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Yemen: Background and U.S. Relations

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Summary

This report provides an overview and analysis of U.S.-Yemeni relations amidst evolving political change in Yemeni leadership, ongoing U.S. counterterrorism operations against Al Qaeda in the Arabian Peninsula (AQAP) operatives in Yemen's hinterlands, and international efforts to bolster the country's stability despite an array of daunting socio-economic problems. Along with determining how best to counter terrorist threats emanating from Yemen, Congress and U.S. policy makers also may consider the priority level and resources that should be accorded to attempts to stabilize Yemen and to establish and maintain strong bilateral relations with Yemeni leaders.

On November 23, 2011, after eleven months of protests and violence that claimed over 2,000 lives, then-President Ali Abdullah Saleh of Yemen signed on to a U.S.-backed, Gulf Cooperation Council (GCC)-brokered transition plan. In line with the plan, Yemen held a presidential election in February 2012 with one consensus candidate on the ballot—former Vice President Abed Rabbo Mansour al Hadi. President Hadi took office in February 2012 shortly after his election. He resigned on January 22, 2015, and is under house arrest, surrounded by fighters from the Houthis movement.

Many Administration officials have declared that Al Qaeda in the Arabian Peninsula, the Yemen-based terrorist organization that has attempted several attacks on the U.S. homeland, presents the most potent threat among Al Qaeda's remaining affiliates. In recent years, the Administration and Congress have committed greater resources to counterterrorism and stabilization efforts there. Amid debate over the accomplishments and objectives of U.S. military and intelligence operations in Yemen, President Obama has suggested that U.S. policy in Yemen may inform U.S. policy in other cases, such as the military campaign against the Islamic State Organization in Iraq and Syria. It is unclear whether and how lessons from Yemen's specific situation might apply in other contexts. Many analysts assert that Yemen is or is becoming a failed state and safe haven for Al Qaeda operatives for a variety of reasons and as such is likely to remain an active theater for U.S. counterterrorism operations for the foreseeable future. Given Yemen's contentious political climate and its myriad development challenges, most long-time Yemen watchers suggest that security problems emanating from Yemen may persist in spite of increased U.S. or international efforts to combat them—an argument with which few would disagree given the events of early 2015.

As recently as the fall of 2014, the Obama Administration expressed cautious optimism about Yemen's trajectory, though the 2014-2015 takeover of Sana'a by the Houthis, a clan from the Zaydi sect (related to Shia Islam) has upended Yemen's political transition. The State Department reports that the United States committed more than \$221.4 million in assistance to Yemen in FY2014, in addition to \$316.23 million in FY2013 and more than \$353 million in FY2012. U.S. military assistance to Yemen has focused on bolstering its unmanned aerial surveillance capabilities and training its armed forces. Current annual appropriations language includes a provision that would restrict U.S. funding of Yemen's military were it to be controlled by a foreign terrorist organization.

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Overview: Instability in Yemen

The Republic of Yemen remains a country of concern to U.S. policy makers. Although Yemen itself is a resource-poor nation, it is strategically located next to Saudi Arabia (**Figure 1**),¹ one of the world's major oil producers, and the Bab al Mandab strait, through which commercial oil tankers carry an estimated 3.4 million barrels per day (3.5% to 4% of the global oil supply).² Yemen's 1,184-mile coastline abuts the Red Sea and the Gulf of Aden across from the Horn of Africa, which until recently had been a major area of Somalia-based piracy.

For more than a decade, U.S. officials and Members of Congress have been concerned with the threat of terrorism emanating from Yemen and directed against the United States. Yemen is home to Al Qaeda in the Arabian Peninsula (AQAP), an affiliate of Al Qaeda (AQ). The U.S. Department of Homeland Security considers AQAP to be the AQ affiliate "most likely to attempt transnational attacks against the United States."³ To date, the terrorist group has unsuccessfully attempted to target the United States at least three times (in 2009, 2010, and 2012) using concealed explosive devices designed to destroy commercial aircraft or detonate inside parcel packages. The intelligence services of Saudi Arabia helped disrupt two of these plots.

Issues such as terrorism and Yemen's political stability are tied to broader questions regarding the country's long-term economic and environmental viability. According to the 2014 United Nations Human Development Index, Yemen ranks 154 out of 187 countries.⁴ Its poverty has been exacerbated by the quadrupling of its population over the last 30 years. Agricultural development has been decimated by water shortages, political strife, and lack of investment, making the country dependent on food imports for up to 90% of basic staples. In May 2014, the World Food Program estimated that 10 million Yemenis out of a total population of 25 million could be categorized as either severely food insecure or close to it.⁵

Such dire socio-economic prospects, combined with Yemen's proximity to both Africa and Arab Gulf states, have made it a global transit and destination point for migrants and refugees. Each year, thousands of asylum-seekers and economic migrants from Somalia, Ethiopia, and Eritrea make what can be a perilous journey to Yemen, where they either remain or seek passage to the wealthier Gulf monarchies. At the same time, at least a million Yemenis work abroad, and expatriate remittances provide a major boost to the local economy. Particularly for Saudi Arabia, the number of Yemeni laborers working in the kingdom is an apparent source of trepidation. In recent years, Saudi authorities have begun deporting more and more Yemeni workers, thus exacerbating bilateral tensions.

¹ Yemen shares a 1,100-mile border with Saudi Arabia.

² See the U.S. Energy Information Administration's 2012 report entitled, "World Oil Transit Chokepoints." Available online at: <http://www.eia.gov/countries/regions-topics.cfm?fips=wotc&trk=p3>.

³ Testimony of Nicholas J. Rasmussen, Deputy Director National Counterterrorism Center, Hearing before the Senate Committee on Homeland Security and Governmental Affairs, "Cybersecurity, Terrorism, and Beyond: Addressing Evolving Threats to the Homeland," September 10, 2014.

⁴ <http://hdr.undp.org/en/data>

⁵ "Half of Yemenis threatened by food crisis: UN," *Agence France Presse*, May 30, 2014.

transition process—namely former president Saleh and his Houthi allies who sought to redraw Yemen’s internal boundaries more to their favor.

Within weeks of the National Dialogue Conference’s conclusion, the Houthi movement, a Zaydi revivalist political and insurgent movement in the north that has been at war with the government on-and-off since 2004, launched another military offensive against various tribal allies of President Hadi. Their campaign has continued, culminating in the summer 2014 takeover of the capital Sana’a and other parts of Yemen. Their battlefield successes have created a new balance of power, and this evolving political dynamic may challenge outside powers, such as the United States, to reassess how they can exert influence inside Yemen in pursuit of their national security interests, such as counterterrorism.

Who are the Houthis and What are their Goals?

In the north, a revolt has been ongoing for over a decade in the northernmost governorate of Sa'da. This is often referred to as the Houthi conflict because it is led by the Houthi family, a prominent Zaydi religious clan who claim descent from the prophet Mohammed. Houthis believe that Zaydi Shiism and the Zaydi community became marginalized in Yemeni society for a variety of reasons, including government neglect of Sa'da governorate and Saudi Arabian “Wahhabi” or “Salafi” proselytizing in Sa'da. They have repeatedly fought the Yemeni central government. In 2009, the Houthis fought both Yemen and Saudi Arabia. The Saudi government staged a cross-border military intervention inside Yemen in response to reported infiltration by Houthi fighters into southern Saudi Arabia.

The Houthis are a regional separatist movement and, in practical terms, would be unable to effectively control all of Yemen. The Houthis want to maximize their position in Yemen’s internal power structure. In order to achieve that, they seek more autonomy and a redrawing of the federal regions that would formally provide them with an outlet to the Red Sea and/or access to oil pipelines, reserves, or export facilities. The Houthis also want to maintain their militia, though some observers speculate that they could ultimately be integrated into the national armed forces.

The Houthi Crisis

In 2014 and early 2015, the Houthis have disrupted the political transition that the United States and Saudi Arabia orchestrated three years ago and have threatened to intensify Yemen’s internal conflicts. This allegedly has been done with the support of former president Ali Abdullah Saleh or tribes aligned with him (see below). Houthis took over the capital and forced the central government to sign a cease-fire deal which gave the movement veto power over the selection of cabinet ministers. Moreover, the movement’s military maneuvers have sparked internal uprisings elsewhere: southern Yemenis have renewed calls for independence and threatened to secede. AQAP has called for new Sunni Arab recruits to wage holy war against the Houthis, whom they regard as “Shia heretics.”

Figure 2. Select Yemeni Political Figures**Interim President Abed Rabbo Mansour al Hadi**

Sixty-nine-year-old former Vice President Hadi is originally a southern Yemeni who was born in Abyan governorate. He is a former Army commander and minister of defense who spent four years studying military leadership in the Soviet Union in the mid-1970s. He is known as a loyal supporter of former President Saleh, who found Hadi useful as a southern Yemeni with strong ties to the military. To date, President Hadi has adeptly and gradually been removing former Saleh family members from the heads of Yemen's various security agencies, though he is continually challenged by armed tribal factions, independent military commanders, regional insurgencies, and terrorist groups.

**Former President Ali Abdullah Saleh**

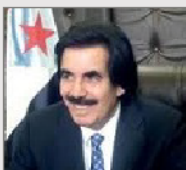
Former President Ali Abdullah Saleh governed the unified Republic of Yemen from 1990 to 2012; prior to this, he had headed the former state of North Yemen from 1978 to 1990. Under Saleh's rule, political power gradually coalesced around his immediate family, whose members filled key posts in various security services. Corruption was rampant, and the country remained the poorest in the Arab world and one of the most destitute nations on earth. After stepping down from the presidency in 2012, Saleh has remained ensconced as president of the General People's Congress party, the former ruling party. President Saleh's 44-year-old son Ahmed was the commander of the Republican Guards and had been groomed to succeed his father before the so-called Arab Spring protests of 2011.

**Abdul Malik al Houthi**

Thirty-two-year-old Abdul Malik al Houthi is the younger brother of the deceased former leader of the Houthi rebellion named Hussayn al Houthi, who was killed by government forces a decade ago. Along with his two other brothers, Abdul Malik al Houthi comes from a prominent Zaydi family that seeks to restore the Zaydi Imamate which ended in 1962. Since 2004, the al Houthi, also referred to as Ansar Allah (Partisans of God), have been fighting the central government, other northern Yemeni tribes, and militants associated with Al Qaeda in the Arabian Peninsula. The opponents of al Houthi charge that the movement is backed by Iran, while the movement itself claims that it began as protest movement and only turned to arms in self-defense.

**The Al Ahmar Family** (pictured: Sheikh Sadiq Al Ahmar)

The Al Ahmar family is the leading clan in the one of the largest tribal confederations in Yemen known as Hashid. Sheikh Sadeq (alternate spelling: Sadiq) al Ahmar, the eldest of 10 sons of the late Sheikh Abdullah al Ahmar (who was the speaker of Parliament, leader of the Islah party, and paramount sheikh in Yemen prior to his death in 2007), is the head of the family. Another prominent political figure in the clan is Hamid Al Ahmar, who sided with Yemeni protestors and against former president Saleh back in 2011. Hamid Al Ahmar is a wealthy businessman who has benefited from his family's prominence in Yemeni society and its good relations with neighboring Saudi Arabia. However, after the Al Houthi overran the capital and defeated Hashid tribal forces in 2014, the power of the Al Ahmar family may be rapidly declining.

**Ali Salim Al Beidh**

Although beset by internal fissures, the most prominent southern leader is seventy-six-year-old former Vice President Ali Salim Al Beidh. Al Beidh also was the former leader of the Yemeni Socialist Party (YSP) which ruled the former state of Southern Yemen (People's Democratic Republic of Yemen or PDRY). He led the unsuccessful southern revolt against the north in the 1994 civil war in which an estimated 3,000 people were killed. After the war, Al Beidh fled the country and now resides in Beirut, Lebanon where he has continued to foment southern independence. Al Beidh has been suspected by some Yemeni leaders of receiving Iranian support.

Source: Prepared by CRS. Images derived from various media sources.

A Timeline of the 2014 Houthi Conflict

February 2014	Days after the conclusion of the National Dialogue Conference, ⁶ the Houthis launch an attack against tribal forces in Amran province. Reportedly, tribes aligned with former president Saleh join the Houthis. ⁷
May 2014	A brigade of the Yemeni Army with ties to former general Ali Mohsen (who had fought the Houthis in previous rounds of conflict) engages Houthi fighters in Amran.
July 2014	The Houthis seize Amran city and the entire province, killing the leader of the brigade that had been dispatched to stop the Houthis. Later in the month and in anticipation of securing an IMF loan, the government lifts fuel subsidies, leading to immediate fuel price increases.
August 2014	Houthi “protestors” surround the outskirts of the capital, demanding that the “corrupt” government resign and the fuel subsidies be reinstated.
mid-September 2014	Government security forces clash with Houthis encamped around the capital, killing several people. Violent clashes ensue throughout the capital, leading to its eventual takeover by the Houthis with little resistance by military forces loyal to President Hadi.
September 21, 2014	The United Nations brokers a cease-fire agreement known as the “peace and national partnership agreement.” Under the terms of the deal, the Houthis and the Southern Movement are to be granted greater representation in a new government. ⁸ The deal also calls for the reinstatement of fuel subsidies. An annex to the deal, which the Houthis did not sign, calls on the group to abide by the cease-fire, disarm their militia, and leave the capital.
October 2014	After initially rejecting President Hadi’s first choice for prime minister, the Houthis agree to the appointment of Khaled Bahah as new Prime Minister. However, violence continues to beset the country, as forces loyal to AQAP combat Houthis throughout the countryside. AQAP may also be responsible for multiple suicide bombings, including one in central Sana’a that killed over 50 people. Moreover, southern separatists hold protests in their areas of control, demanding that the government meet their demands for autonomy by November 30 or they will secede from the country.
November 2014	<p>On November 2, Mohamed Abdelmalik al Motawakal, an opposition party leader and mediator between the Houthis and the government, is shot dead in the capital, a development that threatens to further ongoing conflict in the country.</p> <p>On November 7, Yemeni officials announce the formation of a new government. On the same day, the United Nations Security Council imposes sanctions under UNSCR 2140 (asset freeze and travel ban) on former president Saleh and Houthi leaders Abd al Khaliq al Huthi and Abdullah Yahya al Hakim. The Administration, which had sought the sanctions, says that “As of fall 2012 Ali Abdullah Saleh had reportedly become one of the primary supporters of the Houthi rebellion. Saleh was behind the attempts to cause chaos throughout Yemen.”</p> <p>A day after the formation of the new government and the imposition of sanctions (November 8), the former ruling party (GPC) headed by ex-president Saleh ousts President Hadi from his role as the party’s Secretary General. In addition, AQAP claims that it tried to assassinate U.S. Ambassador to Yemen Matthew Tueller, but</p>

⁶ Days before the conclusion of the National Dialogue, the Houthi representative was assassinated in the capital. Ultimately, the Houthis rejected the final outcome of the National Dialogue, particularly after the conference ended when President Hadi proposed to divide Yemen into federal regions that would leave the traditional Houthi territorial base without access to a seaport or oil resources.

⁷ “Fall of Amran sends Shock Waves across Yemen,” *Al Monitor*, July 21, 2014.

⁸ Since then, the Houthis have been granted six ministerial portfolios (out of a total of 34), including the ministries of justice, oil, electricity, culture, civil service, and vocational education.

- its bombs were detected “minutes before their detonation.”
- December 2014 The Houthis continue to circumvent the authority of President Hadi by unilaterally appointing regional governors and rejecting the appointment of a new army chief of staff. Despite the fulfillment of steps laid out in the September 2014 Peace and National Partnership Agreement (PNPA), the Houthis continue to retain armed militiamen in the capital.
- January 2015 Angered by continued attempts to draft a constitution that Houthis perceive as limiting their influence, Houthi militiamen detain President Hadi’s chief of staff, Ahmed Awad bin Mubarak, one of the primary figures involved in the drafting process. On January 19-20, after President Hadi orders loyalist forces to secure the capital, clashes break out throughout Sana’a and Houthi fighters seize a number of key installations, such as state media, the presidential palace, and key military installations.
- On January 20, Abdul Malik al Houthi, the group’s leader, broadcasts a statement in which he rejects the draft constitution’s six-region federalism plan and demands that President Hadi further share power and end corruption, warning that the Houthi could take “essential measures” against the Yemeni Government over the coming few days if their demands are not met. Abdul Malik al Houthi accuses President Hadi’s son of stealing “billions” from the Yemeni people.
- As of January 21, various reports suggest that Houthi militants have surrounded President Hadi’s personal residence where he is remains nominally in power but practically under house arrest.
- On January 22, President Hadi and his entire cabinet resign. He has remained under house arrest ever since.
- February 2015 On February 6, after weeks of negotiations between various political actors failed to produce a consensus government following Hadi’s resignation, the Houthis unilaterally announce an extra-constitutional governance plan, which includes the formation of a national council to replace Parliament. The national council would then choose a five-member presidential council in lieu of a single president. The United States, United Nations, and Gulf Cooperation Council have all called for Mr. Hadi’s return to office. Gulf Arab monarchies like Saudi Arabia have described the Houthi’s actions as a “coup” against Hadi’s government.
- On February 10, the U.S. State Department announces that it is suspending Embassy operations in Sana’a and is relocating U.S. personnel elsewhere. Reportedly, some U.S. military personnel will remain guard over the Embassy.

U.S. Policy in Yemen in Flux

With the Houthis in control of the capital and pressing their own political process forward, most observers expect the movement to meet significant resistance in the coming weeks and months ahead. Opposition to the Houthi takeover could come from their erstwhile partner, former president Saleh, Sunni tribes in the oil-producing province of Marib, Saudi Arabia, AQAP, and tribal/political movements such as Islah whom the Houthis defeated months earlier. The status and loyalties of various Yemeni military brigades positioned throughout the country is unclear, and it is possible that some of these units could engage the Houthis or, at a minimum, remain on the sidelines.

With the anticipation of further domestic unrest, the United States has closed its Embassy and relocated U.S. government personnel.⁹ Many U.S. policymakers have been concerned with the

⁹ U.S. Department of State, Press Statement, Jen Psaki, Department Spokesperson, February 10, 2015.

safety of remaining U.S. personnel in Yemen, particularly after a January 19 incident at a checkpoint in the capital during which Houthi gunmen shot multiple rounds at an Embassy armored vehicle.¹⁰ No casualties or serious injuries were reported.

The Defense Department claims that counterterrorism cooperation continues and U.S. Special Operations forces remain in Yemen, but that recent political instability has certainly affected overall U.S. counterterrorism capabilities.¹¹ Nevertheless, multiple media reports suggest that the United States has carried out three drone strikes against AQAP targets since President Hadi's resignation on January 22.

Overall, the United States and others in the international community have not formally recognized recent Houthi declarations and attempts to form a government, maintaining that President Hadi remains the legitimate president of Yemen. The United States has insisted that all parties adhere to previous internationally-brokered agreements, such as the 2011 Gulf Cooperation Council transition plan and the September 2014 Peace and National Partnership Agreement.

Despite the Houthis' recent advances, the international community, including the United States, does maintain a significant degree of leverage over the Houthis. International aid, particularly grants from Saudi Arabia, have helped fund the central government, allowing thousands of Yemeni public workers to receive salaries. As of February 2015, Saudi Arabia has suspended its payments to Yemen, and if the Houthis continue to unilaterally dictate the terms of the country's political process, they may find it difficult on their own to finance Yemen's national budget. If Yemen's economy collapses as the result of a government breakdown, then the United States and other European nations would, however, most likely continue to support humanitarian aid to those in most in need.

Iranian Involvement in Yemen

Since Iran backs state and non-state actors in sectarian conflicts throughout the Middle East, many analysts believe that the recent Houthi-driven crisis in Yemen may benefit the Iranian regime. For years, Yemeni leaders have claimed that Iran meddles in Yemeni affairs by supporting secessionist movements at odds with its rival Saudi Arabia. Many analysts long considered these claims to be exaggerated, aimed at attracting more Western attention and Gulf Arab financial aid. However, in recent years, there have been U.S. reports detailing allegedly increased Iranian activity in Yemen. In a War Powers letter to Congress, President Obama noted that in January 2013:

A U.S. Navy warship with Yemeni Coast Guard personnel aboard entered Yemeni territorial waters, at the invitation of the Government of Yemen, to assist the Government of Yemen in intercepting and inspecting a vessel suspected of smuggling contraband into Yemen. Upon boarding and searching the vessel, a combined U.S. and Yemeni team discovered various conventional weapons and explosives, apparently of Iranian origin, concealed within the vessel. The vessel was escorted to Aden and turned over to the Yemeni Coast Guard on January 30, 2013.¹²

¹⁰ "U.S. Embassy Shuts in Yemen, Even as Militant Leader Reaches Out," *New York Times*, February 10, 2015.

¹¹ "U.S. is Closing its Embassy in Yemen as Security Concerns Mount," *Washington Post*, February 11, 2015.

¹² <http://www.whitehouse.gov/the-press-office/2013/06/14/letter-president-regarding-war-powers-resolution>

An unnamed U.S. official reportedly said in 2012 that Iranian smugglers backed by the Quds Force (an elite unit of Iran’s Revolutionary Guard Corps) used small boats to ship AK-47s, rocket-propelled grenades and other arms to replace older weapons used by Houthi rebels in the north.¹³ In the south, Ali Salim al Beidh, the leader of the secessionist Southern Mobility Movement, has boasted publicly of his movement's willingness to accept assistance “from any regional actor”—a formulation widely interpreted to refer to Iran.¹⁴ Moreover, Hezbollah has reportedly provided financial aid and media training to southern Yemeni leaders in exile in Beirut, Lebanon.¹⁵

Many analysts are now comparing the Houthis in Yemen to Hezbollah in Lebanon in terms of their aspirations to form a “state within a state.” One Houthi spokesman cautioned against taking this comparison too far:

What we have in common with Iran or Hezbollah [because the comparison was also made between the so-called Houthis' takeover of Sanaa and the Hezbollah takeover of Beirut in May 2008] or Hamas and Islamic Jihad, is that we have a common stand vis-a-vis Israel and the United States and we will cooperate with any political actor in the region who stands in the face of the U.S. regional designs. But to grasp the complexities of the situation in Yemen, we should only look in Yemen for answers and not in Tehran or Lebanon for that matter.¹⁶

As the Houthis continue to consolidate their gains in Yemen, Iranian officials have become more outspoken in support of the group. According to one account, Ali Akbar Velayati, a spokesman for Iran’s Supreme leader Ayatollah Ali Khamenei, said “the Islamic Republic of Iran supports the rightful struggles of Ansarullah [the Houthis] in Yemen, and considers the movement part of the successful Islamic Awakening.”¹⁷

Al Qaeda in the Arabian Peninsula (AQAP)

According to U.S. officials, AQAP, a U.S.-designated Foreign Terrorist Organization (designated in 2010) operating in Yemen, remains the Al Qaeda affiliate “most likely to attempt transnational attacks against the United States.”¹⁸ AQAP has attempted on several occasions to bomb U.S. commercial aircraft and indoctrinate what the intelligence community refers to as “homegrown violent extremists” or HVEs. To date, there is public information on three AQAP attempted attacks or disrupted plots against the United States homeland, including:

- a failed bomb attack against Northwest Airlines Flight 253 on Christmas Day 2009;

¹³ Eric Schmitt and Robert F. Worth, “With Arms for Yemen Rebels, Iran Seeks Wider Mideast Role,” *New York Times*, March 15, 2012.

¹⁴ Open Source Center Analysis: Yemen—Southern Movement Overtures to Iran Spark Controversy, Document ID# GMF20120117256001 Yemen—OSC Analysis in English, January 17, 2012.

¹⁵ Ibid.

¹⁶ “Q&A: What do the Houthis want?” op.cit.

¹⁷ “Fighting greets arrival of Yemen's new PM,” *AlJazeera.com*, October 19, 2014.

¹⁸ Statement of Matthew G. Olsen Director National Counterterrorism Center, Committee on House Homeland Security, Hearing on “Global Terrorist Threats,” September 17, 2014.

- a failed attempt (disrupted by Saudi intelligence) to ship explosive parcel packages to Jewish sites in Chicago in October 2010; and
- a disrupted bomb plot (disclosed in May 2012), in which AQAP provided a concealed explosive device to a Saudi double agent who subsequently turned the device over to authorities.¹⁹

AQAP and the Islamic State

As the Islamic State (IS, also known as ISIS or ISIL) has expanded its reach across Iraq and Syria, terrorist groups around the world, including AQAP, have taken note of their battlefield successes, raising the possibility that the Al Qaeda “brand” may no longer be as influential to a group like AQAP as the Islamic State “model.” To date, AQAP has not formally joined the Islamic State, though several of its key ideologues have publicly praised it. In recent months, AQAP militants have beheaded captured Yemeni soldiers in imitation of Islamic State terror tactics. There is some U.S. concern that AQAP’s bomb-making expertise may be transferred to terrorist groups in Syria and Iraq for use against commercial airliners destined for Western countries.²⁰

In addition to hatching transnational terrorist plots against the “far enemy” (the United States), AQAP is also focused on seizing territory from the Yemeni government (“the near enemy”) and attacking neighboring Saudi Arabia.²¹ Since 2011, it has waged an Islamist insurgency in the country’s remote southern provinces under the banner of a militia known as *Ansar al Sharia*²² (in English: Partisans of Sharia, or Islamic law).²³ The group was most militarily successful in 2011, when infighting among elites in the capital distracted the central government from halting AQAP advances in the south. Since the government recaptured urban areas formerly under AQAP control in 2012, the group has continued to fight in other provinces, most recently in the province of Hadramawt.

Overall, political and economic conditions in the provinces that formerly made up South Yemen (particularly the provinces of Abyan, Shabwa, Aden, and Hadramawt) offer fertile ground for AQAP’s insurgency to grow (**Figure 3**). In the south, the central government has a limited presence and disaffection is widespread, due in part to a lack of investment in the area. Politics are complex, with the interests of tribes, southern secessionists, local officials, and AQAP militants overlap in some areas and clashing in others. Yemenis who have returned from the battlefields of Afghanistan, Iraq, and Syria are interspersed with the population and seek young recruits in areas where tribal authority may have eroded. Though at times the government has succeeded in turning local actors against AQAP, the overall prospects for uprooting the group

¹⁹ “Underpants 'bomber' was a Double Agent who Delivered Device to CIA... and then Pinpointed Location of Mastermind for Fatal Drone Attack,” *The Daily Mail* (UK), May 8, 2012.

²⁰ “Terrorists Team Up in Syria to Build Next Generation of Bombs,” *ABC News.com*, June 24, 2014.

²¹ In 2009, AQAP unsuccessfully attempted to assassinate Saudi Arabia’s then Assistant Interior Minister Prince Mohammed bin Nayef bin Abdelaziz Al Saud. In 2012, AQAP kidnapped a Saudi diplomat who is still in captivity. In 2014, AQAP attacked a Saudi checkpoint along the border with Yemen, killing two Saudi soldiers.

²² On October 4, 2012, the State Department designated Ansar al Sharia (AAS), based in Yemen, as a Foreign Terrorist Organization (FTO).

²³ According to congressional hearing testimony by David Sedney, Former Deputy Assistant Secretary of Defense for Afghanistan, Pakistan, and Central Asia, “Al Qaeda also employs multiple brands so as to obfuscate the extent of its influence. In Yemen, for instance, AQAP adopted the name ‘Ansar al Sharia.’ This brand name was intended to convey the idea that the group is the true protector and enforcer of sharia law.” House Foreign Affairs Committee — Subcommittee on Terrorism, Nonproliferation, and Trade Hearing, “Al-Qaeda in Afghanistan and Pakistan,” May 20, 2014.

entirely in the foreseeable future remain slim. Although AQAP has not repeated its earlier successes at seizing territory, it is still able to harass government and tribal-allied forces, using tactics such as car bombings, kidnappings, and assassinations.

AQAP and the Charlie Hebdo Terrorist Attack

On January 14, Al Qaeda in the Arabian Peninsula (AQAP) formally claimed responsibility for directly ordering the January 7 attack against the French satirical newspaper Charlie Hebdo that killed 12 people. AQAP said that the global leader of Al Qaeda Ayman al Zawahri ordered the attack and the late Yemeni-American Anwar al Awlaki, who was killed in a U.S. drone strike in 2011, planned it years earlier with the two alleged perpetrators, Saïd and Chérif Kouachi. Yemeni officials have said that both brothers had visited Yemen and may have received training there. Although it is unclear why AQAP took a week to claim credit for the attack, it asserted that Awlaki and others had financed the operation and chosen Charlie Hebdo as the target as “vengeance” for publishing images of the Muslim prophet Mohammed. AQAP did not take credit for the January 9 murder of 4 hostages at the kosher supermarket in east Paris. Instead, Amedy Coulibaly, the terrorist who carried out the murders, claimed that he was acting on behalf of the Islamic State organization in Syria and Iraq.

U.S. Counterterrorism Policy in Yemen

For the United States, Yemen presents formidable counterterrorism challenges. Central government power has eroded and AQAP has evolved into both a transnational terrorist group and a domestic insurgency. In turn, press reports suggest that the United States has been forced to expand the mission and scope of reported covert operations in Yemen, from the sole pursuit of a few high value targets to a broader counterinsurgency effort in Yemen’s remote provinces.²⁴ U.S. airstrikes in Yemen, acknowledged by President Obama in his May 2013 speech at National Defense University,²⁵ reportedly have increased markedly (according to various open source tracking) since political unrest began in 2011, and since AQAP created its Ansar al Sharia (AAS) militia.²⁶

Multiple reports suggest that the Administration has been wary both of characterizing its air operations in Yemen as war, and of becoming entangled in Yemeni domestic politics and counterinsurgency operations in remote areas of the country, where it is difficult to distinguish friend from foe.²⁷ John Brennan, the Director of the Central Intelligence Agency (CIA) and one of the leading architects of U.S. policy in Yemen, has at times expressed the difficulty of limiting the scope of U.S. air operations while also responding to the terrorist threat on the ground. In 2012 remarks at the Council on Foreign Relations, Brennan said:





²⁴ “U.S. Expands Yemen Drone Plan,” *Wall Street Journal*, April 26, 2012.

²⁵ The White House, Office of the Press Secretary, “Remarks by the President at the National Defense University,” May 23, 2013.

²⁶ Groups that track alleged U.S. airstrikes in Yemen include: *The Long War Journal*, a project sponsored in part by The Foundation for the Defense of Democracies at: <http://www.longwarjournal.org/multimedia/Yemen/code/Yemen-strike.php>; *Drone Wars Yemen*: A project sponsored by the New America Foundation at: <http://securitydata.newamerica.net/drones/yemen/analysis>; and *Drone Strikes in Yemen*, conducted by The Bureau of Investigative Journalists at: <http://www.thebureauinvestigates.com/category/projects/drones/drones-yemen/>.

²⁷ According to one unnamed U.S. official who back in 2011 was quoted discussing U.S. policy in Yemen during the final months of the Saleh presidency, “I know there is dissatisfaction, particularly among the Saleh family.... They would like us to do different things to suppress an insurgency that is alive, particularly in Abyan, and [anything against] Saleh’s political interests.... [But] We’re not going to get enmeshed in that type of domestic situation.” See, “Despite Death of Awlaki, U.S.-Yemen Relations Strained,” *Washington Post*, October 5, 2011.

Figure 3. Select Profiles of AQAP Leaders at Large

	<p>Nasser al Wuhayshi The leader of AQAP is a former secretary of Osama bin Laden's named Nasir al Wuhayshi (alt. sp. Wahayshi). Al Wuhayshi's personal connection to Bin Laden has reportedly enhanced his legitimacy among his followers. After the fall of the Taliban in Afghanistan in 2001, he escaped through Iran, but was arrested there and held for two years until deported to Yemen in 2003. He escaped from a Yemeni prison in 2006 in a notorious prison break that freed 22 other wanted militants. He led Al Qaeda in Yemen until it assumed the mantle of its Saudi counterpart and predecessor organization in January 2009 when he became the overall leader of AQAP. In 2013, multiple news services revealed that U.S. intelligence services intercepted a phone call between the leader of Al Qaeda's global network, Ayman al Zawahri and al Wuhayshi, in which the former urged the latter to carry out large scale terrorist attacks against the United States. In response, Wuhayshi vowed to carry out an attack that would "change the face of history," leading the U.S. State Department to take immediate precautionary measures of issuing a worldwide travel alert and suspending operations in 19 Muslim countries including in Yemen. Many analysts believe that the U.S. Embassy in Sana'a was the main intended target of AQAP's terrorist plot.</p>
	<p>Ibrahim Hassan al Asiri The Saudi national al Asiri reportedly constructed the "underwear bomb" in the attempted destruction of an airliner in 2009 and a parcel bomb intercepted by British and Saudi intelligence on its way to the United States in 2010. According to John Pistole, head of the U.S. Transportation Security Administration, Asiri has trained other bombers in his methods, and another one of his plots, to destroy an aircraft bound for the United States, was foiled in 2012. In 2009, Asiri's brother attempted to assassinate then Saudi Assistant Interior Minister Prince Mohammed bin Nayef bin Abdelaziz Al Saud, using a hidden explosive device reportedly built by Asiri.</p>
	<p>Qasim al Rimi One of AQAP's original founders, al Rimi (alt. sp. Raymi) is a senior military commander and spokesman. He is a Yemeni national who escaped along with al Wuhayshi from a Yemeni prison in 2006. Al Rimi is known for his recruitment of new operatives and has praised attacks against the United States and threatened more. On May 11, 2010, the U.S. State Department designated Rimi a terrorist under Executive Order 13224.</p>
	<p>Jalal Mohsen Saeed Baleedi Al-Marqashi (a.k.a Hamza Al-Zinjibari or Abu Hamza) Al Marqashi is in effect the leader of AQAP's on the ground insurgency, known as Ansar al Sharia. In 2012, his forces took over the province of Abyan. After his group was uprooted, he escaped to the province of Hadramawt where he leads insurgent operations. In the summer of 2014, his forces abducted Yemeni soldiers from a bus in Hadramawt and killed 14 of them, four of whom were beheaded.</p>

Source: Prepared by CRS. Images derived from various media sources.

So while we have aided Yemen, the Yemeni government, in building their capacity to deal with an AQAP insurgency that exists on the ground there, we're not involved in working with the Yemeni government in terms of direct action or lethal action as part of that insurgency....But where we get involved on the counterterrorism front is to mitigate those threats, those terrorist threats....We're not going to sit by and let our fellow Americans be killed. And if the only way that we can prevent those deaths from taking place is to take direct action against them, we will do so.²⁸

²⁸ John O. Brennan, Assistant to the President for Homeland Security and Counterterrorism, Remarks on U.S. Policy Toward Yemen, Council on Foreign Relations, August 8, 2012.

The Obama Administration has argued that it has the legal authorities, under both U.S. and international law,²⁹ to conduct military operations against AQAP. Administration officials have repeatedly said that the United States is in “an armed conflict with al Qaeda, as well as the Taliban and associated forces,”³⁰ and that P.L. 107-40, the 2001 Authorization for Use of Military Force (or AUMF), enables it to target AQAP. According to General Counsel for the Department of Defense Stephen W. Preston:

The U.S. military currently takes direct action (capture or lethal operations) under the AUMF outside the United States and areas of active hostilities in the following circumstances: First, in Yemen, the U.S. military has conducted direct action targeting members of al-Qa’ida in the Arabian Peninsula (AQAP), which is an organized, armed group that is part of, or at least an associated force of, al-Qa’ida. The determination that the AUMF authorizes the use of force against AQAP is based on information about both AQAP’s current and historical connections to al-Qa’ida and the fact that AQAP has repeatedly launched attacks against the United States, including the December 2009 “underwear bomber” attack and the 2010 “printer cartridge” attack. In addition, AQAP continues to plan and attempt attacks against U.S. persons, both inside and outside Yemen.³¹

Evaluating U.S. Counterterrorism Policy in Yemen: Is it a Model?

After nearly five years of heightened U.S. military involvement in Yemen, ranging from apparent airstrikes against militants to the training and equipping of select Yemeni security forces, President Obama identified U.S. counterterrorism policy in Yemen as a “model” that can be applied elsewhere, such as in Iraq and Syria. Examples of presidential statements in 2014 include the following:

- **Remarks by the President on the Situation in Iraq, June 19, 2014** – “You look at a country like Yemen—a very impoverished country and one that has its own sectarian or ethnic divisions—there, we do have a committed partner in President Hadi and his government. And we have been able to help to develop their capacities without putting large numbers of U.S. troops on the ground at the same time as we’ve got enough CT, or counterterrorism capabilities that we’re able to go after folks that might try to hit our embassy or might be trying to export terrorism into Europe or the United States. And looking at how we can create more of those models is going to be part of the solution in dealing with both Syria and Iraq. But in order for us to do that, we still need to have actual

²⁹ Some legal scholars have questioned whether extraterritorial killing of AQAP/AAS terrorists is permissible under international law. The Administration contends that under the laws of armed conflict and international principles of self-defense, its lethal operations are justified, particularly in circumstances where a host country, in this case Yemen, has granted consent to U.S. military action. Other experts argue that under the law of armed conflict, the intensity of AQAP/AAS attacks against the United States do not meet internationally acceptable definitions of an armed conflict since AQAP has mostly conducted terrorist plots against the United States rather than insurgent attacks. However, according to one source, “If Yemen consented to the U.S. use of force in Yemen as part of its ongoing non-international armed conflict (NIAC), in addition to the use of force in any armed conflict with Al Qaeda and its associated forces, it could account for the reports of low-level members of AQAP being targeted.” See, <http://law.emory.edu/eilr/content/volume-27/issue-1/comments/targeted-killings.html#section-e353dbe42c8654f33588d4da0b517469>.

³⁰ “The Obama Administration and International Law,” Harold Hongju Koh, Legal Adviser, U.S. Department of State, Annual Meeting of the American Society of International Law, Washington, DC, March 25, 2010.

³¹ Prepared Statement of Stephen W. Preston, General Counsel, Department of Defense, “The Framework Under U.S. Law for Current Military Operations,” Senate Committee on Foreign Relations, May 21, 2014.

governments on the ground that we can partner with and that we've got some confidence are going to pursue the political policies of inclusiveness. In Yemen, for example, a wide-ranging national dialogue that took a long time, but helped to give people a sense that there is a legitimate political outlet for grievances that they may have."³²

- **Statement by the President on ISIL (Islamic State in Iraq and the Levant), September 10, 2014** – “But I want the American people to understand how this effort will be different from the wars in Iraq and Afghanistan. It will not involve American combat troops fighting on foreign soil. This counterterrorism campaign will be waged through a steady, relentless effort to take out ISIL wherever they exist, using our air power and our support for partner forces on the ground. This strategy of taking out terrorists who threaten us, while supporting partners on the front lines, is one that we have successfully pursued in Yemen and Somalia for years. And it is consistent with the approach I outlined earlier this year: to use force against anyone who threatens America’s core interests, but to mobilize partners wherever possible to address broader challenges to international order.”³³

Evaluating the strengths and/or shortcomings of various aspects of U.S. counterterrorism policy in Yemen may have important implications for future U.S. policy and military operations both in Yemen and elsewhere. Yet, it is difficult to assess Administration CT policy in Yemen absent consensus on what the end goals are in the broader U.S. fight against Islamist extremism. Unanswered is whether the United States seeks to contain the transnational terrorist threat in Yemen, or to eliminate it entirely.

Proponents of the current U.S. approach assert that the United States has had some success in degrading AQAP’s leadership without incurring American casualties and while maintaining broad international support. According to one analyst, “Yemen so far has worked....It's not stable. It's not clear what direction it is moving in, but the U.S. has exercised considerable influence there.”³⁴ Critics argue that any apparent U.S. successes scored against AQAP are partial or illusory; after five years, the terrorist group has not been defeated, it continues to plot attacks at home and abroad, and moreover, the threat has morphed from a handful of individuals to a broader movement that requires a much larger military response than is currently under consideration.³⁵ According to one analyst, “This effort in Yemen is more focused on the leaders, and not necessarily helping the Yemenis defeat the insurgency....This approach in one sense is effective in containing and mitigating; it's not effective in defeating.”³⁶ Others suggest that Yemen’s internal politics are so divisive³⁷ and its long-term socio-economic prospects are so bleak, that it would seem that the United States may have to be militarily active there indefinitely in order to address an environment arguably enabling transnational terrorism.

³² <http://www.whitehouse.gov/the-press-office/2014/06/19/remarks-president-situation-iraq>

³³ <http://www.whitehouse.gov/the-press-office/2014/09/10/statement-president-isil-1>

³⁴ “In Devising a Plan in Iraq, U.S. looks to its Yemen Model,” *Los Angeles Times*, June 22, 2014.

³⁵ “Yemen Model won’t work in Iraq, Syria,” *Washington Post*, July 17, 2014.

³⁶ *op.cit Los Angeles Times*, June 22, 2014.

³⁷ For example, see “Yemen's Taiz: Between Sheikh and State,” *Al Jazeera.com*, May 18, 2014.

Finally, many observers suggest that because many U.S. military activities in Yemen may be classified, it is difficult to publicly assess whether U.S. CT efforts there can truly be considered a model. An extensive and transparent government-sponsored cost-benefit analysis of U.S. drone strikes in Yemen may not exist. According to one report, “The costs of drone strikes—both human and financial—are difficult to measure, but the benefits are perhaps even harder to quantify. It is nearly impossible to assess whether drone strikes in Yemen—or elsewhere—are achieving US counterterrorism objectives since the drone program is shrouded in such secrecy.”³⁸

Factors to consider when evaluating U.S. counterterrorism policy in Yemen may include the following:

- **Minimal U.S. Civilian Casualties.** Since Yemeni and Saudi militants merged to form AQAP in 2009, no U.S. civilians have been killed by a direct AQAP terrorist attack in the continental United States.³⁹ However, the late Yemeni-American cleric and AQAP terrorist Anwar al Awlaki either directly motivated or indirectly inspired⁴⁰ others to commit terrorist attacks on U.S. soil, such as the mass killing at Ford Hood, Texas, in November 2009 and, reportedly, the Boston bombings in 2013.⁴¹ In addition to directly targeting the U.S. homeland, AQAP continues to publish its online English-language magazine, dubbed “Inspire,” in the hopes of indoctrinating more homegrown violent extremists to commit acts of terrorism on American soil.
- **Minimal U.S. Military/Government Casualties.** Since AQAP’s inception in 2009 and subsequent U.S. lethal and non-lethal action to counter it, there have been no publicly reported killings of U.S. military personnel in Yemen.⁴² Proponents of the Obama Administration’s policy in Yemen claim that the United States is able to effectively counter AQAP using a “light footprint” strategy⁴³ which relies on minimal “boots on the ground,” thereby reducing the risk of

³⁸ “Do Drone Strikes in Yemen Undermine US Security Objectives?” Rafik Hariri Center for the Middle East, *Atlantic Council*, October 2014.

³⁹ On March 11, 2012, AQAP gunmen on motorcycles shot to death a 29-year-old American teacher working in Taiz, Yemen, named Joel Shrum. He had been an employee of the non-governmental organization International Training Development. Nearly three years later, AQAP killed a second American citizen, photojournalist Luke Somers, who had been kidnapped in the capital Sana’a in September 2013. After failing to rescue him once, U.S. Special Forces attempted a second rescue after AQAP threatened to execute Somers in early December 2014. U.S. personnel did manage to extract Somers during the second attempt, but only after he had suffered mortal gunshot wounds. After Somers’ murder, Secretary of State John Kerry stated that “AQAP knows how to hate, they know how to murder, and now they have robbed a family of an idealistic young photojournalist who went to Yemen to practice his calling and document the lives of ordinary Yemenis.” See <http://www.state.gov/secretary/remarks/2014/12/234730.htm>.

⁴⁰ In testimony before Senate Committee on Homeland Security and Governmental Affairs, Nicholas J. Rasmussen, Deputy Director of the National Counterterrorism Center, remarked that: “Following the Boston Marathon bombings, AQAP released a special edition of the magazine claiming that accused bombers Tamarlan and Dzhokhar Tsarnaev were ‘inspired by Inspire,’ highlighting the attack’s simple, repeatable nature, and tying it to alleged U.S. oppression of Muslims worldwide.” Hearing before the Senate Committee on Homeland Security and Governmental Affairs, “Cybersecurity, Terrorism, and Beyond: Addressing Evolving Threats to the Homeland,” September 10, 2014.

⁴¹ “Cleric Cited by Tsarnaev Lives On—Online,” *Wall Street Journal*, May 5, 2013.

⁴² The most lethal Al Qaeda attack against the United States inside Yemen was the bombing of the *USS Cole* in October 2000, when an explosives-laden motorboat detonated alongside the U.S. Navy destroyer while it was docked at the Yemeni port of Aden, killing 17 U.S. servicemen and wounding 39 others.

⁴³ “Even With a ‘Light Footprint,’ It’s Hard to Sidestep the Middle East,” *New York Times*, November 17, 2012.

incurring casualties.⁴⁴ Nonetheless, AQAP apparently continues to target American and other diplomatic personnel in Yemen.⁴⁵ Having assessed heightened risk, the U.S. State Department has ordered a reduction of U.S. government personnel from Yemen.⁴⁶ In May 2014, two U.S. Embassy officers killed two armed Yemenis who allegedly were attempting to kidnap them.

- **Success in Degrading AQAP's Leadership.** Since 2009, apparent U.S. strikes have degraded AQAP's leadership, including the 2013 killing of the group's second-in-command, Saudi national Said al Shihri.⁴⁷ However, several high value targets remain at large, and the U.S. Department of State's Rewards for Justice Program is offering rewards totaling up to \$45 million for information leading to the locations of eight key leaders of AQAP including: Nasir al Wuhayshi (leader), Qasim al Rimi (military commander), Othman al Ghamdi (fundraiser), Ibrahim Hassan Tali al Asiri (bombmaker), Shawki Ali Ahmed Al Badani (plotted against U.S. Embassy in Sana'a in 2013), Jalal Bala'idi (regional commander), Ibrahim al Rubaysh (propagandist and recruiter), and Ibrahim al Banna (chief of security) (**Figure 3**).⁴⁸
- **Host Country Approval.** Since President Hadi assumed office in 2012, he has permitted the United States to conduct airstrikes on Yemeni territory.⁴⁹ In a 2012 interview with the *Washington Post*, Hadi remarked that "Every operation, before taking place, they take permission from the president."⁵⁰ In December 2013, Yemen's Foreign Minister Abu Bakr al Qirbi said that drone strikes were a "necessary evil" and a "very limited affair" that happens in coordination with the Yemeni government.⁵¹ Proponents of the use of unmanned air strikes in Yemen

⁴⁴ According to presidential reporting to Congress on the deployments of U.S. Armed Forces equipped for combat, "The U.S. military has also been working closely with the Yemeni government to operationally dismantle and ultimately eliminate the terrorist threat posed by al-Qa'ida in the Arabian Peninsula (AQAP), the most active and dangerous affiliate of al-Qa'ida today. Our joint efforts have resulted in direct action against a limited number of AQAP operatives and senior leaders in that country who posed a terrorist threat to the United States and our interests.... As stated in my report of December 13, 2013, U.S. Armed Forces remain in Libya and Yemen to support the security of U.S. personnel. These forces will remain deployed, in full coordination with the respective host governments, until the security situation no longer requires them." See <http://www.whitehouse.gov/the-press-office/2014/06/12/letter-president-war-powers-resolution>.

⁴⁵ On September 27, 2014, an alleged AQAP militant riding past the U.S. Embassy in Sana'a on a motorbike fired a rocket-propelled grenade at the Embassy building. The rocket fell short of its target and no casualties or injuries occurred.

⁴⁶ For the most recent U.S. State Department Travel Warning, see <http://yemen.usembassy.gov/wm092514.html>.

⁴⁷ According to Katherine Zimmerman of the American Enterprise Institute, "The U.S. has been extremely successful at killing al Qaeda, AQAP, and TTP senior leadership.... In Yemen, it has killed senior leader Anwar al Awlaki, USS Cole bombers Abdul Munim al Fathani and Fahd al Quso, AQAP senior operative Mohamed Said al Umdah, spiritual leader Adil al Abab, and deputy leader Said al Shihri. AQAP and the TTP have both been able to regenerate leadership, limiting the long-term impact of U.S. operations." See, Statement of Katherine L. Zimmerman Senior Analyst, Critical Threats Project American Enterprise Institute, House Committee on Homeland Security Subcommittee on Counterterrorism and Intelligence, September 18, 2013.

⁴⁸ U.S. State Department, "Rewards for Justice—Reward Offers for Information on Al-Qaida in the Arabian Peninsula (AQAP) Leaders," October 14, 2014.

⁴⁹ Details on the extent of Yemen's approval for U.S. action are not publicly available. It is unclear if Yemen permits strikes against AQAP high value targets only or a wider spectrum of militants attacking Yemeni government forces, or both.

⁵⁰ "Yemeni President Acknowledges Approving U.S. Drone Strikes," *Washington Post*, September 29, 2012.

⁵¹ "Yemeni Parliament in non-binding Vote against Drone Attacks," *Reuters*, December 15, 2013.

suggest that drone warfare is not only safer for U.S. forces but less politically complicated⁵² for the U.S. and Yemeni governments, since it obviates the need to discuss how either party might detain and/or extradite terrorist suspects.⁵³ However, in late 2013, after an alleged errant U.S. strike against a Yemeni wedding party killed more than a dozen innocent civilians, Yemen's parliament passed a non-binding resolution calling for an end to U.S. drone strikes in Yemen.

- **International Support.** Since taking office, President Obama has attempted to increase multilateral participation in addressing global conflicts, including Yemen. In conjunction with Arab Gulf States such as Saudi Arabia,⁵⁴ the United States and other countries have worked through the United Nations to buttress President Hadi's Administration. The United Nations Security Council has passed three resolutions (UNSCRs 2014, 2140, and 2051), including UNSCR 2140 that could impose sanctions on anyone threatening the stability of Yemen. The United States and Great Britain also helped form the Friends of Yemen Group, a multilateral forum of 24 concerned countries that was launched at a January 2010 conference in London in order to raise funds for Yemen's development and increase donor coordination.
- **The "Forever War"?** President Obama himself has openly addressed the dilemma in countering violent extremist groups, stating "We cannot use force everywhere that a radical ideology takes root; and in the absence of a strategy that reduces the wellspring of extremism, a perpetual war—through drones or Special Forces or troop deployments—will prove self-defeating, and alter our country in troubling ways."⁵⁵ Yet in the case of Yemen, though U.S. policy makers have articulated strategies to help Yemen stabilize both politically and economically in the long term, few public officials claim that such efforts are sufficient given the country's political, geographic, and religious divisions.
- **Yemen's Commitment to Fighting Terrorism may be Fickle.** Although most analysts would agree that President Hadi has been a committed U.S. partner, he or other future leaders may not always be inclined to cooperate with the United States against transnational terrorism.⁵⁶ His predecessor, Saleh, adeptly used the terrorism issue as a means to secure international support and legitimacy for his rule, and he placated domestic jihadist groups when it was politically expedient to do so. While there is a dearth of reliable polling on Yemeni public opinion, anecdotal evidence suggests that cooperation with the United States is often viewed as unpopular, given repeated civilian casualties from air strikes, the

⁵² "Targeted Killing Comes to Define War on Terror," *New York Times*, April 7, 2013.

⁵³ Article 44 of the Yemeni constitution states that a Yemeni national may not be extradited to a foreign authority.

⁵⁴ "We outsource this to the Saudis. It is their problem," *The Times* (UK), January 4, 2013.

⁵⁵ Remarks by the President at the National Defense University, Fort McNair, Washington, DC, May 23, 2013.

⁵⁶ In December 2013, the U.S. Treasury Department's Office of Foreign Assets Control added Yemeni politician Abdulwahab al Hodaybi to its Specially Designated Nationals (SDN) list, alleging that he has funneled money to AQAP, helped it recruit new members, and directed attacks against the Yemeni armed forces. However, al Hodaybi has a significant degree of Yemeni public support and, according to one report, interim President Hadi has said that he would not extradite al Hodaybi if requested by the United States government. See, "US Treasury labels prominent Yemeni Politician a Terrorist," *Christian Science Monitor*, February 3, 2014.

- continued U.S. incarceration of Yemenis at Guantanamo Bay, Cuba, and a perceived lack of financial support from the international community.
- Government Corruption and Mismanagement is Pervasive.** Some observers note that while President Hadi himself may be viewed positively in the United States, there is widespread skepticism over the government's ability writ large to effectively provide services and security to the general population. In February 2014, AQAP successfully freed 19 of its militants from a central prison in the capital, despite warnings from prison officials to government officials that a planned AQAP prison break was imminent.⁵⁷
 - Partner Ground Force Capacity is Lacking.** Although President Hadi has removed former Saleh family members from the heads of Yemen's various security agencies, the military still remains divided and, according to the U.S. State Department, "The military and security restructuring process, intended to unify the command structure of the armed forces, remained incomplete, with front-line units often poorly trained or poorly equipped to counter the threat posed by AQAP."⁵⁸ The government relies heavily on what are called "Popular Committees," armed non-state militias, to hold territory and conduct local law enforcement. Though members of these militias receive salaries, according to one expert, "they have limited capacity to cope with the deteriorating situation" and their members have been targeted by AQAP and its associated armed movement.⁵⁹
 - Partner Air Force Capacity is Limited.** According to multiple reports, Yemen's Air Force is woefully underequipped; its planes cannot fly nighttime missions due to lack of navigational instruments; its Soviet-era MiG 29 fighter jets do not carry precision-guided munitions necessary for targeted strikes,⁶⁰ and, according to *Jane's*, "there were reports that levels of serviceability had declined alarmingly, with a substantial number of aircraft and helicopters being grounded as unsafe for flight."⁶¹ Yemen can deploy both fixed and rotary wing aircraft for troop transportation purposes, but it is difficult to see how the Yemeni Air Force could conduct operations against remote targets without U.S. support.⁶² According to the *Wall Street Journal*, "American officials in the past have said that without the U.S. drone program, AQAP would overrun parts of Yemen."⁶³
 - Collateral Damage and Backlash Against the United States.** Critics of U.S. airstrikes in Yemen argue that targeted killings sometimes kill innocent civilians, thereby fueling popular anger against the United States and increasing the

⁵⁷ "Yemeni Authorities were warned ahead of AQAP Prison Raid: Documents," *Reuters*, May 6, 2014.

⁵⁸ U.S. State Department, Country Reports on Terrorism 2013: Yemen, Bureau of Counterterrorism.

⁵⁹ "The Popular Committees of Abyan, Yemen: A Necessary Evil or an Opportunity for Security Reform?" *Middle East Institute*, March 5, 2014.

⁶⁰ "Drone strikes in Yemen: Yemen's 'barely functional' Air Force points to US Involvement in Strikes," *Bureau of Investigative Journalism*, March 29, 2012.

⁶¹ Jane's Sentinel Security Assessment, "The Gulf States, Country Yemen, Section: Air Force," July 11, 2014.

⁶² Some sources claim that the United States has air assets throughout the region that could be used in Yemen. See, "Inside Yemen's Shadow War Arsenal," *ForeignPolicy.com*, August 7, 2013.

⁶³ "Yemen Hits al Qaeda Targets --- Up to 65 Militants Killed in U.S.-Supported Offensive; Training Camp Struck," *Wall Street Journal*, April 22, 2014.

popularity of terrorist groups like AQAP. Others note that some Yemenis have “offered qualified support for the strikes, casting them as the best of a slate of bad options.”⁶⁴ In summer 2014, the *Washington Post* reported that the Yemeni government had compensated families of those killed or injured by an alleged U.S. drone strike in December 2013.⁶⁵

Domestic Politics: Disunity and Separatism

Yemen has formally been unified since 1990, though functionally much power remains vested in non-state actors. According to one expert on Yemen, “Since the rise of Islam, if not well before, the idea of Yemen as a natural unit has been embedded in literature and local practice. Unified power has not.”⁶⁶ Presently, Yemen is riven by regional, sectarian, and tribal fissures. Peripheral political and armed movements are constantly challenging the center. However, whereas in the past, regional strife in Yemen may have been of minimal consequence to the United States, today these conflicts threaten to exacerbate the terrorism threat, creating a multitude of armed conflicts that groups such as AQAP may exploit. Internal turmoil diverts Yemeni government attention and resources, thereby reducing both its will and capacity to counter transnational terrorism.

The Houthis

As mentioned above, for a decade, the Houthi family, a prominent Zaydi⁶⁷ religious clan that claims descent from the prophet Muhammad, have led an armed revolt against the central government and clashed with northern tribes and AQAP. The family seeks to redress historical grievances committed against Zaydis, expand their political base in their home province of Sa’da and beyond, and counter Saudi Arabian “Wahhabi” or “Salafi” influence in Yemen, including Saudi-sponsored proselytizing in Sa’da. More recently, the Houthis have been opposed to President Hadi’s efforts through the National Dialogue Conference to create six federal regions in Yemen, whereby Sa’da would be absorbed into a region tied to the capital.

⁶⁴ “U.S. Drone Strikes in Yemen Increase,” *McClatchyDC.com*, December 27, 2012. The freelance reporter who filed this story (and several others) was asked to leave Yemen in May 2014.

⁶⁵ “Yemeni Victims of U.S. military Drone Strike get more than \$1 Million in Compensation,” *Washington Post*, August 18, 2014.

⁶⁶ Paul Dresch, *A History of Modern Yemen*, Cambridge University Press, 2000.

⁶⁷ Yemen’s Zaydis take their name from their fifth Imam, Zayd ibn Ali, grandson of Husayn. Zayd revolted against the Umayyad Caliphate in 740, believing it to be corrupt, and to this day, Zaydis believe that their imam (ruler of the community) should be both a descendent of Ali (the cousin and son-in-law of the prophet Muhammad) and one who makes it his religious duty to rebel against unjust rulers and corruption. A Zaydi state (or Imamate) was founded in northern Yemen in 893 and lasted in various forms until the republican revolution of 1962. Yemen’s modern imams kept their state in the Yemeni highlands in extreme isolation, as foreign visitors required the ruler’s permission to enter the kingdom. Although Zaydism is an offshoot of Shia Islam, its legal traditions and religious practices are similar to Sunni Islam. Moreover, it is doctrinally distinct from “Twelver Shiism,” the dominant branch of Shi’a Islam in Iran and Lebanon. Twelver Shiites believe that the twelfth imam, Muhammad al Mahdi, has been hidden by Allah (God) and will reappear on Earth as the savior of mankind.

The Southern Movement

For years, southern Yemenis have been disaffected because of their perceived second-class status in a relatively recently unified state from which many of their leaders tried to secede during the civil war in 1994. After the 1990 unification, power sharing arrangements were established, but in practice, north and south were never fully integrated, and the civil war effectively left then-President Saleh and his allies unwilling to consider further compromise. Largely as a result, southern Yemen's political and economic marginalization gradually worsened.

Civil unrest in Yemen's southern governorates reemerged in 2007, when past civil servants and military officers from the former People's Democratic Republic of Yemen (PDRY, or South Yemen) began protesting low salaries and the lack of promised-pensions. That started as a series of demonstrations against low or non-existent government wages but turned into a broader "movement"⁶⁸ channeling popular southern anger against the government based in Sana'a.

The key demands of south Yemenis include equality, decentralization, and a greater share of state welfare. Many southerners reportedly have felt cut off from services and jobs and see persistent infiltration of central government influence in their local area. Southerners have accused the government of selling off valuable southern land to northerners with links to the regime and have alleged that revenues from oil extraction, which takes place mostly in the south, disproportionately benefit northern provinces.⁶⁹ In addition, commerce in the once prosperous and liberal port city of Aden has deteriorated, as most business must now be conducted in the capital of Sana'a.

In 2009, former southern secessionist leader and vice president Ali Salim al Beidh (alt. sp. Bid or Beidh)⁷⁰ announced that he was resuming his political activities after nearly two decades in exile in Oman. He then declared himself leader of the southern separatist movement (known as the Southern Mobility Movement, or SMM) and called for the resurrection of the PDRY. He has many supporters, but there are enough rivals to his claimed mantle of leadership to keep the SMM divided and, therefore, less effective in its stance against the government.⁷¹ Bidh currently is in exile in Beirut, Lebanon, but occasionally broadcasts recorded messages on southern Yemeni television.

The SMM has resisted attempts through either the now-concluded National Dialogue Conference (NDC) and by President Hadi himself to create six federal regions in Yemen. The NDC called for Aden and the Hadramawt to be the south's new two federal regions, with the remaining four to be northern, while the capital Sana'a would have a special status. The SMM eventually abandoned the NDC in protest, charging that northerners were driving its agenda. Southerners who support federalism believe in a two-federal region plan dividing the country between north and south and within the southern portion, between eastern (Aden) and western (Hadramawt) sub-regions.

⁶⁸ The Southern Mobility Movement (SMM or, in Arabic, Al Harakat al Janubi) is the official title of a decentralized movement set on achieving either greater local autonomy or outright secession.

⁶⁹ "Yemen: Southern Secession Threat Adds to Instability," *Oxford Analytica*, May 27, 2009.

⁷⁰ Al Bidh also was the former leader of the Yemeni Socialist Party (YSP) and led the unsuccessful southern revolt against the north in the 1994 civil war in which an estimated 3,000 people were killed.

⁷¹ One rival of the 76-year-old Bidh is the head of the supreme council of the Southern Movement Hassan Baoum.

Southerners have held demonstrations calling on the United Nations to recognize the right of southerners to self-determination.⁷² Most international actors with prominent influence in Yemen, especially the United States and Saudi Arabia, publicly support Yemen's continued unity.

The Economy, Sustainable Development, and International Aid

The Impact of Oil

The discovery and production of oil in the Arabian Peninsula has profoundly affected Yemen's economic history—perhaps not always for the better. In the 1960s, North and South Yemen were among the least developed countries outside of post-colonial sub-Saharan Africa. Their economies were essentially agrarian.⁷³ However, as oil wealth transformed neighboring Saudi Arabia in the early 1970s through the mid-1980s, millions of Yemeni male laborers migrated to the kingdom, and their remittances increased national incomes several fold. There are estimates that 30% to 40% of Yemeni male laborers worked in Saudi Arabia at that time, supporting nearly half the population. However, while remittances from the oil boom drove incomes higher, the influx of cash did not stimulate long-term growth; instead, consumer spending rose and labor shortages ensued, making it difficult to reinvest capital in economically productive sectors. In 1990, Saudi Arabia expelled hundreds of thousands of Yemeni laborers in retaliation for Yemen's support for Saddam Hussein during the first Gulf War, and while Yemeni workers still remain in the kingdom, their remittances no longer have the same impact on national incomes as decades earlier.⁷⁴

Yemen itself became an oil producer in the mid-1980s, though at far more modest levels than Saudi Arabia due to smaller domestic reserves. Since then, royalties from oil production have replaced remittances as the country's primary source of foreign exchange; however, hydrocarbon production also has not spurred long-term growth.⁷⁵ Instead, former president Saleh used the country's limited oil funds to buy tribal loyalties, expand Yemen's bureaucracy with patronage jobs, and depress energy prices. The subsidization of fuel for the masses and private industry has encouraged oil smuggling on the black market.⁷⁶ Although the former president was a shrewd political operator before Yemen began substantial production of oil, his exploitation of the country's natural resources helped solidify his rule for 22 years.

Future leaders of Yemen could confront a public budget bereft of hydrocarbon-generated revenue. According to the U.S. Energy Information Administration (EIA), oil production last peaked in 2001 at 440,000 barrels per day (bpd); in early 2014, the country was producing less than a

⁷² Charles Schmitz, "Yemen's National Dialogue," *Middle East Institute*, March 10, 2014.

⁷³ The port of Aden was perhaps the one area of both countries that was connected to the modern global economy.

⁷⁴ This is due to several factors such as the increase in Yemen's population relative to the numbers of expatriate laborers who work in Saudi Arabia, which, while substantial, has been limited due to Saudi attempts to nationalize its labor force.

⁷⁵ Yemen's hydrocarbon industry, though it accounts for the bulk of the country's exports, employs a small percentage of the country's labor force.

⁷⁶ See, Peter Salisbury, "Yemen's Economy: Oil, Imports and Elites," *Chatham House Middle East and North Africa Programme*, October 2011.

quarter of that (100,000 bpd). Revenue from hydrocarbon production accounts for nearly all of Yemen's exports and up to 50% of government revenue, yet most economists predict that, barring any new major discoveries,⁷⁷ Yemen will deplete its modest oil reserves at some point between 2017 and 2021.

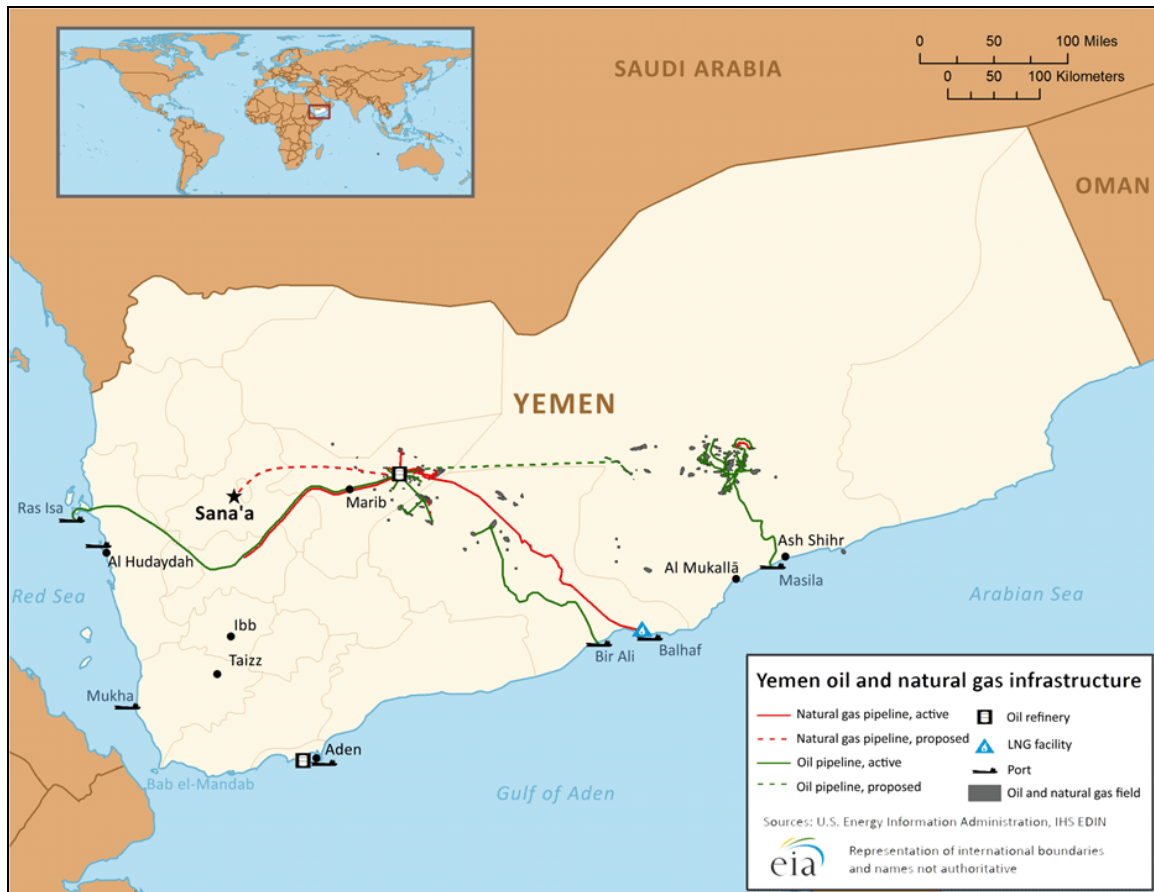
Attacks Against Oil and Natural Gas Pipelines

Yemen's main oil export pipeline is informally called the Marib (alt. sp. Ma'arib, Maarib) pipeline. The 272-mile pipeline begins at a refinery⁷⁸ in Marib province (east of the capital) and extends westward through difficult highland terrain until it reaches the Red Sea oil terminal of Ras Isa (**Figure 4**). Its capacity ranges between 70,000 and 90,000 barrels per day (bpd). Because of its financial importance as the main conduit for the country's oil exports, the pipeline is frequently attacked by independent tribesmen or tribes allied with former president Saleh. Yemen's natural gas pipeline, which leads to its liquefied natural gas (LNG) terminal at Balhaf in the Gulf of Aden, also is frequently attacked. In 2012, LNG production was halted for nearly six months due to sabotage, damaging both exports and domestic electricity production generated from gas-fired power plants.

⁷⁷ With the exception of the French firm Total, most major international oil companies have avoided investing in Yemen due to the lack of government transparency and the ominous security situation in its remote governorates.

⁷⁸ Yemen's other and much larger refinery is in the port city of Aden.

Figure 4. Yemen's Energy Infrastructure



Source: U.S. Energy Information Administration (EIA), September 25, 2014.

Although Yemen's domestic production and export of oil have dropped for a number of reasons (lack of investment, theft, natural depletion of wells, lack of new exploration), sabotage has been a significant factor in the decline. In 2013, Yemen exported 124,000 bpd; a decade earlier it was exporting more than 350,000 bpd. According to the U.S. Energy Information Administration (EIA), "The combination of declining production in its mature fields and frequent attacks on its energy infrastructure has left Yemen's oil sector in poor shape. In 2013, there were at least 10 attacks on Yemen's oil and natural gas pipeline system, and some industry sources estimate closer to 24 attacks. In 2012, there were more than 15 attacks, and oil exports were completely offline for most of the first half of the year."⁷⁹

Yemen's Oil Ministry estimates that sabotage has cost the government billions of dollars in import replacement and repairs. In December 2013, the ministry claimed that sabotage had cost the government \$4.75 billion over a two-year period between March 2011 and March 2013. The government said that bombings against the Marib pipeline alone had cost the government about \$400 million in lost revenue for the first quarter of 2014. According to one report, in 2013 Yemen

⁷⁹ <http://www.eia.gov/countries/cab.cfm?fips=YM>

spent more on oil imports (\$2.93 billion) than it earned from oil sales at home and abroad (\$2.66 billion).⁸⁰

Current Economic and Fiscal Conditions

Globally, Yemen ranks in the bottom fifth of countries ranked by per capita gross domestic product.⁸² Its economy declined sharply amidst political unrest in 2011 and is slowly recovering; however, according to the International Monetary Fund (IMF), “the fledgling economic recovery remained insufficient to make a dent in unemployment and poverty.”⁸³ The IMF signed a \$554 million lending facility agreement with the Yemeni government in September with the expectation that Yemen would curtail fuel subsidies.

Water Scarcity in Yemen

Yemen faces extreme water and food scarcity, as ground water reserves are being exhausted due to inefficient agricultural usage and the cultivation of *qat*, a stimulant plant chewed throughout Yemen and the Horn of Africa. In the capital Sana'a in 2011, the rate of water consumption from the local water basin exceeded the rate of natural recharge by a factor of five, and many analysts predict that Sana'a will lack its own ground water resources by 2025.⁸¹ International aid agencies report that over half of the population currently does not have access to safe drinking water.

However, recent nation-wide conflict coupled with a possible restoration of subsidies calls into question the government’s commitment to structural economic reform.

Yemen has been facing a balance-of-payments crisis due to its annual budget deficit. It requires at least \$1.6 billion a year in external aid to help cover its fiscal gap. According to the *Economist Intelligence Unit*, the IMF loan was conditional on raising other sources of funding from the World Bank, the Arab Fund, and Saudi Arabia.⁸⁴ As of July 2014, Yemen’s foreign currency reserves were only \$5.2 billion, enough to secure only a few months of food and fuel imports absent replenishment.

International Aid

Humanitarian conditions for millions of Yemenis continue to deteriorate. The IMF estimates that Yemen has some of the highest poverty (54%) and youth unemployment rates (35%) in the world. According to the latest figures from the United Nations, approximately 60% of the entire Yemeni population is in need of humanitarian aid, and 44% of the population has been designated as “food insecure.”⁸⁵ International aid agencies consider Yemen one of the most food-insecure countries in the world.

Since taking office, President Obama has indicated that the United States cannot be solely responsible for Yemen's development and security. In order to increase donor coordination and widen the scope of support, the United States and Great Britain helped form the Friends of Yemen

⁸⁰ “Tribal Attacks and lack of Investment Plague Yemen’s Oil Industry,” *Financial Times*, March 25, 2014.

⁸¹ “How Yemen Chewed Itself Dry,” *Foreign Affairs*, July 23, 2013.

⁸² World Bank data available at <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

⁸³ International Monetary Fund, Republic of Yemen: 2014 Article IV Consultation and Request for a Three-Year Arrangement Under the Extended Credit Facility-Staff Report; Press Release; and Statement by the Executive Director for the Republic of Yemen, September 24, 2014.

⁸⁴ “IMF approves Loan despite Political Turmoil,” *Economist Intelligence Unit*, September 4, 2014.

⁸⁵ USAID, “Yemen Complex Emergency,” Fact Sheet #5, FY2014, September 30, 2014.

Group, a multilateral forum of 24 concerned countries that was launched at a January 2010 conference in London.

To date, total pledges by the Friends of Yemen equal \$8 billion, of which an estimated \$2.6 billion has been disbursed, including \$1 billion in Saudi Arabian deposits at Yemen's Central Bank. The IMF notes that donors have earmarked funds for capital spending and humanitarian needs rather than cash assistance to help the government deal with its deficit. It remains unclear exactly how and within what time frame the funds will be disbursed to the Yemeni government. Disbursement of international aid also is related to concerns regarding domestic corruption. The Yemeni government, economy, and tribal and military elites are intertwined in a patronage system that makes reform efforts difficult. Control over state resources provides power brokers with authority and creates channels of influence and obligation that, if upset, could prove politically disruptive. Yemen was ranked 167 of 177 countries in Transparency International's 2013 corruption perception index.

Although the Friends of Yemen process indicates some degree of international support for Yemen's development, Saudi Arabia is, by far, Yemen's most important economic benefactor. Saudi Arabia has long sought to shape political and security conditions in Yemen as a means of preventing threats from emerging on the kingdom's southern flank. The Saudi royal family has general concerns that a united Yemen, which is more populous than its northern neighbor, could one day challenge Saudi hegemony on the Arabian Peninsula. In the more immediate term, Saudi Arabia seeks to prevent Yemen-based terrorists from conducting attacks inside the kingdom, and Houthi rebels from establishing a semi-autonomous Iran-aligned Zaydi theocracy in northern Yemen.

U.S. Policy Toward Yemen

The United States seeks a stable, unified Yemen that is no longer home to transnational terrorist groups targeting Western or Saudi interests; however, whether or not the United States and the broader international community have the will or means to achieve this goal is an open question. A modern, politically unified Yemen has only been in existence for 24 years, and in many respects unity has been more aspirational than functional. The United States government has committed itself to furthering Yemen's unity while supporting the devolution of some power from the capital to the provinces. The convening of the 2013-2014 National Dialogue Conference, which the United States supported, was an attempt to foster reform through a Yemeni-driven process that addressed issues such as federalism, resource sharing, and restructuring of the armed forces. In September 2014, a State Department spokesperson said:

We call on all parties, to participate peacefully in Yemen's transition process, which offers a historic opportunity to build an inclusive system of governance that ensures a stable and prosperous future for all Yemenis. The United States remains firmly committed to supporting President Hadi and all Yemenis in this endeavor and to our enduring partnership with the Yemeni government to counter the shared threat from al-Qa'ida in the Arabian Peninsula.⁸⁶

⁸⁶ U.S. State Department, "Ongoing Aggression against the Government of Yemen," September 27, 2014.

However, as regional revolts have recently jostled the country's political order, U.S. and international efforts to support an orderly transition of power are unraveling. At a time when the constitutional drafting process remains incomplete following the 2011-2012 political transition, Yemen is trending more toward dissolution than unity, a pattern that may raise questions about the overall focus of U.S. policy. Houthi rebels and southern separatists almost certainly do not consider the transition process to serve their interests, but rather those of traditional northern Yemeni elites. The U.S. State Department has called on the Houthis to "cease efforts to take territory by force," to turn over "all medium and heavy weapons to the State," and to abide by a September 21, partially U.S.-brokered cease-fire.⁸⁷ However, despite U.S. condemnations of Houthi unilateralism, at this juncture, the actions of separatist movements—rather than the international community—appear to be driving the terms of Yemen's delicate transition.

U.S. and International Sanctions

Executive Action

On May 16, 2012, President Obama issued Executive Order 13611,⁸⁸ which sanctions individuals who threaten the "peace, security, or stability of Yemen," and those who threaten to disrupt Yemen's political transition.⁸⁹ From May 2012 to November 2014, the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) had not sanctioned any Yemeni under E.O. 13611.⁹⁰ However, on November 10, 2014, two days after the issuing of targeted United Nations sanctions under UNSCR 2140 (see below), OFAC designated three individuals, including former President Saleh and two Houthi leaders, as Specially Designated Nationals.⁹¹

In general, it is uncertain what kind of impact U.S. sanctions will have in deterring individuals from disrupting Yemen's transition. In most cases, possible targets of U.S. sanctions are unlikely to have substantial assets under U.S. jurisdiction. Broader international sanctions, such as those created under UNSCR 2140, may have a greater impact. According to one Yemeni journalist discussing the possibility of sanctioning former president Saleh, "[sanctions] could affect thousands of people, worth millions of dollars," however, it would be less potent against the

⁸⁷ This cease-fire agreement is formally referred to as the Peace and National Partnership Agreement.

⁸⁸ See http://www.treasury.gov/resource-center/sanctions/Programs/Documents/yemen_eo.pdf.

⁸⁹ E.O. 13611 declared a national emergency with respect to Yemen and authorized the Secretary of the Treasury to block the property of individual Yemenis. Under Section 202(d) of the National Emergencies Act (50 U.S.C. 1622(d)), the President has annually extended his authority to block the property of individual Yemenis (most recently on May 12, 2014). See <http://www.whitehouse.gov/the-press-office/2014/05/12/notice-continuation-national-emergency-respect-yemen>.

⁹⁰ Under the International Emergency Economic Powers Act of 1977 (IEEPA) Title II of P.L. 95-223 (codified at 50 U.S.C. §1701 et seq.),⁹⁰ the President has broad powers pursuant to a declaration of a national emergency with respect to a threat "which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States." These powers include the ability to seize foreign assets under U.S. jurisdiction, to prohibit any transactions in foreign exchange, to prohibit payments between financial institutions involving foreign currency, and to prohibit the import or export of foreign currency. The Treasury Department's specific regulations are found in 31 C.F.R. Part 552, "Yemen Sanctions Regulations." Available online at <http://www.treasury.gov/resource-center/sanctions/Programs/Documents/31cfr552.pdf>.

⁹¹ <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20141110.aspx>

Houthis, who “don't have bank accounts, and they don't travel, so sanctions on them will have no influence in any way, at least in the next couple of years.”⁹²

U.S. Foreign Assistance to Yemen

In annual foreign operations legislation, Congress does not typically earmark aid to Yemen, but the Administration makes country-specific requests for congressional consideration. After the passage of a foreign operations appropriations bill, federal agencies allocate funds to Yemen across multiple aid accounts. They then submit a country allocation report (653a Report) to Congress for review. Unlike countries or entities (such as Israel, Egypt, Jordan, and the Palestinians) that generally receive much larger amounts of U.S. assistance from two or three main accounts, Yemen receives U.S. aid in any given fiscal year from as many as 17 different aid programs managed by multiple agencies, including the Department of State, USAID, and the Department of Defense (**Table 1**).

The State Department reports that the United States committed more than \$142 million in assistance to Yemen in FY2014, in addition to \$256 million in FY2013 and more than \$356 million in FY2012. CRS can account for most but not all of these allocations. Program details are available in congressional aid obligation notification documents provided to the authorizing and appropriating committees of jurisdiction.

Economic Aid

Yemen receives U.S. economic aid from multiple accounts, the largest of which are typically the Economic Support Fund (ESF) account, the Development Assistance (DA) account, and the Global Health Child Survival (GHCS) account. The State Department and USAID, in partnership with relevant Yemeni government ministries and local NGOs, channel funds from these accounts into various democracy assistance, global health, education, economic development, and humanitarian aid programs. U.S. democracy assistance supports programs to update Yemen's national voter registry, reform the judicial system, and empower women to participate in civic life.⁹³ U.S.-funded global health programs seek to increase Yemenis' access to fresh water, improve nutrition, and expand the delivery of basic healthcare.⁹⁴ Education programs are focused on improving school facilities, student attendance, reading skills, and teacher training.⁹⁵ USAID funding for economic development supports micro-finance projects, market access for Yemeni agricultural products, and vocational training.⁹⁶

⁹² “UN Ready to Sanctions against Key Yemenis,” *Al Jazeera.com*, October 21, 2014.

⁹³ USAID's U.S.-based implementing partners for these programs include: the National Democratic Institute (NDI), Counterpart International, and International Foundation for Electoral Systems (IFES),

⁹⁴ USAID's U.S.-based implementing partners for these programs include: John Snow Inc., Jhpiego, and ICF International.

⁹⁵ USAID's U.S.-based implementing partners for these programs include: Creative Associates, Education Development Center, and RTI International.

⁹⁶ USAID's U.S.-based implementing partners for these programs include: Chemonics, Creative Associates, and Counterpart International.

Humanitarian Aid

In FY2013 and FY2014, the United States provided over \$180.9 million in humanitarian aid to Yemen.⁹⁷ These funds were provided to international aid organizations from USAID's Office of Foreign Disaster Assistance (OFDA), USAID's Food for Peace (FFP), and the U.S. Department of State's Bureau of Population, Refugees, and Migration (State/PRM). The United States is by far the largest single contributor of humanitarian aid to Yemen on record, with its assistance nearly double the amount contributed by the next largest donor (European Commission).

Military and Other Security Aid

U.S. military and other security assistance to Yemen comes from both State Department-managed accounts (FMF, NADR, INCLE, IMET) and Department of Defense-managed accounts (Section 1206). The United States provides Yemen's conventional armed forces modest amounts of FMF grants mainly to service aging and outdated equipment. The Defense Department's 1206 "train and equip" fund has become the major source of overt U.S. military aid to Yemen. Section 1206 Authority is a Department of Defense account designed to provide equipment, supplies, or training to foreign national military forces engaged in counterterrorist operations. In general, 1206 aid aims to boost the capacities of Yemen's air force, its special operations units, its border control monitoring, and coast guard forces. 1206 funds have supported the Yemeni Air Force's acquisition of transport and surveillance aircraft. Since FY2006, Yemen has received a total of **\$401.326 million** in Section 1206 aid.

The President's Counterterrorism Partnerships Fund (CTPF) Proposal

On May 28, 2014, President Obama called on Congress to support his proposal to create a Counterterrorism Partnerships Fund (CTPF), which would, among other things, according to the President, "give us flexibility to fulfill different missions, including training security forces in Yemen who have gone on the offensive against al Qaeda." On June 26, 2014, in the amended FY2015 request for Overseas Contingency Operations (OCO) appropriations, President Obama formally requested \$5 billion to establish the CTPF. The Administration has proposed to allocate \$4 billion in CTPF funds to the Department of Defense (DOD) and \$1 billion to the State Department. Congress is considering the proposal, which if passed, could be a possible new source of military assistance for Yemen's security forces.

Possible Aid Restrictions

The following is a list of existing statutes that could restrict U.S. assistance to Yemen under various conditions.

- **Control of Armed Forces by Terrorist Organization.** P.L. 113-76, the FY2014 Omnibus Appropriations Act, states that "None of the funds appropriated by this Act for assistance for Yemen may be made available for the Armed Forces of Yemen if such forces are controlled by a foreign terrorist organization, as designated pursuant to section 219 of the Immigration and Nationality Act."
- **Child Soldiers.** The Child Soldiers Prevention Act of 2008 seeks to restrict certain U.S. military assistance to countries known to recruit or use child soldiers in their armed forces, or that host non-government armed forces that recruit or

⁹⁷ http://www.usaid.gov/sites/default/files/documents/1866/yemen_ce_fs04_06302014.pdf

use child soldiers. The President may waive aid sanctions in cases where the continuation of aid would promote U.S. national interests superseding anti-trafficking policy goals. On September 30, 2013, President Obama issued a full waiver to Yemen. CRS Report RL34317, *Trafficking in Persons: U.S. Policy and Issues for Congress*, by Alison Siskin and Liana Rosen.

- **Human Trafficking.** Pursuant to the Victims of Trafficking and Violence Protection Act of 2000 (TVPA, Division A of P.L. 106-386), the United States may restrict non-humanitarian, nontrade-related foreign aid from certain governments that do not show progress in eliminating severe forms of trafficking in persons. The President may waive this restriction and has done so in the case of Yemen, most recently for FY2015.
- **Budget Transparency.** Direct government-to-government assistance, including aid to Yemen's central government, could be restricted under provisions in recent annual appropriations measures that pertain to the transparency of a recipient nation's national budget (see Section 7031 of P.L. 113-76). The Obama Administration has waived these restrictions, stating that continued assistance is in the U.S. national interest.

Yemeni Detainees at Guantanamo Bay

The continued U.S. incarceration of Yemeni prisoners in Guantanamo Bay, Cuba, has long been a source of tension in U.S.-Yemeni relations. The Yemeni government has sought to repatriate and rehabilitate Yemenis detained at Guantanamo; however, U.S. officials have indicated concern that the Yemeni government, due to public pressure from Islamists, would be unable to properly detain and/or monitor returnees, some of whom may pose security threats. The Obama Administration suspended repatriations to Yemen after the December 25, 2009, failed airline bomb attack by AQAP. In May 2013, President Obama stated his intention to close the detention facility and lift the moratorium against repatriating Yemenis. Amongst the 149 prisoners there, at least 86 are Yemeni nationals, of whom 58 have been cleared to return to Yemen and are expected to be transferred on a case-by-case basis. Some Yemeni prisoners were on hunger strikes to alert the public of their situation, and an estimated 17 Yemeni prisoners were reportedly force-fed by prison authorities.

Table I. U.S. Foreign Aid Allocations to Yemen, FY2009-FY2014 Estimate

\$s in millions

Account	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014 Est.
I206 (DOD)	67.0	155.3	0	37.426	47.3	64.0
P.L. 112-81	0	0	0	75.0	NA	0
FMF (DOS)	3.0	13.0	20.0	20.0	18.989	20.0
INCLE (DOS)	0	1.0	1.8	11.0	5.001	3.0
NADR (DOS)	2.225	6.025	4.5	4.659	6.098	3.920
IMET (DOS)	1.00	1.153	1.100	1.064	0.930	1.1
ESF (DOS)	20.0	5.0	55.0	65.353	78.881	13.0
DA (USAID)	11.0	35.0	0	0	8.312	0
GHCS (USAID)	3.0	8.0	9.0	7.989	8.345	9.0
Food for Peace (USAID)	2.0	13.0	20.0	54.803	50.208	52.761
CCF (DOS)	0	12.807	0	0	0	0
MRA (DOS)	10.0	13.0	23.0	19.738	18.886	3.3
ERMA (DOS)	0	7.800	0	0	0	0
IDA (USAID)	.599	10.928	20.212	45.807	61.819	49.957
TI (DOS)	0	5.492	3.850	4.527	5.763	1.4
I207	0	10.034	0	0	0	0
MEPI (DOS)	1.958	0.332	n/a	4.683	5.698	0
CMM (USAID)	1.600	1.200	0	0	0	0
DCHA (USAID)	0	0	1.250	.250	0	0
Total	123.382	299.071	159.70	352.299	316.230	221.438

Source: U.S. State Department and Government Accountability Office, Report Number GAO-12-432R.

Notes: FY2014 totals may be incomplete.

Appendix. Country Background

Located at the southwestern tip of the Arabian Peninsula, Yemen struggles with the lowest per capita GDP in the Arab world (\$2,300) for its population of 24.7 million people. The country's rugged terrain and geographic isolation, strong tribal social structure, and sparsely settled population have historically made it difficult to centrally govern (or conquer). This has promoted a relatively pluralistic political environment, but also has hampered socioeconomic development. Outside of the capital of Sana'a, tribal leaders often exert more control than central and local government authorities. A series of Zaydi⁹⁸ Islamic dynasties ruled parts of Yemen both directly and nominally from 897 until 1962. The Ottoman Empire occupied a small portion of the western Yemeni coastline between 1849 and 1918. In 1839, the British Empire captured the Arabian Sea port of Aden near the country's southern tip. The British held Aden and some of its surrounding territories until 1967.

The 20th century political upheavals in the Arab world driven by anti-colonialism and Arab nationalism tore Yemen apart in the 1960s. In the north, a civil war pitting royalist forces backed by Saudi Arabia against a republican movement backed by Egypt ultimately led to the dissolution of the Yemeni Zaydi Imamate and the creation of the Yemen Arab Republic (YAR). In the south, a Yemeni Marxist movement became the primary vehicle for resisting the British occupation of Aden. Communist insurgents eventually succeeded in establishing their own socialist state (People's Democratic Republic of Yemen or PDRY) that over time developed close ties to the Soviet Union and supported what were then Palestinian and Marxist terrorist organizations. Throughout the Cold War, the two Yemeni states frequently clashed, and the United States assisted the YAR, with Saudi Arabian financial support, by periodically providing it with weaponry.

By the mid-1980s, relations between North and South Yemen improved, aided in part by the discovery of modest oil reserves. The Republic of Yemen was formed by the merger of the formerly separate states of North Yemen and South Yemen in 1990. Ali Abdullah Saleh, a former YAR military officer and ruler of North Yemen (from 1978 to 1990) became president of the newly unified state in 1990. However, Yemen's support for Iraq during Operation Desert Storm in 1991 crippled the country economically, as Saudi Arabia and other Gulf states expelled an estimated 850,000 expatriate Yemeni workers and the United States cut off ties to the newly unified state. In 1994, government forces loyal to then President Saleh put down an attempt by southern-based dissidents to secede. Many southerners still resent what they perceive as northern political, economic, and cultural domination of the country.

Yemen under Saleh and Relations with the United States

Under Saleh's rule, political power gradually coalesced around his immediate family, whose members filled key posts in various security services. Corruption was rampant, and the country remained the poorest in the Arab world and one of the most destitute nations on earth. Saleh managed to stay in power for over four decades, but the country's long-term structural resource and economic challenges worsened during his rule.

⁹⁸ The population of Yemen is almost entirely Muslim, divided between Zaydis, found in much of the north (and a majority in the northwest), and Shafi'is, found mainly in the south and east. Zaydis belong to a branch of Shi'a Islam, while Shafi'is follow one of several Sunni Muslim legal schools.

During Saleh's presidency, U.S.-Yemeni relations were constantly strained by a lack of strong military-to-military ties and commercial relations, general Yemeni disapproval of U.S. policy in the Middle East, and U.S. distrust of Yemen's commitment to fighting terrorism. Since Yemen's unification, the United States government has been primarily concerned with combating Al Qaeda and similar terrorist groups inside Yemen. Al Qaeda's attack in 2000 against the *USS Cole*, coupled with the attacks of September 11, 2001, a year later officially made Yemen a place of significant concern in the "war on terror."

During the early years of the George W. Bush Administration, bilateral relations improved under the rubric of the war against Al Qaeda, although Yemen's lax policy toward suspected terrorists and U.S. concerns about corruption and governance led to limits on U.S. support. Saudi Arabia's forceful campaign against Al Qaeda in the Arabian Peninsula drove militants to seek refuge in Yemen in the middle of the decade, compounding Yemen's struggle with terrorism. In 2009, the Obama Administration initiated a major review of U.S. policy toward Yemen. That review, coupled with the attempted airline bombing over Detroit on Christmas Day 2009, led to a new U.S. strategy toward Yemen, referred to as the National Security Council's Yemen Strategic Plan. This strategy is essentially three-fold, focusing on combating AQAP in the short term, increasing development assistance to meet long-term challenges, and marshalling support for global efforts to stabilize Yemen.

Yemen and the "Arab Spring"

As unrest spread across the Arab world in 2011, a youth-led popular demonstration movement challenged President Saleh's rule in Yemen. First inspired by Tunisia's Jasmine Revolution and then galvanized by the overthrow of Egyptian President Hosni Mubarak, a student protest movement managed over the course of several months to maintain nation-wide demonstrations and attract broad popular support that called for Saleh to step down from power. Seeing an opportunity to displace the president and his family, Saleh's rivals from within the political and military elite, such as the powerful Al Ahmar family and the Commander of the First Armored Division, General Ali Mohsin (defected on March 21, 2011), joined opposition demands for the president's resignation. What began as a popular revolt against a longtime ruler ultimately evolved into a confrontation between competing elites for executive power.

This confrontation turned violent in mid-2011, as street battles erupted in Sana'a and other cities between forces loyal to Saleh and supporters of his opponents. As political rivals openly fought in the capital, government forces were recalled from outlying provinces to protect the regime, leaving a security vacuum in areas known to harbor Islamist militants and other separatists. Soon, militias associated with Al Qaeda in the Arabian Peninsula seized territory in one southern province. Concerned that the political unrest and resulting security vacuum were strengthening terrorist elements, the United States, Saudi Arabia, and other members of the international community attempted to broker a political compromise.

Saleh was able for several months to resist international attempts to broker his managed departure, in spite of a bombing attack that nearly killed him and forced his temporary exile to Saudi Arabia. However, a combination of greater international pressure, as exemplified by the passing of United Nations Security Council Resolution (UNSCR) 2014 (which reaffirmed UN support for a political settlement as soon as possible), defections from his loyalist security forces, and their mounting losses on the ground to rival tribal militias, seem to have led him to conclude that his political position had become untenable. In early November 2011, some European Union

member states had begun to openly threaten sanctions, including asset freezes against the President and his family, if Saleh did not adhere to UNSCR 2014.

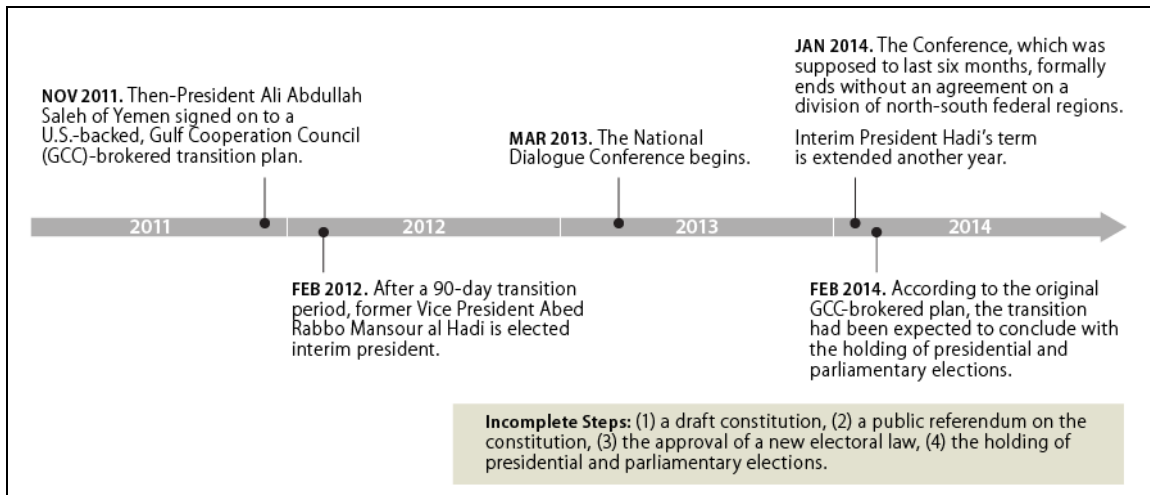
Yemen's Tenuous Transition

On November 23, 2011, after 11 months of protests and violence that claimed over 2,000 lives, Saleh signed on to a U.S.-backed, Gulf Cooperation Council (GCC)-brokered transition plan. As part of the plan and in return for his resignation, Saleh and his family were granted immunity from prosecution and the former president was able to retain his role as head of the General People's Congress (GPC), the former ruling party.⁹⁹

After a 90-day transition period, Yemen held a presidential "election" in February 2012 with one consensus candidate on the ballot—former Vice President Abed Rabbo Mansour al Hadi. Al Hadi received 6.6 million votes and, on February 25, 2012, was inaugurated as president. After the election, attention shifted toward the next phases of the GCC plan: the convening of a national dialogue; the redrafting of the constitution; the holding of a constitutional referendum; the development of an electoral law; and the holding of parliamentary and/or presidential elections.

In January 2014, after ten months of talks, Yemen's National Dialogue Conference, a forum that was backed by the United Nations for the purpose of reaching broad national consensus on a new political order, officially concluded without agreement between northern and southern politicians on how to organize a new federal system of democratic governance. The conference brought 565 representatives from Yemen's various political groups together to reach agreement on thorny political issues, such as power sharing between northern and southern regions, among other things. Tensions, including some linked to the previous existence of two separate Yemeni states from the 1960s to 1990, appear to linger as a result of a number of political and identity-based differences.

⁹⁹ The *New York Times* has reported that former President Saleh still plays a powerful political role from behind the scenes. According to the report, "Even the current president, Abdu Rabbu Mansour Hadi, who was Mr. Saleh's deputy for 18 years, has accused him of orchestrating the attacks on oil and power lines that scourge Yemen's economy and cast an aura of incompetence on the new administration. Diplomats at the United Nations have accused 'elements of the former regime' of playing an obstructive role, and have even hinted at possible sanctions on the former president." See, "Even out of Office, a Wielder of Great Power in Yemen," *New York Times*, January 31, 2014.

Figure A-1. Yemen's Political Transition

Source: CRS Graphics.

The conference, which was supposed to end four months earlier according to the official transition timeline, concluded with President Hadi forming a committee (which he will lead) to determine whether Yemen should be divided into two or six federal regions. Southern Yemenis favor a two-region system, believing it will put them on more equal footing with the traditionally more politically dominant north while securing their access to a larger share of Yemen's oil resources, which are located in the south.

Yemen's entire political transition was to end in February 2014, but at the conclusion of the National Dialogue, participants supported a presidential decree extending President Hadi's term by another year, presumably at least until February 2015. According to Jamal Benomar, the United Nations Special Adviser on Yemen, "The old regime is still very deep and some elements feel that they have been induced to give up a lot....They have a lot of resources and believe they can turn back the clock. The gains achieved in this transition could easily evaporate."¹⁰⁰ Yemeni legislators and other politicians have yet to write a new constitution, hold a public referendum on its approval, write a new electoral law, and hold presidential and parliamentary elections. In sum, Yemen's transition could take several additional years.

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¹⁰⁰ "Yemen Transition aims for Consensus over Confrontation," *Financial Times*, February 4, 2014.