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. Between 2007 and 2008, Yemen ranked 153 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 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, and terrorist groups take root in the outlying provinces, 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 exchange has hindered the development of strong bilateral ties. During the early years of the 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 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. For FY2010, the Obama Administration requested significant increases in U.S. economic and military assistance to Yemen. P.L. 111-117, the Consolidated Appropriations Act, 2010, provides a total of $52.5 million in economic and military assistance to Yemen, including $35 million in Development Assistance, $12.5 million in Foreign Military Financing, and $5 million in Economic Support Funds.

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, and, in recent years, the broader U.S. foreign policy community has not 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 southern 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.

Figure 1. Map of Yemen

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

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’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.
Yemen: Background and U.S. Relations

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 U.S. 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 at that time 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, but some southerners still resent what they perceive as continued northern political economic and cultural domination of daily life.

President Saleh, a former YAR military officer, has governed Yemen since the unified state came into being in 1990; prior to this, he had headed the former state of North Yemen from 1978 to 1990. In Yemen’s first popular presidential election, held in 1999, President Saleh won 96.3% of the vote amidst cries of ballot tampering. In 2006, Saleh stood for reelection and received 77% of the vote. The President’s current and last term expires in 2013, barring any future constitutional amendments.

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

Throughout his decades of rule, President Saleh has balanced various political forces—tribes, political parties, military officials, and radical Islamists—to create a stable ruling coalition that has kept his regime intact. He has also managed relations with a changing coterie of international supporters, including other Arab States, the Soviet Union, the United States, European countries, and numerous international organizations, seeking support in times of crisis and leveraging external assistance to meet internal challenges. Throughout this period, experts have periodically warned about the impending collapse of the Yemeni state and its potential consequences for regional or international security. President Saleh has consistently overcome obstacles to his continued rule, even as Yemen’s overall political and economic situation has grown more serious. In recent years, a series of events, including more numerous and sophisticated Al Qaeda attacks, an insurgency in the north, and civil unrest in the south, have led some experts to conclude that Yemen may be on the verge of collapse, particularly given its increasingly precarious economic condition.

As the country’s population rapidly rises, resources dwindle, and terrorist groups take root in the outlying provinces, 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), 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 has once more thrust Yemen into the public spotlight and heightened its relevance for global U.S. counterterrorism operations in a way that other attacks, including attacks on the U.S. Embassy in Sana’a during 2008, did not. Whether or not 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 or not 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 must take into consideration the Yemeni government’s views of its own interests and goals when considering potential U.S. policy responses. 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.
Latest Developments

Attempted Christmas Day Airline Bombing: Background and Connection to Yemen

Overview

In the weeks and months before the attempted attack against Northwest Airlines Flight 253, Obama Administration officials had already increased U.S. counter-terrorism operations inside Yemen. Throughout 2009, U.S. intelligence officials have expressed concern that Al Qaeda operatives and foreign fighters have been moving from Saudi Arabia, Afghanistan, and Pakistan to Yemen and Somalia, though their numbers are unknown. In November 2009, the Fort Hood shooting and the perpetrator’s alleged ties to a Yemeni cleric also emphasized the possible risks to U.S. homeland security emanating from Yemen. AQAP’s failed attempts in August and October to attack targets and a royal family member inside neighboring Saudi Arabia also have raised fears that the group has the potential to carry out operations inside the kingdom. With the Administration planning to close the detention facility at Guantanamo Bay, Cuba, where 91 Yemenis are still incarcerated, and with general fears over gradual state failure in Yemen due to resource shortages, tribal insurrections, and poor governance, the United States has expanded its involvement in Yemen primarily in order to keep Islamist radicals there on the defensive.

Recent U.S.-Yemeni Counterterrorism Cooperation Against AQAP

On December 17, 2009, press sources reported that Yemeni security forces carried out several raids and air strikes against AQAP terrorists and training camps, killing possibly 34 militants, including a top leader and four operatives. That same day, the official news agency of Yemen reported that President Obama called President Saleh in order to praise Yemen’s efforts in combating terrorism. On December 19, the New York Times reported that the United States provided firepower, possibly missile strikes, intelligence, and other support to the government of Yemen as it carried out raids against AQAP. Then, on December 21, members of Al Qaeda were seen in a video posted by Al Jazeera, swearing revenge against the United States and the Yemeni government for its recent raids. According to the recording, an AQAP member stated:

2 The New York Times reported that a year ago, “The Central Intelligence Agency sent several of its top field operatives with counterterrorism experience to the country, according a former top agency official. At the same time, some of the most secretive Special Operations commandos have begun training Yemeni security forces in counterterrorism tactics, senior military officers said.” See, “U.S. Widens Terror War to Yemen, a Qaeda Bastion,” New York Times, December 27, 2009.

3 In a report to the Yemeni parliament, Deputy Prime Minister for Defense and Security Rashad al Alimi said that Yemenis, Saudis, Pakistanis, and Egyptians were among the dead killed in the airstrike.


We are carrying a bomb to hit the enemies of God. O soldiers, you should learn that we do not want to fight you, nor do we have an issue with you. We only have an issue with America and its agents. So, be careful not to side with America.6

On December 24, new reports arose that Yemeni security forces with U.S. assistance carried out another air strike against a meeting of AQAP operatives, including the group’s top leaders who had gathered in the southern province of Shabwa to plan attacks against the government in retaliation for the previous week’s raids and bombings. Anwar al Awlaki (see “Anwar al Awlaki” below for description) may also have been present at the meeting, though there has been no official confirmation of his whereabouts or whether he or the Al Qaeda leaders alleged to be present were killed in the air strike. Awlaki’s relatives claim that he is still alive.

Attempted Christmas Day Airline Bombing and Alleged Yemeni Involvement

According to multiple reports, Umar Farouk Abdulmutallab, the Nigerian suspect accused of trying to ignite explosive chemicals to damage or destroy Northwest Airlines Flight 253 from Amsterdam to Detroit on Christmas Day, has claimed that he received equipment and training from Islamist militants in Yemen. On December 28, 2009, a jihadist website posted an alleged AQAP statement claiming responsibility for the attempted attack on Northwest Airlines Flight 253, saying that it was done “with direct coordination ... with the mujahidin in the Arabian Peninsula after the savage bombardment of cluster bombs and cruise missiles launched from US ships occupying the Gulf of Aden against the courageous Yemeni tribes in Abyan, Arhan, and finally, Shabwa.”7 On January 2, 2010, President Obama stated, “We’re learning more about the suspect.... We know that he traveled to Yemen, a country grappling with crushing poverty and deadly insurrections. It appears that he joined an affiliate of Al Qaeda and that this group, Al Qaeda in the Arabian Peninsula, trained him, equipped him with those explosives and directed him to attack that plane headed for America.”8

Abdulmutallab, 23, lived in Yemen between 2004 and 2005 while studying at the Sana’a Institute for the Arabic Language. He then returned to the same school in August 2009 during the month of Ramadan and stayed in Yemen until December. However, school officials there claim he only spent a month on campus. Other reports indicate that Abdulmutallab may have been “radicalized” while studying abroad in London, where he graduated from University College London in 2008. Investigators from the United States, England, Nigeria, and Yemen are determining if Abdulmutallab, while in London, corresponded with radical clerics in Yemen, such as Anwar al Awlaki, the Yemeni-American cleric who corresponded with the Fort Hood, TX, suspected shooter, Major Nidal M. Hasan, months before the November 5 mass shooting.

Administration and Congressional Response

Additional U.S. Foreign Aid to Yemen

The Obama Administration, which had already increased U.S. military and economic assistance to Yemen before the December 25 failed terrorist attack, has now pledged to boost FY2010 State Department-administered aid to Yemen to $63 million, up from a total of $52.5 million specifically appropriated in P.L. 111-117, the FY2010 Consolidated Appropriations Act. Additional funds may be appropriated in a possible spring-time supplemental aid bill to fund military operations in Iraq and Afghanistan. In addition, the Defense Department has pledged to more than double Section 1206 funding to Yemen in FY2010. In FY2009, DOD allocated $66.8 million in 1206 funds to provide equipment and training to Yemen’s armed forces. By law, the overall allocation of FY2010 Section 1206 funding was capped at $350 million, and as such, further 1206 funding may also be requested as part of a possible FY2010 supplemental appropriation.

Some experts are concerned that the United States government may overreact to the Flight 253 incident and provide the Yemeni government with a “blank check” in order to address its Al Qaeda problem. However, according to State Department spokesman P.J. Crowley, “It is about more than just the money.... It takes time to build capacity to use these resources effectively. And it takes a political commitment by Yemen to meet its challenges head on. Yemen's performance has been good at times, but not consistent.” According to Chairman of the Joint Chiefs of Staff Admiral Michael Mullen, U.S. security assistance will be limited to mentoring and training of Yemeni counter-terrorist forces, saying, “We’ve worked ... to support a growing Yemeni armed forces capability.... We are going to continue to support the Yemeni government in the execution of their strategy to eliminate these terrorists.”

As mentioned earlier, U.S. and other foreign counterterrorism training and intelligence cooperation is a politically sensitive issue for the Yemeni government. Since 2002, the United States has trained the Counterterrorism Unit of the Central Security Organization. According to one Yemeni officer, “There is no doubt that we have all benefited a lot from the training.... [The U.S. and British involvement] is purely training, so there is no problem. When it is time to fight, we go on our own.”

Yemeni Detainees in Guantanamo Bay, Cuba

On December 28, Congressman Frank Wolf wrote to President Obama requesting that the Administration not release Guantanamo detainees to “unstable” countries. After several other lawmakers called for a halt to all future transfers to Yemen, the Obama Administration agreed to suspend the transfer of detainees from Guantanamo Bay, Cuba, to Yemen.

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9 “Yemen Hasn’t Gotten as Much Aid as Neighbors ; Terrorists There a Global Threat, Clinton Says,” USA Today, January 6, 2010.
U.S. Political Support to President Saleh

The Flight 253 incident has once again illustrated a longstanding dilemma for U.S. counterterrorism policy in Yemen. That is, for each successful or attempted Al Qaeda-inspired attack against U.S. interests in Yemen or abroad, the United States looks to the Yemeni government and its security forces for assistance—the same government that harbors, employs, and, to a certain extent, relies on Islamist political figures and some Islamist militants for political support. In January 2010, President Saleh remarked that “Dialogue is the best way, even with Al-Qaeda, if they set aside their weapons and return to reason.”14 In the weeks after the December 25 failed attack, many Administration officials have made it clear that there are no current plans to send major deployments of U.S. troops to Yemen, making the U.S. need for local cooperation evident. Ironically, many Yemeni government critics blame the growing instability on the government itself, suggesting that new leadership could resolve some of the country’s more immediate political crises. According to one unnamed U.S. diplomat, “Washington must work with and behind the regime, whatever its flaws, while trying to push Saleh toward reconciliation with his opponents.... I am afraid it will take more delicacy than the Pentagon can do.”15 Others suggest that the United States attempt to internationalize its support to Yemen by bringing in Arab Gulf States, Britain, and the European Union, and other multilateral organizations. According to one unnamed U.S. official, “He [President Saleh] hasn’t always been eager for American support.... That’s all the more reason to wrap this in broader international support. That makes it easier politically for him.”16

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 are 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. 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

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14 Shaykh Abd al Majid al Zindani, a leading hard-line Islamist leader inside Yemen, recently commented on U.S.-Yemeni cooperation, saying “We accept any cooperation in the framework of respect and joint interests, and we reject military occupation of our country. And we don’t accept the return of colonization.... Yemen’s rulers and people must be careful before a (foreign) guardianship is imposed on them.... The day parliament allows the occupation of Yemen, the people will rise up against it and bring it down.” See, “Yemeni Radical Cleric Warns of Foreign Occupation,” *Associated Press*, January 11, 2010.


response President Saleh is likely to seek to avoid exacerbating political opposition at home while meeting the demands of the United States or other potential donors. This time, some suggest that the United States condition additional U.S. aid, either overtly or behind closed doors, on political and economic reform in order to improve Yemen’s long-term prospects and stabilize existing political crises.

- **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 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 may be best.

## Manifestations of State Failure in Yemen

### Terrorism and Al Qaeda

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

Perhaps because the Yemeni government successfully co-opted some Islamist hardliners and employed them to reinforce regime rule and because Al Qaeda itself was building its own capacity to conduct global terrorist operations, Yemen was not a major theater of Al Qaeda operations in the 1990s. However, one group, known as the Aden-Abyan Islamic Army (AAIA), which was formed by a former Bin Laden associate and directly supported by the Yemeni government, was active throughout the 1990s. This group, according to the 9/11 Commission Report, also may have been involved in a plot to kill U.S. marines temporarily transiting through Aden on their way to Somalia as part of Operation Restore Hope in December 1992, in what is considered one of Al Qaeda’s earliest known endorsed attacks against U.S. personnel. The explosions at two hotels in Aden killed two tourists. Later, the AAIA was responsible for the December 1998 kidnapping of 16 foreign tourists (4 of whom died in a botched rescue attempt).

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17 One observer has speculated that it may have been used in the fight against southern rebels. See, Gregory D. Johnsen, "The Resiliency of Yemen’s Aden-Abyan Islamic Army," *The Jamestown Foundation: Terrorism Monitor*, July 13, 2006, Volume: 4 Issue: 14.
Yemen: Background and U.S. Relations

and possibly the 2002 attack on a French oil tanker (Limburg) near the southern Yemeni port of Mukalla.

The USS Cole Bombing

Al Qaeda’s attack against the USS Cole in 2000 coupled with the attacks of September 11, 2001, a year later officially made Yemen a front in the so-called war on terror, though its importance to U.S. counterterrorism operations has wavered ever since. On October 12, 2000, an explosives-laden motorboat detonated alongside the U.S. Navy destroyer USS Cole while it was docked at the Yemeni port of Aden, killing 17 U.S. servicemen and wounding 39 others. Nearly 10 years after the attack, many details remain a mystery. In 2000, agents from the Federal Bureau of Investigation (FBI) found some of the perpetrators. One suspect, Abd al Rahim al Nashiri, a Saudi national of Yemeni descent who served as Al Qaeda’s operations chief in the Arabian Peninsula, was captured in the United Arab Emirates in November 2002 and handed over to the Central Intelligence Agency. According to the Washington Post, Al Nashiri had spent several months before his capture under high-level protection by the Yemeni government.\textsuperscript{18} Another Al Qaeda member, Walid bin Attash (also referred to as Tawfiq bin Attash), was named by the U.S. Department of Justice as an unindicted co-conspirator in the Cole attack. Both Al Nashiri and Attash have appeared before military tribunals in Guantanamo Bay, Cuba, where they have been held for several years in U.S. military custody. Nashiri may be tried in a military commission sometime in 2010. Attash, along with several other well-known accused terrorists, is to stand trial in United States District Court for the Southern District of New York.

A third organizer of the Cole bombing, Jamal al Badawi, has been, to the frustration of U.S. officials, held in Yemeni custody despite two previous successful escapes (April 2003 and 2006) from his captors. After his second escape in 2006 (along with 22 other Al Qaeda convicts), in what many believe was an officially sanctioned prison break, Badawi turned himself in a year later, pledged his allegiance to President Saleh, and promised to cooperate with the authorities and help locate other militants. In October 2007, soon after his return to custody, the Yemeni government reportedly released Badawi from house arrest despite vocal protestations from the Bush Administration. Yemen has refused to extradite Badawi to the United States (Article 44 of the Yemeni constitution states that a Yemeni national may not be extradited to a foreign authority), where he has been indicted in the U.S. District Court in New York on murder charges.\textsuperscript{19} According to one former FBI official, Badawi was “the guy who recruited the bombers.... He was the local mastermind.”\textsuperscript{20} According to former U.S. State Department Spokesman Sean McCormack, “This was someone who was implicated in the Cole bombing and someone who can’t be running free.”\textsuperscript{21} Yemeni officials claim, however, that Badawi is now cooperating with the government in attempts to capture a new generation of more lethal jihadists. According to Rashad Muhammad al Alimi, Yemen’s Interior Minister, “The strategy is fighting terrorism, but we need space to use our own tactics, and our friends must understand us.”\textsuperscript{22}

\textsuperscript{19} A Yemeni court condemned Badawi to death in 2004, although his sentence was commuted on appeal to 15 years in prison.
Initial U.S.-Yemeni Counterterrorism Cooperation

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

Despite its enthusiastic embrace of U.S. counterterrorism support, Yemeni authorities were sensitive to possible public backlash against deeper U.S.-Yemeni military cooperation. After 9/11, many Yemenis feared that the United States would target their country next. Nevertheless, President Saleh reportedly allowed small groups of U.S. Special Forces troops and CIA agents to assist in identifying and rooting out Al Qaeda cadres hiding in Yemen, despite sympathy for Al Qaeda among many Yemenis. According to press articles quoting U.S. and Yemeni officials, the Yemeni government allowed U.S. personnel to launch a missile strike from an unmanned aircraft against an automobile in eastern Yemen in November 2002, killing six alleged terrorists, including Qaid Salim Sinan al Harithi, the leader of Al Qaeda in Yemen and a key planner of the attack on the USS Cole. Yemen arrested al Harithi’s replacement, Muhammad Hamdi al Ahdal, a year later.

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

24 According to the U.S. Energy Information Administration (EIA), the Bab al Mandab is one of the most strategic shipping lanes in the world, with an estimated 3 million barrels per day of oil flow.
25 Before Al Harithi was killed by a U.S. unmanned aircraft, Yemeni forces had failed in their attempt to capture him. Soldiers who were sent to detain him were themselves captured by local tribesman protecting Al Harithi.
Al Qaeda’s Resurgence

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

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

> The older generation, while passionate about global jihad, was more concerned with local matters, and more willing to play by the time-honored Yemeni rules of bargaining and negotiating in order to keep Saleh from destroying their safe haven. Not so with the new generation—they willingly criticize Saleh harshly, and seem immune to the lure of the negotiation room.27

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

### Attacks Committed by the Al Qaeda in Yemen Organization: 2006-2008

- **On September 17, 2008**, Yemeni militants attacked the entrance of the U.S. Embassy in Sana’a, killing 17 people including six of the attackers. One American, Susan Elbaneh,28 was killed. The militants were disguised as soldiers when they attacked a checkpoint outside the front gates. The U.S. State Department soon after the bombings announced that it would, for the second time in a year, authorize the departure of all nonessential personnel from Sana’a due to the unstable security situation.

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28 Susan Elbaneh (age 18), from Lackawanna, New York, is the distant cousin of Jaber Elbaneh, a known militant sought by the FBI. Jaber Elbaneh, 42, has a $5-million U.S. bounty on his head. He has been indicted by a federal grand jury in New York for allegedly being the seventh member of the controversial Lackawanna Six, a group of Yemeni-American men imprisoned for traveling to an Al Qaeda training camp in 2001.
• On April 10, 2008, an explosion occurred at the headquarters of the Canadian oil company Nexum Petroleum. On April 6, 2008, three explosive rounds struck a housing complex used by foreigners, including American personnel, in an upscale neighborhood of Sana’a. No injuries were reported, but two days later, the U.S. Embassy announced that it was evacuating all non-essential personnel from the country.

• On March 18, 2008, a policeman and a student were killed and 20 wounded in an attempted bombing of the U.S. embassy in Sana’a.

• On January 18, 2008, two Belgians, a Yemeni guide and a Yemeni driver were shot dead and four Belgians were wounded in an attack in Wadi Hadramout, east of Sana’a.

• On July 2, 2007, a suicide bomber attacked a convoy of Spanish tourists, killing eight Spaniards and two Yemenis. The suicide attack was carried out using a car bomb that exploded in a tourist area near the ancient Yemeni temple of Balqis approximately 100 miles east 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.

• On March 29, 2007, Al Qaeda in Yemen assassinated the chief criminal investigator in Ma’rib province, a man whom they believe was involved in the November 2002 U.S. air strike that killed the group’s former leader.

• On September 15, 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 Ma’rib and on the Gulf of Aden coast at Dhabba. Al Qaeda fugitives, who months earlier had escaped from prison, were involved in the planning of the failed attack, which, had it succeeded, would have crippled Yemen’s oil industry.

Al Qaeda in the Arabian Peninsula

In January 2009, Al Qaeda-inspired militants based in Yemen announced that the Saudi and Yemeni “branches” of Al Qaeda were merging under the banner of Al Qaeda in the Arabian Peninsula (AQAP), which formerly had denoted militants responsible for the wave of terrorist violence that swept Saudi Arabia from 2003 through 2007. The announcement came at the height of fighting between Israeli forces and Hamas militants in Gaza, and immediately after President Obama announced his intention to close the U.S. detention facility in Guantanamo Bay, Cuba. Although AQAP is led by a Yemeni militant (Nasir al Wuhayshi), one deputy (Sa’id al Shihri) and another former deputy (Muhammad al Awfi) are Saudi citizens who were repatriated from Guantanamo Bay in November 2007 (detainees #372 and #333 respectively). They then graduated from a Saudi government-sponsored rehabilitation program before returning to militancy.

Some counterterrorism experts suggest that the presence of Saudi militants in Yemen indicates that Al Qaeda’s presence in the kingdom has been significantly hampered by Saudi security forces. At the same time, experts also assert that the groups’ merger is a sign that Al

29 For more information on AQAP’s attacks in Saudi Arabia and the Saudi government’s campaign against the group, see CRS Report RL33533, Saudi Arabia: Background and U.S. Relations, by Christopher M. Blanchard.

30 Al Awfi turned himself in to Saudi authorities in February 2009 and gave a lengthy public confession on Saudi TV.

31 A third Saudi Guantanamo detainee, Ibrahim al Rubaysh (#192), wrote an article in the eighth edition of AQAP’s online magazine. According to one report, six other Saudi former Guantanamo detainees are reported to have joined AQAP. The Saudi newspaper Ukaz reported in February 2009 that Turki Asiri, Yusuf al Shihri, Jabir al Fifi, Fahd al Jutayli, Murtada Muqram and Mish’al al Shudukhi had all joined Al Wuhayshi’s group in Yemen. See, “Web: Rising Profile of Al-Qa’idah in Yemen,” Open Source Center, Caversham BBC Monitoring in English, April 27, 2009.

32 According to one Saudi commander, “We have killed or captured all the fighters, and the rest have fled to Afghanistan or Yemen.... All that remains here is some ideological apparatus.” See, “Saudi Retool to Root Out Terrorist Risk,” New York Times, March 22, 2009.
Al-Qaeda has chosen Yemen as a safe haven and potential long-term base of operations from which to conduct terrorist attacks internally and possibly abroad.33

Throughout most of 2009, AQAP struck targets in Yemen and attempted several attacks inside Saudi Arabia, and many analysts were skeptical whether or not the group was capable of striking the U.S. homeland. The following is a summary of some AQAP attacks prior to the failed Christmas Day airline bombing of 2009:

- In late November 2009, AQAP distributed a video claiming that it had executed a high-level Yemeni security official who had been kidnapped in Ma’rib governorate in June. AQAP had accused the official of spying and recruiting tribes to monitor its movements.

- On November 4, AQAP militants killed three senior Yemeni security officials, including the chief of the Political Security Organization (PSO) in the Hadramawt, the regional security chief, and the head of the regional criminal investigation division.

- On October 13, Saudi security forces killed two AQAP militants in a shootout close to a border crossing in the southern Saudi Arabian province of Jizan. The slain terrorists, one of whom (Mohammed al Shihri) was a former Guantanamo detainee and brother-in-law of one of AQAP’s leaders, were disguised as women when their car was stopped at a highway checkpoint. They opened fire after being questioned by police. The terrorists reportedly were found with suicide vests and other weapons and may have been sent to Saudi Arabia to carry out a major attack.

- On August 27, 2009, Abdullah Asiri, a Saudi member of AQAP, returned to the kingdom from Yemen for a meeting with Assistant Interior Minister Prince Mohammed bin Nayef bin Abdelaziz Al Saud, the director of the kingdom’s counterterrorism campaign. Bin Nayef had agreed to meet Asiri believing that the latter intended to turn himself in to Saudi authorities for rehabilitation. Instead, Asiri detonated a hidden explosive device during a Ramadan gathering in the prince’s home. The explosion lightly wounded Bin Nayef, and the bomb may have contained the same chemicals used in the failed Christmas Day attack several months later.

- In March 2009, AQAP suicide bombers killed four South Korean tourists and their local Yemeni guide near the ancient fortress city of Shibam. A week later, they followed this suicide bombing with a second attack against a convoy of South Korean officials who had traveled to Yemen to investigate the murders in Shibam. Many analysts suggest that AQAP may have received assistance from a source in the security forces in order to carry out a bombing against a well-guarded foreign delegation on its way from the country’s main airport.

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33 According to Saudi General Mansour al Turki, a spokesman for the Saudi Interior Ministry, “They know they have more room to operate in Yemen than in Saudi Arabia. They could provide themselves with safe havens, could find places to train, they could buy weapons, ammunition, explosive materials and probably it’s easier for them to communicate and to meet than they would in Saudi Arabia.” See, “Al-Qaeda in Yemen ‘a threat to Saudis,’” Financial Times, April 23, 2009. Saudi Arabia is planning to construct an electric shield/fence across its border with Yemen.
Assessing the AQAP Threat

Nearly a year before the failed Christmas Day airline bombing, U.S. officials had warned that AQAP was growing in strength and capability. In February 2009, CIA Director Leon Panetta said, "I'm particularly concerned with Somalia and Yemen.... Somalia is virtually a failed state. Yemen is almost there. And our concern is that both could become safe havens for Al Qaeda, so we are watching those situations very closely." Director of National Intelligence Admiral Dennis Blair stated, "Yemen is reemerging as a jihadist battleground and potential regional base of operations for Al Qaeda to plan internal and external attacks, train terrorists, and facilitate the movement of operatives."34

In testimony before the Senate Homeland Security and Governmental Affairs Committee in April 2009, Michael Leiter, director of the National Counterterrorism Center, remarked:

We have witnessed the reemergence of Al Qaeda in the Arabian Peninsula, with Yemen as a key battleground and potential regional base of operations from which Al Qaeda can plan attacks, train recruits, and facilitate the movement of operatives.... We are concerned that if AQAP strengthens, Al Qaeda leaders could use the group and the growing presence of foreign fighters in the region to supplement its transnational operations capability.

Finally, in his testimony before the Senate Armed Services Committee, Commander U.S. Central Command General David H. Petraeus stated:

Yemen stands out from its neighbors on the Peninsula. The inability of the Yemeni government to secure and exercise control over all of its territory offers terrorist and insurgent groups in the region, particularly Al Qaeda, a safe haven in which to plan, organize, and support terrorist operations. It is important that this problem be addressed, and CENTCOM is working to do that. Were extremist cells in Yemen to grow, Yemen’s strategic location would facilitate terrorist freedom of movement in the region and allow terrorist organizations to threaten Yemen’s neighbors, especially Saudi Arabia and the other Gulf States. In view of this, we are expanding our security cooperation efforts with Yemen to help build the nation’s security, counter-insurgency, and counter-terror capabilities.36

Despite a flurry of senior-level attention from Administration officials—in May 2009, Deputy Director of the CIA Stephen Kappes visited Yemen for talks with President Saleh—the consensus among many outside experts for most of 2009 was that AQAP would concentrate its attacks inside Yemen and inside Saudi Arabia. They believed that AQAP’s influence and ability to threaten U.S. and Western interests from Yemen remain limited. One analyst asserted that Al Qaeda’s presence in Yemen is “manageable and containable,” suggesting that the group’s local leadership has splintered between the Saudi and Yemeni elements and that the group has limited support from “Al Qaeda Central” in Afghanistan and Pakistan.37 Articles also cast doubt on reports that Al Qaeda militants increasingly were travelling from Pakistan to Yemen.38

37 Nicole Stracke, Al-Qaeda in Yemen - Still a Manageable Threat, Gulf Research Center, June 15, 2009.
38 According to one article in Jane’s Terrorism and Security Monitor, “There is currently no open source information to (continued...)
For many 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 more of a mass movement embedded into Yemen’s age-old tribal structure. According to one expert, “The longer AQAP is able to exist in Yemen’s tribal communities without exposing them to major violence, the more likely it is that they will be able to become entrenched in the tribes through marriage and shared experiences. This was a key factor in Al Qaeda’s ability to hide successfully in Pakistan’s tribal areas, and would help AQAP to consolidate a territorial base and thus pose a more serious threat than it currently does.”

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, Ma’rib, 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.”

Demands for greater autonomy in Yemen’s southern provinces and even calls for outright secession also may have led to more local sympathy of AQAP. The leaders of AQAP also have sought to exploit regional tensions. In April 2009, the leader of AQAP issued a statement to disaffected southerners, saying:

> O freemen who are standing fast against injustice and oppression, what you are demanding is your right, which is guaranteed to you by your faith, and to which you are attracted by your instincts that do not accept humiliation and degradation. Let no one oppress you or do you injustice in the name of unity. You have tried the rule of socialism, and suffered from it all the tragedies you experienced. Now you are drinking from the same cup at the hand of the regime that governs you today. Now is the time for Islam to rule.

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 a member of 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 merged with its Saudi counterpart 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. 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 there 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.

**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. 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.

**Anwar al Awlaki**

38-year-old 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, new 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 returned to Yemen in 2004 where he became a lecturer at Al Iman University mentioned above. 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.

**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’dah, 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. 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, though there have been numerous government claims that he was killed in battle in December 2009. 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.

After five rounds of fighting followed by temporary cease-fires, a new round of violence started in the summer of 2009. By then, the Al Houthi conflict had transformed from an ideological /religious revivalist movement into more of a classic insurgency. 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 experts believe the Al Houthi family seized upon the desperation of many of the province’s inhabitants to build a religiously inspired insurgent movement capable of fighting guerrilla warfare in the region’s mountainous areas. Although the government imposed a media blackout of the war in Sa’da, numerous reports have indicated that the local population there has suffered tremendously and atrocities have been committed by both sides, and there has been a mass displacement of citizens from their homes due to indiscriminate bombing and artillery shelling.

According to Joost Hiltermann of the International Crisis Group,

The insurgency is more a reaction to a dysfunctional government than an inspired, centralized, ideological movement. Although there is a core of ideologically motivated fighters, most members do not appear to have any kind of consistent national or international objective. Indeed, in order to mobilize more than just the marginal Zaydi revivalist groups, the Houthi leadership has portrayed its position as purely defensive against acts of state oppression and attacks by the Yemeni army.

The war against the Al Houthi rebels remains localized, yet most Yemen experts believe that the longer it fester, the weaker it makes President Saleh appear politically, particularly to the military establishment. Before he unilaterally ended a round of fighting in July 2008, clashes had spread to an eastern suburb of the capital near the airport, and there were rumors of an aborted

42 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

coup and shakeups within the military. Qatar has attempted to serve as a mediator between the warring parties and, in July 2007, brokered an 18-point peace plan which neither side has officially accepted.

**Operation Scorched Earth**

In August 11, 2009, President Saleh launched Operation Scorched Earth in order to finally end the Sa’da war. According to the *Economist Intelligence Unit*, “The suspicion is rising that the main reason that the government launched its offensive was to demonstrate to other dissenting groups around the country, including in particular separatists in the south, that it will not back down in the face of opposition, and will deploy all the means at its disposal to counter any threat.”44 Government troops were unable to quell the rebellion, and the Yemeni government loudly alleged Iranian support to the Houthis in order to obtain Arab and Western financial and military support.

**Iranian Involvement?**

The Yemeni government has made numerous claims that the Iranian government is militarily, financially, and politically supporting the Al Houthi rebellion; however, most Western observers believe that in reality, only the latter may be true. In December 2009, U.S. Assistant Secretary of State for Near Eastern Affairs Jeffrey Feltman stated that “Many of our friends and partners have talked to us about the possibility of outside support to the Houthis and we have heard the theories about Iranian support to the Houthis... To be frank, we don't have independent information about this.”45 To date, Yemen has made a variety of unverifiable claims. In October 2009, the government said that its navy intercepted an arms-carrying Iranian vessel destined for the Al Houthis. General Yahya Saleh, one of Yemen's counterterrorism chiefs and the President’s nephew, said that “The Houthis cannot fund and fight this war with pomegranates and grapes or drugs.... No doubt there is Iranian support, especially when you consider that the Yemeni state is spending billions of riyals.”46

Iran itself seems to have benefitted from its alleged connection to the conflict by having others exaggerate its regional power and military reach, perhaps for their own political purposes. For example, once Saudi Arabia also began to forcefully echo Yemeni charges of Iranian meddling in Sa’da and then intervene directly in the conflict itself, Iranian officials condemned joint Yemeni-Saudi action. Yemeni and Saudi charges have become so common and Iran’s response so automatic that many media outlets have almost accepted the “regional conflict” narrative that has been superimposed on top of what most experts still believe is, ultimately, a local affair.

**Saudi Arabian Involvement**

In November 2009, for reasons unknown, Houthi rebels reportedly attacked a Saudi border checkpoint and seized a strategic mountaintop inside Saudi territory, eliciting a major Saudi military response, including the extensive use of air power. The use of Saudi air power inside

45 ”U.S. Says has no Evidence Iran Backs Yemen,” *Reuters*, December 11, 2009.
Yemen constitutes the first major external Saudi military action since the 1991 Gulf War. The Saudi navy also instituted a blockade in the northwest corner of Yemen to cut off any potential arms smuggling to the Houthis. With Saudi Arabia’s much better equipped air force of European-made Tornado aircraft and U.S.-made F-15 fighters, President Saleh felt emboldened after their intervention and soon declared that “the real war had just started.”

As of late December, the Saudi military announced its intention to wind down its operations after claiming it had achieved its limited objectives of territorial defense and reestablishment of the security of its border. Saudi losses reportedly included 82 troops and border forces killed in action as well as 26 missing. Nevertheless, as of January 2010, fighting continues, and even Saudi Arabian involvement has not forced the Houthis to surrender.

There are numerous theories posited by observers as to why the fighting persists. Some experts charge that there are elements of the Yemeni military with a vested interest, either financial or political, in seeing conflict persist. Others believe that President Saleh requires a decisive military victory in the north in order to demonstrate to southerners that secessionist action will be met by military force. Still, 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 President’s half-brother and the commander of the army’s northern forces. According to a recent 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.”

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. Unemployment in areas which comprised the former socialist state of the People’s Democratic Republic of Yemen (PDRY) is reportedly high. Many southerners have felt cut off from government services and jobs and see persistent infiltration of Sana’a’s influence in their local government. In March and April 2008, tens of thousands of protesters, many of whom were angry over inflation and their exclusion from employment in the army, set fire to police stations and army property in the southern towns of Dhalae and Radfan (both north of Aden in Lahij governorate), and elsewhere in Hadramout province. Some protestors were former members of the defeated southern army in Yemen’s 1994 civil war. In response, the government deployed only northern soldiers to southern areas. Several hundred protestors were detained.

The key demands of south Yemenis include equality, decentralization, and a greater share of state welfare. 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 benefits northern provinces. In addition, the once

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The 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 report by Human Rights Watch:

The security forces, and Central Security in particular, have carried out widespread abuses in the south—unlawful killings, arbitrary detentions, beatings, crackdowns on freedom of assembly and speech, arrests of journalists, and others. These abuses have created a climate of fear, but have also increased bitterness and alienation among southerners, who say the north economically exploits and politically marginalizes them. The security forces have enjoyed impunity for unlawful attacks against southerners, increasing pro-secessionist sentiments in the south and plunging the country into an escalating spiral of repression, protests, and more repression. While the government publicly claims to be willing to listen to southern grievances, its security forces have responded to protests by using lethal force against largely peaceful protestors without cause or warning, in violation of international standards on the use of lethal force. Protestors occasionally behaved violently, burning cars or throwing rocks, usually in response to police violence.49

Some analysts assert that the defection of a former Saleh ally, Shaykh Tariq al Fadhli,50 from the regime to the cause of the southern movement, is the main reason for recent alarm over potential violence in the south. Shaykh al Fadhli has openly called for separation of the south during rallies in his home southern province of Abyan. In response, the government has closed southern newspapers, arrested key southern leaders, and reinforced restive provinces with loyal army troops. The U.S. Embassy in Sana’a released a statement in April 2009 that said:

The United States embassy in Sana’a views with concern reports of increasing incidences of political violence in southern regions of Yemen. The United States supports a stable, unified, democratic Yemen. We call on the Yemeni government, the political parties, civil society organizations and all concerned citizens of Yemen to engage in dialogue to identify and address legitimate grievances.

Overall, deteriorating economic conditions have significantly exacerbated north-south cleavages in Yemen. With oil production expected to end entirely over the next decade, the regime is rapidly running out of funds that it uses to buy the goodwill and political support of tribal elites, military officers, and former southern leaders. Barring any major new oil field discoveries or a new source of external aid, the situation is only expected to worsen in the years ahead.

50 According to one report, “Sheikh Tariq al Fadhli fought in Afghanistan against the Soviet army during the 1980s. He also married into President Saleh’s family. Al Fadhli belongs to a leading family in the southern governorate of Abyan who lost their land during the PDRY nationalization program. Al Fadhli returned to Yemen after the Soviet withdrawal from Afghanistan and played a key role in the post-Cold War settlement in Yemen. He helped President Saleh defeat the Socialists in Yemen’s 1994 civil war and set about reclaiming his family land in Abyan. He remained a paid adviser to the Ministry of Interior.” See, Ginny Hill, “Economic Crisis Underpins Southern Separatism,” Arab Reform Bulletin, June 2009.

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The Major Challenges: Water Depletion, Declining Oil Revenues, Rising Food Prices, and Qat

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 also 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 recent 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.”

However, when the government attempted to lift the diesel subsidy in 2001 and 2005, riots ensued, and the policy was swiftly reversed.

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, 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. 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.

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 one Yemeni social critic, “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.” According to the World Bank, the culture of spending extended afternoon hours chewing qat is inimical to the development of a productive work force, with as much as one-quarter of usable working hours allocated to qat chewing. Chewing qat also suppresses the appetite, and its widespread consumption has been linked to growing child malnutrition rates. Qat chewing also reinforces social and political practices that exclude women, as prominent male politicians and business elites often conduct their business during an afternoon qat chew.

52 The World Bank estimates that qat cultivation employs one out of every seven Yemeni workers.
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 75% of government revenue, yet most economists predict that Yemen will deplete its modest oil reserves in 10 to 15 years. Production has fallen nearly 25% over the last six years. 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.

The Balhaf $4.5 billion liquefied natural gas plant (operated by the Yemeni government in partnership with Total and Hunt Oil) 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.

**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, closed-off regimes created 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. As mentioned earlier, his son Ahmed is commander of the Republican Guards and a possible presidential successor. Ali Mohsen al Ahmar, the President’s half-brother, 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.”54 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.55 Another nephew, Yahya Mohammed Abdullah Saleh, is Chief of Staff of the Central Security Organization (CSO), a division of the Ministry of the Interior which maintains an elite U.S.-trained Counter-Terrorism Unit (CTU).56 Tariq Saleh is

55 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.
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.” In recent 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), 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, the eldest 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.

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 the vital international shipping lanes of 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. Though President Saleh has pledged to deploy 1,600 specially trained soldiers to fight piracy, in essence, the piracy issue is more of an opportunity for the Yemeni government to appear engaged to Western and fellow Arab states on an issue on which all parties

have shared interests. While it is possible that Yemen could secure additional pledges of foreign support in the name of combating piracy, some observers have questioned whether or not smugglers may be selling subsidized Yemeni diesel in Yemen ports and East African markets where pirates refuel, although, as of January 2010, official confirmation of this potential trend has not been established.

According to the Office of the United Nations High Commissioner for Refugees (UNHCR), more than 74,000 Africans crossed the Gulf of Aden and the Red Sea on smugglers' boats and reached the shores of Yemen in 2009. This figure represents a staggering 50% increase over last year’s 50,000 arrivals, itself a record. Many observers believe that as smuggler boats unload destitute Somali refugees in Yemen, they 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.

Al Shabab and Possible Ties to AQAP?

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 Somali radical Islamist group which also is a U.S.-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. 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.” Other observers see less of a direct connection. According to one report, “Shabaab has only recently turned to Al Qaeda, and then it was only from the East Africa cell of Al Qaeda, not from Yemen…. Shabaab has its own major conflict looming with Somalia’s Transitional Federal Government.”

Relations with the Gulf Cooperation Council (GCC)

Yemen desires to join the 24-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. 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, which are to be disbursed over four years (2007-2010) and represent over 85% of the

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government’s estimated external financing needs. Much of these pledges came from Yemen’s wealthy Arab neighbors. In 2009, Saudi Arabia reportedly provided Yemen with an estimated $2 billion to assist with its budget deficit.64

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. Foreign remittances are, aside from oil exports, Yemen’s primary source of hard currency.

**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. On December 11, 2008, Moshe Nahari, a Jewish teacher, was murdered in a market in Raidah, home to one of the last Jewish communities in Yemen. After the attack, President Saleh pledged to relocate Yemeni Jews to the capital.

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. In the spring of 2008, President Saleh attempted to broker a reconciliation agreement between the competing Palestinian factions Hamas and Fatah. During a March 2008 meeting in Sana’a, Palestinian representatives from both groups signed a declaration (the Sana’a Declaration) calling for the creation of a national unity government, but the talks fell apart over the issue of Hamas’s role in a unified Palestinian Authority.

**U.S. Relations and Foreign Aid**

Traditionally, U.S.-Yemeni relations have been tepid, as the lack of strong military-to-military ties, commercial relations, and support of President Saleh has hindered the development of strong bilateral ties. During the early years of the 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 continues to harbor a number of Al Qaeda operatives and has refused to extradite several known militants on the FBI’s list of most wanted terrorists. (Article 44 of the Yemeni Constitution states that a Yemeni national may not be extradited to a foreign authority.) According to a report in the *Washington Post*, three known Al Qaeda operatives (Jamal al Badawi, Fahd al Quso, and Jaber A. Elbaneh), sought under the FBI’s Rewards for Justice program, are in Yemen.65 Before his incarceration, Elbaneh was free in Sana’a despite his conviction for his involvement in the 2002 attack French tanker *Limburg* and other attacks against Yemeni oil installations. In 2003,

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U.S. prosecutors charged Elbaneh in absentia with conspiring to provide material support to a foreign terrorist organization. One expert, Ali H. Soufan, a former FBI supervisory special agent, argues that “If Yemen is truly an ally, it should act as an ally. Until it does, U.S. aid to Yemen should be reevaluated. It will be impossible to defeat Al Qaeda if our ‘allies’ are freeing the convicted murderers of U.S. citizens and terrorist masterminds while receiving direct U.S. financial aid.”

**Yemeni Detainees in Guantanamo Bay**

As of January 2010, an estimated 91 Yemeni detainees remain incarcerated in the U.S. detention facility at Guantanamo Bay, Cuba. With the Obama Administration committed to closing the facility, U.S. officials are continuing to try to find a destination for the Yemeni prisoners. Although both the Bush and Obama administrations repatriated some Yemeni prisoners, there is a widespread belief, particularly among U.S. lawmakers, that many of them would return to militancy if under Yemeni government custody. U.S. officials have suggested that they be transferred to Saudi Arabia where they could participate in that government’s rehabilitation program. However, according to one analyst, the Saudi option may not be viable because the program “has processed fewer than 300 men since it opened two years ago, and the Saudis have plenty of their own candidates waiting to be rehabilitated. What’s more, the Saudis are working within their own distinct social parameters and rely heavily on engagement with participants’ relatives. It’s unlikely that they would have the same sort of leverage over foreign nationals, even from a neighboring country.”

The Yemeni government is pressing U.S. officials to fund a rehabilitation program for prisoners, similar to the Saudi Arabian government program, which uses clerics and social support networks to de-radicalize and monitor prisoners. Between 2002 and 2005, Yemeni Religious Affairs Minister and Supreme Court Justice Hamoud al Hittar ran an unsuccessful “dialogue” program with Yemeni Islamists in which he attempted to convince prisoners that the concept of *jihad* in Islam allows defensive military operations, not offensive attacks. More than 360 militants were released after going through the program, but there was almost no post-release support, such as helping detainees find jobs and wives, key elements of the Saudi initiative. Several graduates of the Yemeni program returned to violence, including three of the seven men identified as participants in the September 2008 bombing of the U.S. Embassy in Yemen. Other observers have suggested funding a Supermax-type prison in Yemen, though costs are uncertain, and there is little U.S. faith in the Yemeni authorities’ ability to maintain security given the escape of so many convicted terrorists from Yemen’s highest security facility in 2006.

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67 14 Yemenis were repatriated from Guantanamo during the Bush Administration. In December 2009, six Yemeni prisoners were sent back to Yemen. According to one report, these six Yemenis all denied ties to Al Qaeda or the Taliban and pledged not to pick up arms against the United States. See, “Yemen to Hold Six Returned Detainees Indefinitely,” *Wall Street Journal*, January 4, 2010.
68 In May 2009, the U.S. Government issued figures showing that 74 of the 530 detainees in Guantánamo were suspected or known to have returned to terrorist activity since their release.
U.S. Foreign Aid to Yemen

Over the past several fiscal years, Yemen has received on average between $20 and $25 million annually in total U.S. foreign aid. However, for FY2010, the Obama Administration requested significant increases in U.S. assistance to Yemen. The State Department’s FY2010 budget request sought an estimated $50 million in total aid. The request included $10 million in Foreign Military Financing, $35 million in Development Assistance, $4.8 million in Global Health-Child Survival funds, and about $2 million in other aid.

P.L. 111-117, the Consolidated Appropriations Act, 2010, provides a total of $52.5 million in economic and military assistance to Yemen, including $35 million in Development Assistance, $12.5 million in Foreign Military Financing, and $5 million in Economic Support Funds.

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. Such an 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.71 The Obama Administration has not divulged the details of any such cooperation agreement to date.

In June 2009, the Defense Department notified Congress of a significant obligation of FY2009 1206 DoD funds for various Yemeni security forces. 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.

FY2009 DOD 1206 obligations include:

- $5.9 million for an aerial surveillance counter-terror initiative (helicopters with night-vision cameras),
- $30.1 million for Coast Guard patrol and maritime security to combat piracy (two boats, radios),
- $25 million for border security (360 4x4 armored pickup trucks)
- and $5.8 million for improving improvised explosive device (IED) ordnance mitigation.

71 “Yemen signs military deal with US,” The National Newspaper (UAE), November 11, 2009.
Between FY2006 and FY2007, Yemen received approximately $30.3 million from the U.S. Department of Defense’s Section 1206 account. Therefore, this most recent tranche of defense aid (totaling $66.8 million) is more than double the level of the previous two fiscal years combined.

**Economic Aid**

Yemen receives 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, may provide a total of $121 million from FY2009 through FY2011. As of January 2010, the Administration had not made public any planned request to amend or expand the agreement in light of the December 2009 attack.

U.S. economic aid to Yemen supports democracy and governance programming. For almost five years, the National Democratic Institute (NDI) has run programs in Yemen’s outlying provinces to support conflict resolution strategies designed to end revenge killings among tribes.

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.

Yemen’s threshold program was approved on September 12, 2007. However, after reports of Jamal al Badawi’s release from prison surfaced a month later, the MCC canceled a ceremony to inaugurate the $20.6 million threshold grant, stating that the agency is “reviewing its relationship with Yemen.” Since then, there have been no reports on the status of MCC assistance to Yemen.

**Table 1. U.S. Foreign Aid to Yemen**

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<tr>
<th>Aid Account (Foreign Operations)</th>
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<th>FY2009</th>
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