

CRS Report for Congress

Yemen: Current Conditions and U.S. Relations

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Summary

Yemen, the only republic on the Arabian Peninsula, is the poorest country in that area. A presidential election deemed relatively fair was held in 2006 with President Ali Abdullah Salih winning reelection with 77% of the popular vote. Nevertheless, democratic institutions remain fragile. This report summarizes Yemen's domestic situation, foreign relations, and ties with the United States. It will be updated as significant developments occur.

U.S.-Yemeni relations have generally been good, though marred occasionally by differences over Iraq and the Arab-Israeli conflict. U.S. officials have welcomed Yemen's support for the war on terrorism since September 11, 2001; however, because the Yemeni populace is ambivalent about any Western military presence, the Yemeni government tends to downplay U.S.-Yemeni military and intelligence ties.

The U.S. government has modestly increased aid for Yemen, which had virtually ended in the late 1990s. In 2003, the U.S. Agency for International Development (USAID) reopened its mission in Yemen after a hiatus of seven years. Over the past several fiscal years, Yemen has received on average between \$20 and \$25 million in total U.S. foreign aid. For FY2008, the Administration has requested a total of \$23 million in assistance for Yemen. Approximately half of this assistance would go toward military and intelligence cooperation.

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Yemen: Current Conditions and U.S. Relations

Overview

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

Terrorism and Al Qaeda

A relatively undeveloped country where tribal leaders often exert more control than central government authorities, Yemen has long been the scene of random violence and kidnaping; it is rumored that there are an estimated 60 million firearms among a population of less than 20 million. In the past, kidnapings of Yemeni officials and foreign tourists have been carried out mainly by dissatisfied tribal groups pressing the government for financial largesse or for infrastructure projects in their districts; hostages were usually well treated and released without injury. Some incidents, however, appear to have motivations, including violence against Christian institutions. On December 31, 2002, three American medical missionaries were killed by a Muslim extremist at a hospital that their church had operated at Jibla in central Yemen for a number of years.

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

In recent years, Al Qaeda-inspired extremists have continued to carry out terrorist operations aimed at both domestic and foreign targets. In September 2006, only days before Yemen's presidential election, Yemeni security forces foiled two

near simultaneous Al Qaeda suicide attacks on oil facilities in the northeastern region of Maarib and on the Gulf of Aden coast at Dhabba¹. Al Qaeda fugitives who months earlier had escaped from prison may have been involved in the planning of the failed attack, which would have crippled Yemen's oil industry.

In June 2007, seven Spanish tourists and two Yemeni citizens were killed by a suicide car bomb that exploded in a tourist area near the ancient Yemeni temple of Balqis approximately 100 miles east of the capital of Sana'a. Two weeks prior to the attack, the U.S. Embassy in Sana'a had issued a warning to Americans traveling in Yemen to avoid visiting the site. Days after the bombing, Yemeni government officials admitted that they themselves had been warned about a possible Al Qaeda attack, but had not considered the temple site as a possible target. Subsequent investigations carried out by the Yemeni security forces concluded that the perpetrators were part of a 10-person cell comprised mostly of Yemenis recruited by hardened militants.

Figure 1 Map of Yemen



Source: Adapted by CRS. Map Resources (9/2007)

U.S.-Yemeni Intelligence Cooperation. U.S. officials initially complained that Yemeni authorities did not fully cooperate in the investigation of the *Cole* bombing. Since September 11, 2001, however, and perhaps because Al Qaeda attacks have continued in Yemen, President Salih has been more forthcoming in his

¹ This attack followed a general call by Ayman al Zawahiri, Al Qaeda's second-in-command, for Islamist militants to attack oil facilities in the Middle East.

cooperation with the U.S. campaign to suppress Al Qaeda.² He reportedly has allowed small groups of U.S. Special Forces troops and CIA agents to assist in identifying and rooting out Al Qaeda cadres hiding in Yemen, despite sympathy for Al Qaeda among many Yemenis. According to press articles quoting U.S. and Yemeni officials, the Yemeni government allowed U.S. personnel to launch a missile strike from an unmanned aircraft against an automobile in eastern Yemen in November 2002, killing six alleged terrorists, including Qaid Salim Sinan al Harithi, a key planner of the attack on the *U.S.S. Cole*. The United States also has helped Yemen build and equip a modern coast guard used to patrol the strategic Bab al Mandab strait where the Red Sea meets the Gulf of Aden and the Indian Ocean.³ Finally, the United States has provided technical assistance, equipment, and training to the Anti-Terrorism Unit [ATU] of the Yemeni Central Security forces and other Yemeni Interior Ministry departments.

Yemeni Prisoners Held in Guantanamo Bay. As of early 2007, there are an estimated 100 Yemeni prisoners held by U.S. authorities in Guantanamo Bay, Cuba. Although the United States has expressed willingness to release many of these prisoners, it has set conditions on the treatment of newly repatriated prisoners that some countries, such as Yemen, are unwilling to accept. Some policy makers are concerned that detainees could be subjected to torture after they are released. Yemen asserts that it wants its citizens repatriated, but that many of its nationals in Guantanamo are residents of Saudi Arabia and should be deported there.

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 a U.S. Specially Designated Global Terrorist.⁴ 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."⁵ Yemen has refused to turn Al Zindani over to

² Some observers consider Yemen's counter-terrorism policies to be unorthodox. In 2002, the government sanctioned the creation of a committee of moderate religious leaders to engage in a dialogue with Al Qaeda-inspired militants in order to dissuade them from engaging in terrorist acts. In addition, Yemeni authorities have released militants from prison on the condition that they refrain from plotting attacks in Yemen and elsewhere. One foreign observer described the government's tactics as "an imperfect system of parole and control." See, "Yemen Employs New Terror Approach," *Associated Press*, July 4, 2007.

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

⁴ See Executive Order 13224, United States Designates Bin Laden Loyalist, U.S. Department of the Treasury, February 24, 2004, JS-1190.

⁵ Gregory Johnsen, "Yemen's Al-Iman University: A Pipeline for Fundamentalists?" *Terrorism Monitor*, Volume 4, Issue 22, November 16, 2006. Published (continued...)

U.S. authorities, as many observers believe that President Salih is protecting him for political purposes.

Domestic Affairs

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

Literacy rates in Yemen are 49% for males and 33% for females. According to the Ministry of Planning and International Cooperation, a third of Yemeni children do not attend primary school, and over ten thousand new schools will be needed in the upcoming years just to keep up with population growth (3.1% in 2005).⁶ Per capita GDP is estimated to be between \$650 and \$800. Oil production accounts for over 70% of government revenues; however, oil reserves are declining and may be depleted entirely in the next decade, barring the discovery of new fields.⁷ The export of liquid natural gas (LNG) may be a promising source of income in the future, though Yemen has had difficulty in securing long-term foreign investment for LNG projects.⁸ Yemen is largely dependent on external aid from Persian Gulf countries, Western donors, and international financial institutions.

Domestic Politics and the 2006 Presidential Election. Yemen, the only republic on the Arabian Peninsula where monarchies predominate, is pursuing limited political reform, which some outside observers assert is managed and manipulated to preserve the status quo. President Salih, a former military officer, has governed Yemen since the unified state came into being in 1990; prior to this, he had headed the former state of North Yemen from 1978 to 1990. In Yemen's first popular presidential election, held in 1999, President Salih won 96.3% of the vote amidst cries of ballot tampering. In 2006, Salih stood for reelection and received 77%

⁵ (...continued)
by the Jamestown Foundation.

⁶ CRS interview with Yemeni government officials, September 18, 2006.

⁷ Yemen's proven oil reserves are less than 4 billion barrels, though the government is confident that with additional foreign investment new fields will be discovered. Current oil production is estimated at between 300,000 and 330,000 barrels a day.

⁸ U.S.-based Hunt Oil has been a major investor in Yemen's energy industry since 1981.

of the vote. His main opponent, Faisal Bin Shamlan, a 72-year-old former oil executive and government minister, ran an effective campaign but was outspent by Salih and the ruling party.⁹ Bin Shamlan was supported by an opposition coalition composed of Islamists, Communists, and powerful tribes. According to Bin Shamlan, “We subordinated our ideological agendas to the one thing we all had in common, which was a realization that political reform was a necessity if we were to save democracy in Yemen and stop the country's descent into endemic corruption.”¹⁰

Independent and foreign observers praised the conduct of the election. Campaign violence was limited, and the state-controlled media gave the Bin Shamlan campaign sufficient coverage. Women voted in large numbers, and overall voter turnout was close to 58%.¹¹ However, irregularities were reported. Election observers with the European Union Election Observation Mission said that there were shortcomings such as overcrowding, breaches in voting secrecy, illegal assistance to voters, and underage voters.¹² In preparation for the elections, the National Democratic Institute (NDI), a U.S. democracy promotion organization, conducted a number of campaign training and election monitoring programs at the national and local levels. According to Leslie Campbell, Director of NDI's Middle East Program, Salih's campaign managers “actually were worried. I think that for an Arab incumbent to only get 70-some percent of the vote would be pretty hard for him to take. This wasn't just a showpiece election.”¹³

A number of political parties in Yemen represent a variety of ideologies and constituencies. President Salih's moderately secularist party, the General Peoples Congress (GPC), is by far the largest and has a majority of seats in the parliament. The Islah (reform) party, a broad coalition of tribal groups and Islamists (ranging from moderate to radical), is the most powerful opposition group, though cleavages within Islah make it difficult to characterize it as exclusively within the opposition. Many of Islah's more radical elements (such as Zindani) have supported President Salih, while more moderate Islamists stood with Bin Shamlan during the 2006 election.

Aside from President Salih, the second most powerful figure in Yemen is Shaykh Abdullah al Ahmar, the wealthy head of the Hashid tribal federation, president of the Islah party, and speaker of the parliament. Shaykh Abdullah endorsed Salih in the 2006 presidential election, though he claimed that his endorsement was not binding on Islah members. Shaykh Abdullah's son, Hamid, was a major Bin Shamlan supporter and has harshly criticized Salih. Some analysts suggest that the 2006 election may be the opening round of a power struggle between

⁹ Shamlan's campaign slogan was, “A President for Yemen, not Yemen for a President.”

¹⁰ “Technocrat Recasts Yemen's Presidential Race, Political Future,” *Washington Post*, September 20, 2006.

¹¹ Local elections were conducted at the same time as the presidential election. A total of 33 women won in the local elections from among the 150 who contested. In the first local elections held in 2001, 38 women won.

¹² “Yemeni President Wins Re-election,” *New York Times*, September 24, 2006.

¹³ “Democracy in Yemen?” *The Weekly Standard*, October 11, 2006.

the sons of Shaykh Abdullah and President Salih's 35-year old son Ahmed, who many believe is being groomed to succeed his father.¹⁴ The opposition has accused Salih of attempting to create a "royal presidency" by sponsoring a March 2001 constitutional amendment that lengthened the president's term from five to seven years.

The Al Houthi Revolt. Over the past several years, a group of Zaydi¹⁵ Shiites in the remote northern Yemeni province of Saada have waged a guerrilla war against the Yemeni government. The revolt has been spearheaded by members of the Al Houthi family, a prominent Zaydi religious clan who claim descent from the prophet Muhammad through his daughter Fatima and her husband, Ali. Shaykh Hussein Badr ad din al Houthi, who was killed by Yemeni troops in 2004, formed 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 Salih, a Zaydi himself though with no formal religious training or title.¹⁶ Abdul Malik al Houthi, the new leader of the group, has said the Yemeni government is "an ally of Americans and Jews," and there have been reports of threats against the small community of Yemeni Jews in northern areas with an Al Houthi presence.¹⁷ The Yemeni government claims that Al Houthi rebels seek to establish a Zaydi theocratic state in Saada 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.

In June 2007, the government and rebels reached a cease-fire agreement. Mediated by Qatari negotiators, the deal called for rebels to relinquish their heavy weaponry and withdraw from their hideouts in return for the government's release of rebel prisoners and assistance in the reconstruction of destroyed villages and the return of displaced persons. Qatar reportedly offered to assist with reconstruction efforts in Saada province. However, the implementation of the cease-fire agreement has stalled, and some observers believe that violence could erupt should negotiations fall apart.

¹⁴ Ahmed is a Lieutenant Colonel and in charge of Yemen's Republican Guard. President Salih has tight control over Yemen's security services and military. One of his half-brothers is a military leader and another is commander of the air force, while his nephew is the head of security forces.

¹⁵ The population of Yemen is almost entirely Muslim, divided between Zaydis, found in much of the north, and Shafi'is, found mainly in the south and east. Zaydis belong to a branch of Shi'ite 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'ite 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.

¹⁶ "Yemeni Jews Face growing sectarian troubles," *Christian Science Monitor*, April 4, 2007.

¹⁷ In April 2007, the Yemeni government moved 45 Yemeni Jews to the capital Sana'a after they were threatened by Al Houthi rebels.

Regional Relations

Somalia. Some analysts fear that the preponderance of arms in Yemen make it a natural supplier for Islamist militias in Somalia and terrorist groups like Al Qaeda which may be operating there. In October 2006, Yemeni security officials arrested eight men in an alleged plot linked to Al Qaeda to smuggle weapons from Yemen to Somalia. Continued violence in Somalia has led thousands of Somalis to migrate over treacherous waters to Yemen. There may be hundreds of thousands of Somali migrants in Yemen, and there are regular news reports of migrants drowning in the Red Sea in their attempt to reach Yemen. According to the United Nations High Commissioner for Refugees (UNHCR), 367 Ethiopian and Somali migrants were killed in the first half of 2007 trying to reach Yemen.

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

Gulf Neighbors. Yemen has largely repaired relations with Saudi Arabia and the five smaller Arab Gulf states, which had been alienated by Yemen's refusal to support the allied campaign to expel Iraqi forces from Kuwait in 1990-1991. Some border problems persist, however, as Saudi officials complain that smugglers from Yemen have brought in explosives and weapons which militants have used in terrorist attacks in Saudi Arabia. Another sensitive issue is Yemen's desire to join the 23-year-old Gulf Cooperation Council (GCC), a sub-regional organization which groups Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates, and Oman in an economic and security alliance. GCC members have traditionally opposed accession of additional states. Currently, Yemen has some partial observer status on some GCC committees, and observers believe that full membership is a long way off. Others assert that it is in the GCC's interest to assist Yemen and prevent it from becoming a failed state, lest its instability spread to neighboring Gulf countries. In November 2006, an international donors' conference was convened in London to raise funds for Yemen's development. Yemen received pledges totaling \$4.7 billion, to be disbursed over four years (2007-2010) and represent over 85% of the government's estimated external financing needs. Much of these pledges will come from Yemen's wealthy Arab neighbors.

Arab-Israeli Conflict. Yemen has usually followed mainstream Arab positions on Arab-Israel issues, and its geographic distance from the conflict and lack of political clout make it a minor player in the peace process. Yemen has not established any bilateral mechanism for diplomatic or commercial contacts with Israel. The Yemeni Jewish community (300 members) continues to dwindle, as many of its members emigrated to Israel decades ago. Yemen supports the Arab Peace

Initiative, which calls for Israel's full withdrawal from all occupied territories and the establishment of a Palestinian state in the West Bank and Gaza Strip in exchange for full normalization of relations with all Arab states in the region.

U.S. Relations and Foreign Aid

U.S.-Yemeni relations have generally been good, though marred occasionally by differences over Iraq and the Arab-Israeli conflict. U.S. officials have welcomed Yemen's support for the war on terrorism since September 11, 2001; however, because of the Yemenis' ambivalent attitudes toward any Western military presence, the Yemeni government tends to downplay U.S.-Yemeni military and intelligence ties. Nevertheless, the U.S. government has modestly increased its aid programs for Yemen, which had virtually ended in the late 1990s. In 2003, the U.S. Agency for International Development (USAID) reopened its mission in Yemen after a hiatus of seven years. In April 2007, President Salih met with President Bush and some Members of Congress in Washington, D.C. After their meeting, President Bush stated that "We spent a lot of time talking about our mutual desire to bring radicals and murderers to justice.... And I thanked the president for his strong support in this war against extremists and terrorists."¹⁸

Millennium Challenge Corporation (MCC) Aid? Some analysts question whether the Yemeni government will derive any tangible benefits from its cooperation with the United States. In November 2005, the Millennium Challenge Corporation (MCC) suspended Yemen's eligibility for assistance under its Threshold Program, concluding that after Yemen was named as a potential aid candidate in FY2004, corruption in the country had increased. Yemen became eligible to reapply in November 2006 and had its eligibility reinstated in February 2007, nearly six months after it held what some observers described as a relatively successful presidential election.

FY2008 Requested Assistance. Over the past several fiscal years, Yemen has received on average between \$20 and \$25 million in total U.S. foreign aid. For FY2008, the Administration has requested \$23 million in assistance for Yemen. Approximately half would go toward military and intelligence cooperation. Between FY2006 and FY2007, Yemen also has received approximately \$31.5 million from the U.S. Department of Defense's Section 1206 account. 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.

¹⁸ "President Bush Welcomes President Ali Abdullah Saleh of Yemen to the White House," Office of the Press Secretary, May 2, 2007.

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

Program	FY2005	FY2006	FY2007 (Estimate)	FY2008 (Request)
Economic Support Fund (ESF)	14.800	7.92	12.00	8.450
Foreign Military Financing (FMF)	9.900	8.41	8.50	4.676
International Military Education and Training (IMET)	1.080	.924	1.08	1.000
Non-Proliferation, Anti-Terrorism, De-mining, and Related Programs (NADR)	3.175	1.41	3.74	4.050
Totals	28.955	18.664	25.32	18.176^b

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

b. Does not include a \$4.3 million funding request for Child Survival Account funds for Yemen.