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Yemen and U.S. Security

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Request for comments:

This report is a draft that will be turned into an electronic book. Comments and suggested changes would be greatly appreciated. Please send any comments to Anthony H. Cordesman, Arleigh A. Burke Chair in Strategy, at acordesman@gmail.com.

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Yemen¹



Source: Central Intelligence Agency, *The World Factbook*

Yemen is the most troubled state in the Arabian Peninsula. It remains in a low-level state of civil war, and is deeply divided on a sectarian, tribal, and regional level. A largely Shi'ite Houthi rebellion still affects much of the northwest border area and has serious influence in the capital of Sana and along parts of the Red Sea coast. Al Qa'ida in the Arabian Peninsula (AQAP) poses a threat in central Yemen, along with other elements of violent Sunni extremism, there are serious tensions between the northern and southern parts of Yemen, and power struggles continue between key elements of the military ruling elite in the capital and outside it.

The CIA estimates that Yemen's population had reached 25.4 million, and that some 42% of its population is 14 years of age or younger and 62% is under 25 years of age. The population growth rate is an extremely high 2.575%, the median age is only 18.3 years, and over 42% of a population of over 25.4 million is zero to 14 years of age.² Yemen's population growth has sharply outpaced both its economic development and its water and food supplies. It has declining petroleum reserves and exports, and has become a narco-economy with most of its male population addicted to Qat. It is a major route for drug and human trafficking across the Saudi border, and Saudi Arabia has faced major

pressures from the illegal immigration of Yemeni workers that has led it to crack down and expel many since 2012. The US and Saudi Arabia both see Iranian influence over the Houthi as a threat, and cooperate in supporting the Yemeni government in fight AQAP and UCAV strikes on AQAP leaders – some from facilities in Saudi Arabia.³

Figure 33 provides a statistical summary of Yemen's current population and economy, with the most striking figure the country's per capita income. This income has shrunk steadily since 2008, dropping to \$2,300 in 2012. This is one of the lowest in the world, and ranks 186th in a region where Qatar is the highest per capita income in the world and the next lowest is Iran at 92nd. The CIA estimates that Yemen's GDP shrank by over 10% in 2011, and that over 45% of the population is below a dismally low standard for a poverty line. The most recent unemployment figure dates back to a far more stable 2003, and that number was 35%.⁴

Over 287,000 males and 277,000 females reach employment age each year, and both the UN and US Census Bureau predict Yemen will be under intensive demographic pressure through 2050.⁵ One third of Yemen's population is going hungry, at least 500,000 children are at risk of dying of malnutrition, the wells in the country are expected to dry out by 2015 and almost half of the country lives on less than 2\$ a day.

Yemen's central government remains highly unstable, and its forces weak and deeply divided. A sectarian rebellion continues in the Houthi areas in the northwest. It is now the location of the main elements and leadership of Al Qaeda in the Arabian Peninsula (AQAP). Serious tribal warfare continues in other areas, and there is a risk that parts of the south will again seek to secede.⁶ Illegal immigration totaling some 400,000 a year, border clashes and smuggling, and terrorism present major problems for Saudi Arabia, which fought a recent border war against the Houthi rebels in the area and is now seeking to create a security zone along the border while creating a mix of concrete barriers and a multi-billion dollar electronic fence to separate the two countries.⁷

May 2013 reporting by the World Bank provides broad warnings regarding Yemen's challenges:⁸

After almost a year of crisis, in the wake of the Arab Spring, Yemen has embarked on a political transition based on an agreement brokered by the Gulf Cooperation Council (GCC). The Government of National Reconciliation was formed and confirmed by the Parliament in December 2011. Presidential elections were held in February 2012, and President Abd Rabbuh Mansur Al-Hadi was sworn in soon afterward. During the transition the government is expected to host a National Dialogue, draft a new constitution, and reform the army and security establishments. The transition is expected to end in February 2014 with legislative and presidential elections, to be held under the new constitution, followed by the inauguration of a new president and formation of a new parliament. Implementation of the GCC agreement is largely on track, though gains achieved so far are fragile and important challenges lie ahead.

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...The National Dialogue process launched on March 18, 2013, offers an opportunity to bring together rival factions and enhance the state's authority, but it could run the risk of a stalemate if violence or debilitating political conflict persists or if major stakeholders do not take part in the process. The 565-member National Dialogue aims at drafting a new constitution and an electoral law that would pave the way for parliamentary and presidential elections scheduled for February 2014. It is not clear yet if all factions in the Southern Movement (Hirak) will join the dialogue although an agreement has been reached to have equal representation from the south and the north

as well as 30% representation of women and 20% youth. Success of the political transition is contingent on continued support from the international community, successful restructuring of the military and security establishments, and delivering tangible, visible and quick results on the economic front, especially in terms of enhanced access to basic services and job and income opportunities.

... Security in Yemen remains calm but fragile. The lead up to the National Dialogue introduced a new level of unpredictability to the security environment as many delegations are unwilling to name delegates due to the possible security risks. There is a growing concern of possible Al Qaeda attacks. The past year of political transition has witnessed slow-paced progress in re-structuring of the army and the security and dismantling of ex-regime remnants in senior government positions. Widespread arms possessions, lawless regions, armed tribal groups, sustained sabotage to energy supplies, an active Al Qaeda network, political assassinations, and kidnappings continue to pose threats to the political transition and the security of the Yemeni civilians. Tensions between Al-Hirak and Al-Islah are expected to continue in the south.

... Yemen's economic situation has been very difficult in 2012. There have been continued attacks on oil pipelines and electricity transmission lines leading to interruptions of oil production and electricity delivery. Nonetheless, there are signs of economic activity revival after a 10 percent decline in 2011. Inflation has come down to single digits. The exchange rate has appreciated then stabilized at pre-crisis levels and foreign exchange reserves (including the recently received US\$1 billion deposits from Saudi Arabia) have increased to over US\$5.0 billion. These developments have allowed the authorities to reduce the policy interest rate from 20 percent to 18 percent. The fiscal deficit is expected at around 5.5 percent of GDP as a result of the Saudi oil grant and cuts in capital expenditures and transfers. Non-hydrocarbon revenues have also exceeded the budget estimates due to strengthened collection efforts. All indicative targets under the government's reform program that is supported by the International Monetary Fund's (IMF) Rapid Credit Facility have been met. IMF is considering a medium term reform program.

... The U.N. Security Council envoys completed a visit to Yemen amid tight security on January 27, 2012, and issued a statement expressing the international community's support to Yemen, and highlighting the following: (i) an inclusive and transparent national dialogue; (ii) the establishment of an Executive Bureau for the Acceleration of Aid Absorption (which is currently being supported by the World Bank); (iii) possible sanctions under Article 41 of the UN charter to any potential spoilers to the political transition (naming former president Saleh and former vice president Al Biedh); (iv) Yemen's territorial integrity and unity (with a clear signal to Hirak that a separation by the South will not be supported by the international community); and (v) concern over arms and money transfers to Yemen from outside (hinting at recent alleged Iranian arms shipments to Yemen). Most recently, on March 7, 2013, the Friends of Yemen meeting was held London to reiterate the international community's continued support to the country's transition on the political and security fronts. They also underscored their commitment to deliver on the US\$7.5 billion pledged for Yemen's economic and social development through humanitarian assistance and visible high impact investment projects.

... The transition government has an opportunity to start addressing the underlying causes of instability and social strife in order to rebuild Yemen's social and economic base and restore macroeconomic stability. Despite a history of conflict and recent unrest, there is an overall sense of optimism and hope for inclusive change in post-revolution Yemen. However, Yemen's transition may face significant risks if reforms do not materialize quickly and if substantive changes are not felt in the population, thus contributing to disillusionment with the efforts of the new government and potentially a return to unrest and a reversal of gains made.

The economy, already under significant strain prior to the crisis, has been severely disrupted by recent events. Reduced availability of fuel, particularly diesel, has aggravated electricity and water shortages. Agricultural, service, and industrial sectors have faced significant cost increases for inputs such as irrigation, transportation, and marketing, ultimately reducing production and exports. The interruption of production processes has resulted in business closures and job losses. Food and consumer prices have also risen steeply, and official price data for 2011 show an

upsurge in annual inflation to 23 percent (at end-2011). While maintaining a relatively stable exchange rate throughout the crisis has helped to anchor expectations and counter food price inflation, Yemen remains one of the world's most food insecure countries.

Even before the crisis, Yemen was one of the poorest countries in the Arab region with a per-capita GDP of US\$1,209. The country has one of the highest population growth rates in the world, placing pressure on educational and health services, drinking water, and employment opportunities. Yemen is not expected to meet any of the Millennium Development Goals (MDGs).[1]

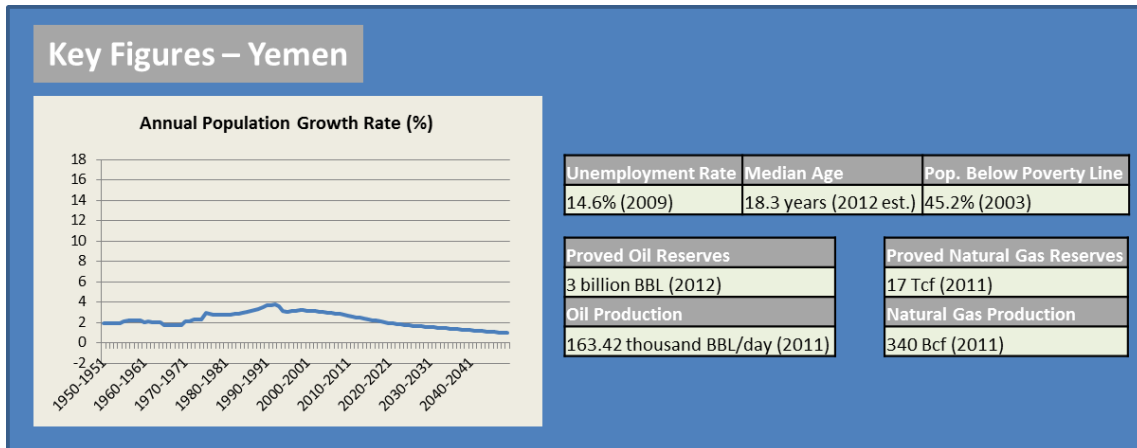
Poverty, which was already increasing prior to the crisis, is estimated to have risen further from 42 percent of the population in 2009 to 54.5 percent in 2012...Poverty is particularly high in rural areas, which are home to about 73 percent of the population and 84 percent of the poor. An estimated 806,586 people are now considered most vulnerable due to current and previous conflicts in Yemen,[3] including children who have been directly involved in or affected by the infighting and violence, as well as 213,000 vulnerable returnees and war-affected persons in the north, 203,900 refugees and asylum seekers,[4] and approximately 150,000 displaced people in the south.[5]

Women, who are already severely disadvantaged in Yemen, have suffered disproportionately as a result of the crisis. Preliminary figures from 2011 indicate decreased access to basic and social services and economic opportunities, as well as high levels of gender-based violence as a result of the unrest. These effects have compounded the severe gender imbalances that already existed.

The CIA draws similar conclusions:⁹

Yemen is a low income country that is highly dependent on declining oil resources for revenue. Petroleum accounts for roughly 25% of GDP and 70% of government revenue. Yemen has tried to counter the effects of its declining oil resources by diversifying its economy through an economic reform program initiated in 2006 that is designed to bolster non-oil sectors of the economy and foreign investment. In October 2009, Yemen exported its first liquefied natural gas as part of this diversification effort. In January 2010, the international community established the Friends of Yemen group that aims to support Yemen's efforts toward economic and political reform. In 2012, the Friends of Yemen pledged over \$7 billion in assistance to Yemen. The Yemeni government also endorsed a Mutual Accountability Framework to facilitate the efficient implementation of donor aid. The unrest that began in early 2011 caused GDP to plunge more than 15% in 2011, and about 2% in 2012. Availability of basic services, including electricity, water, and fuel, has improved since the transition, but progress toward achieving more sustainable economic stability has been slow and uneven. Yemen continues to face difficult long term challenges, including declining water resources, high unemployment, and a high population growth rate.

Figure 33: Yemen - A Statistical Overview



Key Data and Indicators	Figures
Total Population in Millions	24.7
Median Age in Years	18.3
Percent 0-14 Years	42.50%
Urban Population	32%
Literacy Rate	63.90%
GDP (in \$ US billions) Official Exchange Rate	\$33.22
GDP PPP Per Capita World Ranking	186
Labor Force in Thousands	6,956
Unemployment, ages 15-24	NA
Annual entrants to the workforce (male)	287,141
Annual entrants to the workforce (female)	277,612

Source: Created by Robert Shelala II using data from: Unemployment rate: "Unemployment, Total (% of Total Labor Force)," The World Bank, accessed January 7, 2013. <http://data.worldbank.org/indicator/SL.UEM.TOTL.ZS>; Median age, population below poverty line: Central Intelligence Agency, *The World Factbook [Yemen]*, updated December 17, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ym.html>; Energy information: "Yemen: Country Analysis Brief," US Energy Information Administration, updated October 16, 2012. <http://www.eia.gov/countries/country-data.cfm?fips=YM>; Annual population growth rate: "International Programs: International Data Base," United States Census Bureau, US Department of Commerce, undated. <http://www.census.gov/population/international/data/idb/informationGateway.php> (Accessed December 14, 2012); Key data and indicators: Central Intelligence Agency, *The World Factbook [Yemen]*, updated December 17, 2012. <https://www.cia.gov/library/publications/the-world-factbook/geos/ym.html>. "Annual entrants to the workforce" determined using "manpower reaching militarily significant age annual" figure from CIA.

Yemen's Relations with Iran

Relations between Iran and Yemen are tense. The government in Sana'a perceives that Tehran has involved itself in Yemeni domestic affairs. Sana'a is concerned with Iran's support for the Shia Houthi community in northern Yemen, and of supporting a faction of the southern separatist movement (Herak), which has proven a threat to Yemeni security.

The Yemeni government has repeatedly turned down Iranian visits to Yemen as a result of this tension. It is believed that in 2009 Houthi and IRGC figures met in a plot to increase tensions between the Houthis on one hand and Sana'a and Riyadh on the other. Iran's Foreign Minister was denied a visit to Yemen as a result. Additionally, Yemen's military claims that it stopped multiple Iranian arms shipments to the Houthis.¹⁰

During 2012, various reports suggested that Iran expanded its interests in Yemen through links to the Houthi militia and an Iranian espionage network within the country. In March 2012, a report by the *New York Times* citing a high-level US government source stated that the IRGC Quds Force was "using small boats to ship AK-47s, rocket-propelled grenades and other arms to replace older weapons used by the rebels."¹¹ Four months later, it was reported that President Hadi had turned down a meeting with an Iranian envoy, apparently as a result of an Iranian espionage network run by an ex-IRGC official that was exposed by the Yemeni government.¹² Iran has also tried to bring in to Yemen material that is used to make explosive devices, the material was shipped in freighters from Turkey and Egypt that docked in Aden.¹³

Despite the diplomatic tension caused by Iran's covert activities in Yemen, a report from *Asharq Alawsat* indicated several months later that Iranian espionage had continued through the Iranian Medical Center in Sana'a, as well as through "trade guises."¹⁴ The article cited a Yemeni government source as stating that:¹⁵

'Tehran is providing financial and logistical support to the secessionist movement, whilst it is also working to train some armed movements in southern Yemen, in addition to establishing a network of relations with Yemeni parliamentarians, political activists, journalists and writers [...and...] funding media operations and political parties with the objective of thwarting the transition of power in Yemen.'

Other reports note a Hezbollah presence in Yemen as well, and Iran not only seems to be engaged with the Houthi faction in the north, but possibly in aiding Southern Mobility Movement (SMM) and/or otherwise hostile Al Qa'ida in the Arabian Peninsula (AQAP) factions in the south, which could have more serious security implications for the US, Saudi Arabia, and the other Gulf states..

The possibility of a relationship between Iran and AQAP is uncertain. Very senior Saudi experts feel that such cooperation exists in spite of AQAPs hostility to Shi'ites and Iran. One Arab media report suggests such a relationship,¹⁶ although open source reporting on any possible ties is limited. An *NBC News* blog posting from August 2011 cites US government sources in suggesting the possible trafficking of a small firearm and AK-47s between Iran and AQAP.¹⁷

US experts feel that any support that Tehran does provide to AQAP is very limited – similar in strategic value to the limited support that Iran is accused of providing the Taliban in Afghanistan.¹⁸ They also feel that any such support does not reflect any Iranian backing for AQAP's goals and ideologies, but rather an effort to make the group a

tool for pressuring Saudi Arabia, the US, and the Gulf Arab states through violence and instability. They feel Iran's more assertive support to the Houthis is also rooted in regional objectives and – like support to the Taliban – is a function of Iran's competition with the Gulf Arab states and the US.

There are no reliable data, however, that can put Iran's level of commitment to covert activities in Yemen into a reliable perspective and show the extent to which it is assisting factions that seek to undermine the authority of the Gulf Arab and US-backed government in Sana'a. It is also impossible to verify claims that Iran is assisting groups in the south.

Commercial links between Iran and Yemen are limited, and total bilateral trade amounted to less than 1% of Yemen's total trade in 2010 – or 5.8 million Euros.¹⁹

*Yemen's Relations with the US and Gulf States*²⁰

The US has sent military aid and advisory teams to Yemen on a number of occasions -- first to north Yemen and then to Yemen once it unified with the PDRY. The US ended military support after Yemen sided with Iraq over Iraq's invasion of Kuwait in 1990, but has resumed cooperation with Yemen with a heavy focus on counterterrorism since Al Qa'ida's attack on the USS Cole in Aden Harbor in 2000.

The History of Relations

The US formally renewed strategic cooperation with Yemen in 2009 as part of, "a new U.S. strategy toward Yemen referred to as the National Security Council's Yemen Strategic Plan. This strategy is essentially three-fold, focusing on combating AQAP in the short term, increasing development assistance to meet long-term challenges, and marshaling support for global efforts to stabilize Yemen." The US has also deployed a small Marine detachment to protect its Embassy in Sana since an attack on the embassy by some 200 young Yemenis on September 13, 2012. It also has deployed advisory teams and aid in counterterrorism and counterinsurgency since 2011, including personnel from the CIA and Joint Special Operations Command (JSOC) as well as used Unmanned Combat Aerial Vehicles (UCAVs).²¹

US relations with Yemen are now shaped by its political instability and security problems, the fact that it is the base of Al Qa'ida in the Arabian Peninsula (AQAP), and an insurgency on its northwest border that has recently led to serious clashes with Saudi forces. As has been discussed earlier in the section on Saudi Arabia, Saudi Arabia fought a low level border war with Yemeni rebels in 2010-2011, and sees Yemen's Houthi rebels and their ties to Iran and AQAP as a major security threat.

Saudi Arabia has built a security fence along its 1,458 kilometers border with Yemen and reorganized its Frontier forces, military forces and National Guard, and elements of its intelligence services and Ministry of Interior internal security forces to better secure its border as a result of the problems it had in operating against the Houthis and defending Saudi territory near the border. These steps include more emphasis on helicopter mobility and fire support, and better training for counterinsurgency and mountain warfare, as well as the use of more advanced sensor and other IS&R assets.

Oman has a long history of problems with Yemen dating back to the Dhofar Rebellion in the 1960s and 1970s, and shares a 288-kilometer border with Yemen. More of its border area is in desert area, however, than is the case with Saudi Arabia, and a high plateau area and mountains create barriers to movement in the border area near the Indian Ocean coast. Both countries do not share the same populated areas and tribal groups to anything like the extent that exists along the Saudi border, and there has been only limited tension between Oman and Yemen since they re-established diplomatic relations in 1987. Oman has, however, maintained security forces in the border area and has detected AQAP elements infiltrating into Oman from Yemen.²²

The Emerging Role of AQAP

AQAP was formed in 2009 when the Al Qaeda movements in Saudi Arabia and Yemen merged after the Saudi branch was crippled by Saudi counterterrorism operations and was forced to locate its headquarters in Yemen. AQAP is only one of the Sunni Islamist extremist groups operating in Yemen, but it has been the source of attacks in both Yemen and Saudi Arabia.

Earlier Al Qaeda affiliates in Yemen are responsible for the attack on the USS Cole in October 2000, murders of US as well as other foreign and Saudi citizens in Saudi Arabia, a shooting attack on a US military recruiting office in Little Rock on June 1, 2009; the so-called “underwear” bombing attempt on Northwest Airlines Flight 253 on December 25, 2009; an attempt to place bombs on cargo planes flying to the US in October 2010; AQAP has made serious attempts to attack targets in the US, and seems to have played a role in the attack on the US consulate in Jeddah in Saudi Arabia in December 2004.²³ Both US and Yemeni official sources have reported that it has continued to plan attacks on Yemeni and foreign targets, and made plans for attacks on US and other embassies in Yemen as well as ports and other targets in August 2013.²⁴

The political tensions and uprisings that forced President Ali Abdullah Saleh to resign on February 27, 2012 – after serving at the leader of the YAR from 1978 to 1990 and of a united Yemen from 1990 to 2012 – have given AQAP the opportunity to exploit both the regional and tribal differences in the country, as well as the more conservative Sunni factions.

Since the uprising began in early 2011, AQAP has worked with Yemeni Salafist extremists to seize control of territory in Yemen and exploit Yemen’s internal tensions and civil conflicts. It has attacked targets in Yemen, but has also trained outside supporters of Al Qaeda including British volunteers and members of Al Shabaab, an Al Qaeda affiliate in Somalia.

The US State Department report on terrorism, issued in May 2013, describes AQAP as follows,²⁵

al-Qaeda in the South Arabian Peninsula; al-Qaeda in Yemen; al-Qaeda of Jihad Organization in the Arabian Peninsula; al-Qaeda Organization in the Arabian Peninsula; Tanzim Qa’idat al-Jihad fi Jazirat al-Arab; AQAP; AQY; Ansar al-Shari’a

Description: Al-Qaeda in the Arabian Peninsula (AQAP) was designated as a Foreign Terrorist Organization (FTO) on January 19, 2010. In January 2009, the leader of al-Qaeda in Yemen (AQY), Nasir al-Wahishi, publicly announced that Yemeni and Saudi al-Qaeda (AQ) operatives were working together under the banner of AQAP. This announcement signaled the rebirth of an

AQ franchise that previously carried out attacks in Saudi Arabia. AQAP's self-stated goals include establishing a caliphate in the Arabian Peninsula and the wider Middle East, as well as implementing Sharia law.

On September 30, 2011, AQAP cleric and head of external operations Anwar al-Aulaqi, as well as Samir Khan, the publisher of AQAP's online magazine, *Inspire*, were killed in Yemen.

Activities: AQAP has claimed responsibility for numerous terrorist acts against both internal and foreign targets since its inception in January 2009. Attempted attacks against foreign targets include a March 2009 suicide bombing against South Korean tourists in Yemen, the August 2009 attempt to assassinate Saudi Prince Muhammad bin Nayif, and the December 25, 2009 attempted attack on Northwest Airlines Flight 253 from Amsterdam to Detroit, Michigan. AQAP was responsible for an unsuccessful attempt to assassinate the British Ambassador in April 2010, and a failed attempt to target a British embassy vehicle with a rocket in October of that year. Also in October 2010, AQAP claimed responsibility for a foiled plot to send explosive-laden packages to the United States via cargo plane. The parcels were intercepted in the UK and in the United Arab Emirates.

In 2012, the Yemeni government carried out a two-month offensive to uproot AQAP from portions of Abyan Governorate, and Yemeni forces eventually regained control over the towns of Zinjibar and Jaar. However, approximately 3,000 land mines, planted by AQAP militants before they fled, killed 72 residents in the aftermath of AQAP's departure. Other AQAP attacks in 2012 targeted the Yemeni military, including a February 2012 suicide car bombing that killed 26 Yemeni soldiers in Hadramawt Governorate.

The FTO designation for AQAP was amended on October 4, 2012, to include the alias Ansar al-Shari'a (AAS). AAS represents a rebranding effort designed to attract potential followers in areas under AQAP's control. AQAP, operating under the alias AAS, carried out a May 2012 suicide bombing in Sanaa that killed 96 people. AQAP/AAS claimed responsibility for the attack, which targeted Yemeni soldiers rehearsing for a parade to celebrate Yemen's National Day, and said the bombing was intended to target the Yemeni military brass. Also in May, press reported that AQAP allegedly plotted to detonate a bomb aboard a U.S.-bound airliner using an improvised explosive device. Though there was no imminent threat to U.S. jetliners, the device, which was acquired from another government, was similar to devices that AQAP had previously used in attempted terrorist attacks.

Strength: Although it is difficult to assess the number of AQAP's members, the group is estimated to have close to one thousand members.

Location/Area of Operation: Yemen

Funding and External Aid: AQAP's funding primarily comes from robberies and kidnap for ransom operations and to a lesser degree from donations from like-minded supporters.

The US National Counterterrorism Center (NCTC) described AQAP as follows in its Counterterrorism Calendar for 2013:²⁶

Al-Qa'ida in the Arabian Peninsula (AQAP) is a Sunni extremist group based in Yemen that has orchestrated numerous high-profile terrorist attacks. One of the most notable of these operations occurred when AQAP dispatched Nigerian-born Umar Farouk Abdulmutallab, who attempted to detonate an explosive device aboard a Northwest Airlines flight on 25 December 2009—the first attack inside the United States by an al-Qa'ida affiliate since 11 September 2001. That was followed by an attempted attack in which explosive-laden packages were sent to the United States on 27 October 2010. The year 2010 also saw the launch of *Inspire* magazine, an AQAP-branded, English-language publication that first appeared in July, followed by the establishment of AQAP's Arabic-language al-Madad News Agency in 2011. Dual US-Yemeni citizen Anwar al-Aulaqi, who had a worldwide following as a radical ideologue and propagandist, was the most prominent member of AQAP; he was killed in an explosion in September 2011.

AQAP's predecessor, al-Qa'ida in Yemen (AQY), came into existence after the escape of 23 al-

Qa'ida members from prison in the Yemeni capital, Sanaa, in February 2006. AQAP emerged in January 2009 following an announcement that Yemeni and Saudi terrorists were unifying under a common banner, signaling the group's intent to serve as a hub for regional terrorism in Yemen and Saudi Arabia. The leadership of this new organization was composed of the group's amir, Nasir al-Wahishi; deputy amir Sa'id al-Shahri; and military commander Qasim al-Rimi, all veteran extremist leaders. The group has targeted local, US, and Western interests in the Arabian Peninsula, but is now pursuing a global strategy. AQAP elements recently withdrew from their southern Yemen strongholds in June 2012, when Yemeni military forces under new President Abdu Rabbo Mansour Hadi—with the support of local tribesmen—regained control of cities in Abyan and Shabwah that had served as AQAP strongholds since 2011.

AQY operatives conducted near-simultaneous suicide attacks in September 2006 against oil facilities in Yemen, the first large-scale attack by the group. AQY later claimed responsibility for the attack and, in its first Internet statement in November 2006, vowed to conduct further operations. AQY in early 2008 dramatically increased its operational tempo, carrying out small-arms attacks on foreign tourists and a series of mortar attacks against the US and Italian Embassies in Sanaa, the presidential compound, and Yemeni military complexes. In September 2008 the group conducted its largest attack to date, targeting the US Embassy in Sanaa using two vehicle bombs that detonated outside the compound, killing 19 people, including six terrorists.

AQAP is based primarily in the tribal areas outside of Sanaa, which for the most part remain largely outside the control of the Yemeni Government. The US Government has designated AQAP as a Foreign Terrorist Organization.

Opinions differ over the extent that AQAP is tied to the leadership of Al Qa'ida “central” in Pakistan. The US government referred to conversations between Ayman al-Zawahiri - the leader of Al Qai'da “Central” and Nasir al-Wuhayshi the leader of AQAP in Yemen as key reasons for shutting embassies in the Gulf because of an imminent threat in early August 2013.²⁷

It did not, however, cite the overall mix of sources it had on such a threat or attempt to describe the degree to which Al Qa'ida “central” could actually direct AQAP actions. Some experts feel Zawahiri can exercise considerable influence or control. Other experts note that relatively few Al Qa'ida plots have originated in Al Qa'ida “central” since 2010, and feel that AQAP is a largely independent “franchise” with a relatively loose hierarchy, its ties to other groups in Yemen, and generally plans its own operations.

These debates over AQAP's ties to Al Qa'ida “central” does not, however, affect the fact it remains a serious factor in Yemeni politics and can infiltrate enough activists into Saudi Arabia to present continuing challenges to Saudi security forces. AQAP was able to seize parts of Yemen's southern province of Abyan for some 10 months before Yemeni forces could limit its operations and then was able to join with tribal factions in areas like the Hadramaut and reportedly organized an attempt to seize its capital of Mukalla and one of Yemen's major ports. This latter threat has been serious enough to lead to a significant shift in the pattern of US UCAV strikes in Yemen and also to significantly increase AQAP's ability to infiltrate across the Saudi border near the Hadramaut.²⁸

In the last decade Al-Qaeda has successfully taken advantage of popular discontent in many parts of the country, especially the South to increase support for its cause and help recruit more members to the group. The main focus of AQAP has been the south of Yemen which has been neglected by the ruling elites in Sana'a. One of the ways AQAP does this is by providing them with social services such as teachers and water. Another

group which has begun to successfully provide basic needs to the populations of the areas it controls is Jabhat Al Nusra in Syria.²⁹ AQAP has also used the internet effectively to further garner support, by targeting the disenfranchised and those with popular feelings of anger and humiliation. AQAP combines this with their own extremist religious views along with messages that blame the US.³⁰

There has also been a growing interaction between AQAP in Yemen and the flow of outside volunteers into Yemen for both AQAP operations in the area and training for operations in other areas like Somalia, Iraq, and Syria. AQAP still has a focus on Yemen and Saudi Arabia, but it remains a terrorist threat to the US and other Western states, and is expanding its ties and role in dealing with other Al Qa'ida affiliates, and violent Sunni Islamist extremists.

The Interaction of Terrorism and Broader Security Concerns

These forces have increasingly led the US to step up its cooperation with the Yemeni Ministry of Defense. US policy toward Yemen is now driven by US efforts to promote security in the region by assisting the central government of Yemen, carrying out counterterrorism activities and strikes, working with Saudi Arabia, and promoting reform and economic development. As has been noted earlier, there have been numerous terrorist plots against US interests – some successful – with links to Yemen and to Al Qa'ida entities within the country:

- **October 2000:** 17 Americans are killed and 39 injured when Al Qa'ida bombs the US Navy destroyer USS Cole in Aden, Yemen. The perpetrators pulled alongside the Cole with a small explosives-laden boat. Fahd al Quso, who is believed to have been involved in the plot, was killed in an aerial attack in Yemen in spring 2012. Al Quso is considered to have held a key position in AQAP.³¹
- **December 2009:** Umar Faruq Abdulmuttalab attempts to detonate a bomb developed by an AQAP explosives specialist aboard a Northwest Airlines flight on Christmas Day while it was above Detroit.³²
- **September 2010:** A Boeing 747 flying for the US logistics company UPS crashes in Dubai. Later that year, AQAP asserts involvement in the crash, although Emirati investigators and UPS do not believe a bomb was present on the aircraft.³³
- **October 2010:** Two bombs are shipped in packages aboard cargo aircraft and consigned to Chicago synagogues. The bombs were discovered and disarmed in the UAE and the UK, with AQAP claiming responsibility for the plot.³⁴
- **March 2012:** An employee of the CIA is asserted to have been killed in Yemen by AQAP, according to the group. Later in the month, AQAP killed an American who was teaching in Yemen.³⁵
- **October 2012:** A Yemeni security worker at the US Embassy in Sana'a is shot and killed. It is believed that Al Qa'ida was behind the attack.³⁶

While security links between Washington and Sana'a existed under President Saleh, these security and counterterrorism efforts have been enhanced since President Hadi came to power. The US has pursued multilateral efforts to combat terrorism and promote the change of power in Sana'a. UN Security Council Resolution 2051 in June 2012 allowed for sanctions against parties that obstruct the GCC political transition plan for Yemen.³⁷

President Hadi has made gradual progress toward developing a government that is less and less associated with the previous president. In April 2012, the chief of the Yemeni

Air Force and President Saleh's half-brother, Gen. Mohammed Saleh al-Ahmar, resigned, though after he and others initially dodged calls from President Hadi to leave their positions.³⁸ In August, President Hadi shifted elements of the Republican Guard that were under the leadership of Saleh's son to within the structure of a Presidential Protection Force created by Hadi.³⁹

By April 2013, the former president's son was shifted from holding the senior position with the Republican Guard to the ambassadorial post in the UAE, while Saleh's nephews – who also held high-profile government positions – were given defense attaché assignments outside of Yemen. Unlike the changes made a year earlier, there has been no apparent resistance to the orders, and Saleh's son publically “welcomes the decision’.”⁴⁰

As of August 2013, Yemen did seem to have more political stability in its capital and its forces seem to be becoming more effective in dealing with tribal factions, AQAP, and other security problems. It does, however, remain politically unstable, has a weak central government that faces serious challenges, and is not able to establish a high level of security even in the capital. Its ability to cooperate with Saudi and other Gulf forces and US and other outside advisors is mixed. Both Iranian influence and AQAP remain serious challenges, and the government has not shown the capability to establish either the level of governance in the field or economic progress necessary to achieve popular support and unity.

Military Cooperation

The level of US military assistance to Yemen has varied sharply according to the internal conditions in Yemen. Total US FMS arms agreements with Yemen totaled \$339.1 million during 1950-2012, but have been low in recent years. They totaled \$12.9 million in FY2005, \$3.8 million in FY2006, \$10.3 million in in FY2007, \$11.3 million in FY 2008, \$2.6 million in FY2009, \$7.2 million in FY2010, \$1.4 million in in FY2011, and \$9.1 million in FY2012. US aid in terms of Foreign Military financing -- with all payment waived – was slightly larger. It totaled \$10.4 million in FY2005, \$8.4 million in FY2006, \$9.7 million in in FY2007, \$4.0 million in FY 2008, \$2.8 million in FY2009, \$12.5 million in FY2010, \$20.0 million in in FY2011, and \$20.0 million in FY2012. Recent commercial arms sales have been virtually non-existent.⁴¹

Total US defense funding for Yemen was \$4.3 million in FY2006, \$26.0 million in FY2007, zero in FY2008, \$67.0 million in FY2009, \$155.3 million in FY2010, zero in FY2011, and \$26.4 million in FY2012.⁴² Total US Foreign aid – which includes the limited amount of military aid in the previous figures, was generally far larger: \$61.9 million in FY2007, zero in FY2008, \$26.3 million in in FY2009, \$299.1 million in FY2010, \$159.7 million in FY2011, and \$316.5 million in FY2012.⁴³

Work by the Congressional Research Service summarizes the current level of US and Yemeni military cooperation as follows:⁴⁴

Foreign Military Financing

The United States provides Yemen's conventional armed forces modest amounts of FMF grants mainly to service aging and outdated equipment. The FMF program is managed by the Defense Security Cooperation Agency (DSCA).

According to documentation provided to CRS by DSCA, FMF grants help Yemen's Air Force to sustain their two C-130H aircraft originally purchased in 1979, as well as a handful of their

serviceable F-5 fighter aircraft. The United States also has provided Yemen's Coast Guard, which was partially developed and trained by the United States, with fast response boats (Archangel and Defender Class) using FMF grants. FMF also funds Yemen's regular purchase of small arms ammunition, spare parts, and power generators. It also covers overseas transportation of equipment to Yemen, the costs of which can be high due to piracy attacks in nearby waters.

FMF funds also are used to supplement training for Yemen's Ministry of Interior Forces, specifically from the U.S.-funded Counterterrorism Unit (CTU) inside the Central Security Force, an internal unit controlled directly by General Yahya Mohammed Abdullah Saleh, the former president's nephew.

Nonproliferation, Antiterrorism, Demining, and Related Programs Funds

(NADR) Managed by the State Department, the NADR account, funds police training programs, export control and border security programs, conventional weapons destruction and demining, and antiterrorism training.

International Counter Narcotics and Law Enforcement (INCLE)

Managed by the State Department, INCLE funding provides technical assistance, training, and equipment to Yemen's civilian law enforcement and judicial institutions.

International Military Education and Training (IMET)

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

1206 Defense Department Assistance

In recent years, the Defense Department's 1206 train and equip fund has become the major source of overt U.S. military aid to Yemen. Section 1206 Authority is a Department of Defense account designed to provide equipment, supplies, or training to foreign national military forces engaged in counterterrorist operations. In general, 1206 aid aims to boost the capacities of Yemen's air force, its special operations units, its border control monitoring, and coast guard forces. Since FY2006, Yemen has received a total of \$290.026 million in 1206 aid.

Aid to Yemen's Ministry of Interior Forces

Section 1207 (n) © of the FY2012 National Defense Authorization Act (P.L. 112-81) established a new transitional authority that would permit the Secretary of Defense, with the concurrence of the Secretary of State, to assist counterterrorism and peacekeeping efforts in Yemen during FY2012. Assistance may include the provision of equipment, supplies, and training, as well as assistance for minor military construction, for the following purpose: "To enhance the ability of the Yemen Ministry of Interior Counter Terrorism Forces to conduct counter-terrorism operations against al-Qaeda in the Arabian Peninsula and its affiliates." On June 7, 2012, the secretaries of Defense and State jointly certified that up to \$75 million in U.S. aid to Yemen's Ministry of Interior Counterterrorism Forces is important to U.S. national security interests. The GSCF FY2012 aid includes, among other things, funds for night vision goggles, armored wheeled vehicles, and operational training.

Counterterrorism

The US cooperates with the Yemeni government in seeking to defeat AQAP, has provided Special Forces and other US advisors and assistance.⁴⁵ It has conducted a series of UCAV strikes from a facility in Saudi Arabia as well as from Djibouti. An Estimate by the *Long War Journal* states that, "Since 2002, the US has been conducting a covert program to target and kill al Qaeda commanders based in Yemen. Reports show that

strikes have numbered 75 since 2002, with enemy deaths numbering 367 and civilian deaths numbering 82.”⁴⁶

As of August 2013, the *Long War Journal* estimates that the US had conducted 1 strike in 2002, 2 in 2009, 4 in 2010, 10 in 2011, and 16 in 2012. Strikes continued in the first seven months of 2013, but the number has been cut. The US strikes have been highly controversial, partly because of civilian casualties, and partly because AQAP has managed to portray them as coming from non-believers and as somehow being “unfair” compared to acts of terrorism.

The Yemeni government shares a common interest in defeating Al Qa’ida but faces serious problems. The State Department’s *Country Reports on Terrorism 2011* describes the limits to Yemen’s counterterrorism efforts as follows:⁴⁷

Yemen experienced significant political instability throughout the year, which reduced the Yemeni government's ability to address potential terrorist safe havens. Yemeni security forces struggled to project power beyond Sanaa and other major cities, which allowed al-Qa'ida in the Arabian Peninsula (AQAP) and other extremist groups to expand their influence in Yemen.

AQAP suffered significant losses in 2011, including the deaths of AQAP leader Anwar al-Aulaqi, Samir Khan, Ammar al-Wa'ili, and hundreds of militants and their commanders in Abyan. The Yemeni government launched large-scale operations against AQAP in the country's south, including the deployment of U.S.-trained and equipped counterterrorism forces. Despite successes in disrupting some operations, AQAP has continued to carry out attacks against Yemeni government targets, foreigners, and the Houthi movement in the north.

...The opposition walked out of Parliament in November 2010, and the body did not reconvene until December 2011. Accordingly, no progress was made on a package of counterterrorism laws first introduced in 2008. As a result, the Yemeni government lacked a clear legal framework for prosecuting terrorism-related crimes, often having to resort to charging suspects with “membership in an armed gang,” which hampered law enforcement efforts.

The Yemeni government continued to face legal, political, and logistical hurdles, hindering effective detention and rehabilitation programming for Guantanamo returnees. The government also lacked a legal framework to hold former Guantanamo detainees for more than a short period of time.

...Official media published messages from President Saleh and other high-level officials and opinion leaders denigrating violent extremism and AQAP. At the same time, opposition figures, some of whom are now members of the new National Consensus Government, also publicly discussed their commitment to combating AQAP and other violent extremist groups. However, Yemeni government messaging often intentionally blurred the line between terrorist organizations and political opposition groups, regularly making unsubstantiated claims that the opposition, particularly the Islamist Islah party, had ties to AQAP. The government also often identified the Hirak or Southern Mobility Movement and the Houthi movement in the north as “violent extremist” organizations.

The State Department report issued on May 30, 2013 showed Yemen was making limited progress:⁴⁸

Overview: The Government of Yemen successfully implemented a peaceful change of government and a military campaign against al-Qa’ida in the Arabian Peninsula (AQAP) strongholds in its southern governorates in 2012, while facing multiple challenges including military and police units of varying loyalties, tribal adversaries, anti-government Houthi groups, a southern secessionist movement, and lawlessness in many areas. After their setback in Abyan, AQAP terrorists took advantage of Yemen’s climate of instability, employing asymmetric tactics in a campaign of bombings and targeted assassinations against government targets, pro-government tribal militias known as Popular Committees (PCs), as well as civilian and international targets.

The Yemeni government, under President Abdo Rabbo Mansour Hadi, remained a strong U.S. counterterrorism partner. Hadi demonstrated Yemen's commitment as a counterterrorism partner soon after taking office by ordering the military to dislodge AQAP militants from areas they occupied in Abyan and Aden governorates including the towns of Zinjibar, Jaar, and Shuqra. By June, these AQAP forces had been dislodged or withdrawn. AQAP elements continued to remain active in Abyan and Aden governorates, however, as well as in Sanaa and other governorates.

The U.S. conducted counterterrorism operations in Yemen and trained Yemeni forces. Two U.S.-trained counterterrorism units, the Yemen Special Operations Forces (YSOF) and the Counter Terrorism Unit (CTU), remained in the vicinity of Sanaa and did not participate in the early summer campaign against AQAP in the southern governorates. Fractures within the chain of command and reluctance on the part of these units' pro-Saleh leadership to commit forces contributed to this performance. YSOF was under the command of the son of former President Ali Abdullah Saleh, Ahmed Ali Saleh, and the CTU fell under the nephew, Yahya Saleh, Chief of Staff of the Central Security Forces. The CTU deployed to the southern governorates and participated in the counterterrorism fight later in 2012. In December 2012, President Hadi issued a decree that unified some of Yemen's various counterterrorism units and special operations forces under one command as part of a broader military reorganization.

In the spring of 2012, a Yemeni military offensive, with the help of armed residents, regained government control over territory in the south, which AQAP has seized and occupied in 2011. AQAP increasingly turned to asymmetric tactics to target Yemeni government officials, pro-government PCs and their leaders, soldiers, civilians, and U.S. embassy personnel.

Yemeni government officials accused some pro-secessionist members of the Southern Movement (Hirak), of carrying out violent acts in the south. Senior security and military officials accused Hirak in the south and Houthi groups in the north of receiving weapons and funding from Iran in an effort to destabilize Yemen. They also accused Iranian elements of raising political and sectarian tensions through disinformation that promoted and encouraged violent extremism.

2012 Terrorist Incidents: AQAP and AQAP-affiliated groups carried out attacks throughout Yemen using improvised explosive devices (IEDs), ambushes, car bombs, VBIEDs, suicide bombers, and targeted assassinations by gunmen riding motorcycles. The list below is not comprehensive and does not include all of the engagements that occurred almost daily between AQAP and other militants and government forces or pro-government PCs.

- On January 11, in Aden, suspected AQAP gunmen opened fire on a vehicle carrying Yemeni intelligence officers, killing at least one and wounding five.
- On February 25, a suicide car bombing killed 26 Republican Guard troops outside of the presidential palace in Mukalla, the capital of Hadramawt governorate. It occurred while President Abdo Rabbo Mansour Hadi was taking the oath as president in Sanaa. AQAP later claimed responsibility for the attack.
- On March 4, AQAP militants stormed an army base in Kod, south of Abyan's capital, Zinjibar, and then fighting spread to other military posts in the area. The attack reportedly began with coordinated VBIEDs at military posts at Zinjibar's southern and western entrances, which killed at least seven Yemeni soldiers and wounded 12 others. Overall, over 185 Yemeni soldiers were killed in the assault, and over 70 were taken captive by AQAP.
- On March 14, AQAP militants kidnapped a Swiss woman in the port city of al Hodeidah. Two weeks later, they reportedly demanded certain conditions for her release, calling for the release of Osama bin Laden's widows, who were being held in Pakistan, the release of several women being held in Iraq and Saudi Arabia, the release of 100 AQ-affiliated militants from Yemeni jails, and 50 million Euros (approximately US \$66 million). Mediation efforts failed, according to a tribal negotiator, because of the prohibitive demands. (The Swiss woman was released in February 2013.)

- On March 18, AQAP gunmen killed American citizen Joel Shrum on his way to work in Taiz. Shrum worked as an administrator and English teacher at a vocational institute. On March 22, AQAP claimed responsibility in a communiqué posted on violent extremist forums.
- On March 28, Abdullah al-Khaldi, the deputy counsel at the Saudi consulate in Aden, was kidnapped on his way to work.
- On April 21, armed tribesmen kidnapped a French employee of the International Committee Red Cross 20 miles outside of Hodeidah. Tribal sources indicated later that he was subsequently handed over to AQAP and was being held in Abyan governorate. He was released on July 14.
- On May 21, a suicide bomber disguised as a soldier struck at a rehearsal for a military parade in Sabeen Square in Sanaa, leaving over 90 soldiers dead. AQAP claimed responsibility for the attack.
- On May 25, a suspected AQAP bomber attacked and killed at least 12 Shia in a bombing of a Houthi mosque in al-Jawf governorate in northern Yemen.
- On June 18, Southern Military Region Commander Major General Salem Qatan was assassinated by a suicide bomber as he was leaving his residence in Aden. AQAP claimed responsibility for the attack.
- On July 11, a suicide bomber targeted cadets at the Sanaa Police Academy as they were leaving class. At least nine were killed in the blast.
- On July 16, suspected AQAP gunmen ambushed the Deputy Director of Taiz Central Prison, killing him and three other persons.
- On August 5, a suicide bomber struck at a funeral in Yemen's southern city of Jaar, killing at least 45 people and wounding dozens more. The attack targeted a local Popular Committee that had sided with the government against AQAP militants.
- On August 18, militants with suspected ties to AQAP attacked a Political Security Organization compound in Aden. The militants first detonated a VBIED and then raided the building. At least 14 members of the security forces were killed and seven others were injured in the attack.
- On August 19, a gunman opened fire on worshippers in a mosque in al-Dhale, killing at least seven people and injuring 11 others. Security sources indicated that the gunman may not have had ties to AQAP.
- On August 19, a suicide bomber with suspected ties to AQAP attacked a group of tribesmen in Mudia in Abyan governorate. The attack killed Nasser Ali Daiheh, leader of the local Popular Committee, along with two of his bodyguards.
- On September 11, Yemen's defense minister Major General Muhammad Nasir Ahmad escaped assassination in a VBIED attack on his motorcade in Sanaa. The attack, which was carried out by suspected AQAP militants, killed 12 people including seven security guards and five civilians.
- On September 13, hundreds of violent protesters broke into the U.S. Embassy compound and looted and vandalized the property. The attack caused an estimated \$20 million in damages to U.S. buildings, vehicles, and facilities.
- On October 30, saboteurs bombed the Yemen gas pipeline 300 kilometers north of Balhaf terminal.
- On November 2, a senior officer in the Central Security Forces was shot and killed by masked gunmen in a drive-by shooting near his house in Sayun in Hadramawt governorate.
- On November 24, three worshippers were killed in Sanaa by unknown assailants in an attack on a Houthi gathering commemorating the Shia holy day of Ashura.
- On November 28, a Saudi diplomat and his bodyguard were shot and killed in an ambush in the Hadda district of Sanaa. The attackers, who remained unidentified, reportedly wore Central Security Force uniforms.

- On December 8, eight Yemeni soldiers including one senior officer, were killed in Marib governorate in an ambush by suspected AQAP gunmen.
- On December 10, 17 Yemeni soldiers and officers were killed in an ambush by suspected AQAP militants. The ambush took place in the Wadi Obeida area of Marib province as the soldiers were patrolling the Marib Oil Pipeline.
- On December 11, suspected AQAP militants on a motorcycle shot and killed Deputy Director of the Political Security Organization in Hadramawt governorate, Ahmed Barmadah, as he was leaving his house in Mukalla.
- On December 28, AQAP's media arm al-Mahalem Media Organization posted a *YouTube* video announcing rewards of 3,000 grams of gold for killing the U.S. ambassador to Yemen and five million Yemeni riyals (approximately US \$23,000) for killing an American soldier in Yemen. The communiqué was posted on violent extremist websites and reported in public media.

Legislation, Law Enforcement, and Border Security: Parliament has yet to vote on a package of counterterrorism laws first introduced in 2008, despite efforts of the Ministry of Legal Affairs to advocate for the legislation's passage. As a result, the Yemeni government continued to lack a clear legal framework for prosecuting terrorism-related crimes. The government often resorted to charging terrorism suspects with "membership in an armed gang."

There were a number of arrests of terrorist suspects in 2012. However the continued weakness of the Yemeni justice system left many traditional law enforcement counterterrorism responsibilities to the Yemeni military.

A series of decrees by President Hadi in late December marked an important step in implementing some key military and security reforms by establishing a more unified command structure suited to Yemen's security challenges.

Yemen continued to participate in the Department of State's Antiterrorism Assistance program.

Countering Terrorist Finance: Yemen is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF), a Financial Action Task Force (FATF)-style regional body, and enacted its first comprehensive anti-money laundering/combating the financing of terrorism (AML/CTF) law in 2010.

In 2012, the FIU participated in training to enhance its operational capacity. Yemen has a cross-border cash declaration or disclosure requirement for cash amounts over \$15,000. Compliance is lax and customs inspectors do not routinely file currency declaration forms if funds are discovered. There are approximately 532 registered money exchange businesses in Yemen. Money transfer businesses are required to register with the Central Bank of Yemen and can open offices at multiple locations. Yemen has a large underground economy. The Yemeni government lacks specific legislation with respect to forfeiture of the assets of those suspected of terrorism.

Since February 2010, Yemen has been publicly identified by the FATF as a jurisdiction with strategic AML/CTF deficiencies, for which it has developed an action plan with the FATF to address these weaknesses. The Yemeni government has since committed to an action plan with the FATF to address these weaknesses. Yemen's Financial Investigations Unit at the Central Bank of Yemen drafted updated legislation to address the recommendations of the MENAFATF.

For further information on money laundering and financial crimes, please refer to the *2013 International Narcotics Control Strategy Report (INCSR), Volume 2, Money Laundering and Financial Crimes*: <http://www.state.gov/documents/organization/185866.pdf>

Regional and International Cooperation: In February, Yemen participated in the Global Counterterrorism Forum's Horn of Africa region capacity building working group in Dar es Salaam. The Government of Yemen cooperated with U.S., European, Jordanian, and regional partners on counterterrorism issues.

Jordanian and U.S. teams advised the Ministry of Defense as it made plans to restructure Yemen's military and defense forces, and European teams advised the Ministry of Interior on restructuring Yemen's police and interior security forces.

Countering Radicalization and Violent Extremism: Official media published messages from President Hadi and other senior officials highlighting the importance of countering terrorism by addressing the conditions that terrorists exploit. State broadcasters also featured limited messaging designed to raise awareness among the Yemeni people about the dangers of terrorism and violent extremism. They frequently highlighted the threat of terrorism and violent acts on Yemen's economy and development. Many political leaders and groups (including the former opposition Joint Meeting Party alliance) publicly condemned terrorism and violent attacks, while stressing that a unified army and security service would help to eradicate terrorism. Many Yemeni officials and media professionals have expressed support for expanding messaging efforts aimed at countering violent extremism, but point to a lack of resources and expertise that impede their efforts.

Counterterrorism Strikes

The US has supported Yemen's counterterrorism efforts in ways guided by the US National Security Council's Yemen Strategic Plan – which involves “focusing on combating AQAP in the short term, increasing development assistance to meet long-term challenges, and marshaling support for global efforts to stabilize Yemen.”⁴⁹

During 2011, US Joint Special Operations Command (JSOC) and the CIA worked together to address the threat of terrorism in Yemen, and the CIA was permitted to use a facility in Saudi Arabia to launch unmanned aerial combat vehicles (UCAVs) to attack individuals in Yemen who may be planning to strike the US. These strikes are regarded as “signature strikes.”⁵⁰ In addition, US military aircraft and UCAVs based in Djibouti, Saudi Arabia, and at sea carried out strikes in southern Yemen in 2012 that targeted the Ansar al Sharia insurgency.⁵¹ It is believed that there were at least 42 US strikes in Yemen in 2012 alone.⁵² There was a noticeable spike in the number of attacks in 2012 – 42 attacks compared to just 17 in the previous ten years combined, according to the *Long War Journal*. Eight airstrikes have been reported thus far for 2013.⁵³

Data from the *Long War Journal* suggests that there have been a total of 67 US airstrikes in Yemen from 2002 to the time of writing, leaving a total of 411 people dead.⁵⁴ The New America Foundation places the number of total airstrikes at 73 with 472-979 fatalities.⁵⁵ Of the total airstrikes, the Bureau of Investigative Journalism suggests that 44-54 of the strikes were executed by US drones,⁵⁶ whereas the New America Foundation suggests 66, while 35 drone strikes have been recorded in the last 12 months.⁵⁷ New media reports that 34 suspected Al-Qaeda militants have been killed since late July, 2013.⁵⁸

These US strikes are having an important effect in killing key terrorists and aiding the Yemeni forces dealing with areas where AQAP and extremists have taken power or challenge the government. They also, however, have produced civilian casualties and resentment, and this has been exploited by AQAP and anti-US elements with some success.⁵⁹ It is reported that as recently as April 29, 2013, there were anti-drone demonstrations in the vicinity of the US Embassy in Yemen.⁶⁰ However, while many US Drone strikes have been successful, there have been many serious failures; many of these strikes have resulted in the deaths of young children and innocent families, some prominent anti Al Qaeda sheikhs have also been targeted. A day after Obama was re-

elected, he ordered a strike which resulted in the death of a tribal leader who was negotiating with Al Qaeda to cut down on their lethal methods.⁶¹

However, the Obama Administration has signaled a shift in policy on the use of drones that may have an impact on future operations in Yemen. In May 2013, it became clear that responsibility for US drone strikes would shift from the CIA to the Department of Defense – at least in part. Moreover, the possibility of “judicial review” prior to strikes has been introduced by the President. In future operations, certain criteria must be met prior to a strike, namely the identification of the target as a “‘continuing, imminent threat to US persons’.” It has also been suggested that the policy shift could lead to a possible stoppage in the signature strikes aforementioned.⁶²

There is no good answer to this problem. The strikes are the only effective way the US can achieve its counterterrorism goals and they produce fewer civilian casualties and collateral damage than any other option. They never, however, will be perfect and the trade-off between making strikes effective and political backlash will always be uncertain unless the Yemeni forces become strong enough so that targeting is clearly seen as aiding a popular central government and not a function of the US having to act largely on its own.

Military Cooperation

The US has consistently sought to use military assistance to support the reform of the Yemeni central government, bring unity to the armed forces, and give them the capability to deal with terrorist and extremist groups. In December 2012, the US and Yemen began cooperation under the US-Yemen Political-Military Strategic Dialogue, when Assistant Secretary of State for Political-Military Affairs Andrew J. Shapiro and US CENTCOM Commander General James Mattis visited the country for an initial meeting.

According to the US State Department, the dialogue is focused on “U.S. support for a Yemeni-led transition initiative and a wide range of political-military issues, including security cooperation, counterterrorism, border security, and military restructuring.”⁶³

CENTCOM’s *2013 Posture Statement* emphasizes the reform of Central government and military forces,⁶⁴

In Yemen, President Hadi has made important progress implementing the GCC-sponsored political transition agreement. He continues to exhibit sound leadership and a strong commitment to reform. To support the Yemeni government's implementation of the agreement, we are working closely with the Ministry of Defense to restructure and professionalize the military and security apparatus to effectively deal with critical national security threats. The economic situation, already degraded by a long period of unrest, remains vulnerable and poses a significant threat to stability. The security situation remains fragile due to the threats posed by Al Qaeda in the Arabian Peninsula (AQAP) and Iran's destabilizing activities. We continue our support to the national unity government to reduce the opportunity for violent extremists to hold terrain, challenge the elected government, or conduct operations against U.S. interests in the region or the homeland.

While the US has involved itself directly in counterterrorism operations in Yemen’s south, US involvement has taken a different form in the north against the Shia Houthi uprising. Although Yemen and Saudi Arabia have been eager to target Houthis, it appears that the US has been more reluctant to directly engage – likely due to the less significant threat the Houthis pose to US national security relative to AQAP, and due to Iran’s possible relationship with the Houthis.

In contrast to the US airstrike operations against militants in the south, it appears that the US only recently began strikes in the north. The Iranian news outlet *PressTV* and *The Hill* both reported in October 2012 that a US UAV killed three people in northern Yemen. According to *The Hill*, those killed were reportedly linked to Al Qa'ida. It is uncertain if these targets were also linked to the Houthis, but Abdolmalek al-Houthi spoke out against the attack according to *PressTV*.⁶⁵

Yemen's military forces are summarized in **Figure 34**. They are now somewhat fragmented by the internal political divisions in Yemen, but have a number of elements that have proved to be effective fighters in counterinsurgency roles. They are relatively well-equipped in terms of major weapons numbers, but much of the weaponry is old and/or worn, maintenance and sustainment levels are usually poor, and substantial portions are dead-lined or in storage. Unlike the other Arab Gulf states, Yemen lack the resources as well as the political unity, and modern force structure to use many of its military resources effectively

Yemen has had significant arms transfers from the US and is the largest recipient of NADR funds and FMF funds of any country on the Arabian Peninsula, as was indicated in **Figures 3, 4, and 26**. Between FY2007-FY2011, the US made nearly \$28.5 million in FMS deliveries to Sana'a and \$4.1 million in commercial exports of defense articles, as reflected in **Figure 21**. Sana'a also receives Department of Defense 1206 support (\$37.4 million allocated in FY2012) that is geared toward developing Yemeni airpower and maritime security.⁶⁶

US-origin Yemeni military assets include 50 M60A1 main battle tanks (though Soviet armor far outnumbers US armor in the Yemeni arsenal), 10 F-5 fighter aircraft, 2 C-130 transport aircraft, and 6 Bell transport helicopters. Munitions provided by the US include the AIM-9 Sidewinder air-to-air missile. Yemen also owns 4 US-origin Archangel patrol boats. Despite these transfers, the majority of Yemeni tanks and aircraft assets originated in the Former Soviet Union.⁶⁷

Yemen's commercial links with the US are minor, but more substantial than those with Iran. According to 2011 data from the CIA, the US was the sixth-largest export market for Yemen (5.8%) and the seventh-largest import market (4.2%).⁶⁸ 2010 data from the European Commission show a slightly smaller trade relationship, with bilateral trade with the US amounting to only 3.4% of Yemeni trade – or 474.6 million Euros – making the US Yemen's ninth-largest trading partner when grouping the EU-27 as one entity.⁶⁹ The US also backs Yemeni efforts to join the World Trade Organization (WTO),⁷⁰ and Yemen currently serves as an observer state on the body.⁷¹

Humanitarian Aid

Yemen used to have a vibrant farming economy, today it imports almost 80% of its food needs.⁷² In 2012 a group of seven charity organizations stated that around 10 million Yemenis – 44% of the total population - are undernourished, with five million requiring urgent emergency aid.⁷³ Malnutrition rates have doubled since 2009, high fuel and food prices have added to this. The problem is increased due to the increasing levels of violence and political turmoil which has hundreds of thousands of people displaced from their homes.

Most experts believe that Sana'a, which is considered to be the fastest growing capital in the world at 7% a year, will run out of economically viable water by 2017.⁷⁴ Almost half the nation's domestic water supply is used on growing *Qat* (an addictive plant chewed by the majority of men). Yemen's water table is reportedly falling by 6.6 feet per year and the central government has been ineffective at managing the drilling of water wells or regulating water management in the more distant parts of the country.⁷⁵

In order to increase donor coordination to Yemen and increase the scope of support, the US and Great Britain, helped to form the Friends of Yemen group, a forum which consists of 24 countries that was launched in January 2010. Arab donors too have held meetings with their Yemeni counterparts in order to speed up the delivery of \$5.7 billion in pledges made in 2006. Only 25% of those pledges have been distributed so far.⁷⁶ In September 2012, donors pledged an additional \$6.4 billion for post-election economic reconstruction at a conference in Riyadh, co-hosted by Saudi Arabia, Yemen and the World Bank.

The slow disbursement of international aid is linked to concerns of widespread domestic corruption. The economy, political system, and its tribal and military elites are connected in a patronage system that makes reform efforts extremely difficult. The Yemeni government currently lacks the capabilities to receive such large amounts and the ability to disburse the funds into much needed areas. By the government's own estimates, it is only capable of dispersing about \$700 million of economic aid a year.⁷⁷ Aid to the country though is usually tied up to the politics of it. The organizations that foreign NGOs choose to work with are often seen as giving approval to certain groups or factions.⁷⁸ This helps explain why many Yemenis complain of not having benefitted much from the international aid.

Implications for US Policy

Yemen presents major challenges to the US, Saudi Arabia, Oman, and the other GCC states. It is in the middle of political upheavals that currently center around power struggles in the capital, but affect different factions throughout the country and have no clear solution.

The immediate challenges are daunting. They include creating an effective government to replace Saleh, bringing some kind of unity to divided military security forces, dealing with AQAP and terrorism, ending rebellions, and securing the border with Saudi Arabia and Oman. Some progress has been made, though success has been limited and the country remains unstable. Moreover, the US and Saudi role supporting the government and counterterrorism is unpopular and is as much a limited part of the country's problems as it is part of the solution.

It is the underlying challenges, however, that are even more serious. They include finding some approach to nation-wide governance and economics that can create stability in a grindingly poor country with small and diminishing petroleum exports; a narco-economy that consumes a large part of its domestic resources; inadequate water supplies; major demographic pressures; and deep sectarian, tribal, and regional divisions. So far, the Yemeni government, the World Bank, the GCC, US aid planners, and NGOs have all failed to present a credible path forward in creating a credible, fundable plan to deal with these pressures.

The end result almost has to be to find the least bad set of options for dealing with Yemen's near-term political and security problems, hoping that some credible path can be found to dealing with its deep structural and development problems. Iran is one of these problems but scarcely the most serious one. Its spoiler role is marginal and likely to remain so, although it highlights the problem Saudi Arabia has in securing its border with Yemen – one that forces the Kingdom to deploy significant forces in the south to deal with Houthi and other factions, creates a major illegal immigration and smuggling problem, and has led to new – as well as costly and technically uncertain – efforts to create electronic and physical barriers along its entire border.

The problem of terrorism and extremism, coupled to regional and tribal divisions, is critical. It is also difficult for the US to deal with. Support for Yemeni military counterterrorism efforts has to be carefully managed to avoid making the US an inadvertent party in Yemen's internal power struggles. Direct US attacks on AQAP and other terrorist groups using systems like UCAVs are achieving positive results, but are also producing enough civilian casualties in polarized tribal areas to create a significant popular backlash.

The US faces new problems with the announcement of the temporary closures of its embassies throughout the region and evacuation of its staff in Yemen. The AQAP is undoubtedly the organizations most dangerous and active arm. Though many have expected the US to review its drone activity in the Southern Gulf state, actions such as closures and staff evacuations many believe are in preparation for increased drone strikes. While many senior US officials claimed that the threat of Al Qaeda has greatly decreased and close to being over, actions such as these show that AQAP is still a serious threat. The Yemeni government has slammed the US decision stating “The evacuation of embassy staff serves the interests of the extremists,”⁷⁹.

Terrorist groups such as AQAP and others in the region have successfully exploited weak governments in Yemen and Iraq to further recruit and re-emerge as a vital threat to US goals in the region and other governments. It is of great importance to the US and Gulf states to make sure Yemen has a strong, functioning and efficient central government in Sana'a, which through popular will is in a position to take action against such groups. Only the Yemeni government can find solutions to the problems that groups like AQAP revel on such as; development, poverty, corruption and an unfair distribution of wealth.⁸⁰

AQAP gets its main backing and safety net from the southern tribes of Yemen, who are for the most part against the Yemeni government and the many northern tribes that support it. Once again this is on the part of AQAPs successful attempt to leverage local sentiment as a means of gaining control. The US in collaboration with the Yemeni government would need to create a strategy which would help create a holding force consisting of its tribal supporters.⁸¹ While on the issue of the southern tribes who feel the northern half of the country has benefited the most out of the unification of Yemen, the government needs to include them in dialogue, actively help in developing the region and use AQAPs tactic on working off such issues against the terrorist organization.

The restrictions announced by the Obama Administration on drone use can trigger a shift away from the use of such tactics. However, if the threat posed to the US and its allies by AQAP in Yemen grows, Washington will still be required to employ the use of drones –

or risk less accurate strikes from manned aircraft that could drive up the ratio of civilian casualties. This means the US must do its best to deal with the fact that any civilian casualties, whether caused by drones or manned aircraft increases the animosity towards the US and the central government and allows groups such as AQAP to use the hostile sentiment to recruit and add more willing members to their terrorist organization.

The US should seek to persuade Yemeni authorities that the next government should be a technocratic one, based on merit, rather than position or tribal affiliation.⁸² The US and its GCC allies should help Yemen create the vital institutions that Yemen requires to disperse aid throughout the economy in a transparent and effective manner. Though certain questions need to be asked and answered; what type of aid is best for a state like Yemen, and how are organizations going to overcome the problems posed by corrupt institutions and inefficient bureaucracies.

The US is in a position to help Yemen develop human capacity through education and training. Without addressing low human capacity and a great skills mismatch, it will be difficult for Yemen to make any progress. The US should also support a sustained post-dialogue outreach program that would allow delegates to travel throughout the country to share the conclusions reached by the participants of the dialogue.⁸³

The US should carefully encourage progress towards a more real democracy and human rights. It should also understand that such progress is likely to be slow and limited, and may suddenly be halted by new internal power struggles, internal conflicts, and the rise of centers of extremism and terrorism.

The US must also work with Saudi Arabia and the GCC to try to find some workable approach to the sheer scale of Yemen's economic and demographic problems, its growing population of nearly 25 million, its lack of effective governance, and poverty. Such progress is likely to be negligible in real terms in the near future because of the country's inability to absorb aid and corruption.

The magnitude of Yemen's problems also preclude any credible combination of US, Saudi, and other aid efforts from buying Yemen out of these challenges and makes real membership in the GCC a serious potential liability to the council. The real question is whether Yemen can slowly be put on a credible path in the future. The answers are uncertain, and may force the US and other southern Gulf states into a strategy focused more on containment than development.

Dealing with these issues requires a grim degree of realism and pragmatism. Slogans, good intentions, and half-formed concepts are not going to even buy the US and its Gulf allies a significant amount of time.

Figure 34: Yemeni Military Strength in 2013

Force Size	Total
Military Spending (2012 Defense Budget) (\$US Millions)	\$1,630
Total Active Military Manpower	66,700
Total Reserve Military Manpower	-
Total Paramilitary Manpower	71,200
Army Forces	Total
Active Manpower	60,000
Reserve Manpower	-
Main Battle Tanks	866
Other Armored Vehicles	458+ (additional 470 in store, also reports of T-54/55s)
Self-Propelled Artillery	25
Towed Artillery	310
Multiple Rocket Launchers	294
Air and Major Surface-to-Air Missile Forces	Total
Air Force Active Manpower	3,000
Combat Aircraft	79
Armed/Attack Helicopters	9
AEW&C, Intelligence, and AWACs Aircraft	-
Tankers	-
Maritime Patrol Aircraft	2
Air Defense Manpower	2,000
Surface-to-Air Missile/Launchers	?
Surface-to-Surface Missile Launchers	-
Naval Forces and Coast Guard	Total
Active Manpower	2,900*
Marines	-
Submersibles	-
Major Surface Ships	-
Missile Patrol Boats/Craft and Corvettes with Missiles	-
Other Patrol Boats/Craft	36
Mine Warfare	1
Amphibious	4
Helicopters	-

Source: Table created by Robert Shelala II using data from: "Chapter Seven: Middle East and North Africa," in *The Military Balance*, International Institute for Strategic Studies, 2013, 113: 1, 353-414. p. 409-410. Note: *=estimate.

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