

YEMEN

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FROM THE EDITOR

Media attention spans for international crises are notoriously short. As Ginny Hill reports on this page, in Yemen's case it was about a month before television teams turned their lenses elsewhere and reports became more scarce. The problems did not go away of course, they have become even more intense.

In the Afghanistan-Pakistan arena, the spectacular torching of another NATO troop supply convoy, this time close to the Pakistan capital, was enough to draw new attention. In the aftermath, Gareth Price examines the issues of increasing complexity.

And real-time television coverage of a totally different kind is making news on page 11 with the publication of a United Nations report on the use of drones in conflicts like Afghanistan and Yemen. Is the ability of those unmanned aircraft to send back close-up images of a conflict zone likely to be helpful, or induce a 'Playstation mentality' in those whose finger is on the button of life or death?

Yemen had its moment in the international spotlight six months ago for all the wrong reasons. Despite the sudden attention, the economy is getting worse. There is a danger too that the country could become a safe haven for radicalism and militancy, but hot pursuit might backfire.

Avoiding Freefall

tHE ATTEMPTED CHRISTMAS DAY BOMBING OF NORTHWESTERN AIRLINES flight 253 in the skies over Detroit had reporters around the globe frantically typing 'Yemen' into Google. Revelations that the Detroit bomber trained and obtained explosives there temporarily enticed droves of foreign journalists to this under-reported country. Intense media scrutiny lasted a full month, subsiding after a high-level meeting in London at the end of January, attended by United States Secretary of State Hilary Clinton.

Clinton endorsed the launch of the Friends of Yemen, an informal contact group of more than twenty donor countries, who pledged to adopt a comprehensive approach to Yemen's multiple problems. The poorest country in the Middle East confronts southern separatists and northern insurgents, in addition to the presence of Al Qaeda in the Arabian Peninsula (AQAP), which has its headquarters there. Oil production is also plummeting, from a peak of 460,000 barrels a day in 2002 to the forecast figure of 260,000 this year.

Yemen's slow transition from oil-dependency to a post-oil economy presents the challenge of maintaining security and stability with ever fewer resources. The comprehensive approach advocated by the Friends of Yemen is intended to tackle this. But six months after the Detroit bombing put Yemen on the map, the country's economy is heading in the wrong direction. Foreign exchange reserves have hit a new low, the budget deficit stands at nearly ten percent of gross domestic product and the current account deficit is projected to rise to record levels in the coming year.

In recent months, the Yemeni riyal has fallen by ten percent against the dollar, increasing the price of imported food staples, such as rice and wheat, and prompting





strikes at the rising cost of living. The government is burning valuable foreign currency reserves by selling dollars to stabilise the exchange rate. Last year the Central Bank used \$1 billion trying to defend the currency; in the first six months this year it has spent around the same again. If this continues, the central bank will exhaust its foreign exchange reserves within two years, raising the prospect of widespread social unrest if the riyal goes into freefall.

Yemen's technocrats and reformers understand the urgent need to diversify the economy but inward investment is among the lowest in the region, and spending is skewed towards the energy sector and luxury housing.

The business case for effective small-scale projects that meet community needs is poor. High interest rates – currently fixed at twenty percent to protect the riyal – weak infrastructure, perceptions of endemic corruption and concerns about security are additional factors that dissuade potential investment.

Despite the escalating cash crisis, the international media continues to focus on AQAP activity, entrenching Yemen's reputation as an emerging safe haven. Its attempted April assassination of the British ambassador in Sana'a achieved a powerful psychological impact – even though the bomber failed to kill or injure his target – because he managed to detonate his device within a few meters of a high-profile diplomat.

The group's recent shift in tactics, using pedestrian suicide bombers to strike targeted individuals in both Yemen and Saudi Arabia, has implications for security throughout the Arabian peninsula.

AMERICAN PUBLIC ENEMY

AQAP's growing visibility is raising questions about the process of recruitment and radicalisation in Yemen, especially among US citizens and other foreign nationals who are studying in its Arabic language schools, Salafi madrassas and Al Qaeda training camps.

The presence of one radical Yemen-American cleric, Anwar al-Awlaki, is causing particular concern in Washington. Al-Awlaki, who preached in a Virginia mosque before settling in his father's homeland, has been tangentially linked to a fatal shooting last year in Texas, in which twelve US soldiers and a civilian died, as well as the Christmas Day bomb attempt.

Al-Awlaki's fluency in English and Arabic, his dual nationality and his perceived ability to shape the emotions of alienated western-born Muslims and converts has rapidly turned him into a public enemy in the US.

From the outset, the US media has portrayed al-Awlaki as an AQAP agent, which the preacher initially denied. However, in April, he was put on the CIA's authorised hit-list, when the agency obtained a controversial kill-order on the basis of his alleged ties to Al Qaeda. Al-Awlaki

subsequently made his debut appearance in a video for the local group, advocating the massacre of western civilians.

Yemen's Prime Minister, Ali Mohammed Megawar, has decried the idea of al-Awlaki's assassination as an unacceptable violation of his country's sovereignty. Foreign Minister Abu Bakr al-Qirbi has argued for hard evidence to support al-Awlaki's re-arrest and trial in Yemen; he was first detained there in 2006 because of his alleged links to Al Qaeda but released a year later. The reluctance of Yemen's senior officials to fall in line with Washington's latest demand is only partially explained by the fact that al-Awlaki is the son of a former minister who belongs to a tribe in the oil-producing province of Shabwa, where the central state has limited control.

The fact that officials are pushing back against the US agenda also highlights the fundamental issue of the government's fragile legitimacy, in a country where public opinion is extremely hostile to Washington's foreign policy. The administration has ruled out sending regular troops but its military teams are known to be sharing intelligence and conducting secret joint operations with Yemeni soldiers, including tracking and killing suspected terrorists, as reported in *The Washington Post* on January 27.

Clandestine military activity there is set to expand following the Joint Unconventional Warfare Task Force Executive Order, signed last year, which allows the US military to use covert methods to 'penetrate, disrupt, defeat or destroy' Al Qaeda and 'prepare the environment' for future attacks throughout the Middle East.

Washington recently pledged \$150 million in military assistance to Yemen but Al Qaeda in the Arabian Peninsula's elite leadership structure remains intact and frustration is growing among some US officials, who want to see a demonstration of good faith on the al-Awlaki case.

The preacher poses a clear threat to US interests, but the current momentum towards hot pursuit must be balanced against an effective outcome. 'He's a hero in the making.

If the Americans kill him, they will unleash hundreds like him,' argues one independent academic, who believes US interests would be better served by assisting the Yemeni authorities to catch al-Awlaki and effectively contain him. Since he is a dual national, it would theoretically be possible for the US authorities to request his extradition to the US to stand trial, but there is no extradition agreement between the two countries.

REMOTE-CONTROLLED PERIL

Missiles strikes targeting the local Al Qaeda leadership started last December and continue. The Yemeni government has claimed its own security forces are responsible. However, in May, Amnesty International published photographs of a Tomahawk missile and US-made cluster munitions, which sources claimed

International Events July

JULY 4 Second round of Polish presidential election

JULY 4 US Secretary of State Hilary Clinton visits Ukraine

JULY 11 Elections for upper house of Japan parliament

JULY 15 Indian foreign minister visits Pakistan

JULY 20 International conference on Afghanistan in Kabul

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were used in a drone strike in December, killing dozens of civilians.

An ill-starred drone strike in May illustrated the perils of remote-controlled counter-terrorism. Rather than hitting AQAP's leadership in Marib province, the strike mistakenly killed a prominent local official and mediator, Sheikh Jaber al-Shabwani, and his bodyguards.

Al-Shabwani's tribe responded by throwing up roadblocks, cutting electricity supplies and rupturing oil pipelines. The deceased sheikh's family reportedly accepted two hundred Kalashnikovs and five million riyals in compensation from President Ali Abdullah Saleh, but such generous pay-outs cannot fully restore the government's credibility.

Against the backdrop of ongoing kinetic activity, USAID is rolling out a new community-based development strategy that intends to create jobs, improve services and encourage better local governance.

Several western non-governmental organisations have declined to work as USAID's partners on the ground for fear of being compromised by America's perceived political agenda but, according to one tribal leader, the flow of resources direct to local communities is welcome. 'If I knew the Americans had a hidden agenda, I wouldn't be willing to co-operate, but I don't see where the conspiracy is,' he told me, during a recent research visit to Sana'a. 'Local people need better water supplies, better health care and more schools. Nobody wants to see Al Qaeda get a foothold.'

The results of similar hearts-and-minds initiatives in Afghanistan are far from proven; evidence is still scarce to

support the assumed link between aid and stability. In Yemen, USAID's community-based approach remains controversial, because it bypasses recent efforts to eliminate corruption and encourage better governance in central state institutions. However, advocates of grassroots intervention argue that supporting a formal state-building agenda while the economy remains on a downward trajectory is like running on sand.

JUST PAY-UP

Six months after Clinton offered her support to the creation of the Friends of Yemen, the economy remains an overwhelming priority. The government has only made partial progress on macro-economic reforms, announcing two small reductions in subsidised petrol products that consume a huge chunk of the annual budget. Talks to agree a new International Monetary Fund (IMF) programme – conditional on further cuts in diesel subsidies and the introduction of a general sales tax – appear to have stalled, but many of the IMF's recommended reforms will need to be implemented anyway, if ministers want to put the economy on a better long-term footing.

Foreign donors are reluctant to provide unconditional budget support, but if the riyal continues to depreciate they will be faced with a stark choice. 'In the worst case scenario, we may have to pay-up to keep the country afloat,' argues one diplomat in Sana'a.

The country is still underfunded relative to need, with child stunting among the worst in the world and acute malnutrition growing in line with rising living costs. Aid practitioners are forecasting a need for greater humanitarian assistance and calling for donors to rebalance the proportion of resources available for emergencies.

The UN is among those leading the call for more humanitarian funds, but the international response to its recent appeal has been dismal and the organisation is coming under criticism for failing to take a more effective political leadership role. In the absence of significant extra resources, the UN can still help define the problem and the response, as well as assist with strategic and comparative thinking.

The Friends of Yemen are scheduled to meet again in New York in September, when working groups on the economy and the rule of law will present recommendations. The meeting at the UN General Assembly provides an opportunity for the Friends of Yemen to maintain their focus on the comprehensive approach they collectively agreed in London six months ago. The successful completion of negotiations to finalise an IMF programme would demonstrate the country's commitment to genuine partnership with the donors.

Without effective progress on governance and economic reforms, there will be an inevitable tendency for hard security concerns to drive the agenda. However, US military planners should conduct negotiations on al-Awlaki's fate away from the headlines, minimise the backlash from kinetic intervention and focus on preventing a repeat of the domestic intelligence failures that allowed the attempted Detroit attack to happen.

