



Yemen: Background and U.S. Relations

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Summary

With limited natural resources, a crippling illiteracy rate, and high population growth, Yemen faces an array of daunting development challenges that some observers believe make it at risk for becoming a failed state. In 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 111th Congress are left to grapple with the consequences of Yemeni instability. 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, Yemen has received on average between \$20 and \$25 million annually 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 111th 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, 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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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 has 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 Zaydi¹ 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 20th 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 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.

¹ 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 12th 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.

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

Terrorism and Al Qaeda

U.S.-Yemeni Counterterrorism Cooperation: 2009 to the Present²

Throughout 2009 and particularly since the attempted attack against Northwest Airlines Flight 253 on Christmas Day 2009, U.S.-Yemeni intelligence cooperation has expanded.³ The nature and extent of cooperation is a delicate issue. 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. In recent times and in previous periods of heightened U.S.-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.⁴

Whether U.S.-Yemeni security cooperation can be sustained over the long term is the key question for U.S. lawmakers and policymakers. 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."⁵ At times, the United States government itself shares the blame 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 counter terrorism fronts or areas of 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."⁶

The Role of the U.S. Military inside Yemen

In 2010, U.S.-Yemeni counterterrorism cooperation appeared to reach its apex. According to one account of U.S. Special Operations forces worldwide, "The Special Operations capabilities

² For more background on AQAP see, CRS Report R41070, *Al Qaeda and Affiliates: Historical Perspective, Global Presence, and Implications for U.S. Policy*, coordinated by John Rollins

³ In May 2010, the *New York Times* reported that former CENTCOM commander General David H. Petraeus signed a classified directive, known as the Joint Unconventional Warfare Task Force Execute Order, on September 30, 2009 authorizing an expansion of clandestine military activity throughout some parts of the Middle East, including Yemen. See, "U.S. Is Said to Expand Secret Military Acts in Mideast Region," *New York Times*, May 24, 2010.

⁴ 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.

⁵ "Is Yemen the Next Afghanistan?," *New York Times*, July 6, 2010.

⁶ "Yemen Walks Fine Line in Aiding U.S.," *Washington Post*, January 5, 2010.

requested by the White House go beyond unilateral strikes and include the training of local counterterrorism forces and joint operations with them. In Yemen, for example, ‘we are doing all three.’”⁷ According to various reports, the United States has provided satellite and surveillance imagery and intercepted communications to help Yemeni security forces carry out air raids against AQAP.⁸ Other unclassified sources report that several dozen troops from Joint Special Operations Command (JSOC) are assisting Yemen’s security forces in planning missions and developing tactics, in addition to providing weapons.⁹ According to one *Reuters* article, U.S. intelligence is being shared with Yemeni security forces to facilitate their strikes against AQAP, as one unnamed intelligence official noted, “There is a tremendous amount of focus on that country.”¹⁰ President Saleh has stressed that any U.S. military presence in Yemen is minimal. In one interview, he stated that:

Those reports are unfounded and there is no U.S. presence on the land of Yemen and there is no treaty or agreement allowing the U.S. presence on our territory, but there is Yemeni-US security cooperation in the field of counterterrorism within the framework of international partnership in this regard... There are no more than 50 experts contributing to the training of the Yemeni anti-terrorism forces.¹¹

The challenges of confronting an Al Qaeda-affiliated local terrorist group are no different in Yemen than they are in other underdeveloped countries with weak central governments and age-old tribal systems of governance in rural areas outside of direct state control. Yemeni public opposition to the presence or activities of foreign military forces is well established and further complicates matters for President Saleh and the United States government. U.S. counterterrorism policy in Yemen, as in Afghanistan, Pakistan, and elsewhere, poses a number of difficult challenges for policymakers; namely, how does the U.S. government combat Al Qaeda-inspired affiliates who live among the local population without creating more radicals? This question is particularly relevant because Al Qaeda seeks to exploit for propaganda purposes any collateral damage inflicted upon civilians.

Collateral Damage and Civilian Casualties

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 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. On December 19, the *New York Times* reported that the United States provided firepower, possibly missile strikes, intelligence, and other support

⁷ "U.S. 'secret war' Expands Globally," *Washington Post*, June 4, 2010.

⁸ "US to Expand Yemen's Air Forces to Counter Al Qaeda," *Reuters*, February 25, 2010.

⁹ Op.cit., "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. 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.

¹⁰ "U.S. Expands Intelligence Operations in Yemen," *Reuters*, May 25, 2010.

¹¹ Open Source Center, "No US Military Presence In Yemen: Saleh," *SABA Online* in English, GMP20100319950047, March 19, 2010.

to the government of Yemen as it carried out these strikes against AQAP.¹² On June 7, 2010, Amnesty International published a report that included photographs of a U.S.-made cruise missile and an unexploded cluster bomblet it claimed were used in the December 17 strikes.¹³ According to one Yemeni researcher:

Many consider the strike that happened in Abyan to have been American, and that the Yemeni government faces much pressure, and even threats, to accept this American pressure.... The most important issue is that there is a general view of semi-hostility toward the United States, especially among religious groups and tribes, and even some national forces. Any direct interference by the US will cause some of these powers to have sympathy with Al Qaeda.¹⁴

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 government and AQAP and may have been en route to meet with AQAP operatives over their possible surrender.¹⁵ Some Yemenis have charged that he was killed by a missile fired from a U.S. drone. However, the Yemeni government has taken full responsibility and, in order to ease the anger of Shabwani’s tribe, President Saleh apologized and formed a committee to investigate the incident. According to Foreign Minister Abubakr al Qirbi, “If there was a drone, and we don’t know, then we have to find out if this was used by the Yemeni security forces or by others, but we don’t know how the incident happened. We will have to wait for the results of the investigation.”¹⁶ Nevertheless, 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.

Success in Weakening AQAP

Although it nearly impossible to qualitatively assess whether the United States and Yemen have significantly weakened AQAP, many analysts believe that the 2009-2010 campaign has, at the minimum, put the organization on the defensive. During the past six months, Yemeni units have arrested or killed several mid-level AQAP operatives.¹⁷ Nevertheless, AQAP remains intact and relevant. On April 26, 2010, the group carried out an unsuccessful assassination attempt against British Ambassador to Yemen Timothy Torlot,¹⁸ an operation that many experts believe was

¹² "U.S. Aids Yemeni Raids on Al Qaeda, Officials Say," *New York Times*, December 19, 2009.

¹³ Amnesty International, *Yemen: Images of Missile and Cluster Munitions Point to US role in Fatal Attack*, June 7, 2010, <http://www.amnesty.org/en/news-and-updates/yemen-images-missile-and-cluster-munitions-point-us-role-fatal-attack-2010-06-04>.

¹⁴ "US Cluster Bombs in Yemen: The Right Weapon in Al Qaeda Fight?," *Christian Science Monitor*, June 7, 2010.

¹⁵ "Yemen Tribe in new Pipeline Blast over Airstrike," *Reuters*, May 27, 2010.

¹⁶ "INTERVIEW-Yemen may Review Methods in Al Qaeda Fight -formin," *Reuters*, May 31, 2010.

¹⁷ According to Ambassador Daniel Benjamin, State Department Coordinator For Counterterrorism, “This intensified engagement has paid off. In the last month, Yemen has conducted multiple air and ground operations designed to disrupt AQAP’s operational planning and deprive its leadership of safe haven within Yemen’s national territory. Yemen has significantly increased the pressure on Al Qaida, and the United States commends the Yemeni government on these successful operations.” See, U.S. Congress, House Armed Services Subcommittee on Terrorism, Unconventional Threats and Capabilities, *Threats Posed by Al Qaeda*, 111th Cong., 2nd sess., January 20, 2010.

¹⁸ A suicide bomber detonated his explosive belt moments after the ambassador passed by in an armored convoy just outside the British Embassy in Sana’a.

designed to demonstrate the group's resilience in the face of pressure. In June 2010, AQAP gunmen attacked a Political Security Organization (PSO) administration building in Aden, killing seven military personnel, three women and a seven-year-old boy. Yemeni authorities also accused AQAP of carrying out several other deadly attacks against government soldiers and policemen in Shabwa and Abyan provinces in July 2010.

According to one report, the Yemeni government claims that an estimated 30 AQAP leaders have been killed since January 2010, though these claims are often unsubstantiated. In several instances, AQAP leaders have resurfaced after having been pronounced dead by the government.¹⁹ In June 2010, the governor of the vast Marib province claimed to a Saudi newspaper that the top leadership of AQAP "have been monitored in the governorate."²⁰ Though the top leadership of AQAP remains intact, many of its sub-commanders have been killed, captured, or have surrendered to authorities. The following are some recent examples:

- In June 2010, Yemeni authorities claimed that Hamza Saleh al Dayan, one of the 23 Al Qaeda operatives who escaped from a Yemeni jail in 2006, surrendered to provincial authorities in Marib governorate. A week earlier, another operative, Ghalib al Zayedi, surrendered to authorities in Marib governorate.²¹
- In May 2010, AQAP released a video tape confirming earlier deaths of several of its senior operatives, including Abdallah al Mihdar, age 47, killed January 2010, who led the organization in the Shabwa governorate, Muhammad Umayr al Awlaqi who was killed in an air raid on his hideout in Abyan late December 2009, and Muhammad Salih al Kazimi, a 38-year-old former Afghanistan fighter, killed during the air strike in Abyan in mid December 2009.²²
- In May 2010, AQAP leaders announced in an audio tape that a March 2010 airstrike had killed Jamil Nasser Abdullah al Anbari (alt. sp. Ambari), a local leader of AQAP in Abyan governorate. They also verified that another senior leader, Nayyif bin Muhammad al Qahtani, who ran the media arm of AQAP, also had been killed in a separate incident. On May 11, the Secretary of State designated another two other AQAP leaders as terrorists under Executive Order 13224.²³

¹⁹ "Al Qaeda's hive stings Yemen," *Washington Times*, April 2, 2010.

²⁰ Open Source Center, "Yemeni Sources Report AQAP Leaders, Wanted Saudi Fugitives in Ma'rib Governorate," *Jedda Ukaz Online in Arabic*, June 14, 2010, GMP20100614614002.

²¹ "Yemen 'al-Qaeda man' surrenders," *BBC News Middle East*, June 7, 2010.

²² BBC Monitoring Middle East, "Al-Qa'idah video identifies new Saudi leader in Yemen," *Al Arabiya TV*, May 27, 2010.

²³ On January 19, 2010, Secretary of State Clinton designated AQAP as a Foreign Terrorist Organization (FTO) under Section 219 of the Immigration and Nationality Act, as amended (INA). In addition, the Secretary also designated AQAP and its two top leaders Nasir al Wahishi and Said al Shihri under E.O. 13224, which would, among other things, block "all property and interests in property" of these designated terrorists and individuals and entities materially supporting them. On May 11, the Secretary designated another two other AQAP leaders under E.O. 13224, Qasim al Rimi (Raymi) and Nayif al Qahtani (now deceased).

Profiles of 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 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.

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 Dec. 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, 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. Al Zindani is the leader of Al Iman University located in the capital of Sana'a. U.S. officials have accused Al Zindani of using the university as a recruiting ground for Al Qaeda, 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.

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 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.²⁴

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. According to one Yemeni expert, "There is, as in Pakistan, some intertwining of politics, society and the security forces with Al Qaeda.... It can happen.... The enemy of my enemy is my friend, and you can turn it into the Kandahar of Yemen."²⁵ In addition to economic grievances, some analysts believe that AQAP has toned down its ideological extremism and adapted itself to local tribal customs and culture. According to Gregory Johnsen, a Yemen expert at Princeton University, "They've [AQAP] worked hard to put deep, and what they hope are lasting, roots that will make it very difficult for them to be rooted out of Yemen.... They've done a good job of looking at the mistakes that other versions of al Qaeda have made elsewhere."²⁶

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,²⁷ 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.²⁸ 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

²⁴ Sarah Phillips, *What Comes Next in Yemen? Al Qaeda, the Tribes, and State-Building*, Carnegie Endowment for International Peace, March 2010.

²⁵ "Yemen's Chaos Aids the Evolution of a Qaeda Cell," *New York Times*, January 2, 2010.

²⁶ "Al Qaeda's Deep Tribal Ties Make Yemen a Terror Hub," *Wall Street Journal*, January 22, 2010.

²⁷ 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.

²⁸ 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.

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.²⁹

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.”³⁰

Al Qaeda in Afghanistan/Pakistan and AQAP seem to be acutely aware of the need for tribal support. Their media propaganda continually attempts to persuade certain tribes to back them against the central government. In February 2009, Ayman al Zawahiri, Al Qaeda’s second-in-command, released an audio tape in which he said, “I call on the noble and defiant tribes of the Yemen and tell them: Don’t be less than your brothers in the defiant Pashtun and Baluch tribes.” After the May 24 killing of a local official in Marib governorate set off a series of reprisal attacks from a prominent tribe, postings on jihadist websites began imploring tribes in Marib to fight central government authorities. One posting read, “O People of the Proud Marib [Province]: For God’s sake, who is it that destroys your mosques and kills your women and children? Is it the mujahidin, or Ali Abdallah Salih? Who is it that violates the sanctity of your houses and bombs your farms and homes? Is it the mujahidin, or Ali Salih?”³¹

AQAP’s Threat to the Homeland and Attempts to Radicalize Foreign Nationals and American Citizens

Though AQAP continues to threaten American and other Western targets inside and around Yemen,³² it is the ability of Yemeni and Saudi Islamist radicals to recruit foreigners to conduct

²⁹ “Al Qaeda’s Shadowland,” *New York Times*, January 12, 2010.

³⁰ Barak Barfi, *Yemen on the Brink? The Resurgence of Al Qaeda in Yemen*, New America Foundation, January 2010.

³¹ Open Source Center, “AQAP Statement Condemns Airstrikes in Yemen, ‘Silence’ From Tribes,” *Al-Fallujah Islamic Forums* in Arabic, June 17, 2010, GMP20100618836001.

³² In March 2010, the U.S. Department of Transportation’s Maritime Administration issued a warning stating that “Information suggests that Al Qaeda remains interested in maritime attacks in the Bab Al Mandab strait, Red Sea, and the Gulf of Aden along the coast of Yemen.”

attacks abroad that may ultimately be of greater concern to U.S. policymakers. 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 12/25/2009 attempted airline bombing) as a threat to American targets in Yemen, not to the United States itself.³³ In February 2010, then Director of National Intelligence Admiral Dennis C. Blair testified in his annual threat assessment that “We are still exploring the genesis of this plot and what other Homeland plots AQAP and associated Yemeni extremists may have planned. We are concerned that they will continue to try to do so, but we do not know to what extent they are willing to direct core cadre to that effort given the group’s prior focus on regional operations.”³⁴

39-year-old Yemeni-American preacher Anwar al Awlaki has been either directly or indirectly linked to radicalizing Major Nidal M. Hasan (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.³⁵ 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.³⁶ 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.³⁷ 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. There is some concern that Mobley, who worked as a low-level maintenance worker for six years at several nuclear power plants in New Jersey, could have passed on basic details about American nuclear-plant security to Al Qaeda.³⁸ In May 2010, the FBI arrested a Texas man 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.³⁹

In June 2010, multiple reports surfaced suggesting that the Yemeni government has detained dozens for foreign nationals suspected of ties to AQAP, including several Americans, some of whom are believed to be students studying Arabic at Yemeni universities and language schools. On June 7, 2010, U.S. State Department spokesman, Philip J. Crowley said that “If the question

³³ 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).

³⁴ U.S. Congress, House Permanent Select Committee on Intelligence, *ANNUAL THREATS ASSESSMENT - DENNIS C. BLAIR*, 111th Cong., 2nd sess., February 3, 2010.

³⁵ “Imam’s Journey from Messenger of Peace to Voice of Jihad,” *International Herald Tribune*, May 10, 2010.

³⁶ “U.S. Approves Targeted Killing of American Cleric,” *New York Times*, April 6, 2010.

³⁷ Awlaki’s tribe publicly stated that “the Al Awlak tribes are renown for their bravery and for the protection of all their sons. Therefore, we are warning anyone of the consequences of his collaboration with the Americans by giving information about him.” See, Open Source Center, “Yemeni Tribe Extends Protection to Al-Awlaki, Rejects US Accusations,” *Al Quds Al Arabi* (London, in Arabic), April 12, 2010, GMP20100412825007. Yemeni Foreign Minister Abu Bakr al Qirbi said that “Anwar al Awlaki has always been looked at as a preacher rather than a terrorist and shouldn’t be considered as a terrorist unless the Americans have evidence that he has been involved in terrorism.” See, “Yemen Balks at Possible US strike on Cleric Anwar al-Awlaki,” *Christian Science Monitor*, April 12, 2010.

³⁸ “Al Qaeda’s Nuclear Plant,” *New York Times*, May 6, 2010.

³⁹ “Texas: Man Accused of Aiding Al Qaeda,” *New York Times*, June 4, 2010.

is, are we aware that there are Americans in custody in Yemen, we are.... 'We're trying to find out more information.'⁴⁰

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. 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.⁴¹ 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.⁴²

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 intervention⁴³ on the side of the Yemeni

⁴⁰ "12 Americans Arrested in Yemen," *New York Times*, June 8, 2010.

⁴¹ 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>

⁴² 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.

⁴³ Saudi Arabia launched a three month air and ground campaign along the border of its southernmost province of Jizan (continued...)

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.⁴⁴

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 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?⁴⁵
- 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?

(...continued)

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.

⁴⁴ 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.

⁴⁵ 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.

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 Sana'a as well as the quality of U.S.-Yemeni collaboration on a variety of issues, from domestic security to regional cooperation.⁴⁶

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."⁴⁷

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.⁴⁸ 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

⁴⁶ Barak A. Salmoni, Bryce Loidolt, and Madeleine Wells, *Regime and Periphery in Northern Yemen: The Houthis Phenomenon*, RAND, 2010.

⁴⁷ "In Yemen's South, Protests Could Cause More Instability," *New York Times*, February 27, 2010.

⁴⁸ "Yemen: Southern Secession Threat Adds to Instability," *Oxford Analytica*, May 27, 2009.

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.⁴⁹

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)⁵⁰ 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),⁵¹ 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."⁵²

⁴⁹ Human Rights Watch, *In the Name of Unity: The Yemeni Government's Brutal Response to Southern Movement Protests*, December 14, 2009.

⁵⁰ 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.

⁵¹ 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.

⁵² Open Source Center, "Yemen: Southern Movement Figure Declares End of Truce With Govt," *London Quds Press (in Arabic)*, June 18, 2010, GMP20100618615001.

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.⁵³ 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 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."⁵⁴ 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.⁵⁵

⁵³ 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.

⁵⁴ Ginny Hill, *Yemen: Fear of Failure*, Chatham House, Middle East Programme, November 2008.

⁵⁵ Open Source Center, "Yemeni Govt Raises Fuel Prices for 2nd Time in 3 Months; Riots Expected," *Yemen Times*, May 13, 2010, GMP20100514054001.

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.⁵⁶ 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.

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."⁵⁷

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,⁵⁸ 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."⁵⁹ 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

⁵⁶ "Alarm as Water Taps Run Dry," *The National (UAE)*, September 24, 2009.

⁵⁷ Gerhard Lichtenthaeler, "Water Conflict and Cooperation in Yemen," *Middle East Report*, Spring 2010.

⁵⁸ The World Bank estimates that qat cultivation employs one out of every seven Yemeni workers.

⁵⁹ Lenard Milich and Mohammed Al-Sabbry, "The 'Rational Peasant' vs Sustainable Livelihoods: The Case of Qat in Yemen," *Development - Society for International Development*, 1995.

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,⁶⁰ 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 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 2017.⁶¹

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.⁶² 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.

⁶⁰ 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.

⁶¹ "2010 could be the Year for an Upturn in Yemen's Economy," *Yemen Times*, May 13, 2010.

⁶² 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.

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's 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 the President's inner circle, a trend that has exacerbated tensions in the north, 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."⁶³ 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.⁶⁴ 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.⁶⁵ Another nephew, Yahya Mohammed Abdullah Saleh, is Chief of Staff of

⁶³ *New York Times*, January 5, 2010, op.cit.

⁶⁴ 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.

⁶⁵ 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 (continued...)

the Central Security Organization (CSO), a division of the Ministry of the Interior which maintains an elite U.S.-trained Counter-Terrorism Unit (CTU).⁶⁶ 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.⁶⁷

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 interests of the Yemeni people or the cause of Yemeni democracy."⁶⁸ 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.

(...continued)

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.

⁶⁶ Andrew McGregor, Yemen and the U.S.: Different Approaches to the War on Terrorism, The Jamestown Foundation, *Terrorism Monitor*, May 10, 2007.

⁶⁷ *New York Times*, January 5, 2010, op.cit.

⁶⁸ U.S. Acting Deputy State Department Spokesman Gordon Duguid, "Statement on Yemen Parliamentary Elections Postponement," Washington, DC, March 3, 2009.

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 as smuggler boats unload destitute Somali refugees in Yemen, and then return to Somalia with weapons, fuel, and other cargo 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 UN 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."⁶⁹

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.⁷⁰ 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."⁷¹ Other observers see less of a direct connection. According to one report, "Shabaab has only recently turned to Al Qaeda, and then it

⁶⁹ 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.

⁷⁰ "Somalis fleeing to Yemen prompt new worries in fight against al-Qaeda," *Washington Post*, January 12, 2010.

⁷¹ "Q+A-Somali-Yemeni Militant Ties in the Spotlight," *Reuters*, January 6, 2010.

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."⁷²

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.⁷³ 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 to the Gulf in order to alleviate economic burdens at home.⁷⁴ 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."⁷⁵

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.

Although Saudi Arabia's role in Yemeni domestic affairs is opaque to most Western observers,⁷⁶ Saudi goals appear to be geared toward containing threats emanating from Yemen both physically and ideologically. AQAP is a direct threat to 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.⁷⁷ Though the Al Houthi conflict also physically threatened Saudi Arabia after Houthi rebels crossed the Saudi

⁷² "Is Al Qaeda in Yemen connected to Al Qaeda in Somalia?," *Christian Science Monitor*, January 7, 2010.

⁷³ Bernard Haykel, "Act locally: why the GCC needs to help save Yemen," *The National* (UAE), January 7, 2010.

⁷⁴ Yemeni expatriates are to a large extent located in Saudi Arabia. There are smaller communities in Bahrain and the UAE.

⁷⁵ Oxford Analytica, *GULF STATES: GCC lacks policy coordination for Yemen*, March 24, 2010.

⁷⁶ According to experts, Crown Prince and Defense Minister Sultan bin Abdel Aziz al Saud, his son Prince Khalid bin Sultan, Interior Minister Prince Nayef Abdel Aziz al Saud, and his son Prince Mohammed bin Nayef are the four primary Saudi leaders charged with managing the Yemen portfolio.

⁷⁷ Ed Blanche, "Saudis lead the Charge against Al Qaeda," *The Middle East*, February 1, 2010.

border⁷⁸ and seized territory in November 2009 sparking a major Saudi military intervention there, Saudi leaders fear that the Sunni-Shiite sectarian tinge of the Al Houthi conflict could also spark tensions at home and throughout the Gulf region.

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 2000⁷⁹ 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 between 1996 and 2003 with the exception of small amounts of food aid (P.L.480) and democracy assistance to support parliamentary elections.⁸⁰ 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.⁸¹

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

⁷⁸ The boundary between Yemen and Saudi Arabia was partially defined by the 1934 Treaty of Taif. The permanent (and current) definition of the border took place as a result of a June 2000 treaty between the two countries.

⁷⁹ 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.

⁸⁰ Edward Prados, *The US and Yemen: A Half-Century of Engagement*, Center for Contemporary Arab Studies, Georgetown University, 2005.

⁸¹ "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.

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.⁸²

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.

⁸² See, <http://www.state.gov/g/drl/rls/hrrpt/2009/nea/136083.htm>

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 ^a	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	—
Non-Proliferation, Anti-Terrorism, De-mining, 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
Totals	18.700	25.336	18.177	30.325	58.400	106.600

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

Military Aid

U.S. military assistance to Yemen is divided between State Department-administered FMF funds and Department of Defense-administered 1206 funds. Overall FMF aid to Yemen is modest by regional standards and helps to maintain U.S. equipment provided to Yemen over several decades. In 2008, both countries signed a first-ever bilateral End Use Monitoring Agreement. The agreement is designed to allow for the verification of articles and services provided to Yemen under U.S.-sponsored military and security assistance, thus preventing the misuse or illicit transfer of these items and services. In November 2009, just days before a series of strikes against AQAP targets inside Yemen, the official news agency of Yemen reported that the United States and Yemen signed a new cooperation agreement to combat terrorism, smuggling, and piracy.⁸³ The Obama Administration has not divulged the details of any such cooperation agreement to date.

For several years, the United States has provided training to Yemen's elite Counter-Terrorism Unit (CTU) using funds from the State Department-controlled Foreign Military Financing (FMF) and International Narcotics Control and Law Enforcement (INCLE) accounts.⁸⁴ Provisions in the

⁸³ "Yemen signs military deal with US," *The National Newspaper (UAE)*, November 11, 2009.

⁸⁴ In testimony before the House Foreign Affairs Committee, Assistant Secretary of State for Near Eastern Affairs Jeffrey Feltman remarked that "On the security front, the Departments of State and Defense provide training and assistance to Yemen's key counterterrorism units. Through Diplomatic Security Antiterrorism Assistance (DS/ATA) programs we provide training to security forces in the Ministry of Interior, including the Yemeni Coast Guard and the Central Security Force's Counterterrorism Unit (CTU)." See, *Yemen on the Brink: Implications for U.S. Policy*, Jeffrey D. Feltman Assistant Secretary, Bureau of Near Eastern Affairs Ambassador, House Foreign Affairs Committee, February 4, 2010.

FY2011 defense authorization bills seek to expand funding for the CTU (see below), and the House and Senate versions differ over which agency, State or DoD, should manage the CTU training program. To some extent, this same debate occurred in 2009 over proposed new counterinsurgency funding for Pakistan; ultimately, the State Department was given the responsibility for its management.

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 counter-terrorist 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.⁸⁵

⁸⁵ 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)

I206 Program	FY2006	FY2007	FY2008	FY2009	FY2010
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

I206 Program	FY2006	FY2007	FY2008	FY2009	FY2010
Upgrades and Parts for approx. 10 existing Yemeni Air Force Helicopters	—	—	—	—	30.0
Total	4.3	26.0	0	67.0	155.3

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.”⁸⁶ 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.”⁸⁷

⁸⁶ USAID, *Fact Sheet: USAID New Strategy for Yemen*, February 5, 2010.

⁸⁷ 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. US 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.⁸⁸

Yemeni Detainees at Guantanamo Bay

A large portion (between 60 and 90) of the estimated 181 detainees who remain incarcerated in the U.S. detention facility at Guantanamo Naval Base, Cuba are Yemenis. The Obama Administration suspended repatriations to Yemen after the December 25 failed airline bomb attack. In April 2010, Spain accepted one Yemeni detainee. 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.

In recent months, federal judges in separate cases ordered that two Yemeni detainees be freed. In May 2010, one judge ordered that Mohamed Mohamed Hassan Odaini be repatriated. In June 2010, another court ordered the Administration to release Hussain Salem Mohammed Almerfedi, who had been incarcerated for eight years without trial. In May, the Administration reaffirmed its commitment to its moratorium on transfers to Yemen, stating that "We are not lifting the overall suspension on detainee transfers to Yemen, and this should not be viewed as a reflection of a broader policy for other Yemeni detainees."⁸⁹ 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.

Recent Legislation

FY2011 Defense Authorization Bills

Both House and Senate FY 2011 defense authorization bills feature significant policy directives on Yemen. Section 1203 of S. 3454, the National Defense Authorization Act for Fiscal Year 2011, would authorize the Secretary of Defense to use up to \$75 million (from FY2011 DoD operations and maintenance funds) to enhance the ability of the Yemen Ministry of Interior counterterrorism forces to conduct counterterrorism operations against AQAP.⁹⁰ According to the Senate Report accompanying the bill:

⁸⁸ For a list of ongoing MEPI grants in Yemen, see [<http://www.abudhabi.mepi.state.gov/abstracts/yemen.html>]

⁸⁹ "Rulings Raise Doubts on Policy On Transfer Of Yemenis," *New York Times*, July 9, 2010.

⁹⁰ Section 1203 of H.R. 5136, the House-passed National Defense Authorization Act for FY2011, also authorizes \$75 (continued...)

The committee recognizes the importance of the ongoing efforts by the Department of Defense (DOD) to use 'section 1206' train and equip assistance to build the capacity of various elements of the Yemeni military. However, the committee is concerned that too little assistance is being provided to the more capable and responsive Counter Terrorism Unit (CTU) of the Government of Yemen's Ministry of Interior. The Department has indicated that the ongoing 'section 1206' train and equip efforts are critical, but the committee is concerned that the results of this effort will not be demonstrated in the near term. With this in mind, the committee believes it is critical to provide DOD with the authority to expand its train and equip efforts to include CTU. This assistance will help to ensure that DOD has a reliable partner to rely on for counterterrorism operations in this very sensitive area of the world and provide the Department with additional flexibility and agility in dealing with the threats emanating from Yemen. The committee notes explicitly in the provision that these funds shall be used to enhance the ability of CTU to conduct operations against 'al Qaeda in the Arabian Peninsula and its affiliates.' The committee notes that there have been public reports suggesting that the Government of Yemen may have used equipment provided by the United States to conduct operations against government opposition elements in both the North and South. The committee believes this would be a misuse of this assistance and any other security assistance provided to the Government of Yemen.⁹¹

In addition to supporting Yemen's CTU, S. 3454 also calls for a comprehensive audit and report on U.S. assistance to Yemen. The bill would direct the Comptroller General to report on the following issues:

(1) the amount and types of assistance the United States has provided to the Government of Yemen to include support from the U.S. Department of State, Department of Defense, U.S. Agency for International Development, and other U.S. Government departments and agencies; (2) an assessment of the effectiveness of U.S. assistance to the Government of Yemen; (3) an assessment of the extent to which the Government of Yemen has been able to utilize U.S. assistance to counter the AQAP threat; (4) a discussion of the capability and reliability of security forces units within the Government of Yemen; (5) an assessment of how effectively the United States coordinated its assistance among the various federal agencies and other major donors and regional allies; and (6) other issues deemed appropriate by the Comptroller General. The Comptroller General shall provide this report to the appropriate congressional committees no later than January 31, 2011.⁹²

Other Recent Legislation

- 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

(...continued)

million in 1206 funding for U.S. assistance to Yemeni Ministry of Interior forces with the stipulation that the funds be transferred to the Department of State, which would assume responsibility for the program. The SASC version of the bill, S. 3454, would provide a new, separate, and discrete authority for DOD to train and equip the Yemeni Ministry of Interior forces.

⁹¹ S. 3454

⁹² S. 3454

- 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.

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.⁹³ 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

⁹³ 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).

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

\$s in millions

Donor	Pledge (in U.S. \$)
GCC Bilateral Countries	
Saudi Arabia	1,181
UAE	650
Qatar	500
Kuwait	200
Oman	100
Total	2,631
Multilateral Regional Agencies	
Arab Fund for Social Development	785
World Bank (IDA)	400
Arab Monetary Fund	220
Islamic Development Bank	200
UN System	90
European Commission	100
IFDA	70
OPEC Fund for International Development	20
Global Fund	32
Total	1,917
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
Grand Total	5,312

Source: http://www.yemencg.org/library/2008/goverment_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."⁹⁴

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.⁹⁵

⁹⁴ "GULF STATES: GCC lacks policy coordination for Yemen," *Oxford Analytica*, March 24, 2010.

⁹⁵ IMF Executive Board Concludes 2009 Article IV Consultation with Yemen, Public Information Notice (PIN) No. (continued...)

President Saleh himself has initiated his own ten-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.⁹⁶

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 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."⁹⁷

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 U.S.S. 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

(...continued)

10/15, January 27, 2010.

⁹⁶ U.S. Department of State, *Remarks by Clinton with Yemeni Foreign Minister Abubakr al-Qirbi*, January 21, 2010.

⁹⁷ 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 .

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

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