, Zayd ibn Ali. They are doctrinally distinct from the Twelvers, the dominant branch of Shi’a Islam in Iran and Lebanon. Twelver Shiites believe that the 12<sup>th</sup> Imam, Muhammad al Mahdi, has been hidden by *Allah* and will reappear on Earth as the savior of mankind. For more information, see CRS Report RS21745, *Islam: Sunnis and Shiites*, by Christopher M. Blanchard.

other Gulf states expelled an estimated 850,000 expatriate Yemeni workers (the United States also cut off ties to the newly unified state). In 1994, government forces loyal to President Ali Abdullah Saleh put down an attempt by southern-based dissidents to secede. Many southerners still resent what they perceive as continued northern political economic and cultural domination of daily life.

**Figure 1. Map of Yemen**



**Source:** Map Resources. Adapted by CRS (July 2010)

President Saleh, a former YAR 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 Saleh won 96.3% of the vote amidst allegations of ballot tampering. In 2006, Saleh stood for reelection and received 77% of the vote. The president's current and last term expires in 2013, barring any future constitutional amendments.

## **A Perpetually Failing State: Yemen and the Dilemma for U.S. National Security Policy**

Throughout his decades of rule, President Saleh has balanced various political forces—tribes, political parties, military officials, and radical Islamists—to create a stable ruling coalition that has kept his regime intact. He has also managed relations with a changing coterie of international supporters, including other Arab states, the Soviet Union, the United States, European countries, and numerous international organizations, seeking support in times of crisis and leveraging

external assistance to meet internal challenges. Throughout this period, experts have periodically warned about the impending collapse of the Yemeni state and its potential consequences for regional or international security. President Saleh has consistently overcome obstacles to his continued rule, even as Yemen's overall political and economic situation has deteriorated. In recent years, a series of events, including more numerous and sophisticated Al Qaeda attacks, an insurgency in the north, and civil unrest in the south, have led some experts to conclude that Yemen may be on the verge of collapse, particularly given its increasingly precarious economic condition.

As the country's population rapidly rises, water and oil resources dwindle, terrorist groups take root in the outlying provinces, and the southern population becomes increasingly restless, the Obama Administration and Congress are left to grapple with the consequences of Yemeni instability. Some experts suggest that the United States should focus more attention on Yemen because of the risks that state failure would pose to U.S. national security. Some advocates also note that instability in Yemen would affect more than just U.S. interests—it would affect global energy security, due to Yemen's strategic location astride the Bab al Mandab strait between the Red Sea and the Indian Ocean. Others assert that, while increased lawlessness in Yemen most likely will lead to more terrorist activity, U.S. involvement in Yemen should stem from basic humanitarian concerns for a poverty-stricken population desperately in need of development assistance. Still other analysts suggest that Yemen is not of major significance to U.S. interests and is far more important to the Gulf Arab states, notably Saudi Arabia. U.S.-Yemeni trade is marginal, Russia and China are its major arms suppliers, and many of its conservative, tribal leaders are suspicious of U.S. policy in the region.

With so many other pressing issues in the region to address (Iraq, Iran, the Israeli-Palestinian conflict, Somalia), Yemen is often overlooked by U.S. policymakers and opinion leaders. However, the failed bomb attack against Northwest Airlines Flight 253 on Christmas Day 2009 thrust Yemen back into the public spotlight and heightened its relevance for global U.S. counterterrorism operations in a way that other attacks, including failed attacks on the U.S. Embassy in Sana'a during 2008, did not. Whether the United States can or should remain focused on Yemen over the long term remain open questions, even as some observers criticize policymakers for overlooking the country and underestimating the terrorist threat there.

Many analysts suggest that policymakers focus on whether terrorist groups in Yemen, such as Al Qaeda in the Arabian Peninsula (AQAP), have a sustainable ability to directly threaten U.S. homeland security. Such a determination, some argue, should dictate the extent of U.S. resources committed to counterterrorism and stabilization efforts there. Some argue that these groups lack such a capability or can be denied such a capability with relatively limited U.S. support, and contend that the United States might overreact and jeopardize the Yemeni government's stability through increased direct assistance. Others assert that Yemen is a failing state, and suggest that since security problems emanating from Yemen may persist for some time that the U.S. government should adequately prepare for Yemen to become another theater for continuing U.S. counterterrorism operations. For many analysts, the reliability of the Yemeni government as a partner for the United States remains an open question.

By all accounts, U.S. policymakers would benefit from taking into consideration the Yemeni government's views of its own interests and goals when considering potential U.S. policy responses. The diverse views of Yemen's citizens may also affect the outcome of U.S. policy. Recent history suggests no clear answers to the question of how best to achieve U.S. security

objectives vis-à-vis Yemen while pursuing parallel U.S. development, governance, and human rights goals.

## Manifestations of State Failure in Yemen

### Al Qaeda in the Arabian Peninsula: History, Profile, and U.S. Counterterrorism Policy

#### A History of Al Qaeda in Yemen

In the late 1980s, after the U.S. and Saudi-supported Afghan rebels successfully ended Soviet occupation of their country, “Arab Afghan” volunteers, who fought alongside the *mujahidin* (Islamic fighters), returned to Yemen and were subsequently embraced by the government and treated as heroes by many Yemenis. Some veterans of the Afghan war were integrated into the military and security forces. More importantly, during the civil war of 1994, President Saleh dispatched several brigades of “Arab Afghans” to fight against southern secessionists.

Perhaps because the Yemeni government successfully co-opted some Islamist hardliners and employed them to reinforce regime rule and because Al Qaeda itself was building its own capacity to conduct global terrorist operations, Yemen was not a major theater of Al Qaeda operations in the 1990s. However, Yemen was part of Osama bin Laden’s vision for Al Qaeda. According to one account:

As attested by the Harmony documents and other primary sources, in 1989 Bin Ladin’s initial vision for al Qa’ida’s post-Afghanistan development was to establish and arm a jihadi movement in South Yemen in order to overthrow the South’s communist regime. Bin Ladin began pouring money into the country in the hopes of amassing arms and winning allies from among the leadership of Yemen’s Islamists in the North, but this effort proved to be an unmitigated failure.<sup>6</sup>

In spite of Bin Laden’s reported failure, one group, known as the Aden-Abyan Islamic Army (AAIA), was formed by a former Bin Laden associate and directly supported by the Yemeni government. It remained active throughout the 1990s.<sup>7</sup> This group, according to the *9/11 Commission Report*, may have been involved in a plot to kill U.S. Marines temporarily transiting through Aden on their way to Somalia as part of Operation Restore Hope in December 1992, in what is considered one of the earliest Al Qaeda-endorsed attacks against U.S. personnel. The explosions at two hotels in Aden killed two tourists. Later, the AAIA was responsible for the December 1998 kidnapping of 16 foreign tourists (four of whom died in a botched rescue attempt) and possibly the 2002 attack on a French oil tanker (*Limburg*) near the southern Yemeni port of Mukalla.

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<sup>6</sup> Edited by Assaf Moghadam and Brian Fishman, “Self-Inflicted Wounds: Debates and Divisions within Al-Qai’da and its Periphery,” *Harmony Project: Combating Terrorism Center at West Point*, December 16, 2010, p. 80.

<sup>7</sup> One observer has speculated that it may have been used in the fight against southern rebels. See, Gregory D. Johnsen, “The Resiliency of Yemen’s Aden-Abyan Islamic Army,” *The Jamestown Foundation: Terrorism Monitor*, July 13, 2006, Volume: 4 Issue: 14.

## *The USS Cole Bombing*

Al Qaeda's attack against the USS *Cole* in 2000 coupled with the attacks of September 11, 2001, officially made Yemen a front in the U.S. confrontation with Al Qaeda. On October 12, 2000, an explosives-laden motorboat detonated alongside the U.S. Navy destroyer USS *Cole* while it was docked at the Yemeni port of Aden, killing 17 U.S. servicemen and wounding 39 others. More than 10 years after the attack, many details remain a mystery. In 2000, agents from the Federal Bureau of Investigation (FBI) found some of the perpetrators. One suspect, Abd al Rahim al Nashiri, a Saudi national of Yemeni descent who served as Al Qaeda's operations chief in the Arabian Peninsula, was captured in the United Arab Emirates in November 2002 and handed over to the Central Intelligence Agency. According to the *Washington Post*, Al Nashiri had spent several months before his capture under high-level protection by the Yemeni government.<sup>8</sup> Another Al Qaeda member, Walid bin Attash (also referred to as Tawfiq bin Attash), was named by the U.S. Department of Justice as an unindicted co-conspirator in the *Cole* attack. Both Al Nashiri and Attash have appeared before military tribunals in Guantanamo Bay, Cuba, where they have been held for over eight years in U.S. military custody. Nashiri has yet to be tried because he was allegedly subjected to waterboarding, rendering his statements legally problematic. In October 2010, Poland, a country that allegedly hosted a CIA "black site," granted Al Nashiri the formal status of a victim.<sup>9</sup> Attash's trial also has been delayed.

To the frustration of U.S. officials, a third organizer of the *Cole* bombing, Jamal al Badawi, has been held in Yemeni custody despite two successful escapes (April 2003 and 2006). After his second escape (in 2006 along with 22 other Al Qaeda convicts, in what many believe was an officially sanctioned prison break), Badawi turned himself in a year later, pledged his allegiance to President Saleh, and promised to cooperate with the authorities and help locate other militants. In October 2007, soon after his return to custody, the Yemeni government reportedly released Badawi from house arrest despite vocal protestations from the Bush Administration. Yemen has refused to extradite Badawi to the United States (Article 44 of the Yemeni constitution states that a Yemeni national may not be extradited to a foreign authority), where he has been indicted in the U.S. District Court in New York on murder charges.<sup>10</sup> According to one former FBI official, Badawi was "the guy who recruited the [USS *Cole*] bombers.... He was the local mastermind."<sup>11</sup> According to former U.S. State Department Spokesman Sean McCormack, "This was someone who was implicated in the *Cole* bombing and someone who can't be running free."<sup>12</sup>

Yemeni officials claim, however, that Badawi is now cooperating with the government in attempts to capture a new generation of more lethal jihadists. According to Rashad Muhammad al Alimi, Yemen's Interior Minister, "The strategy is fighting terrorism, but we need space to use our own tactics, and our friends must understand us."<sup>13</sup> In 2010, the Yemeni government released another alleged operative in the *Cole* bombing, Fahd al Quso, who had confessed to his role in the attack and had served time in a Yemeni prison. In May 2010 AQAP produced a video entitled,

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<sup>8</sup> "Probe of USS *Cole* Bombing Unravels: Plotters Freed in Yemen; U.S. Efforts Frustrated," *Washington Post*, May 4, 2008.

<sup>9</sup> For over two years, Polish prosecutors have been investigating the CIA's use of secret prisons on Polish soil.

<sup>10</sup> A Yemeni court condemned Badawi to death in 2004, although his sentence was commuted on appeal to 15 years in prison.

<sup>11</sup> "A Terrorist Walks Free," *Newsweek*, October 27, 2007.

<sup>12</sup> "U.S. Officials Visit *Cole* Bomber ; He is 'in our Custody,' Yemen Says," *Washington Times*, October 30, 2007.

<sup>13</sup> "Yemen's Deals With Jihadists Unsettle the U.S.," *New York Times*, January 28, 2008.

“America and the Great Trap,” in which Al Quso said that fighting the Americans was legitimate and that they were to be fought wherever they are found.<sup>14</sup> In December 2010, the United States government designated Al Quso as a Specially Designated Global Terrorist under Executive Order 13224, which targets terrorists and those providing support to terrorists or acts of terrorism.

### *Initial U.S.-Yemeni Counterterrorism Cooperation*

Though Al Qaeda-affiliated terrorist groups operated in Yemen nearly a decade before the 2000 *Cole* bombing, the United States had a minimal presence there during most of the 1990s. After President Saleh lent his support to Iraq during the first Gulf War, the United States drastically reduced its bilateral aid to Yemen. The U.S. Agency for International Development (USAID) virtually ceased all operations inside Yemen between 1996 and 2003 with the exception of small amounts of food aid (P.L. 480) and democracy assistance to support parliamentary elections. In the late 1990s, though differing views over policy toward the late Saddam Hussein's Iraq continued to divide Yemen and the United States, U.S.-Yemeni military cooperation was revived as policymakers grew more concerned with Al Qaeda.

In 1999, the Clinton Administration reached a naval refueling agreement with Yemen at Aden harbor. After the *Cole* bombing a year later, some critics charged that this refueling agreement had placed U.S. vessels at risk in order to improve U.S.-Yemeni relations.<sup>15</sup>

In the immediate aftermath of the *Cole* bombing, U.S. officials complained that Yemeni authorities were not cooperating in the investigation. After the terrorist attacks of September 11, 2001, the Yemeni government became more forthcoming in its cooperation with the U.S. campaign to suppress Al Qaeda. Many analysts believe that President Saleh embraced the slogan of the “war on terror” in order to draw the United States closer to Yemen and extract as much intelligence and military support as possible. President Saleh requested U.S. military training and assistance in creating a coast guard<sup>16</sup> to help patrol the strategic Bab al Mandab strait where the Red Sea meets the Gulf of Aden.<sup>17</sup> A program was launched soon thereafter. The United States provided technical assistance, equipment, and training to the Anti-Terrorism Unit [ATU] of the Yemeni Central Security forces and other Yemeni Interior Ministry departments.

Despite its enthusiastic embrace of U.S. counterterrorism support, Yemeni authorities were sensitive to possible public backlash against deeper U.S.-Yemeni military cooperation. After 9/11, many Yemenis feared that the United States would target their country next. Nevertheless, President Saleh 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

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<sup>14</sup> “Recent AQAP Threats against the U.S.,” *Reuters*, January 11, 2011.

<sup>15</sup> In testimony before the Senate Armed Services Committee, former CENTCOM commander and retired Marine Corps General Anthony Zinni said that “The refueling of that ship in Aden was my decision.... I pass that buck on to nobody.... I don't want anyone to think we ever in any instance, anywhere, in any evolution or event that took place in CENTCOM ever took a risk for the purpose of a better relationship with a country and put soldier, sailor, airman, marine at risk for that reason. Absolutely not.... At no time was this a gratuitous offer to be made just to improve relations with the Yemenis.” See, “Retired Commander takes Responsibility for Decision to Refuel Ships in Aden,” *Agence France Presse*, October 19, 2000.

<sup>16</sup> “Response to Terror: U.S. to Train Yemeni Soldiers in Hunt for Al Qaeda Suspects,” *Los Angeles Times*, February 12, 2002.

<sup>17</sup> According to the U.S. Energy Information Administration (EIA), the Bab al Mandab is one of the most strategic shipping lanes in the world, with an estimated 3 million barrels per day of oil flow.

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 alleged terrorists, including Qaid Salim Sinan al Harithi, the leader of Al Qaeda in Yemen and a key planner of the attack on the USS *Cole*.<sup>18</sup> Yemen arrested al Harithi's replacement, Muhammad Hamdi al Ahdal, a year later.

### *Al Qaeda's Resurgence*

As President Saleh eased pressure on Al Qaeda, other more pressing conflicts inside Yemen arose to distract the attention of security forces there, The Al Houthi conflict began in 2004, requiring deployments to the north of significant military resources and manpower. At the same time, southern Yemenis grew more vocal with some calls for outright secession, and the government in response cracked down against such dissent which too required significant new deployments of internal security forces. Meanwhile, at the regional level, U.S. involvement in Iraq created a new front for jihadists, some of whom would return to Yemen to replenish Al Qaeda's ranks there. In Saudi Arabia, security forces were waging an all-out campaign to thwart Al Qaeda-inspired militants, and some veterans of this fighting would eventually leave the kingdom for Yemen.

Over time, though U.S.-Yemeni cooperation continued, President Saleh eased pressure on Al Qaeda and its sympathizers inside the country as part of his delicate balancing of competing domestic and international interests. As mentioned earlier, 23 of Yemen's most wanted terrorists escaped a Public Security Organization (PSO) prison in 2006, in what many analysts believe was an inside job from within a Yemeni intelligence organization notorious for employing former "Arab Afghan" volunteers and other jihadists. In the spring of 2008, FBI Director Robert Mueller traveled to Yemen in order to discuss counterterrorism issues with President Saleh, including an update on the status of Jamal al Badawi and other known Al Qaeda operatives. A *Newsweek* report cited two unidentified sources who had been briefed on Mueller's trip that, "The meeting between Mueller and Yemeni President Ali Abdullah Saleh did not go well." Saleh reportedly gave no clear answers about the suspect, Jamal al Badawi, leaving Mueller "angry and very frustrated," said one source, who added that he's "rarely seen the normally taciturn FBI director so upset."<sup>19</sup>

Overall, analysts observed that a new generation of Yemeni militants was emerging with support from nationals of other countries. Many of these Islamist militants either fought coalition forces in Iraq or were radicalized in the Yemeni prison system. Moreover, unlike their predecessors, this new generation of Al Qaeda-inspired extremists was more inclined to target the Yemeni government itself, in addition to foreign and Western interests in Yemen. According to one analyst:

The older generation, while passionate about global jihad, was more concerned with local matters, and more willing to play by the time-honored Yemeni rules of bargaining and negotiating in order to keep Saleh from destroying their safe haven. Not so with the new

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<sup>18</sup> Before Al Harithi was killed by a U.S. unmanned aircraft, Yemeni forces had failed in their attempt to capture him. Soldiers who were sent to detain him were themselves captured by local tribesmen protecting Al Harithi.

<sup>19</sup> "A Tense Impasse In Yemen," *Newsweek*, May 5, 2008.

generation—they willingly criticize Saleh harshly, and seem immune to the lure of the negotiation room.<sup>20</sup>

Yemeni militants formed an affiliate of Al Qaeda, called, “The Al Qaeda Organization in the Southern Arabian Peninsula,” though most observers simply referred to it as Al Qaeda in Yemen. At first, the group issued several statements demanding that President Saleh, among other things, release militants from prison, end his cooperation with the United States, renounce democracy and fully implement Islamic law, and permit Yemeni militants to travel to Iraq to carry out *jihad*. The group’s leaders were part of the infamous 2006 jailbreak, in which 23 convicted terrorists escaped from a prison in the capital of Sana’a.

## Al Qaeda in the Arabian Peninsula, v. 2.0

In January 2009, Al Qaeda-affiliated militants based in Yemen announced that Saudi militants had pledged allegiance to their leader and that the group would now operate under the banner of Al Qaeda in the Arabian Peninsula (AQAP).<sup>21</sup> A previous Saudi Arabia-based version of AQAP was largely dismantled and destroyed by Saudi security forces after a long and costly counterterrorism campaign from 2003 through 2007. Some Saudi militants fled to Yemen to avoid death or capture, helping to lay the groundwork for a reemergence of the organization there in recent years alongside Al Qaeda figures who escaped from Yemeni custody and former Saudi detainees from Guantanamo Bay, Cuba, and the Saudi terrorism rehabilitation program.

AQAP operates both within the Arabian Peninsula and internationally. Some analysts also suggest that, with the encouragement of Al Qaeda leaders in Afghanistan and Pakistan, the group is expanding its ties with Al Shabaab in Somalia, though the extent of those ties is unknown. AQAP also may be working with other AQ affiliates. The *Washington Post* reported that France, with help from Saudi intelligence, recently broke up a joint AQAP-AQIM terrorist cell planning to carry out attacks inside France.<sup>22</sup>

## AQAP’s Current Goals

Overall, AQAP seeks to:

- **Attack the U.S. homeland.** Most counterterrorism analysts believe that of all of Al Qaeda’s regional affiliates, AQAP is the most active organization seeking to carry out a successful attack inside the United States.<sup>23</sup> As it has demonstrated

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<sup>20</sup> Brian O’ Neill, “New Generation of al-Qaeda on Trial in Yemen,” *Terrorism Focus*, Volume 4, Issue 39, published by the Jamestown Foundation, November 27, 2007.

<sup>21</sup> See OSC Feature FEA20090124809516, “Video Shows Saudi, Yemeni Al-Qa’ida Leaders Announcing Merger,” January 24, 2009; and, OSC Report GMP20090128666004, “Al-Qa’ida Amir in Arabian Peninsula Urges Targeting ‘Crusader’ Interests,” *Al-Jazirah.net* (Doha) January 26, 2009.

<sup>22</sup> “Al-Qaeda’s Yemen Affiliate Widens Search for Recruits and Targets,” *Washington Post*, November 30, 2010.

<sup>23</sup> It is worth noting that until the failed bomb attack against Northwest Airlines Flight 253 on Christmas Day 2009, most non-governmental observers believed that AQAP’s influence and ability to threaten U.S. and Western interests from Yemen remained limited. In assessing the AQAP threat to the American homeland, a May 2010 Senate Intelligence Committee report concluded that U.S. intelligence agencies previously saw AQAP (before the December 25, 2009, attempted airline bombing) as a threat to American targets in Yemen, not to the United States itself. See, U.S. Congress, Senate Select Committee on Intelligence, *Attempted Terrorist Attack On Northwest Airlines Flight 253*, 111th Cong., 2nd sess., May 24, 2010, 111-199 (Washington: GPO, 2010).

both through Anwar al Awlaki's indoctrination of American citizens<sup>24</sup> and the sophisticated bomb-making of Ibrahim Hassan al Asiri<sup>25</sup> and others, AQAP is trying to radicalize U.S. citizens and carry out an attention-grabbing terrorist bombing on U.S. soil. In the third edition of its online *Inspire* magazine released in November 2010, AQAP claims that the October 2010 air cargo bomb plot was part of a long-term strategy to launch many small-scale attacks against the United States. The group states that "This strategy of attacking the enemy with smaller but more frequent operations is what some may refer to as the strategy of a thousand cuts. The aim is to bleed the enemy to death.... It is such a good bargain for us to spread fear amongst the enemy and keep him on his toes in exchange of a few months of work and a few thousand bucks.... In such an environment of security phobia that is sweeping America it is more feasible to stage smaller attacks that involve less players and less time to launch and thus we may circumvent the security barriers American worked so hard to erect."<sup>26</sup>

- **Attack U.S. and Western Interests in Yemen.** Even before the Saudi-Yemeni merger, militants in Yemen targeted Western embassies in Sana'a, foreign oil companies and their facilities, and tourists. Two attacks on the U.S. Embassy in Sana'a in 2008 killed 17 people, including one U.S. citizen, and injured dozens of Yemenis. On April 26, 2010, AQAP carried out an unsuccessful assassination attempt against British Ambassador to Yemen Timothy Torlot, an operation that many experts believe was designed to demonstrate the group's resilience in the face of a government crackdown following the Christmas Day attempted bombing. In October 2010, AQAP gunmen attacked a vehicle carrying five British embassy workers in Sana'a. The attack injured one British worker and two Yemeni bystanders. Britain's second-ranking diplomat in Yemen, Fiona Gibb, was in the car, but escaped uninjured. In December 2010, a U.S. Embassy vehicle was attacked by a man trying to plant explosives next to the car as it was stopped outside a pizza restaurant in the Hadda district of Sana'a. The attacker, a Jordanian citizen who was found carrying other weapons and false identity papers, was caught by Yemeni police before he could install and detonate the explosives.

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<sup>24</sup> Thirty-nine-year-old Yemeni American preacher Anwar al Awlaki has been either directly or indirectly linked to radicalizing Major Nidal M. Hasan (allegedly committed the November 2009 mass shooting at Fort Hood Army Base in Texas), Umar Farouk Abdulmutallab (the Nigerian suspect accused of trying to ignite explosive chemicals to destroy Northwest/Delta Airlines Flight 253 from Amsterdam to Detroit on Christmas Day 2009), and Faisal Shahzad (alleged Times Square failed car bomb), who allegedly told U.S. investigators that Awlaki's online lectures urging jihad helped inspire him to act. According to several reports, the Obama Administration has added Awlaki, an American citizen, to the CIA's list of suspected terrorists who may be captured or killed. To date, Yemen has refused to extradite Awlaki (Article 44 of the Yemeni constitution states that a Yemeni national may not be extradited to a foreign authority), and his tribe has vowed to protect him. Another Muslim American who claims to have been in contact with Awlaki, 26-year-old New Jersey resident Sharif Mobley, was arrested by Yemeni authorities in March 2010. After his arrest, Mobley shot two security guards in a hospital while attempting to escape. In May 2010, the FBI arrested a Texas man named Barry Walter Bujol Jr. who had exchanged emails with Awlaki and was accused of attempting to obtain and deliver global positioning system devices, telephone calling cards, and a military compass for AQAP. He was arrested after boarding a ship bound for the Middle East with the equipment.

<sup>25</sup> Twenty-nine-year-old Saudi citizen Ibrahim Hassan al Asiri is believed to have created the explosive devices used in last year's Christmas Day attempted bombing of Northwest Airlines Flight 253, in a 2009 attack against Saudi Arabia's intelligence chief Mohammed bin Nayef, and the October 2010 air cargo packages destined for Jewish sites in Chicago.

<sup>26</sup> "FACTBOX: Qaeda Unveils "Strategy of a Thousands Cuts"," *Reuters*, November 21, 2010.

- **Destabilize the Yemeni Government.** Unlike previous generations of Islamist fighters in Yemen who fought elsewhere, such as in Afghanistan, many of AQAP's footsoldiers are more inclined to target the Yemeni government itself. Throughout much of 2010, AQAP's activities inside Yemen have resembled the kind of insurgent warfare witnessed most recently in Afghanistan, Pakistan, and Iraq. It appears that one of the group's goals is to use the popular hatred of the central government, particularly in the former areas of Southern Yemen, to fuel a popular insurgency that is capable of holding territory. To date, this strategy has succeeded in sowing a certain degree of chaos and violence in the provinces of Abyan and Shabwah, though many observers remain skeptical of AQAP's ability to evolve into a mass movement such as the Taliban.
- **Assassinate Members of the Saudi Royal Family.** Several of AQAP's top leaders are Saudi veteran combatants from conflicts involving Muslims in other regions or graduates of terrorist training camps based in Afghanistan who, upon returning home nearly a decade ago, turned inward against the Saudi royal family. Since their expulsion from the kingdom, they have used their positions within AQAP to strike back against the Saudi royal family, as was vividly illustrated by a failed assassination attempt in August 2009 against Assistant Interior Minister Prince Mohammed bin Nayef bin Abdelaziz Al Saud, the director of the kingdom's counterterrorism campaign. According to one report, two of Saudi Arabia's most powerful intelligence agencies, the Saudi General Intelligence Presidency (GIP), headed since October 2005 by Prince Muqrin bin Abdulaziz, and the General Security Services (GSS), which is attached to the Saudi Interior Ministry, have been working with Yemen's military and special forces units. In the lead up to the October 2010 failed air cargo bombing, Bin Nayef reportedly provided John Brennan, the Deputy National Security Advisor for Homeland Security and Counterterrorism, and Assistant to the President with critical information on the plot reportedly derived from a Saudi informant or an AQAP member who had recently turned himself in to Saudi authorities.<sup>27</sup>

### Tribal Support for AQAP?

For many U.S. observers, of greatest concern is the ability of AQAP to transform itself from what is believed to be a group of between 100 to 400 hard-core militants into a mass movement embedded into Yemen's age-old tribal structure. Some policymakers fear that if AQAP were to form permanent alliances with rural tribes, then U.S. objectives in Yemen may have to shift from providing limited support for the Yemeni government's counterterrorism efforts to helping President Saleh combat a much broader and more dangerous nation-wide insurgency. Determining the triangular relationship between the government, AQAP, and tribes may be key to assessing the relative strength of AQAP inside Yemeni society over the long term.

One school of thought rejects the idea that Yemen is becoming more like Pakistan, where the central government faces several revolts from Pakistani Taliban groups which have drawn their inspiration for fighting from Al Qaeda central in Afghanistan, but who are not subordinate to the

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<sup>27</sup>In December 2010, Saudi television aired the confession of Jabir Jubran al Fayfi, a senior AQAP commander who turned himself in to Saudi intelligence in October 2010. Al Fayfi reportedly provided details on the October 2010 parcel bomb attacks and AQAP plans to attack targets in France using a cell of North Africans. See, "The Saudi Spy Who Saved Chicago," *The National Interest*, January 3, 2011.

commands of Osama Bin Laden and other top Al Qaeda leaders. According to Sarah Phillips, an expert on Yemen from the Centre for International Security Studies at Sydney University:

The more they [AQAP] require control of territory, the more likely they are to be in competition with the tribes; this is why al-Qaeda groups are unlikely to pose a systemic challenge to the states in which they exist. That changes, however, if the cells are prepared to accept client status of the tribe, as they have partially done in Pakistan. Even if al-Qaeda attempts to discursively and operationally align itself with the Yemeni tribes against the state, one of the group's broader objectives—establishing political control—consigns tribes to a subordinate status. This exclusion would likely put AQAP in confrontation with the tribes.<sup>28</sup>

Furthermore, some analysts reject outright the hypothesis that AQAP will develop mass tribal support in Yemen that will enable it to control territory and strike beyond the country's borders. Although many AQAP members are Yemenis, a significant portion are Saudi citizens and foreign fighters,<sup>29</sup> who may be treated as temporary guests by a host tribe, but who would have to marry into the tribe to be considered full-fledged members. Although such marriages do occur, there is no public evidence that they are dramatically increasing, particularly between foreign nationals and Yemeni women.<sup>30</sup> Furthermore, there is no indication that large numbers of Yemeni tribesmen are open to Al Qaeda's ideological appeal. According to former U.S. Ambassador to Yemen Edmund Hull:

In 2002, Abu Ali al Harithi, then Al Qaeda's leader in Yemen, was killed by an American drone in a strike that was coordinated with the Yemeni government. By tribal custom, any perceived illegitimate killing would have been grounds for a claim by the tribe against the government. No such claim was made. In fact, when receiving the body for burial, one of his kinsmen noted that "he had chosen his path, and it had led to his death." This was not an anomaly. In my experience, there is no deep-seeded affinity between Yemeni tribes and the Al Qaeda movement. Tribes tend to be opportunistic, not ideological, so the risk is that Al Qaeda will successfully exploit opportunities created by government neglect. There are also family affinities—cousins, linked to uncles, linked to brothers. These do matter. But what matters most is the 'mujahedeen fraternity'—Yemenis with jihadist experience in Afghanistan, Iraq, Saudi Arabia or elsewhere. Finally, what would matter—and significantly—would be innocent casualties resulting from counterterrorism operations, which could well set off a tribal response.<sup>31</sup>

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<sup>28</sup> Sarah Phillips, *What Comes Next in Yemen? Al Qaeda, the Tribes, and State-Building*, Carnegie Endowment for International Peace, March 2010.

<sup>29</sup> According to one analyst, based on a rudimentary analysis of known members of the organization, Yemenis make up 56% of the AQAP's total membership, Saudis 37%, and foreigners 7%. See, Murad Batal al Shishani, *Terrorism Monitor*, Jamestown Foundation, vol. 8, issue 9, March 5, 2010. Yemen's national security agency director, Gen. Mohammed al Anisi, says that AQAP is approximately 90% Yemeni, with only 10% foreign fighters rounding out the ranks. See, op.cit., *Wall Street Journal*, January 22, 2010.

<sup>30</sup> Experts note that one factor that led Sunni tribes in Iraq to break away from Al Qaeda in Iraq (AQI) and cooperate with U.S. forces was AQI's attempts to replace tribal customs with its own extreme version of Islamic law (*Sharia*) and arrange forced marriages between its members and local Iraqi women. According to one expert, "Al Qaeda in Iraq pushed too hard against the Sunni tribes that they relied on for support when they insisted on extracting oaths from the sheikhs to reject tribal legal traditions – a blatant infringement of tribal autonomy. Al Qaeda leaders also alienated themselves by attempting to impose themselves in marriage to prominent tribal families, despite cultural norms against women marrying beyond the clan." See, Sarah Phillips, "Yemen's Postcards from the Edge: al Qaeda, Tribes, and Nervous Neighbours," Centre for International Security Studies, Sydney University.

<sup>31</sup> "Al Qaeda's Shadowland," *New York Times*, January 12, 2010.

However, others assert that while a permanent AQAP-tribal alliance is doubtful, there are many factors that could serve as the foundation for closer AQAP-tribal ties in the short to medium terms. Although central governing power in Yemen has always remained weak, many observers in recent years have suggested that President Saleh's ability to secure tribal support in outlying provinces (such as Al Jawf, Marib, Abyan, Shabwa, and Hadramawt) has diminished considerably. This is true particularly in areas where oil is extracted, as local tribes often claim that they rarely receive revenues generated from oil produced on their lands. In the south, economic and political grievances are both evident, making the region somewhat more receptive to an AQAP presence. Some suggest that AQAP takes shelter in the largely Sunni tribal areas of the southern provinces, forcing it to sympathize with southern secessionists. According to AQAP analyst Barak Barfi, "Whereas the Taliban enforced an uncompromising form of Islam, AQAP has tolerated the un-Islamic practices of the clans that shelter it. Whereas al Zaraqawi turned on his tribal hosts, AQAP has merely engaged in verbal spats with Yemeni tribes."<sup>32</sup> However, AQAP may be at odds with Al Houthi Zaydi tribes in the north. In November 2010, AQAP carried out a suicide bomb attack against a religious procession of Shiite rebels observing the festival of Al Ghadeer, a holiday which commemorates the appointment of Ali ibn Abi Talib by the prophet Muhammad as his immediate successor. The bombing killed 23 people.

To a certain extent, a connection between some of Yemen's tribes and AQAP already exists. Yemeni AQAP members tend to operate in their home provinces where they receive a certain level of protection from their host tribe. Protection is granted out of custom and not necessarily due to ideological affinity. Furthermore, this protection is not guaranteed and can become problematic if the tribe's security and well being are put at risk by government reprisals or attacks against AQAP suspects harbored locally, particularly if those suspects are foreign fighters.

Overall, it appears that at present, tribal leaders are using AQAP as a temporary lever to pressure the government for benefits, settle scores with rival, neighboring tribes, or to strike back against the government to avenge some perceived historical injustice. According to one observer, "All view AQAP as a means to pressure the regime, like kidnapping and blocking roads. They hope the damage the government suffers will persuade it to adopt policies more amenable to the tribe. The tribes also exploit the group to keep the regime weak. By putting the government on the defensive, al Qaeda attacks help the tribes preserve their coveted autonomy in regional affairs."<sup>33</sup>

### **Profiles of Current AQAP Leaders and Other Radical Yemeni Islamists**

**Nasir al Wuhayshi.** According to a number of sources, the leader of AQAP is a former secretary of Osama bin Laden's named Nasir al Wuhayshi (alt. sp. Wahayshi). Like other well-known operatives, Al Wuhayshi was in the 23-person contingent who escaped from a Yemeni prison in 2006. Al Wuhayshi's personal connection to Bin Laden has reportedly enhanced his legitimacy among his followers. After the fall of the Taliban in Afghanistan in 2001, he escaped through Iran, but was arrested there and held for two years until deported to Yemen in 2003. He led Al Qaeda in Yemen until it assumed the mantle of its Saudi counterpart and predecessor organization in January 2009 when he became the overall leader of AQAP, though he is not considered as charismatic as his Saudi counterparts.

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<sup>32</sup> Barak Barfi, "AQAP's Soft Power Strategy," *CTC Sentinel*, vol. 3, no. 11-12 (November 2010).

<sup>33</sup> Barak Barfi, *Yemen on the Brink? The Resurgence of Al Qaeda in Yemen*, New America Foundation, January 2010.

**Sa'id al Shihri.** Al Shihri (alt. sp. Shahri), who is the deputy commander of AQAP, is a Saudi national and former Guantanamo detainee (#372). After his release in 2007, he participated in Saudi Arabia's deradicalization rehabilitation program. After leaving the kingdom and forming AQAP in Yemen, it was believed that his presence in Yemen would boost Al Qaeda's financing and operational capabilities. Al Shihri's family also has been active in AQAP. His wife reportedly was married to an AQAP militant killed by Saudi security forces in 2005. As mentioned earlier, his brother-in-law died in a shootout with Saudi police in Jizan in October 2009. In June 2010, he called for abductions of Saudi ministers and royals.

**Qasim al Rimi.** Qasim al Rimi is AQAP's senior military commander and spokesman. Al Rimi is a Yemeni national who is known for his recruitment of new operatives. In AQAP video and audio tapes, he has praised attacks against the United States and threatened more. On May 11, 2010, Secretary of State Clinton designated Rimi a terrorist under E.O. 13224.

**Ibrahim Suleiman al Rubaysh.** Ibrahim Suleiman al Rubaysh (alt. sp. Rubaish) is a Saudi citizen who is described as AQAP's theological guide. Rubaysh is a former detainee at Guantanamo Naval Station, Cuba. He was incarcerated there until December 13, 2006, when he was transferred to Saudi Arabia and placed in the Saudi rehabilitation program for jihadists. At some point afterward, he fled to Yemen.

**Uthman Ahmad al Ghamidi.** Uthman Ahmad al Ghamidi (alt. sp. Othman Ahmed al Ghamdi) is one of the new Saudi leaders of AQAP. He also is a former detainee at Guantanamo who participated in Saudi Arabia's rehabilitation program. He was a soldier in the Saudi military before he went to Afghanistan to train with Al Qaeda and fight the Northern Alliance.

**Anwar al Awlaki.** Yemeni American Awlaki (alt. sp. Aulaqi) is infamous for his role in radicalizing Major Nidal M. Hasan in the months prior to the mass shooting at Fort Hood Army Base in Texas. After the failed Christmas Day airline bombing, information suggested that Awlaki also may have played a role in radicalizing Umar Farouk Abdulmutallab. Awlaki was born in New Mexico in 1971, and he hails from a prominent tribal family in the southern governorate of Shabwa. Awlaki lived in Britain and in the United States, where he worked as an imam and lecturer at several mosques, including in Falls Church, VA. He traveled to Yemen in 2004, where he became a lecturer at Al Iman University. He was arrested by Yemeni authorities in 2006 and interrogated by the FBI in September 2007 for his possible contacts with some of the 9/11 hijackers. According to various reports, he began openly supporting the use of violence against the United States after his release from prison. On July 16, 2010, the U.S. Treasury Department designated Awlaki, pursuant to Executive Order 13224, for supporting acts of terrorism and for acting for or on behalf of AQAP.

**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 whom the U.S. Treasury Department designated in February 2004 as a U.S. Specially Designated Global Terrorist. In the 1960s and 1970s, Al Zindani led the local Muslim Brotherhood affiliate in Yemen. In the 1980s, he was based primarily in Peshawar, Pakistan, and in Afghanistan, where he served as a spiritual leader to Osama bin Laden and an organizer of the Afghan-Arab "mujahedeen" who fought the Soviets. When Yemen reunited, he returned and became a leading figure in the main opposition Islah Party. Al Zindani also 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, as some student groups 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.” Yemen has refused to turn Al Zindani over to U.S. authorities, as many observers believe that President Saleh is protecting him for political purposes.

### **Current U.S. Counterterrorism Policy**

For two years under the Obama Administration, U.S. counterterrorism strategy has been pragmatic; the United States partners with President Saleh and his security forces because there are no credible alternatives at the moment. In order to arrest AQAP members and strike AQAP targets inside Yemen’s vast remote governorates, the United States requires access to Yemeni security agencies and officials and their cooperation in taking the lead on military operations in order to minimize any U.S. military footprint. The Obama Administration has repeatedly stressed that it does not want to fight a war in Yemen. In November 2010, Secretary of Defense Robert Gates said that “We don't need another war.... Our biggest tools particularly with respect to Yemen are the partnership capacity of the Yemenis themselves, and enabling them to go after these guys.”<sup>34</sup> To secure Yemeni cooperation, President Saleh’s government has shown some willingness to share intelligence and even attack AQAP targets with reported U.S. assistance, provided that the United States contributes some equipment, training, and financial assistance to Yemen’s military and economy respectively.<sup>35</sup>

Most experts believe that this cooperation comes with the full knowledge that Saleh’s government is corrupt, its commitment to combating extremism is mercurial, and its ability to dispense patronage to key allies is reduced due to dwindling oil revenues. Thus, in order to make the best of a daunting policy challenge, the Administration has focused on short term security cooperation in conjunction with a more long-term approach to promoting development and good governance not just bilaterally but in partnership with the international community. Nevertheless, despite rhetoric about the U.S. commitment to tackling Yemen’s bigger problems (i.e., water shortages, illiteracy, corruption), the bulk of U.S. attention, both diplomatically and financially, is directed toward counterterrorism and stopping AQAP from attacking the U.S. homeland.

The cooperation between the United States and Yemen has had mixed results. To date, some mid-level AQAP operatives have been killed or captured in the last two years. Although it is nearly impossible to qualitatively assess whether the United States and Yemen have significantly weakened AQAP, many analysts believe that the now two-year campaign has, at the minimum, put the organization on the defensive. Some militants have surrendered to provincial authorities while AQAP itself has released several videos eulogizing its martyrs and swearing revenge.

Nevertheless, almost all of AQAP’s key leaders (mentioned above) are alive and most likely still able to plan and conduct terrorist attacks, albeit at greater risk due to heightened U.S.-Yemeni security cooperation. According to Al Qaeda expert Thomas Hegghammer:

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<sup>34</sup> “US Will Help Yemen But No Plans For 'Another War': Gates,” *Agence France Presse*, November 16, 2010.

<sup>35</sup> According to one article, after the attacks of September 11, 2001, former CIA Director George Tenet “won Saleh's approval to fly Predator drones armed with Hellfire missiles over the country.” See, “U.S. Playing a Key Role in Yemen Attacks; Providing Data, Weapons Six top Leaders of al-Qaeda Affiliate Killed,” *Washington Post*, January 27, 2010.

Awlaki is most likely part of a small AQAP cell -- the Foreign Operations Unit --which specializes in international operations and keeps a certain distance to the rest of the organization. We are probably dealing with a classic case of functional separation of tasks: While most AQAP fighters are busy fighting Yemeni security forces and attacking Western targets in Yemen, the Foreign Operations Unit lies low and plans international operations slowly and carefully. The unit likely counts no more than 10 people and hides in a different physical location from that of the top AQAP leadership.... The Foreign Operations Unit is most likely staffed by people who know Western societies well, such as Awlaki and Samir Khan, as well as by a couple of expert bomb makers such as Ibrahim al-Asiri. Together they represent some of AQAP's most precious human resources. More to the point, they are not easily replaceable. The vast majority of AQAP members -- including its top leaders and ideologues -- have never spent time in the West and would not be very good at planning international operations. Global jihad requires worldly men. The 9/11 attack, for example, was coordinated by the U.S.-educated Khalid Sheikh Mohammed and led by the Hamburg cell. Al Qaeda in Yemen is short on this type of human capital, which is why virtually no Yemenis have thus far taken part in Islamist terrorist attacks outside the Muslim world. If the Foreign Operations Unit was somehow incapacitated, AQAP would arguably not have the capability, at least in the short term, to mount major attacks on the U.S. homeland.<sup>36</sup>

In order to strike at more “high value” AQAP targets, some reports suggest that the CIA may increase its use of drones inside Yemen or place U.S. military units overseen by Joint Special Operations Command (JSOC) under its control.<sup>37</sup> Anonymous U.S. officials have said that Predator drones (possibly launched from either Djibouti, Qatar, or the Seychelles Islands) have been patrolling the skies over Yemen in search of AQAP leaders, but many of these leaders have gone into hiding. One report suggests that a major buildup of U.S. assets is occurring in Yemen with the arrival of additional CIA teams and up to 100 Special Operations force trainers, and the deployment of sophisticated surveillance and electronic eavesdropping systems operated by spy services including the National Security Agency.<sup>38</sup> The U.S. military historically has maintained only a limited presence in Yemen, and as such, U.S. intelligence agencies may have limited knowledge of the local terrain and may need time before they are able to effectively employ all assets to their maximum capacity. In December 2010, Yemeni security officials said that they would establish provincial anti-terrorism units. The announcement came a day after John Brennan, Assistant to the President for Homeland Security and Counterterrorism, reportedly called President Saleh to stress the need for more Yemeni counterterrorism cooperation against AQAP.

As the United States seeks to weaken the AQAP organization, policymakers have been careful not to alienate local civilian populations. However, inevitably, counterterrorism operations have resulted in some civilian casualties. On December 17, 2009, Yemeni security forces with possible U.S. assistance carried out several raids and air strikes in Abyan governorate against AQAP terrorists and training camps, and though an estimated 14 AQAP members were killed in those air strikes, an estimated 35-42 civilians (mostly women and children) also were killed, many of whom were the relatives of AQAP members staying at the training camps. The United States and Yemeni governments again suffered “blowback” from the mistaken May 24 killing of Jabir Ali al Shabwani, a deputy governor from Marib governorate who allegedly had been killed along with four bodyguards in an air strike. Shabwani reportedly was serving as an intermediary between the

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<sup>36</sup> “The Case for Chasing Al Awlaki,” *Foreign Policy*, November 24, 2010.

<sup>37</sup> “Yemen Covert Role Pushed,” *Wall Street Journal*, November 1, 2010.

<sup>38</sup> “U.S. deploying drones in Yemen to hunt for Al-Qaeda, has yet to fire missiles,” *Washington Post*, November 7, 2010.

government and AQAP and may have been en route to meet with AQAP operatives over their possible surrender.<sup>39</sup> For several days following the attack, Shabwani's larger tribe, the Ubaydah/Abidah, attacked local oil pipelines, set up roadblocks, attacked government buildings, and clashed with the Yemeni army.

For the medium term, the Administration has significantly increased U.S. economic and military aid, although Yemen's socio-economic challenges far exceed current U.S. and international development efforts. In FY2010, the United States is providing an estimated \$290 million in total aid, and that figure is expected to increase in FY2011. The Defense Department also has proposed increasing its Section 1206 security assistance to Yemen to \$1.2 billion over a five- or six-year period.<sup>40</sup> In the past, the Yemeni government has cautioned the United States against overreacting to the terrorist threat there, though in recent months Yemeni forces have launched several large-scale campaigns against suspected AQAP strongholds in the Abyan and Shabwah governorates.

Whether U.S.-Yemeni security cooperation can be sustained over the long term is the key question for U.S. lawmakers and policymakers. For the time being, U.S. policymakers are counseling patience. According to John Brennan:

Achieving our shared goal of disrupting and dismantling the al-Qaida network in Yemen will require patience. We will need to draw on not just our cooperation with Yemen and other partner nations against al-Qaida but also refine and develop intelligence relationships, security-screening processes and Yemeni counterterrorism forces to address effectively the threat posed by al-Qaida.

Inevitably, at some point, disagreements arise over Yemen's tendency to release alleged terrorists from prison in order to placate tribal leaders and domestic Islamist politicians who oppose U.S. "interference" in Yemen and U.S. policy in the region in general. One report suggests that in the fall of 2009, U.S. officials met with President Saleh and showed him "irrefutable evidence that Al Qaeda was aiming at him and his relatives," and "that seems to have abruptly changed Saleh's attitude."<sup>41</sup> At times, the U.S. government itself bears responsibility for limiting its bilateral cooperation with Yemen. In the past, high-level U.S. policymakers have shifted focus to what have appeared to be more pressing counterterrorism fronts in the Middle East. Yemeni leaders have grown adept at sensing U.S. interest and have adjusted their level of cooperation accordingly. According to Abdel Karim al Iryani, a former prime minister, "The trust between the U.S. and Yemen comes and goes.... Everyone has his own calculations on what they want from this relationship."<sup>42</sup>

## The Al Houthi Revolt in Northern Sa'da Province

Although combating Al Qaeda in Yemen may be a top priority for the United States, the Yemeni government faces two other domestic insurgencies that pose a more immediate risk to regime survival. One revolt, which has been raging for nearly six years in the northernmost governorate of Sa'da, is known as the Al Houthi conflict. Its name is derived from the revolt's leaders, the Al Houthi family, a prominent Zaydi religious clan who claim descent from the prophet Muhammad.

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<sup>39</sup> "Yemen Tribe in new Pipeline Blast over Airstrike," *Reuters*, May 27, 2010.

<sup>40</sup> "More U.S. Funds Sought for Yemen's Forces," *Wall Street Journal*, September 3, 2010.

<sup>41</sup> "Is Yemen the Next Afghanistan?," *New York Times*, July 6, 2010.

<sup>42</sup> "Yemen Walks Fine Line in Aiding U.S.," *Washington Post*, January 5, 2010.

The late head of the family, Shaykh Hussein Badr ad din al Houthi, believed that Zaydi Shiism and the Zaydi community were becoming marginalized in Yemeni society for a variety of reasons, including government neglect of Sa'da governorate and Saudi Arabian "Wahhabi" or "Salafi" proselytizing in Sa'da. Perhaps in order to seize the attention of central government authorities more forcefully, Shaykh Hussein formed a radical organization called the Organization for Youthful Believers as a revivalist Zaydi group for Al Houthi followers who dispute the legitimacy of the Yemeni government and are firmly opposed to the rule of President Saleh.<sup>43</sup> President Saleh is a Zaydi himself, though with no formal religious training or title.

Shaykh Hussein Badr ad din al Houthi was killed by Yemeni troops in 2004. His son, Abdul Malik al Houthi, is now the leader of the group. The Yemeni government claims that Al Houthi rebels seek to establish a Zaydi theocratic state in Sa'da with Iranian assistance, though some analysts dispute Iranian involvement in northern Yemen, asserting that the Yemeni authorities are using the specter of Iranian interference to justify large-scale military operations against the insurgents and calls for assistance from neighboring Gulf states.<sup>44</sup>

On February 12, 2010, three weeks after a major international donor conference on Yemen was held in London, the Yemeni government and Al Houthi rebels in the northern province of Sa'da signed yet another cease-fire, the sixth agreement since fighting began in 2004. This last round of fighting, dubbed "Operation Scorched Earth" by the government, resulted in, according to observers on the ground, far more damage to civilian infrastructure than previous episodes. Some international human rights groups, such as Human Rights Watch and Amnesty International, have called for investigations into atrocities committed by both sides during the war, and many experts believe that the government may have used a disproportionate amount of force in order to deter the rebels from launching future attacks. As a result of Operation Scorched Earth, which, for the first time, was accompanied by a major Saudi military intervention<sup>45</sup> on the side of the Yemeni government, an estimated 250,000 people were internally displaced, with up to 30,000 living in temporary camps run by the United Nations High Commissioner for Refugees (UNHCR). USAID has provided emergency food aid to assist refugees in the north.<sup>46</sup>

Since the cease-fire started, there have been several violent incidents, but both sides have shown restraint, signaling possible exhaustion on the part of the rebels and acknowledgement by the government that its armed forces are overstretched. The two sides have exchanged prisoners, and

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<sup>43</sup> According to Yemen expert Philip McCrum, historical Zaydi doctrine believes that rebelling against an unjust ruler is a religious duty. This belief originated from the actions of the sect's founder, Zayd bin Ali, who led an unsuccessful uprising against Umayyad Caliph Hisham in 740 because of the Caliph's despotic rule. See, Juan Cole's blog Informed Comment, "The Houthi Rebellion in Yemen," available online at <http://www.juancole.com/2009/09/huthi-rebellion-in-yemen.html>

<sup>44</sup> In a February interview with the Arabic language pan-Arab daily *Al Hayat* newspaper, Assistant Secretary of State for Near Eastern Affairs Jeffrey Feltman stated that "We do not see the degree of Iranian interference that some have suggested. Yet we are still open (to listening to the evidence) but quite simply we do not have at present the evidence that the Iranian interference with the Huthists is as deep as the one with (the Lebanese) Hezbollah." See, BBC Monitoring Middle East, "USA's Feltman denies presence of US forces inside Yemen fighting Al-Qaeda," Text of report by London-based newspaper *Al-Hayat* website on 31 January, published February 1, 2010.

<sup>45</sup> Saudi Arabia launched a three month air and ground campaign along the border of its southernmost province of Jizan and Sa'da in an attempt to repel reported Houthi infiltration of Saudi territory. It is estimated that Saudi Arabia lost 133 soldiers in its war against the Al Houthis. Saudi Arabia agreed to a ceasefire with the Houthis in late February 2010 after an exchange of prisoners and remains.

<sup>46</sup> USAID's Bureau For Democracy, Conflict, and Humanitarian Assistance (DCHA) and Office Of U.S. Foreign Disaster Assistance (OFDA) have provided \$15.8 million in FY2010 disaster aid for displaced Yemenis in the north.

the Al Houthis have removed road blocks and ceded captured areas to local authorities. However, thousands of landmines remain undetected, making the former war zone a difficult challenge for reconstruction activities.

In July 2010, clashes between government-aligned tribes and Al Houthi fighters killed dozens, though President Saleh had pledged earlier that month that “There are no indicators for a seventh war.... That would be totally unacceptable.” Overall, the fundamental grievances that started the conflict in the first place have not been resolved. Sa'da remains one of the poorest areas of Yemen and, without the government’s political will to develop it, Al Houthi leaders may continue to protest against their cultural, religious, economic, and political marginalization in Yemeni society.

Looking ahead, many observers suggest that it is merely a matter of time before the conflict in the north resumes. Should this assumption hold true, possible key questions for policymakers include:

- In the absence of central government political will to resolve the conflict diplomatically, do the Yemeni armed forces have the capability to wage a counter-insurgency campaign indefinitely in an economic climate of diminishing state resources?
- How would a resumption of hostilities in Sa'da affect the government’s ability to combat AQAP?
- How would a resumption of hostilities in Sa'da affect Yemen’s domestic politics, particularly in light of a possible presidential succession in the near future?<sup>47</sup>
- If the conflict festers and President Saleh and his immediate relatives are delegitimized as a result, could a more radical leader take his place who would be less amenable to cooperate with the United States?
- What about the role of Saudi Arabia and the U.S.-supported Saudi military?

According to a recent RAND study:

Additionally, the regime itself has cultivated Salafi-leaning elements, either as ideological defenders of the GoY approach or as volunteer fighters. This is not a positive development for the United States. It increases the influence of those who, unlike the Huthis, go beyond rhetoric in their anti-U.S. vehemence. Likewise, at a practical level, it may decrease U.S. influence in San'a as well as the quality of U.S.-Yemeni collaboration on a variety of issues, from domestic security to regional cooperation.<sup>48</sup>

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<sup>47</sup> Some analysts see the conflict tied to the behind-the-scenes-struggle for presidential succession in Yemen between two of the front-runners, the President’s son Ahmed and head of the Republican Guards and Ali Mohsen al Ahmar, the commander of the army’s northern forces. According to one *New York Times* article, “The tension between the two old comrades [President Saleh and Ali Mohsen] is visible in the criticism of the way the war in the north is being handled, with government officials sometimes complaining that Mr. Mohsen set off renewed fighting there by occupying or destroying the mosques and holy places of the Houthis and building Sunni mosques and schools in the area. Mr. Mohsen’s supporters have countered that the war has not been fully supported by the central government.” See, “In Yemen, U.S. Faces Leader Who Puts Family First,” *New York Times*, January 5, 2010.

<sup>48</sup> Barak A. Salmoni, Bryce Loidolt, and Madeleine Wells, *Regime and Periphery in Northern Yemen: The Houthi Phenomenon*, RAND, 2010.

## Unrest in the South

For years, southern Yemenis have been disaffected because of their perceived second-class status in a unified state from which many of their leaders tried to secede during the civil war in 1994. After the 1990 unification, power sharing arrangements were established, but in practice, north and south were never fully integrated, and the civil war effectively left President Saleh and his allies in no mood for further compromise. As a result, southern Yemen's political and economic marginalization gradually worsened. Although the former People's Democratic Republic of Yemen (PDRY) government had already ruined South Yemen's economy with its socialist policies and was essentially bankrupt due to the loss of its Soviet patron at the time of reunification, historians note that the PDRY, like the British rule of parts of South Yemen before it, had advanced educational development, women's rights, and stamped out tribalism. According to one Yemeni academic, "They [the North] want to push us into backwardness so we are like them... Aden was tolerant: there were Jews, Christians, Muslims all living together here. The North is not."<sup>49</sup>

Civil unrest in Yemen's southern governorates reemerged in 2007, when civil servants and military officers from the former People's Democratic Republic of Yemen (PDRY) began protesting low salaries and lack of promised-pensions. Since then, what started as a series of demonstrations against low or non-existent government wages has turned into a broader "movement" channeling popular southern anger against President Saleh and his inner circle.

The key demands of south Yemenis include equality, decentralization, and a greater share of state welfare. Many southerners have felt cut off from services and jobs and see persistent infiltration of central government influence in their local area. Southerners have accused Saleh's government of selling off valuable southern land to northerners with links to the regime and have alleged that revenues from oil extraction, which is mostly located in the south, disproportionately benefit northern provinces.<sup>50</sup> In addition, the once prosperous and liberal port city of Aden has deteriorated, as most business must now be conducted in the capital of Sana'a. Furthermore, southerners complain of corruption, as each major southern province is ruled by a military governor with close ties to the president. According to a December 2009 Human Rights Watch report:

The security forces, and Central Security in particular, have carried out widespread abuses in the south—unlawful killings, arbitrary detentions, beatings, crackdowns on freedom of assembly and speech, arrests of journalists, and others. These abuses have created a climate of fear, but have also increased bitterness and alienation among southerners, who say the north economically exploits and politically marginalizes them. The security forces have enjoyed impunity for unlawful attacks against southerners, increasing pro-secessionist sentiments in the south and plunging the country into an escalating spiral of repression, protests, and more repression. While the government publicly claims to be willing to listen to southern grievances, its security forces have responded to protests by using lethal force against largely peaceful protestors without cause or warning, in violation of international standards on the use of lethal force. Protestors occasionally behaved violently, burning cars or throwing rocks, usually in response to police violence.<sup>51</sup>

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<sup>49</sup> "In Yemen's South, Protests Could Cause More Instability," *New York Times*, February 27, 2010.

<sup>50</sup> "Yemen: Southern Secession Threat Adds to Instability," *Oxford Analytica*, May 27, 2009.

<sup>51</sup> Human Rights Watch, *In the Name of Unity: The Yemeni Government's Brutal Response to Southern Movement Protests*, December 14, 2009.

After more than three years, calls for southern autonomy and secession have grown louder, though observers have described southern demands as more of a cacophony, and competition among southern elites has forestalled the creation of a unified agenda to redress grievances with the central, northern-Yemen dominated government in Sana'a.

The Southern Mobility Movement (SMM or, in Arabic, *Al Harakat al Janubi*) is the official title of a decentralized movement set on achieving either greater local autonomy or outright secession. The SMM is organized into local committees, and there is a rudimentary central body to coordinate protest activities. In 2009, 71-year-old former southern secessionist leader Ali Salim al Bidh (alt. sp. Bid or Beidh)<sup>52</sup> announced in a televised speech from Germany that he was resuming his political activities after nearly two decades in exile in Oman. He then declared himself leader of the southern separatist movement and called for the resurrection of the PDRY. He has many supporters, but there are enough rivals to his claimed mantle of leadership to keep the SMM divided and, therefore, less effective in its stance against the government.

Some analysts assert that the April 2009 defection of a former Saleh ally, 42-year-old Shaykh Tariq al Fadhli (alt. sp. Tareq al Fadhli),<sup>53</sup> from the regime to the cause of the southern movement, was a major development that could portend trouble for the central government should other prominent elites follow suit. Shaykh al Fadhli has openly called for separation of the south during rallies in his southern home province of Abyan. Since his defection to the southern cause, his loyalists clashed with government troops until both sides agreed to halt the violence. Then, in June 2010, Al Fadhli declared "I will resume the Southern Movement's activities in the city Zanjabar, but with different means and forms.... We are looking for new mechanisms and potentials that render the Southern Movement's activities successful."<sup>54</sup>

Unrest in the south has grown with each passing year. To date, several hundred have been killed in protest-related violence and many more have been arrested.<sup>55</sup> Nevertheless, with the international community primarily focused on AQAP, President Saleh may have calculated that he has more freedom to suppress dissent in the south. He may exploit the SMM's divisions to his advantage while continuing to use physical repression to stifle further rumblings. It is unclear whether this strategy will work in the long term. Overall, the viability of southern Yemen as an independent entity also is uncertain, leading some experts to believe that some sort of compromise solution is inevitable.

In May 2010, President Saleh's motorcade came under fire in the Radfan district of southern Lahij governorate. Two officers were killed, but the president was not in the car and had already

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<sup>52</sup> Al Bidh also was the former leader of the Yemeni Socialist Party (YSP) and led the unsuccessful southern revolt against the north in the 1994 civil war in which an estimated 3,000 people were killed.

<sup>53</sup> After the British withdrawal from Yemen in 1967 and the formation of the socialist PDRY in southern Yemen, Al Fadhli's prominent family (his father was a Sultan) in Abyan lost its vast estates, and he moved to Saudi Arabia where he was raised. At age 19, Al Fadhli left to fight in Afghanistan alongside Osama Bin Laden against the Soviet army largely to exact retribution on a Communist country. When he returned to Yemen, he regained much of his family's holdings and helped recruit jihadists to fight for the north in the civil war of 1994. His sister is married to Ali Mohsen, one of the country's top military commanders. For a full profile, see, "Ex-Jihadist Defies Yemen's Leader, and Easy Labels," *New York Times*, Feb 26, 2010.

<sup>54</sup> Open Source Center, "Yemen: Southern Movement Figure Declares End of Truce With Govt," *London Quds Press (in Arabic)*, June 18, 2010, GMP20100618615001.

<sup>55</sup> In an official Interior Ministry report to parliament, the government itself claims that 18 people had been killed and 120 injured in violence in the south of Yemen during the first quarter of the 2010. See, *Economist Intelligence Unit, Country Report - Main report: May 1, 2010*.

returned to the capital. An assassination attempt against a deputy prime minister had occurred just days earlier. A few weeks after the attack, President Saleh pledged to release some southern protestors, called for the resumption of a national dialogue, and promised more infrastructure investment in the south and in Aden port.

## The Major Challenges: Subsidies, Water Depletion, Declining Oil Revenues, and Qat

### *Fuel Subsidies*

Although terrorism, provincial revolts, and unrest in the south are all serious concerns related to Yemeni stability, they pale in comparison to the long-term structural resource and economic challenges facing a country with a rapidly growing population. To an outsider, these problems seem almost intractable, as bad government policies and crippling poverty exacerbate existing shortages, creating a feedback loop. For example, the central government subsidizes diesel fuel at a cost to the treasury of several billion dollars annually (nearly 11% of GDP). The diesel subsidy not only drains government revenue but distorts commodity prices, and makes water pumping and trucking costs artificially low, thereby giving farmers no incentive to conserve water. Furthermore, the subsidy encourages smuggling (via the sale of reduced cost fuel at inflated rates to international buyers), which may be officially sanctioned at the highest levels. According to one report, “Diesel smuggling is a facet of elite corruption that has led one international economist working in Yemen to complain that more and more people are being pushed into destitution while a handful of people are living as if there is no tomorrow.”<sup>56</sup> However, when the government attempted to lift the diesel subsidy in 2001 and 2005, riots ensued, and the policy was swiftly reversed. In the winter and spring of 2010, the government reduced subsidies on diesel, kerosene, and other oil derivatives by 8%-16% without incident. Nevertheless, according to the World Bank, local energy prices are 60% less than international averages.<sup>57</sup>

### *Water Scarcity*

Water scarcity is perhaps the greatest long-term concern. According to Yemeni government statistics, domestic consumption exceeds renewable fresh water resources by nearly 1 billion cubic meters annually. That deficit stands to double by 2025, when it is estimated the population will have almost doubled to 44 million people. Current inefficient usage is unsustainable, as many of the country’s poor in cities such as Ta’izz must obtain water from private truck deliveries, spending a large percentage of their income on fresh water.<sup>58</sup> Public systems only provide water a few days a week in the capital and perhaps as little as a few days a month in other cities. Well drilling has become prohibitively expensive. As farmers drill deeper wells to access freshwater, the water table drops and drinking water becomes contaminated with minerals. Yemenis may now be using fossil water to irrigate crops.

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<sup>56</sup> Ginny Hill, *Yemen: Fear of Failure*, Chatham House, Middle East Programme, November 2008.

<sup>57</sup> Open Source Center, “Yemeni Govt Raises Fuel Prices for 2nd Time in 3 Months; Riots Expected,” *Yemen Times*, May 13, 2010, GMP20100514054001.

<sup>58</sup> “Alarm as Water Taps Run Dry,” *The National (UAE)*, September 24, 2009.

Most analysts believe that if Yemen's major aquifers are depleted, the only realistic solution to the country's water crisis would be a strategy based on increased water-use efficiency and the construction of several large-scale, expensive desalination plants. How such a massive investment in the infrastructure would be financed remains unknown. Although predictions vary as to when underground aquifers will run dry, solutions portend problems for the country's majority of small farmers. For example, if Yemen were to construct desalination plants and pump water from the Red Sea over highlands to the capital, the cost would be affordable enough for household use but too costly to support irrigation for agriculture. According to one Yemen water expert, "Increasing awareness of the country's water scarcity has resulted in a race to the bottom—every man for himself."<sup>59</sup>

### *Qat Production/Consumption*

The cultivation of qat, a stimulant whose leaves are widely chewed throughout the Horn of Africa, also drains Yemen's scarce underground water resources. Qat is a cash crop,<sup>60</sup> and its harvests surpass local coffee and wheat production, which has led to increased demand for food imports. Qat also may use as much as 40% of water resources consumed by local agriculture.

Though it is an age-old tradition and ingrained in Yemeni culture, qat chewing also cripples attempts at promoting sustainable development. Not only does it deplete the country's water resources and reduce food security, low-income chewers spend significant portions of their time and salaries (between 10% and 30%) on qat. According to social critics, "No development can be achieved in Yemen as long as this plant called qat takes up 90 percent of the spare time of the Yemeni people.... Some may argue that this is an old tradition of Yemen just like the arms and *jambiyas* (traditional daggers). But even if that were so, harmful traditions must be thrown away."<sup>61</sup> According to the World Bank, the culture of spending extended afternoon hours chewing qat is inimical to the development of a productive work force, with as much as one-quarter of usable working hours allocated to qat chewing. Chewing qat also suppresses the appetite, and its widespread consumption has been linked to growing child malnutrition rates. Qat chewing also reinforces social and political practices that exclude women, as prominent male politicians and business elites often conduct their business during an afternoon qat chew.

### *Oil Production/LNG*

The loss of oil revenue is another major challenge facing Yemen. Revenue from oil production accounts for nearly all of Yemen's exports and up to 65% of government revenue, yet most economists predict that, barring any new major discoveries,<sup>62</sup> Yemen will deplete its modest oil reserves at some point between 2017 and 2021. Production has dropped precipitously since reaching its peak nearly a decade ago, dropping from 440,000 barrels per day (bpd) in 2001 to an estimated 260,000 bpd in 2010. As consumption has increased, exports have subsequently dropped and, according to the Central Bank of Yemen, state oil receipts fell from \$4.4 billion in

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<sup>59</sup> Gerhard Lichtenhaeler, "Water Conflict and Cooperation in Yemen," *Middle East Report*, Spring 2010.

<sup>60</sup> The World Bank estimates that qat cultivation employs one out of every seven Yemeni workers.

<sup>61</sup> Lenard Milich and Mohammed Al-Sabbry, "The 'Rational Peasant' vs Sustainable Livelihoods: The Case of Qat in Yemen," *Development - Society for International Development*, 1995.

<sup>62</sup> With the exception of the French firm Total, most major international oil companies have avoided investing in Yemen due to the lack of government transparency and the security situation in its remote governorates.

2008 to \$1.96 billion in 2009. In June 2010, President Saleh announced that the combined impact of falling oil production and rising domestic consumption had made Yemen a net importer of oil.

The Balhaf \$4.5 billion liquefied natural gas plant (operated by the Yemeni government in partnership with Total, Hunt Oil, and three South Korean firms: SK Corporation, Korea Gas, and Hyundai), is now online, though experts believe that revenue generated from the project will only slightly stem the hemorrhaging of government funds. It is expected to generate approximately \$30 billion to \$50 billion in revenue for Yemen's treasury over the next 25 years. However, in the short term, government revenue from LNG sales is expected to reach \$370 million in 2010 and will not reach its full level until 2017.<sup>63</sup>

In terms of diversifying its economy, though the government has developed alternative strategies, in reality, Yemen may become even more dependent on international assistance and worker remittances in the future. Its tourism industry suffers from chronic instability and frequent tribal kidnappings of foreigners as well as underdeveloped infrastructure. Growth in non-hydrocarbon sectors of the economy has been stagnant in recent years and is projected to reach a mere 4.4% in 2010.

### ***National Budget***

In 2010, the government's fiscal position has weakened, as the national currency, the riyal, has rapidly depreciated, forcing the central bank to spend nearly as much as it did in all of 2009 (\$1 billion est.) to stabilize the currency. As previously mentioned, fuel subsidies cost the treasury nearly \$1.6 billion annually (about 20% of all budgetary expenditures), though to its credit, the government has modestly reduced some fuel subsidies.<sup>64</sup> Public sector salaries also serve as another drain on the national budget, accounting for another 35% of domestic spending, with perhaps hundreds of thousands of payroll positions unaccounted for. Government jobs are a key source of patronage for President Saleh's government, and positions are routinely dispensed to key elites, though they exist in name only.

In order to buttress its finances, the Yemeni government is seeking assistance from the World Bank and International Monetary Fund and debt relief from its creditors. With food imports rising, its currency devalued, and oil revenue down, many economists are concerned that the Yemeni government is taking on too much debt in order to stem its fiscal hemorrhaging. Many experts believe that the government must pursue alternative means of revenue generation and expand its domestic tax base.

## **Poor Governance and Uncertainty over Presidential Succession**

Although governance issues are far less tangible than the current military conflicts and resource shortages engulfing the Yemeni state, they are at the heart of all of Yemen's major problems. Although President Saleh's government does not resemble those of all-controlling, totalitarian regimes in places like North Korea and Myanmar, critics charge that despite Yemen's decentralized political culture, political and economic power has become far more concentrated in

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<sup>63</sup> "2010 could be the Year for an Upturn in Yemen's Economy," *Yemen Times*, May 13, 2010.

<sup>64</sup> At current prices, fuel subsidies could reach as high as \$2.2 billion in 2010. See, "Yemen raises Diesel Prices by 13 percent," *Reuters*, June 7, 2010.

the president's inner circle, a trend that has exacerbated tensions in the north and south, and with tribal leaders whose support is critical in combating Al Qaeda.

President Saleh has been in power for over 30 years and, like many long-serving leaders, has filled the top ranks of his military and intelligence services with extended family members in order to consolidate power. Barring any new constitutional amendments, his term expires in 2013. As mentioned earlier, Saleh's son Ahmed is commander of the Republican Guards and a possible presidential successor. Ali Mohsen al Ahmar, the president's fellow tribesman, is a brigadier general whose forces have fought in Sa'da and who is charged with protecting the capital. He also is considered a potential successor to Saleh and may be in competition with Ahmed Saleh. According to one report, "Mr. Mohsen has signaled that he does not favor a direct succession of Ahmed Saleh to the presidency, diplomats and analysts said. Mr. Mohsen believes, they said, that the younger Mr. Saleh lacks the personal strength and charisma of his father and cannot hold the country together."<sup>65</sup> Another report suggests that Mohsen has close ties to religious extremists and, while such reports have arisen in the past, media speculation over Mohsen's alleged radical ties helps to boost President Saleh's image of moderation and mercurial cooperation with the West.<sup>66</sup> With succession looming as a major uncertainty, juxtaposing Mohsen against more moderate Yemeni leaders may reinforce Western desires to see the status quo maintained in Yemeni domestic politics.

President Saleh's three nephews also hold senior positions in the military and intelligence services. His nephew Colonel Amar Saleh is deputy chief of the National Security Bureau (NSB), an intelligence agency formed in 2002 designed to work in closer cooperation with foreign governments.<sup>67</sup> Another nephew, Yahya Mohammed Abdullah Saleh, is chief of staff of the Central Security Organization (CSO), a division of the Ministry of the Interior which maintains an elite U.S.-trained Counter-Terrorism Unit (CTU).<sup>68</sup> Tariq Saleh is head of the Presidential Guard, the Yemeni equivalent of the U.S. Secret Service. Finally, the president's half-brother, Ali Saleh al Ahmar, is commander of the Air Force.<sup>69</sup>

Yemen's parliamentary elections have been postponed from April 2009 until 2011 in the hope that disagreements over electoral reform and possible amendments to the constitution can be resolved. The Obama Administration noted the decision "with deep concern and disappointment," and argued that the United States finds it "difficult to see how a delay of this duration serves the

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<sup>65</sup> *New York Times*, January 5, 2010, op.cit.

<sup>66</sup> One senior Yemeni official who spoke on the condition of anonymity remarked that Mohsen/Muhsin is "building up his ambitions. If he becomes president, it will be a bad sign.... Muhsin sides more with the religious extremists, not necessarily al-Qaeda, but with extremists like Sheik Abdul Majid al Zindani." See, "Yemen's Alliance with Radical Sunnis in Internal War Poses Complication for U.S.," *Washington Post*, February 11, 2010.

<sup>67</sup> According to one recent report, the NSB was established to "provide Western intelligence agencies with a more palatable local partner than the Political Security Organization (PSO). The NSB is now responsible for dispensing \$3.4 million of U.S.-provided tribal engagement funds to support the campaign against AQAP. See, Michael Knights, "Strengthening Yemeni Counterterrorism Forces: Challenges and Political Considerations," *Policywatch* #1616, The Washington Institute for Near East Policy, January 6, 2010. In general, due to previous allegations of PSO sympathy and direct support of Al Qaeda, the United States government deeply distrusts that security agency and does not work with its units which are responsible for day-to-day security inside the country. See, "Yemen Security Agency Prone to Inside Threats, Officials Say," *Washington Post*, February 10, 2010.

<sup>68</sup> Andrew McGregor, Yemen and the U.S.: Different Approaches to the War on Terrorism, The Jamestown Foundation, *Terrorism Monitor*, May 10, 2007.

<sup>69</sup> *New York Times*, January 5, 2010, op.cit.

interests of the Yemeni people or the cause of Yemeni democracy.”<sup>70</sup> In December 2009 by-elections to fill several vacant seats in parliament, the ruling General People’s Congress (GPC) captured 10 seats, while independent candidates won two seats. The opposition coalition, named the Joint Meeting Parties (JMP), which includes both Islamist and more secular-oriented parties, boycotted the elections. Among many issues, the JMP has protested against the composition of the Supreme Election Committee for Elections and Referendums (SCER), a quasi-governmental body responsible for overseeing elections. The tasks of this independent body include drawing constituency boundaries, engaging in voter education and registration measures, and ensuring that elections proceed according to the law. The SCER is composed of seven members appointed by the president from a list of 15 candidates nominated by the House of Representatives. Candidates must receive nominations from at least two-thirds of parliamentarians. Opposition members accuse the GPC of nominating Saleh loyalists to the committee’s board.

One powerful opposition figure in Yemen is Hamid al Ahmar, a son of the late Shaykh Abdullah al Ahmar, who during his lifetime headed Hashid tribal federation (the most powerful tribal coalition in Yemen), was president of the quasi-opposition party known as *Islah* (Reform), and served as speaker of the parliament. Hamid was a major supporter of the primary opposition candidate in the 2006 presidential election. In the summer of 2009, Hamid appeared on *Al Jazeera* television and called on President Saleh to step down from his office. With the death of his father, Hamid along with his brothers became the primary shareholders in the Al Ahmar Group, a Yemeni conglomerate with interests in the banking, telecommunications, oil, and tourism sectors.

On July 17, 2010, the GPC and JMP agreed to engage in a “national dialogue,” a process designed to bring about political reconciliation between the ruling and opposition coalitions. Some analysts have speculated that, if successful, the process could lead to the formation of a limited coalition government in 2011. Others cynically assert that the process is designed to satisfy foreign donors which are calling for political reform and successful elections next year.

## Foreign Relations

### Somalia: Piracy, Terrorism, and Refugees

Somalia is a source of hundreds of thousands of refugees who flee to Yemen each year over treacherous waters, and now a haven for pirates threatening vital international shipping lanes in the Bab al Mandab strait, which oil tankers transit carrying an estimated 3 million barrels per day. Yemen’s ability to combat piracy beyond its immediate shoreline and major ports is extremely small. Although the United States helped build Yemen’s coast guard after the 2000 USS *Cole* attack, the country’s shoreline is vast, and the number of patrol and deep water vessels in its fleet is limited.

Each year, tens of thousands of Somalis cross the Gulf of Aden and the Red Sea in smugglers’ boats to reach the shores of Yemen. Many observers believe that smuggler boats unload destitute Somali refugees in Yemen, and then return to Somalia with weapons, fuel, and other cargo

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<sup>70</sup> U.S. Acting Deputy State Department Spokesman Gordon Duguid, “Statement on Yemen Parliamentary Elections Postponement,” Washington, DC, March 3, 2009.

purchased inside Yemen. Many refugees die at sea in storms or when forced overboard by accidents or smugglers seeking to avoid security forces.

In 1992, United Nations Security Council Resolution 733 established an arms embargo against Somalia and, according to the U.N. Monitoring Group on Somalia, Yemen remains a primary source of arms flowing into the war-torn country. In its March 2010 report to the Security Council, the Monitoring Group reports that: “Puntland remains the primary gateway for arms and ammunition into Somalia, owing to its Gulf of Aden coastline, historical arms trading relationship with dealers in Yemen, and largely unpoliced territory. The Monitoring Group has learned that arms markets still exist in most major towns, although—as elsewhere in Somalia—they are generally fragmented, informal and run by businessmen with connections to Yemen.”<sup>71</sup>

### *Al Shabaab*

Some Western analysts have begun to examine potential linkages between terrorist threats emanating from Somalia and Yemen. To date, the only indication that *Al Shabaab* (translated as, “The Youth”), a radical Somali Islamist group which is a U.S. State Department-designated Foreign Terrorist Organization (FTO), maintains close ties to AQAP is rhetorical. On January 1, 2010, an *Al Shabaab* official, Shaykh Mukhtar Robow Abuu Mansuur, said the group was ready to send reinforcements to AQAP should the United States attack its bases in Yemen. Leaders on both sides have pledged mutual support, and Yemeni and Somalian officials claim that they are providing each other with arms and manpower.<sup>72</sup> Another report suggests that Yemenis “make up a sizeable part of a foreign contingent that fights with Al Shabaab’s Somali rank and file and supplies bomb-making and communications expertise.”<sup>73</sup> Other observers see less of a direct connection. According to one report, “Shabaab has only recently turned to Al Qaeda, and then it was only from the East Africa cell of Al Qaeda, not from Yemen.... Shabaab has its own major conflict looming with Somalia's Transitional Federal Government.”<sup>74</sup>

### **Relations with the Gulf Cooperation Council (GCC)**

Yemen desires to join the 29-year-old Gulf Cooperation Council (GCC), a sub-regional organization which groups Saudi Arabia, 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 partial observer status on some GCC committees, and observers believe that full membership is unlikely. 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 Gulf countries.<sup>75</sup> The impediments to full GCC membership are steep. Reportedly, Kuwait, still bitter over Yemen’s support for Saddam Hussein during the first Gulf War, has blocked further discussion of membership. Meanwhile, Yemen needs to export thousands of its workers each year

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<sup>71</sup> United Nations Security Council, *Letter dated 10 March 2010 from the Chairman of the Security Council Committee pursuant to resolutions 751 (1992) and 1907 (2009) concerning Somalia and Eritrea addressed to the President of the Security Council*, S/2010/91, March 10, 2010.

<sup>72</sup> “Somalis fleeing to Yemen prompt new worries in fight against al-Qaeda,” *Washington Post*, January 12, 2010.

<sup>73</sup> “Q+A-Somali-Yemeni Militant Ties in the Spotlight,” *Reuters*, January 6, 2010.

<sup>74</sup> “Is Al Qaeda in Yemen connected to Al Qaeda in Somalia?,” *Christian Science Monitor*, January 7, 2010.

<sup>75</sup> Bernard Haykel, “Act locally: why the GCC needs to help save Yemen,” *The National* (UAE), January 7, 2010.

to the Gulf in order to alleviate economic burdens at home.<sup>76</sup> Foreign remittances are, aside from oil exports, Yemen's primary source of hard currency. According to one report, "Unless Yemen is the focus of coherent and sustained GCC action, then Yemen's membership of the GCC will remain a rhetorical ambition rather than a potentially powerful tool to effect change."<sup>77</sup>

## Saudi Arabia

By far, Yemen's most important bilateral relationship is with the Kingdom of Saudi Arabia, its wealthier, more powerful, and concerned northern neighbor which in recent years has taken a more active role in attempting to stabilize Yemen. Over decades, Saudi Arabia's perception of Yemen and its interventions there domestically have dramatically shifted from a policy aimed at deliberately weakening the central government to propping up President Saleh's rule in the midst of multiple crises.

Saudi Arabia and Yemen share deep historical and popular links. Saudi political involvement in Yemen during the mid-to-late 20<sup>th</sup> century aimed at confronting secular Arab nationalist rivals and later at undermining the communist PDRY. President Saleh's decision to back Saddam Hussein's invasion of Kuwait and the resulting rift this caused with Riyadh in the early 1990s led to a redoubling of Saudi efforts to maintain relationships with sub-state actors across Yemen, including religious conservatives, tribal leaders, and the kingdom's former leftist enemies from southern Yemen. The Saudi government has extended limited formal assistance to Saleh's government over the years, largely in the form of project-specific development loans and direct financial transfers to individual departments. The Saudi Development Fund made over \$460 million in loans available for Yemen from 1978 through 2008, and, since 2009, Riyadh has made an additional \$300 million in loan funding available to finance a number of highway, electricity, water, health, and education programs across the country.<sup>78</sup> Saudi Arabia is a key participant in the Friends of Yemen donor initiative currently being supported by the Obama Administration. However, past pledges of assistance for Yemen from Saudi Arabia and other Gulf Cooperation Council states have not always materialized.

Open source reporting routinely refers to alleged patronage relationships between unspecified official Saudi sources and key figures in Yemen; however, public information on these relationships is rarely, if ever, substantively or verifiably documented.<sup>79</sup> Events suggest that assumptions about the strength and pervasiveness of Saudi financial influence should be tempered by recognition of the legendary fluidity of Yemeni tribal allegiances and the fiercely independent spirit of many Yemeni political entrepreneurs. Public and private religious linkages are more readily documented, but their implications also are relatively ambiguous.<sup>80</sup> Contrary to most assumptions, Yemeni clerics and institutions with the clearest linkages to Saudi religious figures tend to exhibit the critical, but basically apolitical attitudes of their Saudi counterparts, in addition

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<sup>76</sup> Yemeni expatriates are to a large extent located in Saudi Arabia. There are smaller communities in Bahrain and the UAE.

<sup>77</sup> Oxford Analytica, *GULF STATES: GCC lacks policy coordination for Yemen*, March 24, 2010.

<sup>78</sup> Saudi Development Fund Annual Report 2008, p. 65, translated by CRS; and, *Arab News* (Jeddah), "Riyadh to Finance Key Yemen Projects," February 25, 2010.

<sup>79</sup> For one recent example, see, "Saudi Arabia Plays Yemen Double Game-Experts," Reuters, December 8, 2010.

<sup>80</sup> For a detailed analysis of the linkages and differences among Saudi and Yemeni Salafi figures, see Laurent Bonnefoy, "Salafism in Yemen: A 'Saudisation'?" in Madawi al Rasheed (ed.), *Kingdom without Borders*, Columbia University Press, 2008, pp. 245-62.

to sharing their deep religious conservatism and xenophobia. Figures such as Abd al Majid al Zindani and the late Muqbil al Wadi'i exemplify the relatively pragmatic approach that many Yemeni religious conservatives have taken toward the Yemeni and Saudi governments over time, blending opposition with accommodation. In spite of their antipathy toward the United States, Yemen's Salafis have not adopted the wholesale anti-government views of their Al Qaeda brethren.

Current Saudi priorities in Yemen are consistent with the kingdom's long-standing policy: contain emanating security threats, discourage internal developments and external intervention that will irreparably destabilize the country, prevent a unified adversary from emerging, and maintain lines of communication and influence with as many parties as possible. Crown Prince Sultan has traditionally been identified as a key arbiter in Saudi policy toward Yemen, but his recent illness and the prominent recent involvement of other actors, including Assistant Interior Minister Prince Mohammed bin Nayef and Intelligence Director Prince Muqrin bin Abdelaziz, signal that the Al Qaeda threat has concentrated the attention of the Saudi security establishment toward Yemen in a new and powerful way. According to one report, two of Saudi Arabia's most powerful intelligence agencies, the Saudi General Intelligence Presidency (GIP), headed since October 2005 by Prince Muqrin bin Abdulaziz, and the General Security Services (GSS), which is attached to the Saudi Interior Ministry, have been working with Yemen's military and special forces units.<sup>81</sup> The Saudi military's troubled confrontation with Yemen's Al Houthi rebels in border clashes during late 2009 underscored the difficulties that large-scale refugee flows and/or complex military operations would pose for the Saudis if Yemen's security deteriorated rapidly. As such, U.S. officials may find their Saudi counterparts more open than ever before to coordinated efforts toward security in Yemen, particularly on initiatives that hasten the demise of Al Qaeda's safe haven.

## U.S. Relations and Foreign Aid

Historically, close U.S.-Yemeni relations have been hindered by a lack of strong military-to-military ties and commercial relations, general Yemeni distrust of U.S. policy in the Middle East, and U.S. distrust of Yemen's commitment to fighting terrorism. Since Yemen's unification, the United States government has been primarily concerned with combating Al Qaeda-affiliated terrorist groups inside Yemen. Al Qaeda's attack against the USS *Cole* in 2000<sup>82</sup> coupled with the attacks of September 11, 2001, a year later officially made Yemen a front in the so-called war on terror. Though Al Qaeda-affiliated terrorist groups operated in Yemen nearly a decade before the 2000 *Cole* bombing, the United States had a minimal presence there during most of the 1990s. After President Saleh lent his support to Iraq during the first Gulf War, the United States drastically reduced its bilateral aid to Yemen. USAID virtually ceased all operations inside Yemen

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<sup>81</sup> Ed Blanche, "Saudis lead the Charge against Al Qaeda," *The Middle East*, February 1, 2010.

<sup>82</sup> In 1999, the Clinton Administration reached a naval refueling agreement with Yemen at Aden harbor. After the *Cole* bombing a year later, some critics charged that this refueling agreement had placed U.S. vessels at risk in order to improve U.S.-Yemeni relations. In testimony before the Senate Armed Services Committee, former CENTCOM commander and retired Marine Corps General Anthony Zinni said that "The refueling of that ship in Aden was my decision.... I pass that buck on to nobody.... I don't want anyone to think we ever in any instance, anywhere, in any evolution or event that took place in CENTCOM ever took a risk for the purpose of a better relationship with a country and put soldier, sailor, airman, marine at risk for that reason. Absolutely not.... At no time was this a gratuitous offer to be made just to improve relations with the Yemenis." See, "Retired Commander takes Responsibility for Decision to Refuel Ships in Aden," *Agence France Presse*, October 19, 2000.

between 1996 and 2003 with the exception of small amounts of food aid (P.L. 480) and democracy assistance to support parliamentary elections.<sup>83</sup> In the late 1990s, though differing views over policy toward the late Saddam Hussein's Iraq continued to divide Yemen and the United States, U.S.-Yemeni military cooperation was revived as policymakers grew more concerned with Al Qaeda.<sup>84</sup>

During the early years of the George W. Bush Administration, relations improved under the rubric of the war on terror, though Yemen's lax policy toward wanted terrorists and U.S. concerns about corruption and governance stalled additional U.S. support. Yemen harbored then and continues to harbor now a number of Al Qaeda operatives and has refused to extradite several known militants on the FBI's list of most wanted terrorists. In 2007, after reports surfaced that one of the USS *Cole* bombers had been released from prison, the Millennium Challenge Corporation canceled a ceremony to inaugurate a \$20.6 million threshold grant, which was canceled a few years later.

In 2009, the Obama Administration initiated a major review of U.S. policy toward Yemen. That review, coupled with the attempted airline bombing over Detroit on Christmas Day 2009, led to a new U.S. strategy toward Yemen referred to as the National Security Council's Yemen Strategic Plan. This strategy is essentially three-fold, focusing on combating AQAP in the short term, increasing development assistance to meet long-term challenges, and marshalling international support in order to maximize global efforts to stabilize Yemen.

However, the United States remains concerned over Yemen's deteriorating human rights record, particularly as President Saleh's government combats terrorism and domestic insurgencies. There is concern that should violations continue, Yemen's reliability as a U.S. partner could come into question. According to the U.S. State Department's 2009 report on human rights in Yemen:

Serious human rights problems increased significantly during the year. Severe limitations on citizens' ability to change their government included corruption, fraudulent voter registration, administrative weakness, and close political-military relationships at high levels. The ruling and opposition parties denied opportunities for change when they agreed to postpone for two years April's parliamentary elections after the two sides failed to reach an agreement on electoral reform. There were reports of arbitrary and unlawful killings by government forces, politically motivated disappearances, and torture in prisons. Prison conditions were poor. Arbitrary arrest, prolonged detention, and other abuses increased, particularly with the ongoing protest movement in the southern governorates, where authorities reportedly temporarily jailed thousands of southerners during the year. The judiciary was weak, corrupt, and lacked independence. The government significantly increased restrictions on freedom of speech, press, and assembly, and there were reports of government use of excessive force against demonstrators. Journalists and opposition members were harassed and intimidated. Academic freedom was restricted, and official corruption was a problem. International humanitarian groups estimated that more than 175,400 persons were internally displaced as a result of the Saada conflict. Pervasive and significant discrimination against women continued, as did early marriage, child labor, and child trafficking. The right of workers to associate was also restricted.<sup>85</sup>

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<sup>83</sup> Edward Prados, *The US and Yemen: A Half-Century of Engagement*, Center for Contemporary Arab Studies, Georgetown University, 2005.

<sup>84</sup> "For Yemen, an Evolving U.S. Relationship; As Both Seek to Improve Ties, Sanctions Against Iraq Remain a Point of Division," *Washington Post*, October 24, 2000.

<sup>85</sup> See, <http://www.state.gov/g/drl/rls/hrrpt/2009/nea/136083.htm>.

## U.S. Foreign Assistance to Yemen

Over the past two years, U.S. military and economic assistance to Yemen has dramatically increased. For FY2011, the Administration is seeking \$106.6 million in foreign assistance for Yemen, a request well above previous amounts (\$42 million in FY2009 and \$67 million in FY2010). U.S. 1206 Department of Defense (DOD) assistance to Yemen also has increased in recent years. In FY2010, DOD is providing an estimated \$150 million in assistance to Yemen, well above the FY2009 level (\$66.8 million). Though the Obama Administration has increased aid substantially, it is worth noting that when compared to other regional recipients such as Israel (\$2.8 billion in FY2010), Egypt (\$1.55 billion in FY2010), Jordan (\$842 million in FY2010), and even the Palestinians (\$500.4 million in FY2010), U.S. aid to Yemen lags far behind.

**Table I. U.S. Foreign Aid to Yemen**  
(current year \$ in millions)

Aid Account (Foreign Operations)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011 Request
Economic Support Fund (ESF)	7.920	12.000	1.500	19.767 <sup>a</sup>	5.000	34.0
Foreign Military Financing (FMF)	8.415	8.500	3.952	2.800	12.500	35.0
Development Assistance (DA)	—	—	4.913	11.233	35.000	—
Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR)	1.441	3.751	4.034	2.525	—	4.5
Global Health Child Survival	—	—	2.833	3.000	4.800	21.0
International Military Education and Training (IMET)	.924	1.085	.945	1.000	1.100	1.1
International Narcotics Control and Law Enforcement (INCLE)	—	—	—	—	—	11.0
<b>Totals</b>	<b>18.700</b>	<b>25.336</b>	<b>18.177</b>	<b>30.325</b>	<b>58.400</b>	<b>106.600</b>

a. Congress appropriated an additional \$10 million in ESF for Yemen in P.L. 111-32, the Supplemental Appropriations Act, FY2009

## Military Aid

### *Foreign Military Financing*

The United States provides Yemen's conventional armed forces modest amounts of FMF grants mainly to service aging and outdated equipment. The FMF program is managed by the Defense Security Cooperation Agency (DSCA). According to documentation provided to CRS by DSCA, FMF grants help Yemen's Air Force to sustain their two C-130H aircraft originally purchased in 1979, as well as a handful of their serviceable F-5 fighter aircraft. The United States also has provided Yemen's Coast Guard, which was partially developed and trained by the United States, with fast response boats (Archangel and Defender Class) using FMF grants. FMF also funds Yemen's regular purchase of small arms ammunition, spare parts, and power generators. It also covers overseas transportation of equipment to Yemen, the costs of which can be high due to piracy attacks in nearby waters.

FMF funds also are used to supplement training for Yemen's Ministry of Interior Forces, specifically from the U.S.-funded Counter Terrorism Unit (CTU) inside the Central Security Force, an internal unit controlled directly by General Yahya Mohammed Abdullah Saleh, the president's nephew. Section 1205 of P.L. 111-383, the Ike Skelton National Defense Authorization Act for Fiscal Year 2011, authorized the Secretary of Defense, with the concurrence of the Secretary of State, to provide \$75 million in aid (equipment, supplies, and training) to enhance the ability of the Yemen Ministry of Interior Counter Terrorism Forces for operations against Al Qaeda in the Arabian Peninsula and its affiliates.

There are a number of reasons why FMF to Yemen has remained relatively low. Overall U.S.-Yemeni security cooperation has proven variable and inconsistent over time, making U.S. policymakers reluctant to commit long-term funding to the country. Second, in recent years, new foreign operations appropriations have been directed toward Iraq, Afghanistan, and Pakistan, in addition to maintaining regular aid commitments, leaving fewer funds available for other priorities. Finally, in the past, there has been some U.S. concern about Yemen's willingness and ability to abide by regulations on the end-use monitoring of U.S.-supplied equipment. In 2008, the United States and Yemen finally reached an End Use Monitoring Agreement. Speaking at the signing, then U.S. Ambassador to Yemen Steven Seche said, "Under this agreement, the United States and Yemen reaffirm their commitment to insuring transparency and fighting corruption.... Transparency, accountability, and oversight are key components of a free and democratic society. These principles, when properly valued and implemented, help build trust between allies as well as between governments and their citizens."

### ***Non Proliferation, Anti-Terrorism, DeMining and Related Programs Funds (NADR)***

Managed by the State Department, the NADR account (estimated at \$4 million per year) funds training programs for Yemeni criminal justice officials. According to notifications transmitted to Congress, FY2010 NADR funds will "enable the government of Yemen to harmonize its criminal legislation with the international legal instruments against terrorism and enhance implementation of respected laws." NADR-funded workshops will provide training in the investigation and prosecution of terrorist cases through the use of case studies and experience sharing with other countries.

### ***International Counter Narcotics and Law Enforcement (INCLE)***

Yemen is not a regular recipient of INCLE funds. For FY2011, the Obama Administration requested \$11 million in INCLE funds to

establish a robust rule of law program to improve Yemen's capacity to enforce its laws, expand the its presence and delivery of services, and contribute to the overall U.S. stabilization strategy. It will expand rule of law programming to additional districts and governorates in Yemen, which will help bolster internal security by providing equipment and training to the Yemen police to increase the capacity of the government to properly train and equip new cadets. Funding will also develop the capacity of the Yemen judicial system to promote the rule of law. Programs will aim to support the development of new counterterrorism laws and as appropriate, the criminal code.

### *International Military Education and Training (IMET)*

Like most recipients, Yemen uses IMET funds to send its officers to the United States to study at select military colleges and institutions. IMET funds also have paid for English language instruction from the Defense Language Institute for Yemeni officers, including the construction of a language lab in Yemen. IMET funds typically support the training of between 10 to 20 students per year.

### *1206 Defense Department Assistance*

In recent years, the Defense Department's 1206 train and equip fund has become the major source of overt U.S. military aid to Yemen. Section 1206 Authority is a Department of Defense account designed to provide equipment, supplies, or training to foreign national military forces engaged in counterterrorist operations. Between FY2006 and FY2007, Yemen received approximately \$30.3 million in 1206 funding. In the last two fiscal years, it has received \$221.8 million. As of mid-FY2010, Yemen is the largest global 1206 recipient, receiving \$252.6 million. Pakistan is the second-largest recipient with \$203.4 million.

In general, 1206 aid aims to boost the capacities of Yemen's air force, its special operations units, its border control monitoring, and coast guard forces. Approximately \$38 million of the FY2010 1206 assistance will be used to provide Yemen's Air Force with one CASA CN-235 medium-range twin-turbo-prop aircraft to transport its special operations units. The United States also has used 1206 funds to provide special operations units with training, helicopters with night-vision cameras, sniper rifles, secure personal radios, and bullet-proof jackets. Yemen's Coast Guard has received through 1206 funding patrol boats and radios and border security personnel have received armored pickup trucks.

Some observers and lawmakers have concerns regarding increased U.S. military aid to Yemen. Some fear that, despite required U.S. human rights training and vetting of Yemeni units, abuses committed by security forces may still occur or even increase. Others, particularly lawmakers, are concerned that U.S. equipment could be diverted by the Yemeni government away from combating terrorism and toward fighting domestic insurgencies. One January 2010 Senate Foreign Relations Committee report concluded that it was "likely that U.S. counter-terrorism assistance had been diverted for use in the government's war against the Houthis in the north and that this temptation will persist." The report stated that

This potential misuse of security assistance underscores the importance of enhancing the current end-use monitoring regime for U.S.-provided equipment. Indeed, the existing end-use monitoring protocols in place have revealed discrepancies between U.S. records of security assistance and those that are in the possession of Yemeni defense forces. The Defense Security Cooperation Agency (DSCA), the Department of State, and Embassy's Office of Military Cooperation (OMC) should work to reconcile these differences. In addition, they should conduct a thorough review of physical security and accountability procedures at the Yemeni Special Operations Forces (YSOF) compound.<sup>86</sup>

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<sup>86</sup> U.S. Congress, Senate Committee on Foreign Relations, *Following the Money in Yemen and Lebanon: Maximizing the Effectiveness of US Security Assistance and International Financial Institution Lending*, committee print, 111th Cong., 1st sess., January 5, 2010 (Washington: GPO, 2010).

**Table 2. I206 Department of Defense Funding for Yemen FY2006-FY2010**  
(\$ in millions)

<b>I206 Program</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>
Cross Border Security and CT Aid	4.3	—	—	—	—
Yemeni Special Operations Capacity Development to Enhance Border Security	—	26.0	—	—	—
Air Force Aerial Surveillance Initiative	—	—	—	5.9	—
Coast Guard Maritime Security Initiative	—	—	—	29.9	—
Increased Border Security CT Initiative	—	—	—	25.4	—
Explosive Ordnance Disposal Initiative	—	—	—	5.8	—
Special Operations Forces CT Enhancement Package	—	—	—	—	34.5
Fixed-Wing Aircraft and Support for Yemeni Air Force to Support CT Units	—	—	—	—	38.0
Rotary-Wing Aircraft (4 Huey II) and Support for Yemeni Air Force to Support CT Units	—	—	—	—	52.8

<b>I 206 Program</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009</b>	<b>FY2010</b>
Upgrades and Parts for approx. 10 existing Yemeni Air Force Helicopters	—	—	—	—	30.0
<b>Total</b>	<b>4.3</b>	<b>26.0</b>	<b>0</b>	<b>67.0</b>	<b>155.3</b>

**Source:** CRS Report RS22855, *Security Assistance Reform: “Section 1206” Background and Issues for Congress*, by Nina M. Serafino.

## Economic Aid

Yemen receives U.S. economic aid from three primary sources, the Economic Support Fund (ESF), the Development Assistance (DA) account, and the Global Health Child Survival account (GHCS). In September 2009, the United States and Yemen signed a new bilateral assistance agreement to fund essential development projects in the fields of health, education, democracy and governance, agriculture and economic development. The agreement, subject to congressional appropriations, provides a total of \$121 million from FY2009 through FY2011.

USAID’s new country stabilization strategy for Yemen for 2010-2012 features, among other activities, two main programs, the Community Livelihoods Project (CLP) and the Responsive Governance Project (RGP). The CLP seeks to work with NGOs in local communities in Yemen’s rural governorates in order to expand access to freshwater, healthcare, and education. Its estimated budget is \$80 million for three years, plus up to \$45 million for each of two additional option years, for a total of \$125 million over five years. The RGP seeks to work with, according to USAID, “key Yemeni ministries, including Health, Education, Agriculture, Planning, Industry & Trade, among others, to address related but broader government policy, institutional, and capacity issues that will help the Government of Yemen be more responsive to the needs of its citizens.”<sup>87</sup> Its estimated budget is \$27 million for three years, plus up to \$16 million for both additional option years, for a total of up to \$43 million over five years. The governance program was awarded to Counterpart International.

In FY2010, USAID obligated an additional \$12.8 million to support a containment and stabilization program for northern Yemen. According to USAID, funds will “provide immediate community-based assistance in the governorates surrounding Sa’ada (Hajjah, Amran, northern districts of Al Jawf) in order to contain the Sa’ada conflict from spilling into these areas, support the current ceasefire, mitigate the possibility for a renewed outbreak of violence, and position USAID to enter Sa’ada to deliver similar assistance as the basis for future reconstruction should access open up.”<sup>88</sup>

<sup>87</sup> USAID, *Fact Sheet: USAID New Strategy for Yemen*, February 5, 2010.

<sup>88</sup> USAID, *United States Agency For International Development*, Advice of Program Change, CN#58, June 10, 2010.

### ***Democracy Assistance/Tribal Outreach***

U.S. economic aid to Yemen also supports democracy and governance programming. For several years, U.S. democracy promotion organizations have run programs in Yemen's outlying provinces to support conflict resolution strategies designed to end revenge killings among tribes. Some NGOs receive U.S. funding to facilitate discussions between tribal leaders in Mareb province and government officials, donors, and the private sector. U.S. assistance also works to monitor voter registration issues in anticipation of parliamentary elections scheduled for April 2011, enhance the electoral competitiveness of Yemen's main political opposition parties, train members of parliament, and provide technical assistance to parliamentary oversight and budget committees. The State Department's Middle East Partnership Initiative (MEPI) also provides small grants to a number of local Yemeni NGOs.<sup>89</sup>

### **Yemeni Detainees at Guantanamo Bay**

As of January 2011, approximately 173 prisoners remained incarcerated at the detention facility in Guantanamo Bay, Cuba, of which between 90 and 92 prisoners are Yemeni nationals. For years, efforts to repatriate and rehabilitate Yemenis in Guantanamo have stalled over U.S. concern that the Yemeni government, due to public pressure from Islamists, will be unable to both detain and monitor returnees for any lengthy period of time. To date, between 25 and 30 Yemeni detainees have either returned to Yemen or have been sent to a third country. The Obama Administration suspended repatriations to Yemen after the December 25, 2009, failed airline bomb attack by Al Qaeda in the Arabian Peninsula. The United States is seeking other third party countries to accept the remaining prisoners, as there is a widespread belief, particularly among U.S. lawmakers, that many of them would return to militancy if under Yemeni government custody. Prior to the moratorium, an Administration interagency task force on Guantanamo had cleared 29 Yemenis to return home and conditionally cleared another 30 if Yemen's security conditions improve.

For years, the United States and Yemen have discussed establishing a rehabilitation program in Yemen similar to the one operated by Saudi Arabia that uses clerics and social support networks to de-radicalize and monitor prisoners. Between 2002 and 2005, Yemeni Religious Affairs Minister and Supreme Court Justice Hamoud al Hittar ran an unsuccessful "dialogue" program with Yemeni Islamists in which he attempted to convince prisoners that *jihad* in Islam is for defense, not for offensive attacks. More than 360 militants were released after going through the program, but there was almost no post-release support, such as helping the detainees find jobs and wives, key elements of the Saudi initiative. Several graduates of the program returned to violence, including three of the seven men identified as participants in the September 2008 bombing of the U.S. Embassy in Yemen.

Yemen is one of the poorest countries in the world and has repeatedly sought U.S. funding for any formal rehabilitation program. In January 2011, Secretary of State Hillary Rodham Clinton traveled to Yemen where she was asked about U.S.-Yemeni cooperation in rehabilitating Yemeni detainees in Guantanamo. In her response, Secretary Clinton stated that:

The conversations between the United States and the Government of Yemen about the Yemeni detainees never stops. It keeps going. Some, as you know, have been released and

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<sup>89</sup> For a list of ongoing MEPI grants in Yemen, see <http://www.abudhabi.mepi.state.gov/abstracts/yemen.html>.

returned home. Some were accepted by other countries. But we still have a considerable number of Yemeni detainees. And many of you may know that we used to have a very large number of Saudi detainees. And the Saudi Government stepped in and created a rehabilitation program that worked with imams and others to work with the young men, and to, in effect, challenge some of their ideas, some of the unfortunate ideas that they had been accepting. And it has worked quite well. We would certainly be open to something like that here in Yemen, as well. So, we are constantly in a conversation. But I can underscore for you, as a fellow lawyer, that President Obama is committed to closing Guantanamo, has made many, many steps toward lowering the population there, and will continue to do so.<sup>90</sup>

## Legislation in the 111<sup>th</sup> Congress

- H.Res. 1288. Urges that a certificate of loss of nationality should be issued by the appropriate diplomatic or consular officer for approval by the Secretary of State and forwarded to U.S. Citizen and Immigration Services finding that Anwar al Awlaki voluntarily relinquished his status as a United States citizen by, among other things, voluntarily participating in and collaborating with Armed Forces seeking to carry out hostilities against the United States. Bill Status: Referred to the Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law, House Committee on the Judiciary, 6/15/2010.
- S.Res. 400. Among other things, requests that the Secretary of State, the Secretary of Defense, and the Director of National Intelligence submit a joint, comprehensive strategy for Yemen, in classified and unclassified form, to the Senate, including (a) counterterrorism cooperation; (b) development, humanitarian, and security assistance; (c) regional and international diplomatic coordination; and (s) democracy, human rights, and governance promotion. Bill Status: Placed on Senate Legislative Calendar.
- H.R. 4464. States that no individual who is detained at Naval Station, Guantanamo Bay, Cuba, as of the date of the enactment of this Act, may be transferred or repatriated, for the purposes of release or detention, into a nation or region that is recognized by the Department of State or the Department of Defense as a haven of any manner, kind, or fashion for terrorist activity or that has been classified as a state sponsor of terrorism. Bill Status: Referred to House Committee on Armed Services, 1/19/2010.
- S.Res. 341. Among other things, calls on the President to give sufficient weight to the situation in Yemen in efforts to prevent terrorist attacks on the United States, United States allies, and Yemeni civilians and calls on the President to promote economic and political reforms necessary to advance economic development and good governance in Yemen. Bill Status: Passed in the Senate, 12/4/2009.

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<sup>90</sup>Press Release, Embassy of the United States Sana'a Yemen, "Secretary of State Hillary Rodham Clinton, Town Hall with Amal Basha," Movenpick Hotel, Sana'a, Yemen, January 11, 2011.

## International Aid and Calls for Reform in Yemen

Despite increased economic and military aid, the Administration recognizes that the United States cannot be solely responsible for Yemen’s development and security. In order to increase donor coordination and widen the scope of support, the United States and Great Britain helped form the Friends of Yemen Group, a multilateral forum of 24 concerned countries that was launched at a January 2010 conference in London.<sup>91</sup> Since then, a meeting between Yemen and Arab donors was held in Riyadh, Saudi Arabia, in order to accelerate the delivery of pledges made at an earlier 2006 conference in London. In March, the Friends of Yemen group convened in Abu Dhabi, where Yemeni officials stated that the country requires \$44 billion in aid and investment over the next five years to support development. The Friends of Yemen are scheduled to meet again in New York in September.

In general, Yemen is not a large recipient of official development assistance. According to the World Bank, in 2008 the country received \$305.4 million from donors worldwide, though most experts agree that figure does not include unofficial cash transfers from Yemen’s wealthy Gulf Arab neighbors. Countries attending the 2006 London Donors Conference pledged \$5.7 billion for Yemen, and since the 2009 Christmas Day attempted airline bombing, the Administration and others have recognized that the fulfillment of these pledges would be critical not only for development purposes, but for demonstrating to Yemeni leaders that there is international political will to stabilize the country. As of early 2010, a mere 10% of the 2006 pledges had been actually disbursed.

**Table 3. International Pledges to Yemen: London Donors Conference 2006**  
\$ in millions

Donor	Pledge (in millions of U.S. \$)
<b>GCC Bilateral Countries</b>	
Saudi Arabia	1,181
UAE	650
Qatar	500
Kuwait	200
Oman	100
<b>Total</b>	<b>2,631</b>
<b>Multilateral Regional Agencies</b>	
Arab Fund for Social Development	785
World Bank (IDA)	400
Arab Monetary Fund	220
Islamic Development Bank	200

<sup>91</sup> Traditional foreign donors to Yemen include the United States, GCC states, United Kingdom, Germany, France, Netherlands, Italy, Japan, South Korea, the World Bank, European Commission, various United Nations agencies (UNDP, HCR, WFP, UNFPA, UNICEF, FAO, WHO, UNHCR), and Arab multilateral development funds (Arab Fund for Economic and Social Development, the Islamic Development Bank, the OPEC Fund, the Arab Monetary Fund).

Donor	Pledge (in millions of U.S. \$)
U.N. System	90
European Commission	100
IFDA	70
OPEC Fund for International Development	20
Global Fund	32
<b>Total</b>	<b>1,917</b>
Traditional Bilateral Countries	
United Kingdom	230
Germany	190
France	130
Netherlands	91
South Korea	40
Spain	26
United States	21
Japan	15
Italy	12
Denmark	9
Total	764
<b>Grand Total</b>	<b>5,312</b>

**Source:** [http://www.yemencg.org/library/2008/government\\_report08\\_en.pdf](http://www.yemencg.org/library/2008/government_report08_en.pdf)

**Note:** Media reports indicate that donors pledged a total of \$5.7 billion, and therefore this table does not include the sources for an additional \$400 million in pledged aid.

In essence, Yemen requires external aid, both political and financial, to improve its capacity to provide security, governance, and economic development, but donors are hesitant to commit to Yemen, fearing that its government’s lack of capacity to absorb aid will inevitably lead to their funds being squandered. Furthermore, though the United States has taken a leading role in marshalling international support for Yemen in recent years, Western countries are constantly pushing for Yemen’s Arab neighbors to take a more active and positive role in the country’s development. However, many Gulf countries themselves lack the human expertise or desire to implement aid projects on the ground in Yemen, preferring to donate cash to Yemen’s coffers or outsource development work to Western aid agencies. According to one report,

The GCC states do not discuss common developmental approaches. In part this reflects a lack of national capacity, highlighted by a leading GCC official's suggestion at the February 2010 Riyadh meeting of paying “outside experts” (Western aid agencies) to meet Yemen's developmental needs. No individual GCC state has an aid office in Sana'a, nor is there a collective GCC one, despite Yemeni encouragement of on-the-ground Arab support. At present this is limited to a few Saudi and Egyptian experts advising on economic management in Aden.<sup>92</sup>

<sup>92</sup> "GULF STATES: GCC lacks policy coordination for Yemen," *Oxford Analytica*, March 24, 2010.

Overall, though it is not nearly at the level desired by the Yemeni government, foreign countries have increased their aid to Yemen out of growing fear of state failure. In December 2009, the Abu Dhabi Fund for Development (ADFD) made a \$650 million commitment to fund over a dozen projects inside Yemen. The World Bank has disbursed several hundred million dollars for dozens of projects inside the country for its five-year program. Yemen's Social Fund for Development is a primary recipient of foreign aid and is well regarded by the international community for its transparency and wide reach outside the capital. It spent \$218 million on projects inside Yemen in 2009.

### *Reform in Yemen*

Many observers believe that the international community is willing to assist Yemen in boosting its internal capacity to take necessary political and economic reforms that would somewhat alleviate the country's woeful state of development; however, it is unclear whether or not the Yemeni government itself is seriously committed to tackling difficult challenges.

At present, Yemen is negotiating with the International Monetary Fund in order to launch an economic reform plan. After Yemen's latest Article IV Consultation with the IMF that concluded in January 2010, the IMF recommended that:

Given the sizable increase in domestic debt to finance the 2009 budget deficit, including use of central bank financing, Directors encouraged ambitious fiscal consolidation, focusing on aligning expenditures with revenues, reducing structural rigidities in expenditures and boosting non-oil revenue. Key priorities in this regard include full implementation of the General Sales Tax and reducing fuel subsidies. At the same time, Directors stressed the need for larger and better-targeted direct transfers to protect the poor. Continued efforts to reform the income tax regime, eliminate exemptions and strengthen public financial management are also crucial.<sup>93</sup>

President Saleh himself has initiated his own 10-point reform plan that includes, among other things, fuel subsidy reductions, land reform, civil service reform, and enhanced water-use efficiency. In response, Secretary of State Hillary Rodham Clinton remarked that:

President Salih has a 10-point economic plan, and we have made clear that we have expectations and we have the right to work with the Government of Yemen as we do provide development [aid] because we want it to go for the benefit of the people of Yemen. We want to see results on the ground. We're seeing results in the counterterrorism efforts and we want to see similar results when it comes to development. But I believe that the foreign minister and other high officials in Yemen understand that. They're committed to this new course and we want to assist them in being successful.<sup>94</sup>

The government of Yemen insists that is committed to making difficult choices. As mentioned earlier, fuel subsidies have been modestly reduced in 2010. According to Yemen's Deputy Minister of Planning and International Cooperation Hisham Sharaf, "Our emergency and urgent program includes such reforms. The brother president considers that the reforms will emerge before the world, and that this developing country which is said to have corruption and problems

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<sup>93</sup> IMF Executive Board Concludes 2009 Article IV Consultation with Yemen, Public Information Notice (PIN) No. 10/15, January 27, 2010.

<sup>94</sup> U.S. Department of State, *Remarks by Clinton with Yemeni Foreign Minister Abubakr al-Qirbi*, January 21, 2010.

should follow a course of reform that would attract the others as investors, donors, and also as countries to deal with us. These reforms will not be mere ink on paper, or postponed from one year to another.”<sup>95</sup>

## Conclusion and U.S. Policy Options

There are a number of challenges to expanded U.S. military and non-military action in Yemen, including limited local political support, limited local capacity to absorb or effectively administer U.S. assistance, a strong public antipathy to U.S. security cooperation, a local government that does not identify Al Qaeda as its primary domestic problem, limited U.S. government knowledge of Yemen’s internal political dynamics, and a precarious security situation on the ground that prohibits direct U.S. support in outlying areas. Given these challenges, many observers have suggested that the range of options before Congress and the Obama Administration for dealing with AQAP and Yemen’s long-term viability as a nation-state is limited. The following summaries describe some options that have been proffered; the selection is not exhaustive:

- **Condition U.S. Assistance.** There is some concern that just like after the 2000 USS *Cole* bombing in Aden harbor, the United States might repeat a familiar pattern—an attack occurs, the United States scrambles to react, and then gradually the U.S. government loses focus, as the Yemeni government reduces the capabilities of Al Qaeda-inspired militants to an internationally tolerable level without eliminating them. In this regard, some argue that, in crafting his government’s response, President Saleh is likely to seek to avoid exacerbating political opposition at home while meeting the demands of the United States or other potential donors. This time, some suggest that the United States condition additional U.S. aid, either overtly or behind closed doors, on political and economic reform in order to improve Yemen’s long-term prospects and stabilize existing political crises. Based on other cases, it is likely that the Administration would seek waiver authority for any congressionally mandated conditions or certification requirements on U.S. assistance.
- **Internationalize Assistance.** For years, the United States has advocated for more development assistance for Yemen at the World Bank and International Monetary Fund. However, some analysts suggest that due to the political sensitivities of greater U.S. involvement in Yemen, the United States should work multilaterally with Saudi Arabia, the EU, and other countries in both expanding military and economic cooperation there. The potentially competing short-term priorities of regional, international, and multilateral parties may make it less likely that external assistance would affect Yemen’s long-term prognosis in a decisive way.
- **The Minimalist Approach.** Despite the flurry of recent media attention since the Flight 253 incident, some observers anticipate that the AQAP threat to the U.S. homeland is not nearly as dire as advertised and that the United States risks exacerbating the problem by becoming too involved in Yemen. While doing nothing may not be an option, these same observers suggest that a quiet,

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<sup>95</sup> Open Source Center, "Yemeni Deputy Planning Minister Hisham Sharaf on New Yemeni Economic Plan," *London Al-Sharq al-Awsat Online in Arabic*, February 28, 2010, GMP20100228001007 .

sustained, and deliberate approach focused on minimizing short-term threats and addressing long-term systemic challenges may be best.

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