



# Doing Business In Yemen: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Yemen .....	2
Chapter 2: Political and Economic Environment .....	7
Chapter 3: Selling U.S. Products and Services .....	8
Chapter 4: Leading Sectors for U.S. Export and Investment .....	16
Chapter 6: Investment Climate .....	33
Chapter 7: Trade and Project Financing .....	44
Chapter 8: Business Travel .....	47
Chapter 9: Contacts, Market Research, and Trade Events .....	49
Chapter 10: Guide to Our Services .....	55

## Chapter 1: Doing Business In Yemen

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

### Market Overview

[Return to top](#)

- Yemen is the least developed country in the Middle East, with a relatively underdeveloped infrastructure. The relative lack of infrastructure in sectors ranging from telecommunications to oil and gas offers significant opportunities to risk-tolerant investors.
- Yemen, largely cut off from global capital flows, seems to have been spared the worst effects of the global financial crisis thus far, although the precipitous drop in oil prices since 2008 has caused a decline in government revenues. This drop in revenues will likely slow or halt large public projects in many sectors, ranging from roads to defense spending.
- Yemen's population is approximately 23 million, with more than 45% of the population living below the poverty line.
- Confidence in the Yemeni rial continued to weaken in 2008 as many consumers rushed to dollarize or euroize their savings. This caused the rial to drop to 200 YR/1USD. During 2008, the Central Bank of Yemen (CBY) was able to supply the market with USD 1.1 billion.
- According to the Central Bank of Yemen's (CBY) latest available data, Yemen's total exports in 2007 were valued at USD 7.131 billion, while the country's total imports were valued at USD 5.926 billion for 2006 and USD 7.212 billion for 2007. Yemen's GDP was valued at USD 20.4 billion in 2006, with a growth rate of 7.04 %, while the GDP in 2007 was valued at USD 22.7 billion, with a growth rate of 4.5%.
- Yemen's investment climate has improved somewhat with the implementation of tax incentives for foreign and domestic investors, but more government focus is needed on privatization and regulatory reform. An April 2004 presidential directive decreed that land be granted to investors at no cost and that the investment projects enjoy profit tax exemption if the project capital is more than USD 10 million. A privatization program started in 1998 with 16 enterprises in industry, tourism, and trade, came to a standstill in April 2001 when Parliament refused to approve a World Bank credit to fund a larger, long-term privatization program. The government did not privatize any state-owned enterprises in 2008. Airport services, cement factories, and pharmaceutical companies remain at the top of the privatization priority list.

- A lack of adequate infrastructure, coupled with a deteriorating security environment, continues to impede foreign investment; nevertheless, risk-tolerant investors can find attractive opportunities in Yemen. According to a 2007 CBY report, the United States is among the top five exporters to Yemen, with exports totaling USD 441.5 million in 2007. Furthermore, according to the joint World Bank and International Finance Corporation (IFC) report entitled "Doing Business 2008," Yemen ranked 113, worse than last year's rank of 98. The report ranked 178 economies, including Yemen, according to criteria such as time and cost necessary to meet government requirements for business start-up operations.
- The largest and most ambitious investment in Yemen is the Yemen Liquefied Natural Gas Company (YLNG), which is slated to begin LNG exports to the U.S. and South Korean markets in the summer of 2009. YLNG will process Yemen's 9.15 trillion cubic feet of proven natural gas reserves, which are located in concession block 18, (covering the Marib governorate), at its facility at the southeastern port town of Belhalf. GDF-Suez, Total Gas & Power, and South Korean Kogas have agreed to buy the guaranteed production capacity of 6.7 million metric tons of LNG per annum.
- The main ports of Yemen are Hodeidah, Aden, Mukalla, and Mocha. In addition, Ras Isa serves as a loading point for oil exports, and a small amount of cargo passes through Nashtoon Port. Hodeidah was built by the Soviets in the 1960s, and is the main point of entry for imports to the populous northern highlands. Mukalla serves as Hadramout's major point for imports of goods and exports of oil. An active trade in live animals with Ethiopia is conducted through Mocha. In the port of Aden, a container terminal owned and operated by the Port of Singapore Authority opened for business in March 1999. In October 2003, the government cancelled that contract. Dubai Ports World (DPW) signed a contract with the Yemeni government to assume management of the Aden container terminal in November 2008 through a joint Yemeni-DPW venture.
- Facilities at Aden consist of the Maalla port and the Aden Container Terminal (ACT), which opened in March 1999. The latter has an annual handling capacity of 500,000 twenty-foot equivalent units (TEUs). Aden's location provides it with a natural physical advantage over other container ports in the region: it is just a few KM off the main shipping routes between Europe and Asia and it is one of the world's best natural deepwater harbors. Port exports include fish, sweets, bananas, perfumes, and canned tuna, among other products -- items that traditionally make up the largest share of Yemen's exports overall.
- The development of the Aden Free Zone also presents opportunities for manufacturing companies to process and ship products to the Gulf, the Indian subcontinent, and East Africa. Yemen's unique culture, history, and geography offer prospects for tourism development, although the declining security situation slowed the flow of tourists from Western countries considerably in 2008.
- Although the government appears eager to allow private investors to expand Yemen's inadequate electricity generation sector, the first attempt at a build-own-operate power plant was unsuccessful. Three years of negotiations with a U.S. power company to build a 400 MW power facility in Marib broke off in late 2002.

The USD 45 million project was awarded to an Iranian company after the Iranian president visited Yemen in May 2003, but the Iranian component of the project has been fraught with delays and questions about the firm's capacity to implement the contract. Other electricity generation projects are currently in the planning stage, but government revenues are insufficient to guarantee commercial power purchase contracts. In addition to the electricity sector, the World Bank and other donor organizations are financing road, water and sewage treatment projects.

- Export potential exists for oil field equipment and services, irrigation and agricultural equipment, electricity generation, transmission and distribution equipment, hotel and restaurant equipment, medical equipment, and telecommunications equipment and services. The U.S. Commercial Office periodically posts market research surveys, Yemeni tender announcements, and commercial highlights on the Department of Commerce website (see chapter 10). Details are available at [www.export.gov](http://www.export.gov).
- The Ambassador and Deputy Chief of Mission (DCM) take U.S. trade promotion seriously and are always willing to meet visiting representatives of U.S. businesses. Those interested in doing business in Yemen should contact the Embassy for the latest information available. Seven Political/Economic Officers, a Commercial Assistant, and a Agricultural Trade Specialist support the efforts of the Ambassador and the DCM. The Embassy's Agricultural Trade Officer resides in Riyadh, Saudi Arabia.

## Market Challenges

[Return to top](#)

### Major Trends and Outlook

- Real GDP expanded by 3.2% in 2007, compared with 3.3% in 2006, according to the latest available CBY report. The medium-term challenges are formidable: with no significant findings in the oil sector, many analysts expect real GDP growth to stay at current levels.
- The ROYG announced slight reductions in subsidies on oil derivatives in 2008, but diesel subsidies remain among the highest in the region. In October 2007, the CBY pumped USD 1.268 billion to the market in order to stabilize the currency. In 2008, the CBY pumped a total sum of USD 1.1 billion for the same purpose. As of January 2009, the exchange rate was YR200 per US dollar.
- Yemen's budget situation remains precarious due to its high reliance on oil export revenues (some 75% of ROYG revenues come from oil exports). In addition, according to the CBY, unfavorable weather, rising public expenditures and an increase in world commodity prices caused the Consumer Price Index (CPI) to increase by 16% in 2006, compared to 11.8 in 2005. In 2008, the Ministry of Social Affairs and Labor estimated that Yemen needed at least 300,000 new jobs annually to engage the rapidly growing labor force. The government's official Central Statistical Organization estimated the rate of

unemployment for 2006 at 17%. The World Bank Investment Climate Assessment Survey (MNSIF) and international organizations, however, estimate the rate of unemployment in Yemen at more than 40%.

## Market Opportunities

[Return to top](#)

- The United States supports Yemen's accession to the WTO and is extending technical assistance to help Yemen meet the organization's requirements, especially IPR conditions, technical and health aspects, plant health and issues related to trade, customs tariffs, standardization, local development, poverty reduction, and decentralization.
- The World Bank International Finance Corporation (IFC) opened its Yemen office in 2004 and began supporting appropriate private sector projects. The U.S. Trade and Development Agency (TDA) has financed or partially financed feasibility studies for several infrastructure projects over the past six years, including a study for a private sector oil refinery north of Hodeidah, a cement plant in Bajil (Hodeidah Governorate), a private hospital in Sanaa, expansion of the Marib Oil Refinery, a study for the upgrade of Yemen's electricity grid, and a study for the Wastewater Project in Taiz city.

### Major investment projects:

- **The Privatization Program:** If the Yemeni government follows through on its commitments to privatize a number of sectors, then opportunities for foreign investors will abound. The privatization program aims to reduce government expenditures and improve efficiency. The priority list for future privatization initiatives includes airport services, cement factories, and pharmaceutical companies.
- **Port Cities Development:** Enhances the competitive edge of port cities, starting with Aden, Hodeidah and Mukalla by rehabilitating and improving their basic services. It supports the administrative and technical capabilities of the local authorities, keeping them at least in parallel with the systems found in the ports of neighboring states while supporting partnerships between the local authorities and the private sector and facilitating procedures and processing.
- **Gas Pipelines and Power Generation:** Pipelines will need to be built in order to transport natural gas extracted from the Marib-Shabwah fields to Aden, Al-Hodeidah, and Hadramout for local use.
- **Petroleum Sector:** Since the discovery of oil in commercial quantities in the Marib Governorate in 1984, the petroleum industry has led Yemen's economic growth. According to CBY, oil revenues of 2007 totaled USD 4.86 billion, compared to USD 5.5 billion in 2006, a decrease of 8%. While output from the Marib concession is falling, the introduction of new technologies could minimize the decline in the short term. Only new discoveries, however, can sustain

Yemen's output. Cognizant of its oil dependency, Yemeni officials have worked to improve exploration and production contract terms, although with limited success. Even amendments to Production-Sharing Agreements between the government and international oil companies require Parliamentary approval. According to CBY, oil production was only 320,000 barrels per day in 2008. Many international observers believe production will sharply decrease in the next ten years. On August 30, 2005, the Petroleum Exploration and Production Authority (PEPA) invited international oil companies to bid for the exploration and production opportunities on 14 open oil blocks in Yemen. On February 16, 2006, the Ministry of Oil and Minerals stated that 63 companies, of which five are American, applied to the tender. According to PEPA, there have been no developments since February 16, 2006.

- **Natural Gas:** A long-term prospect for the oil and gas industry in Yemen is the liquefied natural gas project, YLNG. Yemen's initial geotechnical studies indicate the existence of over 17 trillion cubic feet of associated and natural gas reserves. The ROYG negotiated an initial gas development agreement with Total and other shareholders in 1995, and, in August 2005 the final agreements were signed after guaranteeing sales, thereby launching the construction work of the Project. The investment group includes Total, with 39.62% of YLNG shares, Yemen Gas Company with 16.73%, US Hunt Oil with 17.22%, South Korean SK Corp. with 9.55%, Kogas with 6%, Hyundai with 5.88%, and GASSP with 5%. The Yemen LNG Project is finalizing the construction of two liquefaction trains with a total capacity of 6.7 million mt/y (315.4 billion cu ft/y). The plant is located at Balhaf, on the Gulf of Aden, and is connected to the Marib fields by a 320 km pipeline. A Bechtel-Technip joint venture with JGC and KBR named "Yemgas" designed and constructed the Balhaf plant. In 2005, YLNG signed two agreements for the sale of 2.55 million mt/y to DGF-Suez, another 2.00 million mt/y to Kogas and additional two million mt/y to Total Gas and Power.
- **Transportation Sector:** In the transportation sector, the government established a Free Zone in Aden and contracted private companies to develop a modern container port, airport facilities, and an industrial estate. The Yemeni government is planning to extend the port to a width of 2 km. That extension will raise the container capacity of the port to 3 million in two years. The seaport is 18 meters deep, which facilitates the navigation of large ships into the port area. Half of the world's annual container trade and a large number of oil shipments pass within four nautical miles of Aden.
- For more information about the Aden Free Zone, visit: <http://www.aden-freezone.com/>

## Market Entry Strategy

[Return to top](#)

- Foreign investors are not required by law to have a Yemeni partner, but successful projects almost always rely on firms that have on-the-ground experience in Yemen.

- In the non-oil sectors, investors should first contact the General Investment Authority to learn about the necessary legal requirements for entering the proposed market.
- According to the World Bank/IFC's 2009 Doing Business Yemen Country Profile, starting a business in Yemen requires seven procedures, takes 13 days, and costs 92.98% of Gross National Income per capita. According to the same report, the list of procedures is as follows:
  1. Pick up the "specimen application" from the Commercial Register.
  2. Deposit initial capital in a bank.
  3. Name reservation, license application, AOA signature, publication and registration at the Ministry of Trade and Industry.
  4. Register as a taxpayer with the General Tax Authority for the payment of income tax, obtain a taxation card, and register employees for other taxes.
  5. Apply for Chamber of Commerce membership
  6. Apply to the municipality to obtain a license.
  7. Register employees for social security.

## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/35836.htm>

[Return to table of contents](#)

## Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)

### Using an Agent or Distributor

[Return to top](#)

Doing business in Yemen can be a difficult, time-consuming and confusing process. Most international companies in Yemen hire a Yemeni agent, although this is not required by Yemeni law. U.S. exporters in particular may require a local agent/distributor to manage their distribution in Yemen. Due to infrastructure constraints and to ensure widespread distribution, U.S. companies may need multiple agents and distributors. Sanaa, Aden, Taiz, Mukalla and Hodeidah are the country's primary commercial centers. At an exporter's request, through the Department of Commerce Export Assistance Center, the Embassy's Commercial Office can research and draft International Partnership Service (IPS), Gold Key Service (GKS), International Company Profile (ICP) reports on a fee basis. The U.S. Commercial Office's website, [www.buyusa.gov/yemen/en](http://www.buyusa.gov/yemen/en), lists all services and fees offered by the office.

Yemeni Law 23/1997 (amended) regulates the branches and agencies of foreign trading companies. All agent/distributor agreements with local companies must be registered with the Ministry of Industry and Trade.

To view the Trade Laws of Yemen, go to the Ministry of Industry and Trade website at: <http://www.most.org.ye>, then click on Trade Laws.

### Establishing an Office

[Return to top](#)

The following are the World Bank Guidelines, elaborating on guidelines described in the section on "Market Entry Strategy":

- Obtain a letter from a Yemeni bank indicating that the business has accounts in dollars. The cost is free. (Timeframe about 3 hours).
- Rent an office and keep a copy of the rental agreement. (Timeframe 1-3 days).
- Register the company with the Ministry of Industry and Trade (MOIT). On the registration form, indicate the type of business (i.e. import-export, services, wholesaler, and retailer), state the amount of capital, and whether it is a private or a public enterprise. Once approved, the Ministry will assign a registration number. This registration number must be presented upon request to any government agency. The fees for registration, permit and publication in the official gazette and announcement in the commercial register are 67,000 Yemeni rials (USD335). These fees cover the initial payment for commercial registration at the Ministry and are valid for five years. The annual renewable permit fee is 20,000 Yemeni rials (USD 100). (Timeframe 2-3 days).
- Apply for membership with the local chamber of commerce, indicating the name and type of business. The cost is USD 500, plus 10,000 rials (USD 50) per year for renewal of membership. (Timeframe about 2 hours).
- Apply to the municipality, indicating the type of business. The business will be given a permit with a number which must be displayed in the business office. The cost is 47,000 rials (USD 240) including fees for the City of Sanaa Trust Office. (Timeframe 2-3 days).
- Register with the Yemeni government ministry that oversees the business. Depending on the type of business, costs can range from 750 rials up to 47,000 rials (USD 240). (Timeframe 2-3 days)

For information about World Bank activities in Yemen, visit [www.worldbank.org/ye](http://www.worldbank.org/ye).

## Franchising

[Return to top](#)

Yemen's Investment Code (Law 22 of 2002 amended, see Chapter 7) encourages investment in this sector. Pizza Hut, Kentucky Fried Chicken, and Baskin-Robbins all operate in Yemen currently.

To view the Investment Law, please double click on the General Investment Authority's website: <http://www.investinyemen.gov.ye> .Then, click on Investment Law.

## Direct Marketing

[Return to top](#)

Telemarketing services have not yet entered the Yemeni consumer market to date; this may be due to the low levels of landline telephone penetration in the consumer market. Direct marketing and advertising companies may, however, reach mobile phone users.

With the advent of Internet services in Yemen in 1996, direct marketing by major companies via email arrived in Yemen. Noting that high-end consumers are Internet customers, some Yemeni companies use e-mail to advertise their products/services. Two operators, TeleYemen and the Public Telecommunication Corporation (PTC), provide local Internet services. Connections are generally adequate. Dial up, cable modem, and DSL services are available. There are more than 90,000 internet subscribers and more than 1,000 telecommunication centers and internet cafes in Yemen, according to the Ministry of Telecommunication and Information Technology.

### **Joint Ventures/Licensing**

[Return to top](#)

Most joint ventures are regulated through the new Investment Code, Law 22 of 2002, implemented in October 2003.

To view the Investment Law, please double click on the General Investment Authority's website: <http://www.investinyemen.gov.ye>

### **Selling to the Government**

[Return to top](#)

Large government contracts may present opportunities for American investors; however, corruption and extensive bureaucratic procedures hinder the process. In some cases, sealed bids are opened and shown to competitors, contracts are awarded to political contacts, and tender awards canceled.

According to Yemen's tendering law, government purchases are made through a tendering system managed by the Supreme Tender Committee, chaired by the Prime Minister. Law 3/1997 (amended) governs purchasing tenders valued at over 125 million rials (USD 641,025). Local agents can be a critically important factor in shepherding bids through the tender process. Tenders are announced in the local and foreign press. Tender conditions are based on standard international regulations used to evaluate tender offers. Price is usually the determining factor, although quality and nationality of the product also play a role.

Efforts to reform and streamline the tendering system are ongoing. The Embassy has advocated successfully on behalf of U.S. firms in public tender competitions.

### **Selling Factors/Techniques**

[Return to top](#)

Some producers will provide goods or stocks to retailers who guarantee to increase shelf space; however, many consumer goods are smuggled over the Saudi Arabian border. While some supermarkets and stores are willing to guarantee space on the shelves to provide set quantities of products, legitimately imported products must often compete against an array of smuggled goods, including a large number of counterfeit items.

### **Electronic Commerce**

[Return to top](#)

While Internet cafés are sprouting rapidly in most major cities in Yemen, the general population does not utilize the banking system needed to facilitate financial transactions over the Internet, such as checking account, credit card or debit card purchases. Only four percent of the population owns a checking account. Even fewer have a credit card. In February 2005, the International Bank of Yemen introduced Yemen's first credit card. Currently credit, debit, visa and revolving card services are generally used in all commercial banks operating in Yemen. Cash transactions dominate most of the consumer market even for most durable goods purchases. In fact, the lack of a viable credit system stymies the durable goods market so that any anticipated e-commerce growth must await technological and financial infrastructure advancements and acceptance.

## Trade Promotion and Advertising

[Return to top](#)

Yemen has five television channels. Yemen satellite T.V., Al-Yamania satellite T.V., and Sheba satellite T.V. are state-run television channels based in Sanaa and Aden. The fifth TV channel, Al-Saeeda, is a quasi-private station broadcasting from Cairo. Yemen also has six individual AM Radio broadcasters: Sana'a Radio, Aden Radio, Taiz Radio, Mukalla Radio, Hodeidah Radio, and Sayoun Radio. Yemen TV transmits from Sanaa and can be seen locally and throughout the Arab world. Channel Two transmits from Aden for local viewers only. Most programs are in Arabic, but there is one nightly newscast in English.

The Public Corporation for Radio and Television offers two pricing schedules for media advertisements, differentiating between locally-manufactured domestic products and imported ones. For imported products, Yemen satellite T.V. advertising rates range from USD 300 to USD 650 per half-minute in addition to the commercial agency's commission. Ad rates on Al-Yamania satellite T.V. start at USD 200 per half-minute for imported brand products during late afternoon hours. During prime time, rates increase to USD 350 per half-minute; this rate does not include the commercial agency commissions. For more information, please contact Al-Khail for Advertisement and Information Services, Fax: 967-1-237-376, Telephone: 967-1-226-143, E-mail: [alkhail2000@y.net.ye](mailto:alkhail2000@y.net.ye).

Due to low literacy rates, broadcast is one of the primary marketing and communications media, while the market for print advertisements is comparatively small. The World Bank estimates a 50 percent literacy rate for adults 15 years and older. The daily newspaper circulation for non-government papers is on average 20,000 to 40,000 issues. Government newspapers, distributed free of charge throughout many ministries, print more copies. Newspaper advertising rates depend on page space, and rates vary between daily and weekly papers. The general advertisement rates for foreign firms or products start at USD 500 for a quarter page up to USD 2,000 for a full-page in the official daily newspaper. Official newspapers offer special rates for locally-manufactured domestic products of a foreign company: 36,500 rials for a quarter page to 44,000 rials for a full-page advertisement. The average rates for advertisement for foreign firms or products in the daily independent newspapers are: USD 500 per quarter page to USD 1,500 per full page. The average rates for an advertisement for products in the three weekly English-language newspapers are: USD 400 for a quarter page to USD 1,400 for a full-page. For color advertisements, the rates usually double.

Following are contact addresses for Yemen's leading daily and weekly newspapers:

Al-Thawra (Arabic official daily)  
 P.O. Box 1475 or 2195, Sanaa, Republic of Yemen  
 Telephone: 967-1-321-528/ thru 533, Advertising: 967-1-274-038, Fax: 967-1-274-035  
 Fax: 967-1-274-035 or 967-1-332-505  
 E-mail: [al-thawrah@y.net.ye](mailto:al-thawrah@y.net.ye); or [editor@althawra.gov.ye](mailto:editor@althawra.gov.ye)  
 Website: <http://www.althawranews.net>

Al-Gumhurriyah (Arabic official daily)  
 P.O. Box 6604, Taiz, Republic of Yemen  
 Fax: 967-4-230-953  
 E-mail: [algomhuryah-np@y.net.ye](mailto:algomhuryah-np@y.net.ye); Website: <http://www.algomhoriah.net>

14th October (Arabic official daily)  
 P.O. Box 5487, Ma'alla, Aden, Republic of Yemen  
 Telephone: 967-2-242-660, Advertising: 967-2- 241-186/247-297  
 Fax: 967-2-241-193/242-301/ 241-764  
 E-mail: [14oct.adn@y.net.ye](mailto:14oct.adn@y.net.ye); Website: [www.14october.com](http://www.14october.com)

Al-Ayyam (Arabic Independent daily)  
 P.O. Box 648, Crater, Aden, Republic of Yemen  
 Telephone: 967-2-255-170/254-135 or 967-1-449-733;  
 Fax: 967-2-255-692 or 967-1-449-722  
 E-mail: [editor@al-ayyam-yemen.com](mailto:editor@al-ayyam-yemen.com) ; Website: [www.al-ayyam.info](http://www.al-ayyam.info)

26th September (issued by the Ministry of Defense)  
 P.O. Box 17, Sanaa, Republic of Yemen  
 Telephone: 967-1-262-626, 282-626; Fax: 967-1-274-139  
 E-mail: [26Sept@y.net.ye](mailto:26Sept@y.net.ye); Website: [www.26sep.net](http://www.26sep.net)

Yemen Times (Independent English bi-weekly)  
 P.O. Box 2579, Sanaa, Republic of Yemen  
 Telephone: 967-1-268-661/2/3, Advertising 264-253; fax: 967-1-268-276  
 E-mail: [yementimes@yementimes.com](mailto:yementimes@yementimes.com); Website: [www.yementimes.com](http://www.yementimes.com)

Yemen Observer (Independent English weekly)  
 P.O. Box 19183, Sanaa, Republic of Yemen  
 Telephone: 967-1-203-393  
 Fax: 967-1-207-239  
 E-mail: [editor@yobserver.com](mailto:editor@yobserver.com); or [info@yobserver.com](mailto:info@yobserver.com)  
 Website: [www.yobserver.com](http://www.yobserver.com)

Below is a list of the local advertising agencies:

Art Advertising Company  
 Sanaa, Hadda Area  
 Telephone: 967-1-514-932  
 E-mail: [arwa.alfageeh32@gmail.com](mailto:arwa.alfageeh32@gmail.com)

Hams  
 P.O. Box 19038, Sanaa  
 Republic Of Yemen  
 Phone: 967-1-240-455  
 Fax: 967-1-240-460  
 Contact: Nadeem A. Hassan Ali

Marassi Advertising and Communication  
 P.O. Box 18442, Sanaa, Republic of Yemen  
 Phone: 967-1-203393  
 Fax: 967-1-207239

Mass Advertising  
 P.O. Box 5302, Taiz  
 Republic Of Yemen  
 Phone: 967-4-218-086  
 Fax: 967-4-218-086  
 Contact: Abdul Rahman Beshar, Manager

Vidcom Advertising  
 P.O. Box 7042, Sanaa  
 Republic Of Yemen  
 Phone: 967-1-208-910  
 Fax: 967-1-208-910  
 Contact: Abdulkarim Al-Maqaleh

Vision Advertising & Marketing  
 P.O. Box 25159, Sanaa  
 Republic Of Yemen  
 Phone: 967-1-218-142  
 Fax: 967-1-209-940  
 Contact: Masood R. Al-Harazi, Gen. Mgr.

## Pricing

[Return to top](#)

Most items and products in Yemen do not carry price tags, as buyers and sellers usually bargain until they agree on a price. However, there are fixed prices on certain items, like pharmaceutical products, petroleum derivatives and items sold in western-style grocery stores.

The government of Yemen removed subsidies for wheat and flour in 1999. Subsidies for diesel, electricity, water, and sewage services were reduced slightly in 2001. Subsidies on petroleum products were further reduced in 2005, but remain extremely high by regional standards. The free market sets all other prices. When the rial appreciates and retail prices fall, distributors often demand immediate rebates on stock in possession; however, when the rial falls, they usually raise retail prices to capture windfall profits. The CBY exchange rate in January 2009 was as follows: buying USD 1 = YR 200, selling USD 1 = YR 200.21.

## **Sales Service/Customer Support**

[Return to top](#)

Strong customer service can provide a competitive advantage in Yemen, but development of an effective sales/service team may require considerable training. If training must be conducted in the United States, early and close coordination with the Embassy's Consular Section on visa matters is strongly encouraged. Additionally, the use of promotional materials, like bumper stickers, posters, and low-value gifts associated with the product or company help to engender goodwill in the community.

## **Protecting Your Intellectual Property**

[Return to top](#)

As Yemen prepares for WTO accession, the government must improve IPR laws and practices. Yemen has an adequate copyright law (Law 19/1994) on paper, but a weak enforcement system in reality. Yemen is a member of the World Intellectual Property Organization (WIPO), but has not acceded to any international IPR conventions. Yemen is in the process of revising its IPR laws under WIPO guidance to meet international standards. In 1999, a major U.S. multinational corporation with a small processing plant in Yemen won a significant trademark infringement lawsuit in the local courts after a multiyear legal battle. However, enforcement of the judgment has not been effective and the case remains under appeal in the Yemeni Supreme Court. In 2003, the Supreme Court rejected the appeal of the company producing the infringing products and ordered it to cease production and delete the infringed trademark, but the Ministry of Industry and Trade has not yet enforced the decision, pending the submission of additional evidence for the defense.

The WTO General Council accepted Yemen's application to join the WTO in 2000. As a next step in the accession process, Yemen presented to the WTO a memorandum of foreign trade regime on 2002. Yemen is currently responding to questions raised by members of the WTO regarding issues such as IPR, environment, and commercial laws. Within this framework, Yemen is working to ensure that its laws are TRIPS-compliant and moving closer to the international trade community on these issues. In October 2005, a delegation from the Ministry of Industry and Trade attended a WTO session in Geneva, Switzerland and discussed the above mentioned issues. In October 2007, a delegation from the Ministry of Industry and Trade again attended a WTO session in Geneva and discussed with the working group issues related to IPR and commercial laws in Yemen. In late February 2008, a Yemeni delegation visited Washington DC and discussed WTO issues. Talks between Yemen and the WTO Secretariat are still underway, with the last Working Party meeting occurring in October 2008 in Geneva.

## **Due Diligence**

[Return to top](#)

An updated list of attorneys is available from the Embassy's Commercial Office. The Embassy advises the use of local counsel in the drafting of contracts to help prevent future disputes. Yemen's legal dispute resolution mechanisms are underdeveloped and many contracts specify that arbitration be conducted overseas. There is also a private arbitration center, the Yemeni Center for Conciliation and Arbitration that was

established in 1998 to resolve commercial disputes. It has gained a reputation as a viable alternative to the courts. Commercial disputes among Yemenis are often resolved via extra-judicial means such as private arbitration.

### **Local Professional Services**

[Return to top](#)

While KPMG, Ernst and Young, and Deloitte and Touche all have partner offices in Yemen, few firms use the services of internationally accredited accounting services.

## Chapter 4: Leading Sectors for U.S. Export and Investment

- [Telecom](#)
- [Construction Equipment](#)
- [Electrical Power Systems \(ELP\)](#)
- [Healthcare Technology](#)
- [Agricultural Sector](#)
- [Wheat](#)
- [Corn](#)
- [Soybean Meal](#)
- [Rice](#)
- [Honey](#)

### Telecom

[Return to top](#)

Telecom is one of the most promising sectors available in Yemen for trade and investment. A recent regional study showed that the Yemeni GSM (Global System of Mobile) market is growing very rapidly compared to the markets in other Arab countries. Currently three GSM mobile companies (Sabafon, MTN and HitsUnitel 'Y'), are operating with exclusivity contracts from the Ministry of Communications. The first two companies launched mobile-phone services in early 2001 after winning 15-year licenses at a cost of USD 10 million each in mid-2000. The expansion of their network, which currently covers about 60% of the population, by a French firm, Alcatel, is continuing. In May 2004, the Ministry of Telecommunications announced operations for a third mobile telecom provider, YemenMobile, which was owned exclusively by the Ministry until 55% of the company's shares were put for sale in mid-2006. YemenMobile started operations on the CDMA (code division multiple access)-protocol. Yemen is the only country to utilize the standard in the Middle East. There is no separation of power between the regulatory function of the Ministry and the state-owned competitor company, YemenMobile, which should cause concern for any international telecom investor. Nonetheless, by informal estimates, the market has grown from some 8,000 subscribers in the first year to an estimated 2 million in 2008. As of 2006, there were more than 1.5 million telephone land lines, according to Ministry of Telecommunication and Information Technology. In 2005, UNITEL was awarded a contract to operate Yemen's third GSM-mobile company, but has been unable to raise the funds necessary to pay for the contract, despite repeated extensions from the ROYG. The contract award was criticized by international observers because, although UNITEL was the highest bidder, it had no experience in mobile telephone operation and no significant financial backing. HitsUnitel (Y) launched its operation in December 2007 at a cost of USD 10 million.

### Best Prospects/Services

[Return to top](#)

As is common in technologically evolving countries, ongoing opportunities will continue to open as the mobile telecommunications networks out-pace land line telephone operations. Demand is expected to double according to sources in the network project implementation sector. Advanced services marketing has also reached the Yemeni consumer, with existing operators offering services such as multimedia messaging, internet browsing, camera phones, and friends and family group rates.

## **Opportunities**

[Return to top](#)

It appears from its promotional strategy that YemenMobile is targeting low income customers. Since purchasing power in Yemen is low, YemenMobile offers CDMA handsets with full accessories to public sector employees who sign agreements authorizing the company to deduct a certain amount from their salary (installment selling). This technique has captured a wide market and created more demand for handsets.

As YemenMobile builds its networks, the demand for CDMA handsets, accessories, towers, switches, and other equipment related to creating a new network continues to increase.

In May, 2006, the Public Telecommunication Corp announced that it has signed a USD 40 million project to link Yemen to the world maritime cable network, which would enable Yemen to attain direct world telecommunication and internet services and meet the increasing demands in this sector. Falcon Telecom was awarded the deal.

## **Construction Equipment**

[Return to top](#)

The construction industry in Yemen witnessed much progress over the last decade. Construction of asphalted roads facilitated the import and movement of building materials such as cement, steel, and wood. According to the WB, Yemen now has approximately 5,960 KM of asphalted roads compared to 365 KM in 1973.

One problem faced by the construction industry is bottlenecks in supply. This is especially true of cement, which is often stockpiled by some cement wholesalers in anticipation of price increases. In mid-2005, the price of cement doubled for several weeks, but no major slowdown in industry growth occurred. The price of cement has increased steadily since 2005. In fact, some observers believe that construction in Yemen is one of the least affected industries due to a steady demand for building supplies associated with the housing needs of a rapidly growing population.

On the consumer level, most Yemenis approach medium-sized construction companies to build their homes. These companies purchase equipment such as cranes, mixers, and trucks and are able to take full responsibility for an entire construction project.

Observers of the construction industry believe that it suffers from a lack of feasibility, cost management, and construction studies. There are often questionable construction practices or inappropriate material selections. However, no formal research has been conducted and little data exists on the extent of the problem.

**Best Prospects/Services**[Return to top](#)

Yemen's population growth is one of the highest in the world at 3.5%. This rapid growth will continue to put pressure on the housing market and create steady future demand.

Yemen's top import items are wheat, sugar, cement, electric motors, generators, and iron and steel wire rods, according to a 2007 Ministry of Planning and International Cooperation report.

Yemen has two oil refineries, one in Aden and the other in Marib. The former was built in the 1950s and its equipment, which was damaged during the 1994 civil war, is now outdated. According to officials, the Aden Refinery produces about 80,000 b/d, considerably below its nameplate capacity of 170,000 b/d. However, the government is planning to upgrade the refinery, with the construction of a USD 200 million fractionation unit to produce unleaded petrol. The Marib facility is much smaller, processing just 10,000 b/d into gasoline and diesel for the local market.

In May 2006, Yemeni and Saudi investors signed a deal for the construction of a new 45,000 b/d refinery at Ras Isa. Construction work has already begun and the Indian contractor, Furance Fabria, completed the first phase of the project, costing USD 200 million, in June 2007. The second phase is likely to cost an additional USD 500 million and was expected to be completed by the end of 2008 but little appears to have been done since June 2007.

Media reports stated that plans for the establishment of a third new refinery near Mukalla in Hadramout are moving ahead. Should all these projects come to fruition, they would more than double Yemen's output of refined products, adding upwards of 150,000 b/d to the existing capacity of just 120,000 b/d.

**Opportunities:**[Return to top](#)

Skilled and cheap manpower is available locally. Foreign expertise may be recruited from abroad. According to the Ministry of Industry and Trade, Sanaa and Aden are select locations for investment opportunities in the construction industry due to the high growth and expansion in both the private and public sectors.

The Yemen Government is enthusiastic about building a 460 KM highway, which will link Amran city to Aden. The feasibility study estimated the cost to be around USD 1.5 billion. The highway will go through swathes of mountainous territory and will include more than 10 tunnels, including one 2.5 km long. The highway will cut down the journey time between the two cities to about 4 hours from 8 hours, positively benefiting the trade sector.

However, no financing for the highway has yet been sought. According to Yemeni officials, the project was going to be carried out on a build-operate transfer (BOT) basis, but Sanaa might seek funding from the Gulf Cooperation Council (GCC) or other Arab funding agencies. If no such funding is found, the Yemen government might consider tendering the project on a Build-Operate (BO) bases only. Senior officials at the Ministry of Roads and Highways assured Post that the Amran-Aden Highway will be

tendered according to international standards and that bidding documents will be made available to all companies.

## Resources

[Return to top](#)

For more information, please contact the Embassy's Commercial Assistant, Lutfi al-Mushrqji, at [al-mushrqila@state.gov](mailto:al-mushrqila@state.gov).

## Electrical Power Systems (ELP)

[Return to top](#)

Electricity supply problems are rampant throughout the country. Hadramout, which is not yet connected to the national grid, suffers severe shortages. Likewise, around Sanaa and elsewhere in the north, power is not sufficient to meet demand and brownouts are frequent. As a step towards addressing these shortages, the government has been looking to promote independent power projects, with a particular focus on using gas from the Marib Oilfield. However, differences over pricing and infrastructure problems have led to delays in the scheme, and few projects have got off the ground.

Because of Yemen's mountainous terrain, only 30% of the population utilizes publicly-produced electricity. The terrain makes it unlikely that the national grid will reach the majority of rural Yemenis during the next few years. With the constant optimal sunlight conditions and wind funneling terrain in Yemen, alternative power sources such as solar and wind power may present opportunities for rural electrification.

## Best Prospects/Services

[Return to top](#)

The Ministry of Electricity hopes to increase power capacity by 1.1 gigawatts over the next ten years. Demand is expected to rise more than 10% annually. Furthermore, Yemen will need to strengthen its transmission and distribution systems.

In March 2005, the government announced that a consortium of Germany's Siemens and Saudi Arabia's Bernco Contracting had won a contract to build a gas-fired power plant in Marib. Work on the 340-MW plant has begun, and it was projected to come on line in 2008 but is still underway.

## Opportunities:

[Return to top](#)

Rural Yemenis, comprising more than 75% of the population, continue to depend on private and village diesel generators for power rather than on the national grid. The demand for small generators up to 2 MW is great.

Many of Yemen's rural areas are perfect for solar or wind generators. Yemen's Public Telecommunications Corporation, for instance, relies on solar cells to run its national microwave transmission grid.

Yemen's climate suggests that alternative energy sources hold excellent potential for providing electricity to rural Yemen. According to Yemen's Civil Aviation and

Metrological Agency (CAMA), weather stations across the country show sunlight energy averages of 350-500 cal/sq cm/day. Weather conditions in northern and southern Yemen are perfect for solar applications.

Furthermore, Ministry of Electricity officials cite Socotra Island, where winds blow almost constantly, as a prime location for wind-generated energy applications and technology. Throughout the country, Yemen's deep canyons often act as funnels, increasing wind velocity in certain isolated rural locations. However, to date, donor countries, with the exception of the Dutch, have not funded a wind power project, nor has the Ministry of Electricity had the resources to finance the purchase of wind turbines. A senior Yemeni official stated that Yemen is considering the option of using nuclear energy in order to cover the shortage of electricity. The Ministry of Electricity and Energy signed an initial agreement with an American company to produce power via nuclear energy but the Yemeni cabinet halted the deal because the Yemeni Supreme National Anti Corruption Commission (SNACC) presented documents citing that the American company is not eligible to carry out such a project.

### Resources

[Return to top](#)

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### Healthcare Technologies

[Return to top](#)

There are approximately 8,100 private health care entities in Yemen. Sanaa has approximately 1800 of these, including 34 private, general and specialty hospitals and more than 1,800 clinics and pharmacies. The growth in private health care started to accelerate after 1990, driven mainly by deteriorating quality and low coverage of public services. At that time, free venture capital combined with an influx of foreign physicians after the Gulf War in 1991 made private health care an increasingly attractive investment option.

### Best Prospects/Services

[Return to top](#)

There continues to be a great demand for equipment used to treat patients with problems related to diabetes, hepatitis, and high blood pressure, as the number of patients with these problems continues to increase.

In September 2006, The Yemen Drug Company for Industry and Commerce (YEDCO), a subsidiary of the Yemen Economic Corporation (YECO), signed an agreement to distribute a wide variety of Johnson & Johnson medical tools, supplies, and equipment.

### Opportunities:

[Return to top](#)

In May 2006, the U.S. Commercial Office participated in the MEDIPHARM Yemen 2006 Trade Show. During the show, it was noted that most of the participants were companies that represented the latest in dental technology and equipment. The country's growing demand for dentistry products is due to the fact that many Yemeni chew qat (*catha edulis*), an evergreen shrub related to the tea family that is damaging to teeth and gums in the long term. Therefore, dental technology and equipment are the healthcare sectors with the greatest demand.

## Resources

[Return to top](#)

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## Agricultural Sectors

[Return to top](#)

Although the oil sector is the primary source of government revenue and export earnings, agriculture remains, in many respects, the mainstay of the Yemeni domestic economy. According to the latest official figures available, it is a source of employment for 54% of the economically active population. In addition, it has consistently accounted for above 20% of real GDP since the 1990s. Within this sector, farmers lack the necessary purchasing power to buy inputs such as fertilizer. As a result, Yemen suffers from low crop yields; the WB estimates that Yemeni yields average 25% below those of comparable countries.

One of the main changes in this sector in recent years has been the increase in the use of irrigation, which has shifted the ratio of crop production. Statistics from the UN Food and Agriculture Organization (FAO) suggest that output of fruits is more than five times the level of the early 1960, and vegetable production has risen almost six fold. Government restrictions on the imports of fruits and vegetables have, according to the World Bank, also encouraged farmers to shift their output to these crops.

Water scarcity is by far the greatest challenge facing the agriculture sector. Rainfall is generally limited throughout the country and there is heavy reliance on ground water extraction. However, depletion of this vital resource is an increasingly serious problem. The country's annual water extraction is about one and a half times its recharge and, as a result, Yemen's water table is falling by about two meters a year. In agricultural areas, depletion has resulted in large part from the increased use of pumps for irrigation, which has been encouraged by the subsidies on diesel fuel. However, the problem is not confined to rural or agricultural areas. The WB's International Development Association (IDA) has warned that, without remedial action, Sanaa's groundwater supplies are expected to be largely exhausted in five to ten years.

In 2006, Yemen's population grew at a rapid 3.5% and unofficial estimates anticipate that the population will double by 2026. With only 3% arable land, the country will remain a net food importer for the foreseeable future. Wheat is the largest U.S. agricultural export, but opportunities for other products are growing. Currently, the poultry industry demands significant non-wheat products and services. Other livestock industries may modernize in the near future, thereby increasing demand. Additionally, U.S. processed foods appear to be competing effectively for consumers.

The urbanization of Yemen's growing population is creating a large demand for fresh and processed food products. Additionally, the Yemeni government has made significant progress recently in reducing barriers to trade and opening up their market (see chapter six). While the market remains small, U.S. exporters can expect to find growing opportunities for selected foodstuffs. Total 2006 value of exports of agricultural, fish, and forestry items from the U.S. to Yemen reached USD 146 million.

## Wheat

### Overview:

[Return to top](#)

The U.S. has consistently exported approximately 500 thousand metric tons (MT) of wheat and approximately 200 thousand MT of wheat flour to Yemen in each of the last few years. Wheat and wheat flour have also been a significant part of USDA's food aid programs over the past 6 years. The withdrawal of government subsidies on wheat and wheat flour in the first half of 1999 did not have a significantly negative impact on consumption. Even with subsequent world price increases in the following years, as a staple in the Yemeni diet, wheat bread exhibits an inelastic market demand. The Embassy believes the U.S. will continue to be a major supplier of wheat to Yemen along with India and Australia. Wheat is the largest U.S. agricultural export to Yemen.

	2004)	2005	2006
Total Market Size	398	408	456.5
Total Local Production	17.86	18	26.5
Total Exports	15.66	17	4.6
Total Imports	380.80	390	430
Imports from the U.S.	98.12	100	130.7

Source: Yemeni Ministry of Agriculture, and Ministry of Trade

### Best Products/Services

[Return to top](#)

Shipping from the United States is one of the major trade constraints between the U.S. and Yemen. Providing cheaper shipping services would reduce costs dramatically. In 2006, shipping premiums to Yemen's ports levied following the 2002 attack on the Limburg oil tanker in the port of Mukalla were lifted.

### Opportunities

[Return to top](#)

The U.S. will continue to be a major supplier of wheat to Yemen.

### Resources

[Return to top](#)

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## Corn

### Overview:

[Return to top](#)

Corn is the main ingredient for animal feed, especially in the poultry industry. Major local traders import feed as cartels to resell to other poultry producers. The usual feed shipment size is 27,000 MT, with a composition of 70% corn and 30% soybean meal. The U.S. supplies approximately 20 thousand MT out of 300 thousand MT of corn imported by Yemen each year. Long-term prospects for the poultry industry in Yemen remain strong and will continue to have a positive effect on U.S. corn exports to Yemen.

	2004)	2005	2006
Total Market Size	81.39	84.0	93.7
Total Local Production	39.51	41.0	45
Total Exports	---	---	---
Total Imports	41.88	43.0	48.7
Imports from the U.S.	2.7	3.0	3.5

Source: Yemeni Ministry of Agriculture and Ministry of Trade

### Best Prospects/Services

[Return to top](#)

Shipping from the United States is one of the major trade constraints between the U.S. and Yemen. Providing cheaper shipping services would reduce costs dramatically. In 2006, shipping premiums to Yemen's ports levied following the 2002 attack on the Limburg oil tanker in the port of Mukalla were lifted.

### Opportunities:

[Return to top](#)

The poultry industry in Yemen is growing, and therefore prospects for U.S. corn exports are positive, with a steady growth potential.

### Resources

[Return to top](#)

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## Soybean Meal

### Overview:

[Return to top](#)

Market prospects are also good for soybean meal, the other main ingredient of poultry feed. The U.S. is generally one of the main suppliers of soybean meal to Yemen and soybean meal is frequently imported and shipped with corn. Strong price competition by other suppliers, however, has limited the growth of U.S. soybean sales.

	2004	2005	2006
Total Market Size	0.75	5.0	16
Total Local Production	0	---	0
Total Exports	--	---	0
Total Imports	0.75	5.0	16
Imports from the U.S.	0	0.1	0

Source: Yemeni Ministry of Agriculture and Ministry of Trade

### Best Prospects/Services

[Return to top](#)

Shipping from the United States is one of the major trade constraints between the U.S. and Yemen. Providing cheaper shipping services would reduce costs dramatically. In 2006, shipping premiums to Yemen's ports levied following the 2002 attack on the Limburg oil tanker in the port of Mukalla were lifted.

### Opportunities

[Return to top](#)

The U.S. is generally one of the main importers of soybean, as feed composition frequently combines soybean meal with corn.

### Resources

[Return to top](#)

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## Rice

### Overview

[Return to top](#)

As of 1999, the Yemeni government no longer subsidized rice, a major commodity in the market and the Yemeni diet, particularly in the southern and eastern regions. American long-grain rice is considered the best quality product, for which Yemeni consumers are willing to pay a premium. The demand for American long-grain rice is especially high in the northern regions. However, Thai and Pakistani rice dominate the southern and eastern markets.

	2004	2005	2006
Total Market Size	133.76	150.0	55.5
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	133.76	150	55.5
Imports from the U.S.	2.04	3.0	1.0

Source: Yemeni Ministry of Agriculture and Ministry of Trade

### Best Prospects/Services

[Return to top](#)

Shipping from the United States is one of the major trade constraints between the U.S. and Yemen. Providing cheaper shipping services would reduce costs dramatically. In 2006, shipping premiums to Yemen's ports levied following the 2002 attack on the Limburg oil tanker in the port of Mukalla were lifted.

### Opportunities

[Return to top](#)

American long grain rice is considered the best quality product, for which Yemeni consumers are willing to pay a premium.

### Resources

[Return to top](#)

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## Honey

### Overview

[Return to top](#)

Honey is a traditional food product in Yemen, but a significant amount is imported to supplement local production. Good quality U.S. honey can be shipped at competitive prices. U.S. exports of honey to Yemen declined from 600 thousand MT in 2003 to nearly 240 MT in 2006. Yemeni honey exports in 2008 declined due to honey production equipment damage caused by flash floods that occurred in October 2008.

	2004	2005	2006
Total Market Size	8.66	10.6	9
Total Local Production	8.21	10	8
Total Exports	3.02	4.5	1.0
Total Imports	0.45	0.6	1.0
Imports from the U.S.	0.06	0.1	0.1

Source: Yemeni Ministry of Agriculture and Ministry of Trade

### Best Prospects/Services

[Return to top](#)

Shipping from the United States is one of the major trade constraints between the U.S. and Yemen. Providing cheaper shipping services would reduce costs dramatically. In 2006, shipping premiums to Yemen's ports levied following the 2002 attack on the Limburg oil tanker in the port of Mukalla were lifted.

### Opportunities

[Return to top](#)

The Yemeni market appears to prefer U.S. honey. Good quality honey can be shipped at competitive prices.

### Resources

[Return to top](#)

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[Return to table of contents](#)

## Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

### Import Tariffs

[Return to top](#)

The Yemeni Customs Authority (CA) continues to be an inefficient agency prone to corruption. Frustrated by several months of delay after the arrival of their shipments, international companies have been known to “hire” customs officials -- putting them on the company payroll to facilitate payments to expedite the slow process. Since 2004, the CA has been recognized by western representatives as one of the key agencies contributing to the corruption and economic stagnation endemic throughout the government and in need of focused attention and reform.

A party to regional and global customs protocols, Yemen has the opportunity to build upon a solid foundation of laws and regulations to achieve more openness and transparency in customs procedures. Since 1993, Yemen has been a member of the World Customs Organization (WCO). The Yemeni Customs Authority follows Law 37/1997, which regulates tariffs on imported goods. In 2001, in exchange for participation in the Gulf Cooperation Council (GCC) institutions, Yemen moved toward amending customs levies to levels closer to those adopted by the GCC.

In April 2000, in an effort to facilitate procedures and enhance transparency, the Customs Authority (CA) installed the Automated System for Customs Data (ASYCUDA). ASYCUDA, programmed in compliance with Yemeni legislation and national security, helps combat smuggling, fraud, and document counterfeiting. In 2004, CA launched an electronic clearance processing service at 15 entry points. The USD 23-million-Container Vehicle X-ray Special System was fully installed and operational in a number of entry posts.

The Yemeni Customs Authority assesses the value of imports at the Central Bank exchange rate, which is allegedly the same as the market rate. From 1996 to 2005, in an effort to simplify and make transparent the customs procedures, the ROYG steadily reduced tariffs as the Cost of Insurance and Freight (CIF) decreased for all imports. The tariff schedule consists of ad-valorem duties of 5, 10, 15 and 25%. At the 10% or less bracket, duties are levied on 3,134 items, about 51% of the total of 6,237 scheduled items.

## Trade Barriers

[Return to top](#)

The ROYG made an attempt to limit barriers to trade in 1996 by eliminating import licensing on most products except for controlled materials and products such as alcohol and explosives, and cut tariff rates to four bands between 5% and 25% ad-valorem. On the other hand, unlike other countries in the region, Yemen imposes tariffs on raw materials that are not available locally. It instituted an excise tax on industrial inputs and a production tax on local manufacturers in a declared effort to create a level playing field between imports and local industrial products. The Yemeni government also streamlined customs procedures somewhat, but businesses still consider them to be the primary trade barrier. In 1995, the government renounced the secondary and tertiary aspects of the Arab League boycott of Israel, but the primary aspect remains in force. There were press reports in early 2009 about a Ministry of Planning and International Cooperation plan to increase tariffs to protect “national production,” but details remain vague.

Bureaucratic corruption at all levels of government affects every aspect of business in Yemen. Judicial and administrative corruption has distorted the free market economy. Illegal commissions and nepotism involved in trading, tendering and investment undercut transparency and enforcement of related laws and practices. In June 2004, some parliamentarians criticized other members and government officials, calling on them during parliamentary debate to refrain from operating businesses that receive contracts from the state.

An annual income tax remains on commercial, industrial and service establishments as well as transport, shipping, cargo and packing service businesses. The tax is based on the company’s profits and the owner’s profits, and depends on which sector the company operates in, whether industry, trade, finance or real estate.

## Import Requirements and Documentation

[Return to top](#)

Import documentation and requirements are available from the Ministry of Industry and Trade and/or the relevant ministry governing a company's activities. A health certificate must be obtained to export animal and fisheries products. The government eliminated import licensing in 1996, except on controlled products and materials such as alcohol and explosives.

The following documents are required:

- Commercial Invoice

Three copies of the ordinary commercial invoice should accompany shipments. The invoice should contain a full and accurate description of the goods, the marks and numbers, value of the merchandise, country of origin and net and gross weight.

- Certificate of Origin

A separate certificate of origin is required for shipments to Yemen. The general form sold by commercial stationers is acceptable.

- Bill of Lading

There are no regulations specifying the form or number of bills of lading required for any

particular shipment. A bill of lading customarily shows the name of the shipper, the name and address of the consignee, port of destination, description of the goods, the listing of the freight and other charges, the number of bills of lading in the full set, and the date and signature of the carrier's official acknowledging receipt on board of the goods for shipment.

- Health Certificate

A health certificate is required for shipments to Yemen of animal stock, food, and agricultural products.

- Free Sale certificate

Imports of pharmaceuticals require a free sale certificate stating that the commodities in question are in free circulation in the country of export.

In a dispute between the CA and the shipment's owner, it shall be referred to two experts, one appointed by the authority and the other by the goods owner, within 8 days. If both experts agree, their opinion shall be final. If not, an arbitration committee, consisting of a permanent representative of the Minister of Finance or two CA and Yemen Standardization, YSMO, and Metrology Organization representatives, shall make a final and binding decision, and the losing party shall incur the arbitration expenses.

## **U.S. Export Controls**

[Return to top](#)

The ROYG does not tax exports, though it does require export licensing for statistical purposes. However, in 2005, the Ministry of Fisheries imposed a 6% Fish Catch tax on all fisheries at the time of catch. In order to maintain stock and oceanic health, the Ministry of Fisheries limits the export of certain categories of seafood products. In addition, exports of antiques and archeological items exceeding USD 100 in value are prohibited. Often, airport customs officials confiscate souvenirs, mistaken for antiques, without properly identifying or investigating the item or providing compensation.

## **Temporary Entry**

[Return to top](#)

Temporary entry of equipment and furniture for projects is allowed provided that they are re-exported upon completion of the project; otherwise, they will be taxed. Goods coming through the Free Zones into local markets are considered imports and, therefore will be subject to all applicable taxes and measures.

Commercial samples are recorded in the visitor's passport and deleted once they are taken out of the country. A significant number of samples imported for exhibitions and expos require a cash guarantee or deposit covering the customs and tax duties. If the items are sold or disposed, the deposit will be returned with a deduction.

## **Labeling and Marking Requirements**

[Return to top](#)

Yemen observes a few clear labeling requirements: the country of origin must be clearly marked in English on all imported goods, foodstuffs or pharmaceutical products entering Yemen and production and expiration dates must be clearly printed on the package. Otherwise, GCC and international standards are followed.

## Prohibited and Restricted Imports

[Return to top](#)

The government prohibits or restricts the importation of some items such as pork and pork products, coffee, alcohol, narcotics, a limited list of fresh fruits and vegetables during their local production seasons, weapons, explosives and the endangered rhinoceros horn.

To view the list of prohibited items, please double click on the Ministry of Trade and Industry's website at: <http://www.most.org.ye>, then, click on "Prohibited Goods."

## Customs Contact Information

[Return to top](#)

P. O. Box 2466, Sanaa, Republic Of Yemen  
 Phone: 967-1-260-388, Fax: 967-1-260-383  
 Chairman, Dr. Ali Ali Saleh Al-Zubaidi Tel: 260385, Telfax: 260-384/5/6  
 Office Manager Mohamed Al-Mahfadi, Tel: (967 1) 260386, Mobile: (967) 777181920,  
 Dr. Deputy Chairman, Dr. Lutf Mahmoud Barakat, Tel: (967 1) 500522, Mobile:  
 (967)777111213 Fax: 260381/3  
 Assistant Deputy Chairman for Customs Enforcement, Dr. Abdulrazaq Al-Marani, (9671) 500459  
 Technical Assistant Deputy Chairman, Dr. Hamoud Shamsan (967 1) 500979  
 Legal Affairs, Abdullah Rajih, (9671) 500461  
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## Standards

[Return to top](#)

- Overview
- Standards Organizations
- Conformity Assessment
- Product Certification

## Overview

[Return to top](#)

Multiple organizations within the Yemeni government are responsible for standards and product quality control. Among them are the Yemen Standardization, Meteorology, and Quality Control Organization (YSMQCO) of the Ministry of Industry; the Customs Authority (CA); the Environmental Protection Authority (EPA); and the Environmental Department of the Ministry of Construction, Housing and Urban Planning. Yemen is a member of the International Standards Organization (ISO 9000), the World Meteorological Organization, and the Arab Standards Organization. YSMQCO supervises testing imports and has legal authority to order a product's removal from the market if it does not meet accepted standards. On August 16, 2002, the Prime Minister issued a decree to adopt the GCC standards and specifications on Yemeni and imported products.

## Standards Organizations

[Return to top](#)

Standardization, Metrology and Quality Control law 44 of 1999 established the Yemen

Standardization, Metrology, and Quality Control Organization (YSMQCO) in order to protect human, animal and plant health and environmental safety. YSMQCO works in association with customs staff on all the major land, coastal, and air ports of entry. A relatively young institution still negotiating its mandate and authority in the panoply of government agencies, YSMQCO has limited capabilities, with only one central laboratory and a limited number of modest laboratories.

A government decree imposes the GCC standards and specifications on local and imported products. Yemen is a member in the International Standardization Organization (ISO9000), World Meteorological Organization and the Arab Standards Organization.

### **Conformity Assessment**

[Return to top](#)

YSMQCO requests the following documents from the importer:

- Bill of lading
- Certificate of origin
- Analysis certificate, and
- Packing list

### **Product Certification**

[Return to top](#)

For product certification of animal imports, YSMQCO requests the above documents in addition to the following:

- Health certificate
- Halal food certificate, and
- A certified document from the country of export proving that imports are not affected by epidemics or were not exposed to radioactivity

For plant imports, YSMQCO adds the following documents:

- A certified document from the country of export proving that imports are not affected by epidemics or were not exposed to radioactivity

### **Trade Agreements**

[Return to top](#)

Yemen has entered into major trade agreements with Saudi Arabia and has applied for World Trade Organization (WTO) accession. Provisions of the 1934 Taif Treaty with Saudi Arabia call for establishment of open markets, a single customs system for both countries, reciprocal most favored nation trading status, and unimpeded transit rights through both nations. The treaty was reaffirmed in the June 2000 Saudi-Yemeni border treaty, also called the "Jeddah Treaty." Yemen is also a founding member of the Indian Ocean Rim Association, has applied for membership in the British Commonwealth, and was granted observer status at the WTO in 1999. In 2000, the General Council of the WTO accepted Yemen's application for accession. Yemen presented a memorandum of foreign trade regime to the WTO in 2002 and had its first working party meeting in November, 2004. In 2005, Yemen's request to join the WTO discussion was considered and a delegation from the Ministry of Industry and Trade attended its first meeting in Geneva, Switzerland. Discussions and negotiations between WTO and Yemen is ongoing but Yemen still has a considerable ground to cover in order to comply with WTO standards. A Yemeni delegation will visit Washington DC to discuss WTO issues in late

February 2008.

The Yemeni government passed a Free Trade Zone Law (Law 4 of 1993) and designated 170 square kilometers of land in Aden as the country's first free trade zone.

**Web Resources**

[Return to top](#)

For more information about the Aden Free Zone and/or the Aden Container Terminal, visit: <http://www.aden-freezone.com/>

[Return to table of contents](#)

## Chapter 6: Investment Climate

- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

### Openness to Foreign Investment

[Return to top](#)

Yemen is one of the world's least developed countries. As such, it offers investors opportunities such as untapped natural resources and inexpensive labor, but also challenges such as inadequate Intellectual Property Rights (IPR) protections and opaque dispute settlement mechanisms. Yemen requested accession to the World Trade Organization (WTO) to integrate more fully into the world economy, and gained observer status in 2002. In 2004, the United States Trade Representative, the Department of State, the Department of Commerce, and other key U.S. agencies began WTO membership talks under the bilateral Trade and Investment Framework Agreement (TIFA). Yemen's preparation for WTO accession may facilitate a freer and more open investment climate for international investors. Despite significant reforms in the past decade, Yemen still has much ground to cover before meeting WTO membership standards, including the passage of a WTO-compliant customs valuation law.

In 1992, the government adopted a uniform investment code for both domestic and foreign investors which created a General Investment Authority (GIA) to coordinate work among eight government agencies. GIA is charged with publicizing investment opportunities and obtaining government ministry approvals on behalf of investors. In 2002, GIA worked with the World Bank's Foreign Investment Advisory service to update Yemen's investment laws, reducing customs duties by 50 percent on imported raw materials and 100 percent on raw materials produced locally for agricultural and fisheries projects. Investments in the oil, gas, and mineral sector are subject to special

agreements under the authority of the Ministry of Oil and Minerals and do not fall under GIA's authority. Other sectors not covered by GIA include weapons and explosives manufacturing, banking and money exchange activities, and wholesale and retail imports. Potential investors can obtain information packets from GIA, including a copy of the investment law, an investment guide summarizing GIA activities, and an application form with instructions, from: Promotion Section, General Investment Authority, P.O. Box 19022, Sanaa, Republic of Yemen (Telephone: 967-1-262-962/3 or 268-205; Fax: 967-1-262-964, E-mail: [invest@giay.org](mailto:invest@giay.org), or [m\\_muthana@giay.org](mailto:m_muthana@giay.org); Website: [www.giay.org](http://www.giay.org)).

In 2004, the government announced the creation of three industrial zones in Aden, Hodaida and al-Mukallah, focusing on the manufacturing sector. Little development has actually occurred since the announcement, and local business groups remain wary of the government's role in creating the zones. In 2007, a Ministry of Industry and Trade official estimated that the cost of developing infrastructure for the Aden Industrial Zone would be USD 37 million and would employ more than 8,000 people. Also in 2007, the Minister of Industry and Trade announced plans to establish 11 additional industrial zones throughout Yemen, with an emphasis on Small and Medium Enterprises (SME's).

Since the unification of North and South Yemen in 1990, Yemen has embarked on a series of reforms aimed at stabilizing the economy and increasing foreign investment. An International Monetary Fund (IMF) and World Bank-sponsored government economic restructuring program began in 1995. Reforms included the introduction of a General Sales Tax (GST) and a reduction in domestic petroleum subsidies. The IMF also helped introduce indirect monetary policy instruments, such as open market operations, rediscount facilities, and reserve requirements. Since then, Yemen's macroeconomic factors have largely stabilized. Inflation, as measured by the Consumer Price Index (CPI), declined from 70 percent in 1994 to 15 percent in 2008.

These reforms helped Yemen accumulate foreign currency reserves that reached USD 8.2 billion by December 2008. The Paris Club has rescheduled most of Yemen's external debt, which stood at USD 5.8 billion at the end of September 2008. In 2008, Yemen's debt-to-GDP ratio was 31 percent, and its debt service-to-export of goods and services was 2.6 percent, according to the Central Bank of Yemen (CBY). Yemen's commercial debt has largely been eliminated through a World Bank grant program.

With the implementation of tax incentives for both foreign and domestic investors, Yemen's investment climate has improved steadily in the past decade, but privatization and regulatory reform remain areas for improvement. Between 2003 and 2004, eight companies were privatized, seven of them by public auction, with the remaining company being transferred to the Yemeni Economic Corporation (YECO). In 2007, the government announced the privatization of an additional 15 factories, but as of late 2008 their status was still pending.

In the past two years, CBY has made an effort to improve commercial banks' accounting procedures and loan recovery rates. CBY raised capital requirements for each bank to YR 6 billion, or about USD 30 million. The banking system remains weak, however, with most commercial banks owned by large families who are reluctant to lend outside small circles. Roughly four percent of Yemenis have bank accounts and most financial transactions occur outside of the commercial banking system. CBY announced the first liquidation of a local bank, the Watani Bank, in 2006. A CBY committee was

assigned to evaluate the bank's assets and financial obligations in order to start distributing the available and collected funds to the depositors and creditors.

Boycott issues: Yemen has stated that it will not renounce the primary aspect of the Arab anti-Israel boycott absent an Arab League consensus. In the past, individuals and organizations have called for Yemenis to boycott U.S. and Danish products.

## Conversion and Transfer Policies

[Return to top](#)

The Yemeni Riyal is currently trading at 200YR/1USD. Most foreign currencies, especially U.S. dollars, are readily available and trade freely at market rates. Investors may transfer funds in hard currency from abroad to Yemen for the purpose of investment and may re-export invested capital, whether in kind or in cash, upon liquidation or project disposal. Net profits resulting from investment of foreign funds may be transferred freely outside of Yemen. Cash transfers are limited to USD 10,000. Transfers above that amount must be approved by the Central Bank of Yemen.

CBY intervenes regularly in the currency market. In 2007, CBY sold USD 1.077 billion to control currency depreciation, a decrease from the USD 1.122 billion sold in 2006. By the end of 2008, the CBY had intervened at least six times, injecting approximately USD 1.1 billion into the exchange market.

## Expropriation and Compensation

[Return to top](#)

Since Yemen's unification in 1990, there have been no cases of outright property expropriation, although a dispute with Yemen Hunt over the extension of a production sharing agreement is currently in arbitration. The government recognizes that expropriation, which existed in the former socialist Peoples' Democratic Republic of Yemen (PDRY), is contrary to its economic aspirations. Most of the lands expropriated by the PDRY were returned to the rightful owners. Land registration, however, is in its infancy and disputes over both residential and commercial plots are frequent and nearly impossible to adjudicate legally (see Dispute Settlement section). Since deed information is inexact, owners can sell multiple copies of a deed. Commercial suit options are extremely time-consuming, prone to corruption, and judgments are often not enforced.

Yemen's investment law stipulates that private property will not be nationalized or seized, and that funds will not be blocked, confiscated, frozen, withheld or sequestered by other than a court of law. Real estate may not be expropriated except in the national interest, and expropriation must be according to a court judgment and include fair compensation based on current market value.

## Dispute Settlement

[Return to top](#)

Yemen's judicial system is inefficient and subject to influence from bribes or family connections. While Yemen's investment-related laws are generally sound, enforcement remains problematic at best. The government has special commercial courts which provide a mechanism for commercial dispute resolution, but they are generally considered unreliable.

Yemen is a signatory to the 1965 Convention on the Settlement of Investment Disputes, but not to the 1958 New York Convention on Arbitration. Yemen is currently engaged in arbitration in Paris with U.S.-based Hunt Oil. The Paris international commercial court originally fined the Yemeni government USD 30 million, to be paid to Hunt Oil, which had originally asked for USD 3.5 billion in compensation after it accused Yemen of violating the terms of an oil exploration agreement in Mareb province. The final implementation of this dispute outcome is unknown.

Business disputes are generally handled by informal arbitration or within Yemen's court system. In 1998, a private arbitration center, the Yemeni Center of Conciliation and Arbitration, was created by a group of lawyers, bankers, and businessmen as an alternative to the Yemeni court system. The Center has settled 52 disputes thus far in the areas of trade, finance, construction, and industry, and is gaining recognition as a viable alternative to the official courts in Yemen.

Outside investors are best served by establishing a partnership with a Yemeni entity that knows the system, and by including an international arbitration clause in their contracts. In cases involving interest, most judges use shari'a (Islamic) law as a guideline, under which claims for interest payments due are almost always rejected. Local commercial banks are sensitive to this problem, and lend primarily to large established trading houses well known to them.

## Performance Requirements and Incentives

[Return to top](#)

Yemen's investment law does not specify performance requirements as conditions for establishing, maintaining or expanding investment. Incentives permitted under the law include, but are not limited to: exemption from customs fees and taxes levied on fixed assets of the project; tax holidays on profits for a period of seven years, renewable for up to 18 years maximum; the right to purchase or rent land and buildings; and, the right to import production inputs and export products without restrictions and registration in the import/export register.

## Right to Private Ownership and Establishment

[Return to top](#)

Law 23 of 1997 (as amended) regulates agencies and branches of foreign companies and firms and outlines the requirements for establishing a Yemeni agent. Chapter 3 of Law 23 permits foreign companies and firms to conduct business in Yemen by establishing foreign-owned and managed branches. Foreign commercial entities wishing to open branches in their own name must obtain a permit from the Ministry of Industry and Trade.

Under a 2002 investment law, foreigners can own 100 percent of the land and can execute projects without a Yemeni agent and without obtaining import/export license from the Ministry of Industry and Trade or implementing Law 23 of 1997 (the investment law implemented in October 2002 has precedence over other laws. This is contradicted by the commercial law, however, which limits foreign ownership to 49 percent. The government is currently reviewing the laws in an attempt to remove inconsistencies. In March 2008, the government amended a 1991 investment law allowing foreigners to operate businesses in Yemen without a Yemeni partner.

Mortgage lending in Yemen is rare because of the unwillingness of the court system to uphold the payment of interest or to accept land as a form of collateral. In addition, Yemen has a long history of incomplete or inaccurate land records and frequent land ownership disputes, making the use of real estate as collateral difficult. While the General Survey Authority is working to establish a just and legally defensible land registry system, implementation remains years away. A government decree was issued in 2006 to merge agencies overseeing land tenure, registration and urban planning in one agency to avoid overlapping.

## Protection of Property Rights

[Return to top](#)

Yemen has a record of inadequate protection of intellectual property rights (IPR), including patents, trademarks, designs, and copyrights. In late 2004 the Cabinet approved the Berne Convention for the Protection of Literary and Artistic Works, as well as the International Agreement on Protecting Intellectual Property Rights. Parliament has yet to ratify these agreements. Yemen has yet to accede to any international IPR conventions and its IPR Law Number 19 of 1994 is not TRIPS compliant. The Ministry of Industry and Trade drafted new laws dealing with patents, trademarks design and copyrights. As of December 2008, Parliament had not approved these draft laws. Yemen became a member of the World Intellectual Property Organization (WIPO) in 1999 and is now revising its laws with WIPO guidance. Yemen gained observer status in the World Trade Organization in 2002, holding WTO accession meetings in 2004 and 2005. As part of its accession requirements, Yemen will need to enact its recently revised IPR legislation and take concrete steps to enforce these laws adequately.

In 1999, a large U.S.-based multinational firm won a trademark infringement case in a Yemeni court. The ruling is now under appeal and the violator continues to infringe on the trademark despite the court ruling. A final resolution was expected by the end of 2000, but is still pending in the Supreme Court. The disputing parties agreed on an amicable arbitration due to the difficulty in enforcing the ruling. In a second case involving a U.S. company's trademark, a Yemeni appeals court handed down a final ruling in April 2001 in favor of the U.S. company. In August 2003, the Supreme Court

rejected the appeal of the company producing the infringed products and ordered it to cease production and destroy the infringed trademark. However, this ruling has not been enforced.

### **Transparency of Regulatory System**

[Return to top](#)

Implementation and enforcement of Yemen's environmental protection regulations and labor laws are inadequate and non-transparent. Health and safety standards are rudimentary and not enforced. Customs tariff regulations and tax laws remain inconsistent and smuggling is common, but the government has taken steps in recent years to standardize the process with Automated System for Customs Data (ASYCUDA) systems and a WTO-compliant valuation methods.

### **Efficient Capital Markets and Portfolio Investment**

[Return to top](#)

In the 1990s Yemen's banking system suffered from a large volume of non-performing loans, inadequate loan provisioning, low bank capitalization, and weak enforcement of prudential standards. Under a 1997 World Bank-sponsored financial sector reform program, the government took actions to address these problems. A bank reform law was passed in 1998 to update, strengthen, and regulate the industry. By 2000, CBY had circulated strict regulations pertaining to credit risk management, liquidity, insider lending, foreign exchange exposure, financial leasing and external auditors. Banks are required to reach a capital adequacy ratio of eight percent and meet new classification and provisioning standards for loan portfolios and most comply. Nevertheless, commercial banks still suffer from extremely low capitalization rates and are often owned and operated by large trading families to service their own business needs. The consolidated balance sheet for all commercial banks operating in Yemen as of October 2008 stood at only YR 1.452 trillion (USD 7.263 billion).

In 2000, President Saleh signed a law granting CBY greater independence in order to stabilize prices, limit public sector financing to emergency loans, and increase accountability among commercial banks. The CBY is now authorized to inspect bank implementation provisioning and capital increase schedules, and enforce penalties and corrective measures accordingly. In 2003, the Parliament passed a money laundering law, which CBY has begun to enforce. The Cabinet sent Parliament an enhanced anti-money laundering bill in November 2007; as of late 2008, the bill's status was still pending in Parliament.

Inter-bank activities are limited, and there are no equity or bond markets. Elements in the government still hope to establish a stock market in Yemen to promote a private sector-led growth strategy. Most domestic and foreign observers, however, believe that the country lacks the expertise to establish a stock market, and that there are insufficient Yemeni investors to sustain an active stock market. CBY has issued USD 3.2 billion of treasury bills since 1997. Commercial bank purchases of treasury bills account for 38% of this total. The interest rate on these treasury bills has gradually

decreased from a high of 23 percent in 1999 to about 12 percent in 2008 in order to encourage borrowing.

## Political Violence

[Return to top](#)

Yemen faces significant, recurring problems with terrorism and tribal violence. The country has suffered from a number of terrorist attacks, including the September 2008 suicide attack on the U.S. Embassy in Sana'a in which 18 people were killed and the October 2000 attack on the U.S.S. Cole in Aden harbor, in which 17 U.S. servicemen and women were killed.

Many attacks have occurred on Westerners and foreign missions in Yemen. On March 18, 2008, mortars fired at the U.S. Embassy hit a neighboring girls' school, injuring several Yemeni girls. On January 18, 2008, two Belgian tourists and their Yemeni driver were killed in Hadhramout governorate in eastern Yemen. On July 2, 2007, eight Spanish tourists and two Yemenis were killed in a suicide car bomb attack on their convoy in Marib governorate. In a significant blow to counter-terrorism efforts, 23 convicted terrorists, including those behind the Cole bombing, escaped from a prison in Sana'a in February 2006.

Terrorists have also sought economic targets, specifically in the petroleum industry, which provides 70 percent of Yemen's revenue. On September 15, 2006, two significant attacks were carried out on oil installations. The first involved two explosive-laden trucks detonated at the Canadian Nexen oil pumping facility at Ash Shahir in the eastern governorate of Hadhramout, resulting in one death and two injuries among the local guard force. The second attack occurred at the Safer oil pumping facility in Marib, where two trucks carrying explosives detonated. In October 2002, a French oil tanker was bombed off the coast of Mukallah, a port city on the Red Sea.

Yemen continues to be plagued by tribal violence. Kidnappings have traditionally been used as a means for tribes to pressure the government to accede to their demands for resources or improved services. Although a government crackdown in recent years has reduce the number of kidnappings, a couple of high-profile cases occurred in December 2008: three Germans were kidnapped in the Beit Bous area of Sana'a and released after one week in captivity and a South African woman and her two sons were kidnapped in Abyan governorate in southern Yemen and released unharmed a few days later.

In December 2005, a retired German diplomat and his family were kidnapped and released unharmed several days later. Soon after, four Italian tourists were kidnapped by a tribe in the Marib region, and released after several days of negotiations. The last incident of tribal violence involving Americans took place in December 2002, when three American doctors were killed near the southwestern city of Ibb.

Tribes have been known to hijack automobiles and other expensive equipment owned by foreign companies and diplomatic missions in order to pressure the government to agree to the tribes' demands. Attacks on oil pipelines and vehicles are commonplace in Yemen. These types of attacks occur most frequently in areas of oil and mineral extraction, including the outlying governorates of Marib and Shabwa. Tribes in these regions claim they are not getting their fair share of economic activity in their

areas, and investors should be sensitive to the need to build strong community relations. The provision of community-based services, such as healthcare and education, contribute to protecting investments in isolated areas.

The conflict between the government and the al-Houthi rebels in the northern Saada governorate has continued on an intermittent basis since 2004. The most recent round of fighting, which began in March 2008, was the most violent yet, resulting in the deaths of thousands of rebel and government forces and displacing up to 70,000 civilians. The government declared a tentative cease-fire in July, but many sources believe the conflict is likely to reignite in 2009. Foreigners have not been targeted in the conflict, but access to Saada has been severely restricted by both sides.

Since early 2007, the southern governorates have witnessed a series of political demonstrations protesting a lack of jobs and resources for the South. Although retired military officers and civil servants of the former People's Democratic Republic of Yemen (PDRY) initiated the demonstrations, the movement spread to a wider section of the southern populace in 2008. In November 2008, a teenager was shot and killed by police forces during a demonstration at a voter registration center in Dhale' governorate.

## Corruption

[Return to top](#)

Yemen ranked 131<sup>st</sup> out of 179 countries and territories on Transparency International's latest available corruption perception index (2007). One of the poorest countries in the world with a hugely overstuffed and underpaid civil service, Yemen has a significant and widely acknowledged corruption problem. Illicit activities include soliciting and paying bribes to facilitating or obstructing projects, leveraging dispute settlements, skewing taxation and customs tariff augmentations, and engaging in family or tribal nepotism. The government recognizes that it must enact civil service and administrative reforms to create new disincentives to corruption, but progress has been slow. In 2003, a new Minister of Civil Service was appointed who initiated several programs to improve the civil service.

Parliament approved the creation of an 11-member Supreme National Authority for Combating Corruption (SNACC), an independent body with the authority to track down corrupt public officials and retrieve funds obtained through corrupt practices. SNACC is charged with drafting and implementing anti-corruption policies and collecting financial disclosure forms from senior government officials. SNACC can investigate individuals involved in financial crimes and public corruption and refer them to the judiciary for prosecution. Since its creation in 2007, SNACC has collected more than 15,000 financial disclosure forms from public officials and sheikhs and has referred five corruption cases to Yemeni prosecutors for trial. None of the five cases had resulted in convictions as of December 2008.

## Bilateral Investment Agreements

[Return to top](#)

The US and Yemen signed a Trade Investment Framework Agreement in 2004. According to GIA, Yemen signed three agreements in 2003 and one in 2004, bringing the total number of bilateral treaties to 35. Yemen has bilateral investment treaties with Algeria, Austria, Bahrain, Belarus, Belgium, Bulgaria, China, Djibouti, Egypt, Ethiopia, France, Federation of Russia, Germany, Hungary, India, Indonesia, Iran, Jordan, Kuwait, Lebanon, Malaysia, Morocco, the Netherlands, Oman, Pakistan, Qatar, South Africa, Sudan, Sweden, Syria, Tunisia, Turkey, the UAE, Ukraine, and the United Kingdom. Yemen has signed initial agreements with Croatia, Mongolia, and Romania, but these agreements have not yet entered into force. For more information on Yemen's bilateral investment agreements, please see: [www.gjay.org](http://www.gjay.org) or [www.investinyemen.gov.ye](http://www.investinyemen.gov.ye)

### OPIC and Other Investment Insurance Programs

[Return to top](#)

Yemen and the United States signed an investment guarantee agreement in 1972. As of October 1997, OPIC and EXIM Bank provide guarantees for both private and public sector projects of short and medium duration (up to seven years). Yemen is a member of the Multilateral Investment Guarantee Agency (MIGA).

### Labor

[Return to top](#)

The Yemeni government generally follows International Labor Organization (ILO) standards regarding labor laws and worker rights. In 1999 it ratified ILO conventions on the elimination of the worst forms of child labor and the minimum work age for employment. As in other areas, enforcement of labor laws is weak. Child labor is an issue of special concern. Some children work with their families in agriculture. To address this issue, the government signed an agreement to cooperate with the International Program on Elimination of Child Labor (IPEC) in 2000. After ratification of the ILO conventions, the government established the Child Labor Unit at the Ministry of Social Affairs and Labor to implement and enforce child labor laws and regulations. Investors find the local pool of skilled labor for technology intensive ventures limited.

Yemen's overall illiteracy rate for persons age 15 and older is 45 percent, according to a late 2008 Ministry of Education estimate: 28 percent for men and 68 percent for women. In 2008, the Ministry of Labor and Social Affairs estimated that Yemen needs at least 300,000 new jobs annually to meet the demands of a rapidly expanding population. Yemeni government agencies differ over exact unemployment figures, but the Ministry of Labor and Social Affairs estimates the rate of unemployment for 2008 to be 20 percent. Many local and international organizations estimate the unemployment rate to be as high as 40 percent or higher.

Those who complete secondary education and university studies in Yemen often do not possess the same professional standards as their counterparts from Western educational institutions. University graduates also experience difficulty finding

appropriate employment and are sometimes unwilling to accept lower skilled jobs. The government is beginning to focus on increasing access to and improving the quality of vocational training as a means to develop a cadre of skilled laborers in high demand fields such as construction workers, medical technicians, electricians, mechanics, plumbers, and carpenters.

## Foreign-Trade Zones/Free Ports

[Return to top](#)

The Yemen Free Zone Public Authority was established in 1991 to develop the Aden Free Zone. Yeminvest, a joint venture between the Port of Singapore Authority (PSA) and the Bin Mohfoud Group of Saudi Arabia, was awarded the concession to develop the area. The government bought out the Yeminvest contract in October 2003 and Overseas Port Management is temporarily operating the Aden Container Terminal (ACT).

In its first phase of development, ACT planned to handle up to one million twenty-foot Equivalent Units (TEUs) annually on its two-berth, 700 meter quay. Those plans have been scaled back, and current capacity is 650,000 TEUs annually. The 35 hectare container yard can store 10,000 boxes. Yemen Ports Authority constructed a new 270-meter long and 12 meter-deep dock assigned for unpacking the wheat-loaded vessels. The dock will alleviate burdens of the other seven docks in the port.

An industrial and warehousing estate called Aden District Park (ADP) was launched in November 2002. The Aden Container Terminal and the Aden Free Zone are promising areas for investment. Opportunities in light industry, repackaging and storage/distribution operations are welcomed. Future plans include development of heavy industry and more extensive tourist facilities in the greater Aden area. Dubai Ports World (DPW) signed a contract with the Yemeni government to assume management of the Aden container terminal in November 2008 through a joint Yemeni-DPW venture.

Free zone incentives include the possibility of 100 percent foreign ownership, no personal income taxes for foreigners, and a corporate tax holiday for 15 years (renewable for 10 additional years), 100 percent repatriation of capital and profits, no currency restrictions, and no restrictions on, or sponsoring required, for the employment of foreign staff. Aden's main selling point is its strategic location – nine days steaming from Europe and seven from Singapore. It is four nautical miles off the main Far East - Europe sea route. For further information, contact: Free Zones Public Authority (AFZPA), (Main Center) P.O. Box 5842 Khormaksar, Aden, Republic Of Yemen, Telephones: 967-2-234484/5/6, Fax: 967-2-235-637, e-mail: [adenfz@y.net.ye](mailto:adenfz@y.net.ye); Website: [www.aden-freezone.Com](http://www.aden-freezone.Com)

In May 2001, a new terminal at Aden International Airport was officially opened. In addition, a study was completed in August 2001 for future plans for the airport to include a duty free zone and cargo village to facilitate transit trade with the Aden Free Zone port facilities.

## Foreign Direct Investment Statistics

[Return to top](#)

According to GIA, foreign direct investment in Yemen for 2008 was approximately USD 1.947 billion, 70 percent of total investment. Most U.S. investment in Yemen is in oil exploration and production, natural gas, and oil field services.

## Web Resources

[Return to top](#)

United States Embassy in Sana'a, Yemen

<http://usembassy.state.gov/yemen/>

The U.S. Embassy website provides Embassy updates, reports, travel warnings, warden messages, visa information, and events.

Export.gov

<http://www.export.gov/>

Export.gov provides online trade resources and one-on-one assistance for U.S. businesses who would like to start or expand global sales.

## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

### How Do I Get Paid (Methods of Payment)

[Return to top](#)

The Commercial Section strongly recommends that all contracts and transactions be paid through confirmed and irrevocable letters of credit (LOCs) or cash payment in advance.

### How Does the Banking System Operate

[Return to top](#)

Thirteen commercial banks and one public sector specialized bank (Cooperative Agricultural Credit) operate in Yemen under the oversight of the Central Bank of Yemen (CBY). Since 1996, four Islamic banks opened and are competing successfully in the banking sector. In August 2006, the CBY licensed Qatar National Bank (QNB), which has branches in London and Paris. QNB opened its branch in Yemen in September 2007.

CBY has maintained a 12 percent interest rate on rial deposits and now allows each commercial bank to determine interest on its foreign currency accounts. The change reflects expectations for a high but stable inflation rate and for a stable rial-to-USD currency exchange in 2006.

In addition to its oversight of 14 banks, the CBY issues licenses for banking activities to supervise the banking sector. Of the 17 licensed banks, 10 are national banks, three are local branches of foreign banks, and four are joint venture banks. CBY licenses only the banks rated as “A+” by Dunn and Bradstreet, who meet the Basle Standards, i.e. a minimum capital adequacy ratio of 8 to 12 percent.

CBY directs monetary policy with modifications to the overnight reserve requirement as needed. Any CBY officer must have CBY written approval in order to possess more than 10 percent of voting power or shares in any commercial bank. The banking and currency exchange-related laws do not contain any discriminatory provisions against the US bank of a company.

New investors will find it difficult to obtain financing or credit from a bank in Yemen. The banking system suffers under system-wide structural problems such as non-performing loans, the absence of a credible credit rating system and uneven implementation of existing regulations. However, the most significant constraint on lending to new investors lies in the non-independent judiciary that cannot reach judgments in a timely manner, cannot enforce judgments, and is prone to bribery. In that context, banks are disinclined to lend to customers with whom they do not already have a well-established

relationship.

The banking system is not an effective vehicle for financing investment. Most Yemeni bank assets are invested in foreign banks or treasury bills. They do not provide the required cash margin of 50 to 100 percent for letters of credit. Most of the credit activity and financing of the commercial banks deal solely with the large family-owned enterprises that dominate the business sector and are the main shareholders of the banks.

On January 2, 2006, CBY announced the first-ever liquidation of a local bank, the Watani Bank. A CBY committee was assigned to evaluate the bank's assets and financial obligations in order to start distributing the available and collected funds to the depositors and creditors. CBY officials instructed banks in Yemen to raise their capital up to YR 6 billion, about USD 30 million.

### **Foreign-Exchange Controls**

[Return to top](#)

There are no limits or controls on the transfer of funds into and out of Yemen or on funds garnered from an investment in Yemen. Any individual or company may import foreign currency into Yemen; exporting currency out of Yemen should not exceed USD 10,000 unless otherwise approved by CBY. Again, CBY does not impose restrictions on foreign payments and transfers and allows the transfer of foreigners' accounts resulting from foreign transactions. Commercial banks and private exchangers are allowed to purchase foreign currency from customers and to hold a percentage of foreign exchange for import payments. There are no taxes on purchases or sales of foreign exchange.

The Yemeni rial has floated freely since 1996, and the exchange rate was stable in the 174-175YR/1USD range until October 2002. After falling to 182-183 YR/1USD by the end of 2002, the rial has remained relatively stable. As of January 2009, the rial sold at a market rate of 200 YR/1USD. In order to evaluate imports for tariff collection, the Customs Authority bases its calculation on a monthly average exchange rate published by the Central Bank of Yemen set to the prevailing market rate.

### **U.S. Banks and Local Correspondent Banks**

[Return to top](#)

While U.S. banks or branches have not set up operations in Yemen, most Yemeni banks have U.S. correspondent banks.

List of Banks with Correspondent U.S. Banking Arrangements: Arab Bank, Credit Agricole Indosuez, International Bank of Yemen, Al-Tadhamon International Islamic Bank, Yemen Commercial Bank, Yemen Kuwait Bank for Trade and Investment, Yemen Gulf Bank, and Shamil Bank of Yemen and Bahrain. (See Section 9 for contact information.)

### **Project Financing**

[Return to top](#)

The international credit ratings of Yemen's commercial banks have been steadily improving in recent years. International commercial banks confirm locally issued LOCs on less than 100% cover and are lengthening their tenure from sight to 90-120 days. Local banks have sufficient stock to lend to the private sector for most projects, but they

will lend only to known customers because the Yemeni legal system will rarely support their claims against defaulters.

Both OPIC and EXIM Bank have been “on cover” in Yemen since October 1997 for both private and public sector projects of up to seven years duration. The Embassy strongly recommends that all contracts require payment via confirmed irrevocable letter of credit or cash in advance.

The ROYG committed itself to implementing the projects and programs stated in the World Bank’s Poverty Reduction Strategy Paper managed by the Ministry of Planning and International Cooperation (MOPIC). These projects cover areas of economic growth, human resources development, infrastructure, and social protection. Some of the projects were implemented during the 2003-2005 period and 70 percent of these projects were self-financed through the ROYG budget. The government seeks assistance from the international community to finance the remaining 30 percent.

The U.S. Trade and Development Agency (TDA) has financed or partially financed feasibility studies for several infrastructure projects over the past six years, including a study for a private sector oil refinery north of the Red Sea port of Hodeidah, a cement plant in Bajil (Hodeidah Governorate), a private hospital in Sanaa, expansion of the Marib Oil Refinery, a study for the upgrade of Yemen's electricity grid, and a study for a wastewater project in Taiz.

## Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

International Cooperation for Development: <http://www.ciir.org>

International Trade Agency: <http://www.ita.gov>

[Return to table of contents](#)

## Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Information](#)

### Business Customs

[Return to top](#)

Personal relationships are the key to developing business ties in Yemen. Although Yemeni law does not require an agent, businesses rarely succeed without a local agent working on their behalf. While Yemenis will agree to formal business meetings, most effective discussions occur at "qat chews" after lunch. These events are held at businessmen's homes where guests sit on cushions on the floor. Chemically related to amphetamines, qat is a "Class 1" controlled substance under U.S. law and may not be brought to the United States. Individuals with heart problems, high blood pressure, insomnia, or gastro-intestinal problems should not chew qat.

Yemenis have been engaging in trade for millennia and have refined the art of negotiation. Delay is a favorite tactic, but it can also be a polite refusal. The common use of the phrase "inshallah" (God willing) should not necessarily be interpreted as approval or agreement.

Most private sector business offices open in the mornings, close for lunch, and reopen in the early evening. The Embassy's workweek is Saturday-Wednesday from 8:00 a.m. to 4:30 p.m., the Yemeni government workweek is Saturday-Wednesday from 9:00 a.m.-1:00 p.m., and the private sector workweek is Saturday-Wednesday from 8:00 a.m.-1:00 p.m. and 4:30 p.m.-7:30 p.m. and Thursday mornings from 8:00 a.m.-1:00 p.m. Bank hours vary from bank to bank. However, all banks are open Saturday-Thursday from 8:00 a.m.-1:00 p.m. and some offer evening hours.

During the month of Ramadan, most Yemenis fast from dawn to dusk. Private businesses elect various schedules such as working in the morning and/or late evening or simply closing for the entire month. Ramadan is celebrated according to the lunar calendar, so the exact time varies from year to year. Government ministries are open for two to three hours a day from 10:30 AM to 1:30 PM. Most private companies work from 10:00 AM to 2:00 PM and from 9:00 PM to 12:00 AM. Many private and public sector contacts will take leave from work during the week preceding and the week following Ramadan.

"Guide for Business Representatives" is available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, telephone: (202) 512-1800, fax: (202) 512-2250. Business travelers to Yemen seeking appointments with U.S. Embassy Sanaa officials should contact the Commercial Section in advance.

### Travel Advisory

[Return to top](#)

For the latest, most up-to-date travel information, U.S. citizens can refer to the State Department's Consular Information Sheet; available 24 hours per day at (202) 647-5225 or on the Internet at [www.travel.state.gov](http://www.travel.state.gov). Upon arrival to Yemen, Americans should register with the Embassy's Consular Section for information and assistance in case of emergency at 967-1-755-2266 or at [consularsanaa@state.gov](mailto:consularsanaa@state.gov). More information such as any recent warden messages is available at <http://usembassy.state.gov/yemen/citizenservices>

## Visa Information

[Return to top](#)

Since July 2004, citizens of the G-8, GCC, and selected countries, including the U.S., may obtain a visa upon arrival at the airport. In practice, airport visas are difficult to obtain for U.S. citizens. The Embassy strongly recommends that U.S. citizens traveling to Yemen obtain an entry visa prior to arrival. Visas can be obtained from the Embassy of Yemen in Washington, DC or from Yemen's UN Mission in New York City. Please note: Immigration officials may turn back travelers with Israeli, Pakistani, Iranian or Afghan visas in their passports. More information may be found at the following websites:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

[Return to table of contents](#)

## Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

### Contacts

[Return to top](#)

#### U.S. Embassy Trade Personnel

Stephen Seche, Ambassador  
 Angie Bryan, Deputy Chief of Mission  
 Andrew Mitchell, Political/Economic Section Chief  
 Roland McKay, Economic/Commercial Officer  
 Colleen Traughber, Economic Officer

Lutfi al-Mushrqi, Commercial Assistant  
 P. O. Box 22347, Sanaa, the Republic of Yemen  
 Telephone: 967-1-755-2198  
 E-mail: [al-mushrqila@state.gov](mailto:al-mushrqila@state.gov)

#### Washington-based U.S. Government Country Contacts

Department of State  
 Andrew MacDonald, Yemen Desk Officer  
 2100 C Street  
 NEA/ARP, Room 4224  
 Washington, D.C. 20520  
 Telephone: (202) 647-4000;  
 Fax: (202) 736-4459

International Trade Administration, Department of Commerce  
 Tyler Hoffman, Yemen Desk Officer  
 14th and Constitution Avenues, NW  
 Washington, D.C. 20230  
 Telephone: (202) 482-0879; Fax: (202) 482-0878  
 Email: [tyler.hoffman@ita.doc.gov](mailto:tyler.hoffman@ita.doc.gov)

Advocacy Center, Department of Commerce  
 Christopher James, Senior Regional Manager  
 Middle East & North Africa  
 Telephone: (202) 482-3896; Fax: (202) 482-3508  
 Email: [christopher.james@ita.doc.gov](mailto:christopher.james@ita.doc.gov)

TPCC Trade Information Center, Department of Commerce  
 Abdul Quadar Shaikh  
 Telephone: 1-800-USA-TRADE; Fax: 01-202-482-4473  
 Email: [abdul.shaikh@ita.doc.gov](mailto:abdul.shaikh@ita.doc.gov)

U.S. Trade and Development Agency (TDA)  
 Henry D. Steingass, Regional Director, Africa & Middle East

1000 Wilson Boulevard, Suite 1600  
 Arlington, VA 22209-3901  
 Telephone: (703) 875-4357; Fax: (703) 875-4009  
 Email: [hsteingass@tda.gov](mailto:hsteingass@tda.gov); or [info@tda.gov](mailto:info@tda.gov)  
 Website: [www.tda.gov](http://www.tda.gov)

Overseas Private Investment Corporation (OPIC)  
 Abed Tarbush, Investment Development Manager  
 1100 New York Avenue, NW  
 Washington, D.C. 20527  
 Telephone: (202) 336-8632; Fax: (202) 408-5145  
 Email: [atarb@opic.gov](mailto:atarb@opic.gov)  
 Website: [www.opic.gov](http://www.opic.gov)

Export-Import Bank of the United States (EXIM Bank)  
 Veronique M. Cavallier, Officer for the Middle East  
 811 Vermont Avenue, NW  
 Washington, D.C. 20571  
 Telephone: (202) 565-3946 or (202) 566-8990; Fax: (202) 565-3380  
 Email: [veronique.cavallier@exim.gov](mailto:veronique.cavallier@exim.gov)  
 Website: [www.exim.gov](http://www.exim.gov)

U.S. Department of Agriculture (USDA)  
 Foreign Agricultural Service  
 Trade Assistance and Promotion Office  
 Telephone: (202) 720-7420; Fax: (202) 720-3799  
 Website: [www.fas.usda.gov](http://www.fas.usda.gov)

#### **Chambers of Commerce in Yemen**

Yemen Chambers of Commerce  
 Sanaa Chamber of Commerce & Industry  
 Dr. Khaled Taha Mustafa, Chairman  
 Iqbal Ba-Hadir, General Manager  
 P.O. Box 195, Sanaa, Republic of Yemen  
 Telephone: 967-1-232-361/2  
 Fax: 967-1-232-412  
 Email [sanaacomyemen@y.net.ye](mailto:sanaacomyemen@y.net.ye)  
 Website: <http://www.scci.com.ye/>

Aden Chamber of Commerce & Industry  
 Mohamed Omer Bamashmous, Chairman  
 Ahmed Hadi Salem, General Manager  
 P.O. Box 473, Crater, Aden, Republic of Yemen  
 Telephone: 967-2- 260327- 221-176 or 251-104 or 255-446  
 Fax: 967-2-255-660  
 Email: [cciaden@y.net.ye](mailto:cciaden@y.net.ye)  
 Salwa al-Amri, 02/ 257376, 733558688

Hodeidah Chamber of Commerce & Industry  
 Abdul Galil Thabet, Chairman  
 Nabil Al-Wajeeh, General Manager 733234245

P.O. Box 3370 Hodeidah, Republic of Yemen  
 Telephone: 967-3-217-401/217-621; Fax: 967-3-211-528  
 Email: [hodcci@y.net.ye](mailto:hodcci@y.net.ye)

Hadramout Chamber of Commerce and Industry (Mukalla)  
 Omer Abdul Rahman Bagersh, Chairman  
 Lutfi Salem Belfakeih, General Manager 777950217  
 P.O. Box 8302  
 Mukalla, Hadramout, Republic of Yemen  
 Telephone: 967-5-353-258/307-674/308-044 - 315400  
 Fax: 967-5-303-437

### **Yemen Government Agencies**

Ministry of Electricity  
 H.E. Awadh Saad Al-Soqatry, Minister  
 Eng. Ahmad Al-Aini, Deputy Minister  
 Eng. Abdul Moti al-Junaid, Managing Director  
 Public Electricity Corporation  
 P.O. Box 11422, Sanaa, Republic of Yemen  
 Telephone: 967-1-326-193 or 326-191/6; Fax: 967-1-326-198 or 326-150/1  
 Email: [yempec@y.net.ye](mailto:yempec@y.net.ye)

Ministry of Oil and Mineral Resources  
 H.E. Ameer Salim Al-Aidaros, Minister  
 Eng. Abdul Malik A'alama, Deputy Minister  
 P.O. Box 81, Sanaa, Republic of Yemen  
 Telephone: 967-1-202-309 through 13; Fax: 967-1-202-314  
 Email: [momormastr@y.net.ye](mailto:momormastr@y.net.ye)

Ministry of Telecommunication and Technology  
 Eng. Kamal Hussein Al-Jabri, Minister  
 Yassin Mahmoud Ali, Deputy Minister  
 P.O. Box 17045, Sanaa, Republic of Yemen  
 Telephone: 967-1-331-460/1; Fax: 967-1-331-473

Ministry of Industry and Trade  
 H.E. Dr. Yahya Mohammed Al-Mutawkil, Minister  
 Ali Al-Siaghi, Vice Minister  
 Iqbal Yassin Ba-hader, Deputy Minister (Trade Sector)  
 Hazem Baker, Deputy Minister (Industrial Sector)  
 P.O. Box 7296, Sanaa, Republic of Yemen  
 Telephone: 967-1-252-471/9-252-340; Fax: 967-1-251-570  
 Website: [www.most.org.ye](http://www.most.org.ye)

Ministry of Planning and International Cooperation  
 H.E. Abdulkarim Ismail Al-Arhabi, Minister  
 Hisham Sharaf Abdullah, Deputy Minister for International Cooperation  
 P.O. Box 175, Sanaa, Republic of Yemen  
 Telephone: 967-1-250-101 through 3; Fax: 967-1-250-665  
 Email: [mpdminister@y.net.ye](mailto:mpdminister@y.net.ye)  
 Website: <http://www.mpic-yemen.org/>

General Investment Authority  
 Salah al-Attar, Chairman  
 Mohamed Abdul Aziz Abdul Ghani, General Manager  
 Mohamed Ahmed Hussein, Chief, Promotion Sector  
 P.O. Box 19022, Sanaa, Republic of Yemen  
 Telephone: 967-1-262-962/3 or 568-205; Fax: 967-1-262-964  
 Website is: [www.giay.org](http://www.giay.org)

### **Commercial Banks (with U.S. correspondent banks)**

Arab Bank PLC  
 Abdul Mahdi Allawi, Regional Manager (Tel: 276-582)  
 P.O. Box 1301 & 475, Sanaa, Republic of Yemen  
 Telephone: 967-1-276-585, 276-592/3; Fax: 967-1-276-583, 276-475  
 Email: [arabbank@y.net.ye](mailto:arabbank@y.net.ye);  
 Website: [www.Arabbank.com](http://www.Arabbank.com)  
 (Arab Bank PLC, New York)

Credit Agricole Indosuez Yemen  
 Robin De Mouxy, General Manager  
 P.O. Box 651, Sanaa, Republic of Yemen  
 Telephone: 967-1-274-371/2/3 or 274-351; Fax: 967-1-274-501  
 Email: [caindosuezye@y.net.ye](mailto:caindosuezye@y.net.ye)  
 (Citibank of New York)

International Bank of Yemen  
 Mohamed Mokbil Al-Ameri, General Manager  
 P.O. Box 4444, Sanaa, Republic of Yemen  
 Telephone: 967-1-407-000 (17 lines); Fax: 967-1-407-020, 407-155  
 Email: [a.t.alabsi@y.net.ye](mailto:a.t.alabsi@y.net.ye)  
 Website: [www.ibyemen.com](http://www.ibyemen.com)

Yemen Bank for Reconstruction and Development  
 Hussein Fadhil Mohamed, General Manager  
 P.O. Box 541, Sanaa, Republic of Yemen  
 Telephone: 967-1-274-171 or 271-626 (GM), 270-483/1, 273-649  
 Fax: 967-1-271-630 or 271-684  
 Email: [ybrdid@y.net.ye](mailto:ybrdid@y.net.ye)  
 Website: [www.ybrd.y.net.com](http://www.ybrd.y.net.com)  
 (JP Morgan Chase Bank NA, NY, Doha Bank Ltd.,  
 NY, Bankers Trust Co., NY, Riggs Bank, Washington)

Yemen Commercial Bank YSCC

Sikander Mahmood, General Manager and Chief Executive Officer  
 P.O. Box 19485, or 160, Sanaa, Republic of Yemen  
 Telephone: 967-1-277-238, 277-324, 277-275, and 284-272/3  
 Fax: 967-1-284-656  
 Email: [ycbho@y.net.ye](mailto:ycbho@y.net.ye)  
 Website: [www.ycbank.com](http://www.ycbank.com)  
 (Citibank Group, Bank of New York)

Yemen Kuwait Bank for Trade and Investment YSC  
 Hussain Mohamed al-Maswary, Chairman  
 P.O. Box 987, Sanaa, Republic of Yemen  
 Telephone: 967-1-200-005, 401-988, 209-451, Fax: 967-1-206-148, 401-989, 202-085  
 Email: [ykb@y.net.ye](mailto:ykb@y.net.ye)  
 Website: [www.yemenkuwaitbank.com](http://www.yemenkuwaitbank.com)  
 (Bank of New York, Citibank Group)

Yemen Gulf Bank Y.S.C.  
 Mr. Mohamed H. Al-Zubeiri, Chairman  
 P.O. Box, 100, Sanaa, Republic of Yemen  
 Al-Shokani Street, Near the Police Academy  
 Telephone: 967-1-260-823, 260-825; Fax: 967-1-260-824  
 Email: [ygbank@y.net.ye](mailto:ygbank@y.net.ye)  
 Website: [www.yg-bank.com](http://www.yg-bank.com)  
 (Bank of New York)

Shamil Bank of Yemen and Bahrain  
 Mohamed Nageeb, General Manager  
 P.O. Box 19382, Sanaa, Republic of Yemen  
 Telephone: 967-1-264-699, 264-702, and 264-807  
 Fax: 967-1-264-703, 503-350  
 Email: [shamilbank@y.net.ye](mailto:shamilbank@y.net.ye)  
 (J.P.Morgan Bank, New York)

### **Other Offices**

World Bank  
 Country Manager Mustapha Rouis  
 P. O. Box: 18152, Street Number 40, off Damascus Road, Hadda Area  
 Sanaa, Republic of Yemen  
 Telephone: 967-1-418-731/2, or 418-166/7/8; Fax: 967-1-413-709 or 418-733  
 Website: [www.worldbank.org](http://www.worldbank.org)

### **Useful Websites**

Ministry of Industry and Trade	<a href="http://www.most.org.ye">www.most.org.ye</a>
Ministry of Planning and International Cooperation	<a href="http://www.mpic-yemen.org">www.mpic-yemen.org</a>
Who is Who in Yemen	<a href="http://www.al-bab.com/yemen/">http://www.al-bab.com/yemen/</a>
Yemeni islands promising of investments and job opportunities	<a href="http://www.islandsauthority.gov.ye">www.islandsauthority.gov.ye</a>
Labor Market Information System	<a href="http://www.lmis-yemen.org">www.lmis-yemen.org</a>

Yemenia Airlines	<a href="http://www.yemenia.com.ye">www.yemenia.com.ye</a>
Social Fund for Development	<a href="http://www.sfd-yemen.org">www.sfd-yemen.org</a>
Aden Free Zone	<a href="http://www.aden-freezone.com">www.aden-freezone.com</a>
Central Bank of Yemen	<a href="http://www.centralbank.gov.ye">www.centralbank.gov.ye</a>
General Investment Authority	<a href="http://www.giay.org">www.giay.org</a>
Customs Authority	<a href="http://www.customs.gov.ye">www.customs.gov.ye</a>
Tax Authority	<a href="http://www.tax.org.ye">www.tax.org.ye</a>
National Information Center	<a href="http://www.nic.gov.ye">www.nic.gov.ye</a>
Central Organization for Control and Auditing COCA	<a href="http://www.coca.gov.ye/in_eng.html">www.coca.gov.ye/in_eng.html</a>
Petroleum Exploration and Production Authority	<a href="http://www.pepa.com.ye">www.pepa.com.ye</a>
Sana'a Chamber of Commerce	<a href="http://www.scci-yemen.com">http://www.scci-yemen.com</a>
Yemeni Industrialists Association	<a href="http://www.madeinyemen.org/index.htm">http://www.madeinyemen.org/index.htm</a>
Sabafon	<a href="http://www.sabafon.com">www.sabafon.com</a>
MTN	<a href="http://www.mtn.com.ye">http://www.mtn.com.ye</a>
Yemeni Trading companies	<a href="http://www.y.net.ye/hostedinynet.htm#Governmental%20Web%20Pages">www.y.net.ye/hostedinynet.htm#Governmental%20Web%20Pages</a>
Hayel Saeed Anam Group of companies	<a href="http://www.hsagroup.com">www.hsagroup.com</a>

## Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Office at the Embassy, please go to the following website: [www.export.gov](http://www.export.gov) and click on Country and Industry Market Reports.

Please note that these reports are available only to U.S. citizens and U.S. companies. Registration on the site is required but free of charge.

## Trade Events

[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents>

Sana'a International Exhibition Center: [www.shumaila-group.com](http://www.shumaila-group.com)

Apollo International Exhibitions: <http://www.exposanaa.com/eventscalender.htm>

[Return to table of contents](#)

## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

[www.buyusa.gov](http://www.buyusa.gov)

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.