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On the Knife's Edge: Yemen's Instability and the Threat to American Interests

POLICY BRIEF



By Andrew M. Exum and Richard Fontaine

Facing an active insurgency in the north, a separatist movement in the south, and a domestic al-Qaeda presence, Yemen rests today on the knife's edge. **The consequences of instability in Yemen reach far beyond this troubled land, and pose serious challenges to vital U.S. interests.** A destabilized Arabian Peninsula would shatter regional security, disrupt trade routes, and obstruct access to fossil fuels. With Saudi Arabia already at war in northern Yemen and the country increasingly at risk of becoming a haven for transnational terrorists, the United States must actively work to avoid the potentially dire consequences of a failing state there.

Americans will not welcome this news. Eight years after the September 11 attacks, and weary of stabilization efforts in Iraq and Afghanistan, Americans have little appetite for devoting more resources or attention to emerging threats in faraway lands. Yet the deteriorating situation in Yemen demands immediate U.S. attention. Such attention should

not, however, take the form of large scale military operations as in Iraq and Afghanistan. Rather, the United States should implement a comprehensive strategy that marries counterterrorism support, development assistance, diplomatic pressure, and efforts at political reconciliation.

YEMEN TODAY

Since 2001, the wars in Iraq and Afghanistan have absorbed both the attention of the world and the resources of the United States. In the meantime, Yemen has been hurtling toward the kind of disaster that could dramatically harm the interests of both the United States and its regional allies and partners.

In the coming decades, Yemen will suffer three negative trends – one economic, one demographic, and one environmental. Economically, Yemen depends heavily on oil production. Yet analysts predict that its petroleum output, already down from 460,000 barrels a day in 2002 to between 300,000 and 350,000 barrels in 2007 and down 12 percent in 2007 alone, will fall to zero by 2017.¹ The government, which receives the vast majority of its revenue from taxes on oil production, has conducted virtually no planning for its post-oil future. Demographically, Yemen's population – already the poorest on the Arabian Peninsula with an unemployment rate of 40 percent – is expected to double by 2035. An incredible 45 percent of Yemen's population is under the age of 15.² Environmentally,

this large population will soon exhaust Yemen's ground water resources. Given that a full 90 percent of Yemen's water is used in highly inefficient agricultural projects, this trend portends disaster.³

This confluence of political, ideological, economic, and environmental forces will render Yemen a fertile ground for the training and recruitment of Islamist militant groups for the foreseeable future. Already, more than 100 Yemenis have been incarcerated in Guantanamo since 2002, and Yemen's own foreign minister suggests that Yemen hosts over 1,000 al-Qaeda-affiliated militants.⁴ Though this number has not been independently verified, other governments in the region and beyond express alarm at the presence of al-Qaeda in the Arabian Peninsula (AQAP).

Between 2001 and 2003, the United States and its allies in the Yemeni government waged a largely successful counter-terror campaign against groups that now fall under the AQAP umbrella, culminating in the November 2002 assassination of AQAP leader 'Ali Qa'id al-Harithi and the November 2003 capture of Muhammed Hamdi al-Ahdal, al-Harithi's replacement. Between 2006 and 2008, however, a revitalized AQAP changed tactics and began to challenge both foreign interests and the regime in Sana'a. Along with a new round of aggressive attacks on foreigners, oil infrastructure, and the state, AQAP now employs a sophisticated information operations campaign that includes the production of an online journal, *Sada al-Malahim* (The Echo of Battles), which outlines AQAP's new strategy and publicizes its exploits.⁵

Recent attacks demonstrate the boldness and capabilities of AQAP. A suicide bombing attack carried out in March 2009 against South Korean tourists, and a subsequent attack on the South Korean delegation sent to investigate the bombing, demonstrated AQAP's capacity to launch spectacular attacks within Yemen. AQAP's growing

information operations capability suggests a rising degree of sophistication, and its rhetoric – which no longer limits itself to ambitions within Yemen itself – suggests it will become an increasing threat to the United States and its interests in the Arabian Peninsula. And while Americans may pay little attention to Yemen, al-Qaeda leadership devotes much more: Internet message boards linked to al-Qaeda are encouraging fighters from across the Islamic world to flock to Yemen.

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The threat to U.S. interests is two-fold. First, Yemen's role as a safe haven for transnational terror groups with global reach could grow. President Obama has stated that the tribal areas of Afghanistan and Pakistan must not be allowed to become or remain safe havens for terror groups such as al-Qaeda to plan attacks against the United States and its allies. Given the al-Qaeda threat present in Yemen today, this policy suggests the need for increased U.S. attention and resources. Second, the United States has clear national interests in stability on the oil-rich Arabian peninsula, and in avoiding the export of instability (via terrorist attacks, a national breakup, or in some other form) from Yemen northward into Saudi Arabia. Recent Saudi aerial bombings of insurgent positions in northern Yemen, together with a Saudi naval blockade of the Yemeni coast, demonstrate the real possibility of instability in the country radiating outward. American policy should aim to contain any such instability and ensure that it does not engulf the rest of the peninsula.

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Though the United States should not respond to these threats with large-scale military intervention, many of the lessons learned in Iraq and Afghanistan will apply to Yemen as well. As in Iraq and Afghanistan, the United States must work with a Yemeni host nation government whose interests and policy preferences do not always align with those of the United States. And like Afghanistan, Yemen does not control all of its territory. In such circumstances, the United States cannot rely merely on force, but must marshal an array of instruments, including diplomacy, development assistance, and the effective use of political and economic leverage. The United States must also work with willing partners – particularly those in the Yemeni government – to dampen the threats present there today.

A WAY AHEAD

The best scenario is for Yemen to emerge as a stable, functioning state – unlikely to break up in ways that threaten regional security – that presents no sanctuary for transnational terrorist groups. Yet this is an ideal; American policy alone cannot bring about such an outcome.

The objective of U.S. policy should therefore be more modest and aimed at helping to bring Yemen back from the brink by increasing its domestic stability. This task will not be achieved easily, quickly, or inexpensively. In light of the manifold challenges that plague Yemen, American policy should attempt to mitigate the direct threats that instability and lack of governance pose. At a minimum, the United States should develop an approach that includes the following elements:



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Broaden the focus. Since 2001, U.S. policy toward Yemen has focused mostly – and, at times, overwhelmingly – on counterterrorism. This is understandable, but problematic. When the perceived terrorist threat in Yemen retreated in 2003, U.S. policymakers lost interest, abandoning or curtailing development projects in the country. Given the threat posed not just by terrorism in Yemen, but also by the potential for nationwide instability, U.S. policy should move toward a broader and more sustainable relationship, with a strong focus on development.⁶ Such a relationship would include a counterterrorism component, but not be defined by counterterrorism alone. American officials should make clear, both publicly and privately, that the United States seeks an enduring relationship with the people of Yemen. In so doing, they should note that the United States does not merely view Yemen as a counterterrorism problem, but rather as a country with which it seeks a multifaceted and enduring relationship that includes economic development, improved government, and domestic stability.

Yemen's Diminishing Natural Resources

In Yemen, dwindling oil production, acute lack of water, and weak governance are threatening the country's very survival. A November 2009 *New York Times* article declared that these threats could in fact "prove deadlier than the better known resurgence of Al Qaeda."¹

Overexploited ground water aquifers and a burgeoning population – which is expected to nearly double by 2050 – are placing extreme pressure on Yemen's already scarce water resources and exacerbating social grievances. According to the most recent survey conducted in 2005, Yemen's freshwater availability has dropped to 186 cubic meters per capita per year – significantly below the international water poverty line of 1,000 cubic meters per capita per year, below which economic and human development are severely strained. As the population continues to grow, water tables continue to plummet by several meters each year, further driving up domestic water prices that have already quadrupled since 2005. Meanwhile, the country's long history of inefficient irrigation, coupled with unchecked private exploitation by Yemen's rural agricultural industry – which is using 93 percent of the country's water supply – has left most



of the country without access to any public water at all.

To date the Yemeni government has been able to use its oil wealth, which accounts for approximately 85 percent of the government's revenue, to assuage the water crisis by subsidizing diesel fuel for pumps that extract water out of deep aquifers. But the state's oil production is in severe decline, dropping from 450,000 barrels per day in 2003 to 286,000 barrels per day in January 2009. Experts predict that the country could run out of exportable oil as early as 2017, leaving the government without an obvious revenue source to continue buying its way out of trouble.

Yemen's Minister of Water and Environment, Abdul Rahman al-Eryani,

told *The New York Times* that "Already, the lack of water is fueling tribal conflicts and insurgencies." Meanwhile, a February 2009 report found that World Bank-Yemeni government programs to improve irrigation techniques and foster sustainable water management policies were being undermined by the absence of the rule of law outside Sana'a.² According to the report, nearly 80 percent of rural water projects funded by the program had been seized by tribesmen near or upon completion, with little or no show of resolve from the government.

The government's lack of authority and legitimacy – especially in rural governorates – is exacerbated by its inability to provide basic resources to its people. But the government's inability to rein in control of its ungoverned spaces and to allow project managers to address the water crisis compounds its lack of authority.

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1. Robert F. Worth, "Thirsty Plant Dries Out Yemen," *The New York Times*, November 1, 2009, p. A6.

2. "Yemen: New Programme To Tackle Water Crisis," *IRIN News*, February 5, 2009, available online at: www.irinnews.org/Report.aspx?ReportId=82771.

Engage the international community. Numerous international players, including the European Union, the Gulf Cooperation Council (Saudi Arabia in particular), Jordan, and Japan all play key roles in Yemen. Yet international approaches to Yemen tend to be ad hoc and uncoordinated. The United States should make a major effort to build a united and coordinated international coalition that aims

to improve the situation in Yemen. This might start with a new international donor's conference that would include a "contract with Yemen." Such a pact would provide aid in response to tangible steps by the government to address issues of corruption and human rights. A donors' conference in 2006 took place, but to date less than 20 percent of the pledged aid has been delivered. Now, building on

international alarm about Yemen, there may well be more willingness to follow through with pledges. By proceeding with a contract with Yemen, international partners could both generate leverage over the Yemeni government and achieve greater buy-in from donor countries.

Increase financial, counterterrorism, and technical assistance. No amount of foreign assistance will cure Yemen's deeply entrenched economic, social, and political problems. And while projected assistance for this year represents a significant increase over past amounts, in light of the compelling American national interest in avoiding a failed state in Yemen, the United States should devote even greater resources to the effort. Dollars spent on bolstering the Yemeni government's reach and improving its effectiveness now are likely to prevent the imposition of much greater costs for the United States should such preventive measures fail.

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Any increased assistance should target several specific priorities. The United States should increase so-called “Section 1206” counterterrorism assistance that enables the Department of Defense to train and equip foreign military forces. Such funding should focus on further bolstering border security and building the capacity of the Yemeni military, including the Coast Guard, to carry out counterterrorism and anti-piracy operations. The United States should expand counterinsurgency advice to the government of Yemen, which has not conducted the kind of population-centric

counterinsurgency that has demonstrated success elsewhere. USAID programs should focus in particular on improving basic governance, for instance by providing additional technical assistance to the anti-corruption commission.

Use diplomatic leverage. Since the Yemeni government looks to the United States to confirm its political legitimacy on the international stage, the United States should use this diplomatic leverage to influence the Sana’a government’s behavior. At present, the Yemeni government displays insufficient will to combat al-Qaeda elements other than those perceived as a direct threat to regime survival. It also displays deficiencies in governance, human rights, and economic management, resulting in the promotion of widespread disaffection, despair, and extremism. President Saleh enjoyed a relatively close relationship with President Bush, visiting the White House on several occasions. The current U.S. administration has wisely held back on a similar presidential-level meeting until it is clear that the government is prepared to take concrete action on several issues of pressing concern.

Explore mediation. The government’s repeated battles against Houthis in the north – into which Saudi Arabia has now been drawn – distract from security operations that might otherwise be directed at al-Qaeda elements and harden anti-government sentiment among the people of Sa’dah. Sana’a’s lack of governance in this region, combined with the government’s blunt approach to counterinsurgency, make separatist problems worse. An easing of tensions between the government and Houthi separatists would free the government to take more seriously the threat posed by transnational terrorists present on Yemeni soil. It is thus worth exploring whether a political settlement to the conflict is achievable. Toward this end, the United States should explore the possibility of external mediation. While regional governments may face

distrust by one side or the other, the United States should encourage a more disinterested party – such as the European Union or one of its members – to serve as an honest broker. Such an approach should include quiet, but active American participation.

Get the narrative right. The United States should also seek to influence how the Yemeni population views both the United States and the U.S. relationship with the Sana'a government. Getting this narrative right will first require avoiding sins of commission. For example, the United States should seek to make the counterterrorism partnership easier, not harder, by recognizing political realities in Yemen. After the Pentagon publicized a November 2002 drone attack against suspected al-Qaeda members, for example, President Saleh and his government paid a heavy price domestically; this event was in part responsible for undermining the government's subsequent willingness to take on other al-Qaeda elements. U.S. policymakers should publicly stress the broader relationship they seek with that country, one that includes development and improved governance – and not focus exclusively on counterterrorism.

Establish a regional assistance program focused on Yemeni prisons. The United States should press the government of Yemen to treat its prison problem with the deadly seriousness it deserves. Two consecutive U.S. administrations have refused to transfer home the nearly 100 Yemeni prisoners at Guantanamo Bay for fear that insufficient political will and a lack of security would enable those prisoners to return to the fight. Yet the problem of Yemeni prisons goes well beyond the need to transfer Guantanamo detainees; the country's prisons are poorly-secured breeding grounds for jihadist ideology.⁷ The United States should work with the Yemeni government and other countries in the region to improve the penal system. Such a program should draw on the successful application

of principles applied in Saudi Arabia, Singapore, and in U.S.-run detention facilities in Iraq. These programs separate hard-core jihadis from other criminals; harden facilities to prevent attack or escape; improve conditions within the prisons to reduce the intensity of prisoner grievances; and establish a thorough rehabilitation program for terrorist detainees.

CONCLUSION

The United States has a national interest in preventing the further deterioration of conditions inside Yemen. Numerous intelligence assessments point to Yemen and neighboring Somalia as the likeliest destination for al-Qaeda fighters should they be evicted from their current location along the Pakistan-Afghanistan border. In light of ongoing insurgencies, the country's enormous economic, natural resource, and population challenges, and the government's legitimacy problems, Yemen today is on the knife's edge. While the United States cannot possibly solve all Yemen's many problems, American policymakers have the capacity to help move Yemen off that edge. For the sake of American and global security, they should take decisive steps to do so.

Endnotes

1. BP, BP Statistical Review of World Energy 2009, at www.bp.com.
2. Population Reference Bureau, "Demographic Highlights for Yemen" (2008), at www.prb.org.
3. UN Office for the Coordination of Humanitarian Affairs, "Yemen: Unprecedented water rationing in cities" (16 August 2009), at www.irinnews.org.
4. Ellen Knickmeyer, "Yemen Rejects Some U.S. Requests on Extremists," *The Washington Post*, (25 September 2008), at www.washingtonpost.com/wp-dyn/content/article/2008/09/25/AR2008092500705.html.
5. The *CTC Sentinel*, published by the Combating Terrorism Center at West Point, has run several articles on AQAP and the deteriorating situation in Yemen. See Vol. 1, Issues 1, 5, 10 and 12 as well as Vol. 2, Issue 4 at www.ctc.usma.edu/sentinel/.
6. The United States government focuses its counterterrorist efforts in Yemen on al-Qaeda. The Government of Yemen has tended to refer to both al-Qaeda and Houthi insurgents in the north as "terrorists," and to target the latter in the name of weakening the former.
7. See "Prison Break in Yemen: The Risks of Incarcerating Militants in the Middle East" (6 February 2006), at www.stratfor.com.

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Page 4: Children helping a woman fill her containers with water from a community pump in Dobra Khira near Sana'a, Yemen. (IAN STEELE/United Nations)