

# CRS Report for Congress

## Yemen: Background and U.S. Relations

Updated June 10, 2008

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Prepared for Members and  
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## Summary

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

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

The U.S. government has modestly increased aid for Yemen, which had virtually ended in the late 1990s. In 2003, the U.S. Agency for International Development (USAID) reopened its mission in Yemen after a hiatus of seven years. Over the past several fiscal years, Yemen has received on average between \$20 and \$25 million in total U.S. foreign aid. In FY2009, the Administration has requested \$28.2 million in assistance for Yemen, an increase from its \$20.7 million aid package in FY2008.

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# Yemen: Background and U.S. Relations

## Overview

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

President Saleh, a former military officer, has governed Yemen since the unified state came into being in 1990; prior to this, he had headed the former state of North Yemen from 1978 to 1990. In Yemen's first popular presidential election, held in 1999, President Saleh won 96.3% of the vote amidst cries of ballot tampering. In 2006, Saleh stood for reelection and received 77% of the vote. His main opponent, Faisal Bin Shamlan, a 72-year-old former oil executive and government minister, ran an effective campaign but was outspent by Saleh and the ruling party.<sup>1</sup> Bin Shamlan was supported by an opposition coalition composed of Islamists, Communists, and powerful tribes.

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. However in recent years, a series of events, including increased Al Qaeda attacks, an insurgency in the north, and civil unrest in the south, have led many experts to conclude that Yemen may be on the verge of collapse, particularly given its already precarious economic condition. Others assert that Yemen's collapse will be gradual. According to a recent report in *Oxford Analytica*:

“Within Yemen there is a perceptible weakening of government, growing discontent and a sense of state incompetence. However, the security core of the regime remains resilient, and Yemen is unlikely to implode in the short or medium term. There will be instead a process of state deterioration as Yemen gradually becomes less governable and less stable.

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<sup>1</sup> Shamlan's campaign slogan was, “A President for Yemen, not Yemen for a President.”

This will manifest itself in more demonstrations, local rebellions, growing competition for access to water and other resources, tribal unrest and terrorism.”<sup>2</sup>

## Domestic Challenges

### Terrorism and Al Qaeda

Yemen is an undeveloped country where, outside of the capital of Sana’a, tribal leaders often exert more control than central government authorities. It has long been the scene of random violence and kidnapping; it is rumored that there are an estimated 60 million firearms among a population of less than 20 million. Kidnapings of Yemeni officials and foreign tourists have been carried out mainly by dissatisfied tribal groups pressing the government for financial largesse or for infrastructure projects in their districts.

The prevailing climate of lawlessness in much of Yemen has provided opportunities for terrorist groups to maintain a presence in outlying areas of the country. Many experts believe that, since the 1980s, Yemeni President Ali Abdullah Saleh has tolerated the presence of radical Islamists in the country and has used their presence to bolster his credibility among Islamist hardliners.<sup>3</sup> As the ancestral home of Al Qaeda leader Osama bin Laden, Yemen provided, and then welcomed home, thousands of so-called “Arab Afghan” volunteers who fought alongside the *mujahidin* (Islamic fighters) against the Soviet occupation of Afghanistan in the 1980s. During the 1994 civil war, President Saleh dispatched several brigades of “Arab Afghans” to fight against southern late secessionists. In the mid to 1990s, Yemeni (and many foreign) militants, many with ties to Al Qaeda, began striking targets inside the country. One group, known as the Aden-Abyan Islamic Army, which was formed by a former Bin Laden associate, was responsible for the December 1998 kidnapping of 16 foreign tourists (4 of whom died in a botched rescue attempt) and the 2002 attack on a French oil tanker (*Limburg*) near the southern Yemeni port of Mukalla.

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<sup>2</sup> “Yemen: State is Deteriorating and Could Fail,” *Oxford Analytica*, May 1 2008.

<sup>3</sup> “Yemen’s Deals With Jihadists Unsettle the U.S.,” *New York Times*, January 28, 2008.

**Figure 1. Map of Yemen**

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

**The USS Cole Bombing.** On October 12, 2000, an explosives-laden motorboat detonated alongside the U.S. Naval destroyer USS Cole while it was docked in the Yemeni port of Aden, killing 17 U.S. servicemen and wounding 39 others. Nearly 8 years after the attack, many details on the attack remain a mystery. In 2000, agents from the Federal Bureau of Investigation (FBI) uncovered some of the perpetrators of the terrorist bombing. 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 from the Yemeni government.<sup>4</sup> Another Al Qaeda member, Walid bin Attash (also referred to as Tawfiq bin Attash), has been 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 under U.S. military custody. At this time, it is unclear whether they will be tried in a U.S. military or civilian court.

A third organizer of the Cole bombing, Jamal al Badawi, has been, to the frustration of U.S. officials, held under 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

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

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, where he has been indicted in the U.S. District Court in New York on murder charges.<sup>5</sup> According to one former FBI official, Badawi was “the guy who recruited the bombers.... He was the local mastermind.”<sup>6</sup> At this time, it is unclear if Badawi is still incarcerated. According to 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.” 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 alAlimi, Yemen's Interior Minister, “The strategy is fighting terrorism, but we need space to use our own tactics, and our friends must understand us.”

**U.S.-Yemeni Intelligence Cooperation.** In the immediate aftermath of the Cole bombing, U.S. officials complained that Yemeni authorities were not cooperative 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.<sup>7</sup> President Saleh reportedly has allowed small groups of U.S. Special Forces troops and CIA agents to assist in identifying and rooting out Al Qaeda cadres hiding in Yemen, despite sympathy for Al Qaeda among many Yemenis. According to press articles quoting U.S. and Yemeni officials, the Yemeni government allowed U.S. personnel to launch a missile strike from an unmanned aircraft against an automobile in eastern Yemen in November 2002, killing six alleged terrorists, including Qaid Salim Sinan al Harithi, the leader of Al Qaeda in Yemen and a key planner of the attack on the USS Cole.<sup>8</sup> (Yemen then arrested al Harithi's replacement, Muhammad Hamdi al Ahdal, a year later.) The United States also has helped Yemen build and equip a modern coast guard used to patrol the strategic Bab al Mandab strait where the Red Sea meets the Gulf of Aden and the Indian Ocean.<sup>9</sup> Finally, the United States has provided technical assistance,

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<sup>5</sup> A Yemeni court condemned Badawi to death in 2004, although his sentence was commuted on appeal to 15 years in prison.

<sup>6</sup> “A Terrorist Walks Free,” *Newsweek*, October 27, 2007.

<sup>7</sup> Some observers consider Yemen's counter-terrorism policies to be unorthodox. In 2002, the government sanctioned the creation of a committee of moderate religious leaders to engage in a dialogue (called “al hiwar al fikri” in Arabic, translated as “intellectual dialogue”) with Al Qaeda-inspired militants in order to dissuade them from engaging in terrorist acts. Other governments, including the neighboring Saudis have since adopted similar dialogue based tactics. In addition, Yemeni authorities have released militants from prison on the condition that they refrain from plotting attacks in Yemen and elsewhere. One foreign observer described the government's tactics as “an imperfect system of parole and control.” See, “Yemen Employs New Terror Approach,” *Associated Press*, July 4, 2007.

<sup>8</sup> Before Al Harithi was killed by a U.S. unmanned aircraft, Yemeni forces had failed in their attempt to capture him. Soldiers who were sent to detain him were themselves captured by local tribesmen protecting Al Harithi.

<sup>9</sup> According to the U.S. Energy Information Administration (EIA), the Bab al Mandab strait is one of the most strategic shipping lanes in the world, with an estimated 3 million barrels (continued...)

equipment, and training to the Anti-Terrorism Unit [ATU] of the Yemeni Central Security forces and other Yemeni Interior Ministry departments.

Despite recent U.S.-Yemeni security cooperation, many U.S. officials view Yemen's counterterrorism policies as inadequate. According to the U.S. State Department's 2007 Country Reports on Terrorism, "Despite Yemen's history of terrorist activity and repeated offers of assistance from the U.S. government, Yemen lacked a comprehensive counterterrorism law. Current law as applied to counterterrorism was weak."<sup>10</sup>

In the spring of 2008, FBI Director Robert Mueller traveled to Yemen in order to discuss counter-terrorism 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."<sup>11</sup>

**Al Qaeda's Resurgence.** Many experts agree that between 2002 and 2004, the Yemeni government, with the assistance of the United States, was able to severely disrupt Al Qaeda-inspired terrorist activity in Yemen. However, in recent years, analysts observe that a new generation of militants has emerged. 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 may be 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."<sup>12</sup>

One group calling itself Al Qaeda in Yemen has issued several statements demanding that President Saleh, among other things, release militants from prison,

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<sup>9</sup> (...continued)  
per day of oil flow.

<sup>10</sup> U.S. State Department, Country Reports on Terrorism 2007, Chapter 2 -- Country Reports: Middle East and North Africa Overview, Released by the Office of the Coordinator for Counterterrorism, April 30, 2008.

<sup>11</sup> "A Tense Impasse In Yemen," *Newsweek*, May 5, 2008.

<sup>12</sup> Brian O' Neill, "New Generation of al-Qaeda on Trial in Yemen," *Terrorism Focus*, Volume 4, Issue 39, published by the Jamestown Foundation, November 27, 2007.



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 *jihād*. 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. Over the past two years, Al Qaeda in Yemen has claimed responsibility for several attacks, including:

- 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 group calling itself the Yemen Soldiers Brigades, an affiliate of Al Qaeda in Yemen, fired a mortar aimed at the U.S. Embassy in Sana'a. The mortar missed its target and fell on a school near the embassy wounding 13 Yemeni schoolgirls and five Yemeni soldiers.
- On January 18, 2008, Al Qaeda gunmen opened fire on a tourist convoy, killing two Belgian women and two Yemeni drivers. Reportedly, Yemen's tourist industry has suffered from the recent string of terrorist attacks.
- 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. Subsequent investigations carried out by the Yemeni security forces concluded that the perpetrators were part of a 10-person cell comprised mostly of Yemenis recruited by hardened militants.
- On March 29, 2007, Al Qaeda in Yemen assassinated the chief criminal investigator in Marib province, a man who 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 Maarib and on the Gulf of Aden coast at Dhabba.<sup>13</sup> Al Qaeda

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<sup>13</sup> This attack followed a general call by Ayman al Zawahiri, Al Qaeda's second-in-  
(continued...)

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.

According to a number of sources, the new leader of Al Qaeda in Yemen is a 32-year-old former secretary of Osama bin Laden named Nasir al Wahayshi. Like other well-known operatives, Al Wahayshi (alt. sp. Wuhayshi) was a member of the 23-person contingent who escaped from a Yemeni prison in 2006. Al Wahayshi's personal connection to Bin Laden has reportedly enhanced his legitimacy among his followers.<sup>14</sup> After the fall of the Taliban in Afghanistan in 2001, he escaped through Iran, but was arrested there and held for two years until he was deported to Yemen in 2003.

## The Al Houthi Revolt

Over the past several years, a group of Zaydi<sup>15</sup> Shiites in the remote northern Yemeni province of Sa'ada have waged a guerrilla war against the Yemeni government. The revolt has been spearheaded by members of the Al Houthi family, a prominent Zaydi religious clan who claim descent from the prophet Muhammad through his daughter Fatima and her husband, Ali. Shaykh Hussein Badr ad din al Houthi, who was killed by Yemeni troops in 2004, formed the Organization for Youthful Believers as a revivalist Zaydi group for Al Houthi followers who dispute the legitimacy of the Yemeni government and are firmly opposed to the rule of President Saleh, a Zaydi himself, though with no formal religious training or title.<sup>16</sup> Abdul Malik al Houthi, the new leader of the group, has said the Yemeni government is "an ally of Americans and Jews," and there have been reports of threats against the small community of Yemeni Jews in northern areas with an Al Houthi presence.<sup>17</sup> The Yemeni government claims that Al Houthi rebels seek to establish a Zaydi theocratic state in Saada with Iranian assistance, though some analysts dispute Iranian involvement in northern Yemen, asserting that the Yemeni authorities are using the

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<sup>13</sup> (...continued)

command, for Islamist militants to attack oil facilities in the Middle East.

<sup>14</sup> Gregory D. Johnsen, "Al-Qaeda in Yemen Reorganizes under Nasir al-Wahayshi," *Terrorism Focus*, Volume 5, Issue 11, published by the Jamestown Foundation, March 18, 2008.

<sup>15</sup> The population of Yemen is almost entirely Muslim, divided between Zaydis, found in much of the north (and a majority in the northwest), and Shafi'is, found mainly in the south and east. Zaydis belong to a branch of Shi'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 alMahdi, has been hidden by *Allah* and will reappear on Earth as the savior of mankind.

<sup>16</sup> "Yemeni Jews Face Growing Sectarian Troubles," *Christian Science Monitor*, April 4, 2007.

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

specter of Iranian interference to justify large-scale military operations against the insurgents and calls for assistance from neighboring Gulf states.

Over the past two years, fighting between government security forces and Al Houthi rebels has been intermittent. Several cease-fire agreements mediated by Qatari negotiators have temporarily halted the violence, though neither side seems prepared to reach a final settlement. The rebels have been unwilling to fully disarm, while the government is unwilling to release additional Al Houthi prisoners for fear that they will resume their attacks.

In April and May 2008, the conflict resumed in full force after gunmen, who may have been Al Houthi rebels, ambushed and killed a Yemeni lawmaker and his son. A month later, after several more clashes, a bomb-rigged motorcycle exploded in a mosque in Sa'ada, killing over a dozen people. Several weeks later, a lone gunman opened fire in a mosque in the town of Kohal in Amran Province, killing eight people.

## **Unrest in the South**

For years, southern Yemenis have been disaffected by their perceived second-class status in a unified state from which many of their leaders tried to secede in 1994. Unemployment in the 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. 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 town of Dhalae and elsewhere. Some of the protestors were themselves 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 reportedly detained.

## **Extreme Poverty and Water Scarcity**

With limited natural resources, a crippling illiteracy rate, and high population growth, Yemen faces an array of daunting development challenges that some observers believe make it at risk for becoming a failed state in the next few decades. Currently, it ranks 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 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. Some of the statistics on social and economic conditions in Yemen are startling, including:

- **High Population Growth** — Yemen has one of the highest population growth rates in the world, currently at 3.2 percent per year. Its current population stands at 22 million and is expected to reach 40 million by 2030. In addition, 45% of all Yemeni citizens

are under the age of 15. Moreover, 70% of Yemenis live in rural areas, making the delivery of public services difficult.

- **Illiteracy and Education** — Yemen's national literacy rate is 45.3%, but just 33% for females. According to the Ministry of Planning and International Cooperation, between 33% and 40% of Yemeni children do not attend primary school, and over ten thousand new schools will be needed in the upcoming years just to keep up with population growth.<sup>18</sup>
- **Severe Water Shortage** — Yemen has one of the greatest water shortages worldwide. Water scarcity is becoming a serious concern, as water demand has forced Yemen to dig deeper wells and deplete its ground water reserves at alarming rates. Currently, Yemen is experiencing a severe drought. Agriculture, the economy's largest employer, is largely inefficient with up to 45% of the water used in growing food wasted. The cultivation of *qat*, a natural stimulant grown in the Horn of Africa and chewed by over 70% of the Yemen's population, is rapidly depleting water resources. With the prohibitive cost of desalination for a country in Yemen's income bracket, its only option for water preservation may be to increase efficiency. It is estimated that Yemen has enough rainfall for only about 2 million people.
- **Dwindling Oil Production** — Oil production accounts for over 70% of government revenues; however, oil reserves are declining and may be depleted entirely in the next decade, barring the discovery of new fields.<sup>19</sup> The export of liquid natural gas (LNG) may be a promising source of income in the future, though Yemen has had difficulty in securing long-term foreign investment for LNG projects.<sup>20</sup>
- **Status of Women** — According to a recent report in *The Observer*, a Yemeni woman has a one-in-39 chance of dying in pregnancy or childbirth over her lifetime, one of the highest rates in the world. In addition, early marriage is prevalent in Yemen, a practice that has a serious impact on young women's health and quality of life.<sup>21</sup>

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<sup>18</sup> CRS interview with Yemeni government officials, September 18, 2006.

<sup>19</sup> Yemen's proven oil reserves are less than 4 billion barrels, though the government is confident that with additional foreign investment new fields will be discovered. Current oil production is estimated at between 300,000 and 330,000 barrels a day.

<sup>20</sup> U.S.-based Hunt Oil has been a major investor in Yemen's energy industry since 1981.

<sup>21</sup> "Woman: Is this the Worst Place on Earth to Be a Woman?," *The Observer*, May 11, 2008.

## Foreign Relations

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

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

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

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

of its members emigrated to Israel decades ago. Yemen supports the Arab Peace Initiative, which calls for Israel's full withdrawal from all occupied territories and the establishment of a Palestinian state in the West Bank and Gaza Strip in exchange for full normalization of relations with all Arab states in the region.

In the spring of 2008, President Saleh attempted to broker a reconciliation agreement between the competing Palestinian factions Hamas and Fatah. During a March 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**

U.S.-Yemeni relations have generally been good, though marred occasionally by differences over Iraq and the Arab-Israeli conflict. U.S. officials have welcomed Yemen's support for the war on terrorism since September 11, 2001; however, because of the Yemenis' ambivalent attitudes toward any Western military presence, the Yemeni government tends to downplay U.S.-Yemeni military and intelligence ties. Nevertheless, the U.S. government has modestly increased its aid programs for Yemen, which had virtually ended in the late 1990s. In 2003, the U.S. Agency for International Development (USAID) reopened its mission in Yemen after a hiatus of seven years. In April 2007, President Saleh met with President Bush and some Members of Congress in Washington, D.C. After their meeting, President Bush stated that "We spent a lot of time talking about our mutual desire to bring radicals and murderers to justice.... And I thanked the president for his strong support in this war against extremists and terrorists."<sup>22</sup>

Some critics charge that the current U.S. approach to Yemen is compromising U.S. national security. 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. According to a recent 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.<sup>23</sup> Before his recent incarceration, Elbaneh was roaming freely on the streets of Sana'a despite his conviction for his involvement in the 2002 attack French tanker *Limburg* and other attacks against Yemeni oil installations. In 2003, 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

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<sup>22</sup> "President Bush Welcomes President Ali Abdullah Saleh of Yemen to the White House," Office of the Press Secretary, May 2, 2007.

<sup>23</sup> "Bounties a Bust in Hunt for Al-Qaeda," *Washington Post*, May 17, 2008.

"allies" are freeing the convicted murderers of U.S. citizens and terrorist masterminds while receiving direct U.S. financial aid."<sup>24</sup>

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

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 new reports on the status of MCC assistance to Yemen.

**U.S. Bilateral Assistance.** Over the past several fiscal years, Yemen has received on average between \$20 and \$25 million in total U.S. foreign aid. For FY2009, the Administration has requested \$28.2 million in assistance for Yemen, an increase from its \$20.7 million aid package in FY2008. Between FY2006 and FY2007, Yemen also has received approximately \$31.5 million from the U.S. Department of Defense's Section 1206 account. Section 1206 Authority is a Department of Defense account designed to provide equipment, supplies, or training to foreign national military forces engaged in counter-terrorist operations.

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<sup>24</sup> "Coddling Terrorists In Yemen," *Washington Post*, May 17, 2008.

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

<b>Aid Account</b>	<b>FY2006</b>	<b>FY2007</b>	<b>FY2008</b>	<b>FY2009 Request</b>
Economic Support Fund (ESF)	7.920	12.000	2.777	—
Foreign Military Financing (FMF)	8.415	8.500	4.676	3.000
Development Assistance (DA)	—	—	7.796	21.000
Non-Proliferation, Anti-Terrorism, De-mining, and Related Programs (NADR)	1.441	3.751	4.034	2.525
International Military Education and Training (IMET)	.924	1.085	.952	1.000
<b>Totals</b>	<b>18.700</b>	<b>25.336</b>	<b>20.325</b>	<b>27.525</b>