



Scott Wilcox Middle East

Management & Advisory Services

Yemen Report : 8 - 16 August 2012





Key Judgements

- Defence Ministry is the target of sieges and attacks by Saleh loyalists within the Republican Guards
- 62 officers and soldiers who attacked the Defence Ministry on 14 August will be prosecuted, as President Hadi continues to push Saleh's family out of influence
- U.S Predator drones in action against al-Qaeda, who have lost key players over the last ten days
- Yemen's tax revenues up in first half of 2012, but security problems mean economic outlook has not improved

This report assesses political, security and economic issues that have arisen over the past week. For a detailed record of security incidents occurring in Yemen, subscribers should refer to SWME Online Information System (www.scottwilcox.me/ois).

Political Situation

Rebels to face trial: On 16 August the government announced that 62 officers and soldiers who took part in the 14 August attack on the Defence Ministry will be prosecuted by a military tribunal. The decision was taken by the High Security Committee, headed by President Hadi.

Secessionist leader briefly detained: Ahmed Abdullah al-Hassani, a south Yemen secessionist leader, was arrested and held for a few hours by Yemeni security forces on 15 August after landing at Aden airport. Al-Hassani runs the UK-based Democratic Forum for South Yemen.

U.S re-emphasises support for Yemeni government: On 15 August U.S Counter-terrorism advisor John Brennan praised Yemen's efforts to crush al-Qaeda. Brennan highlighted President Hadi's greater consistency in strategy, which under Saleh had too often been influenced by tribal issues. Brennan was also quick to point out that not all U.S aid to Yemen is for military purposes; USD \$178 million per year is supposedly used for humanitarian aid and development, with USD \$159 million for security.

U.S asks for calm after Defence Ministry violence: On 14 August U.S State Department spokesperson Victoria Nuland urged dissatisfied Saleh-loyalists to remain calm. Nuland spoke in reaction to the bloodshed around the Defence Ministry on the same day. The U.S is hugely concerned that political divisions in Sana'a will allow al-Qaeda to regain to strong ground presence in the country, and from there carry out international terrorism.

UK government pledges support: The UK government on 14 August promised to increase aid to USD \$300 million, and has also indicated approval of President Hadi's plans to remove security influence from former President Saleh's relatives. Discussions were held in Sana'a between Yemeni Chief of Staff Ahmed Ali al-Ashwal and Oliver Robbins, Britain's Deputy National Security Advisor.



Oman and Kuwait pledge support for Yemen: Yemen resumed bilateral relations with Oman on 14 August. President Hadi met with the Sultan of Oman's representative Sayyid Assad bin Tareq al-Said in Mecca during the Extraordinary Islamic Summit. The main topic discussed was Yemen's economic situation. No agreements were finalised. On the sidelines of the summit Hadi also met with the Emir of Kuwait, Sheikh al-Sabah, who pledged increased support for Yemen.

Cabinet re-shuffle likely: A re-shuffle of the Yemeni cabinet is being considered by President Hadi. Muhammed al-Basha, a media officer at the Yemeni embassy in Washington DC, revealed the discussions in a Twitter post on 10 August.

UN supports military re-structuring: On 8 August Jamal Benomar, Special Advisor on Yemen at the UN, praised President Hadi's decrees to re-structure the Yemeni military away from former president Saleh's family. The decrees were announced by President Hadi on 6 August, and include the transfer of elements of the Republican Guards to direct presidential authority.

GCC deal criticised: Prime Minister Basindwa on 8 August implored Yemen's opposition parties to abandon the GCC power sharing deal that allowed President Hadi to take office. The Prime Minister claimed that the deal was stifling the momentum of the government at a critical time, and criticised the international community for supporting it.

Analyst's Comment: President Hadi may be considering following Egypt's example by sacking the military top brass in order to establish his political authority. However, whilst Egypt's military has thus far been generally content to submit to central political developments over the course of the revolution, Yemen's Republican Guards have not. Further clashes in the capital are therefore very likely over the coming weeks, and there will likely be attempts to attack the military tribunal convened to prosecute the 62 arrested Guards.

President Hadi's international diplomatic efforts may save his position, as with European and Saudi Arabian money, and U.S military support, he may be able to hold off al-Qaeda in the Arabian Peninsula (AQAP) and its affiliates long enough to secure his political position.

Security Situation

Guard killed at Abyan checkpoint: On 15 August a checkpoint near Jaar in Abyan province manned by the Popular Resistance Committees was attacked by an al-Qaeda gunman. One guard was killed.

Soldiers killed on patrol in Abyan: On 15 August two Yemeni soldiers were killed by a roadside bomb. The soldiers had been on patrol in a vehicle in the town of Shaqra in Abyan province, the site of al-Qaeda's main ground campaign. Small-arms fire reportedly followed the explosion.

Al-Qaeda prisoner killed: An al-Qaeda prisoner in the town of Jaar was killed by government guards in an escape attempt on 11 August.



Saleh loyalists attack Defence Ministry: On 14 August approximately 200 soldiers of the Republican Guards fought with government troops near the Defence Ministry. The Guards were protesting President Hadi's efforts to strip former President Saleh's son, Ahmed Saleh, of his command of the Guards. Armoured vehicles and tanks were deployed by the government. Two civilians, two Defence Ministry guards, and one Republican Guardsman were killed.

Saudi diplomat released: On 11 August the Saudi diplomat kidnapped by al-Qaeda linked tribesmen was released unharmed. Tribal mediators negotiated with Saudi officials, and the kidnappers allegedly made last minute demands for a larger ransom. It is unknown whether the kidnapper's demands were met, although an Interior Ministry spokesman denied the occurrence of any compromise.

Saleh loyalists briefly surround Defence Ministry: Members of the Republican Guards loyal to former president Saleh blockaded the Defence Ministry in Sana'a on the afternoon of 10 August. The soldiers were protesting President Hadi's efforts to relieve Ahmed Saleh from his command of the Guards. The government had received a tip-off on the protest, and was able to secure the building with armoured vehicles and tanks. After much tension, including threats from government forces to open fire, the demonstration ended peacefully.

Senior security official assassinated: On 10 August a bomb killed Brigadier Omar Barasheed, a dean at the Command and General Staff College in the south-eastern city of Mukalla. Barasheed's bodyguard was also killed, and his son was injured. Al-Qaeda militants are the prime suspects.

Drones kill al-Qaeda bomb-maker and others: U.S Predator drones killed 7 suspected members of al-Qaeda on 10 August in Radda in southern Yemen. Abdullah Awad al-Masri, an expert bomb-maker, was allegedly amongst the dead. In a separate attack in the Zoukaika area of Hadramat governorate three militants were killed by another U.S drone.

Four insurgents arrested in Aden: On 9 August four members of al-Qaeda were arrested in Aden. The men were allegedly carrying rocket propelled grenades and other explosives.

Al-Qaeda insurgent killed by tribesman: On 9 August tribal militiamen in Jaar, members of the Popular Resistance Committees, killed an al-Qaeda insurgent and captured another. The two men had earlier been involved in an attempt to assassinate local pro-government tribal leader Abdul Latif al-Sayyed.

Al-Qaeda attack foiled, cache seized: A plan by al-Qaeda to attack government targets in Sana'a was foiled by security forces on 8 August. 40 explosive belts were seized in Qadasiyya district.

Seven insurgents arrested in Jaar: Seven suspected al-Qaeda insurgents were arrested on 8 August by security forces in Jaar. Amongst them was Abu Musab, described by an army official as 'a leading financier of al-Qaeda in Abyan province.' Computers and other documents were seized along with the men, but their intelligence value is unknown.



Analyst's Comment: As indicated above, AQAP ground forces are currently being held off in Abyan province by U.S and government forces. The group is instead resorting to the individual targeting of pro-government tribal leaders, and suicide attacks in Sana'a in the hope of deepening the dissatisfaction felt by Saleh-loyalists with President Hadi's strategy. The longer the disagreements in Sana'a endure, the more opportunity AQAP will have to regroup and attack. Regarding these political divisions, there is a high on-going risk of clashes over Hadi's military re-structuring, as well as frustration over the lack of pay for soldiers. Clients are advised to avoid the affected areas, and minimise travel around the capital, particularly in areas near to buildings associated with the government and security forces.

Economic Situation

Aden ready for jet fuel exports: An Aden refinery spokesperson announced on 13 August that the refinery is ready to recommence jet fuel exports after a nine month break due to sabotage by tribesmen. Thirty thousand tons of jet fuel will be made available for delivery 23-25 August.

Reliance Industries reduces Yemeni investment: On 10 August Reliance Industries sold a 25% stake in a Yemeni oilfield to Indonesian firm Medco Energi for approximately USD \$90 million. Reliance now has only two oil assets in Yemen after a similar sale to Medco last month. Reliance is now left with investments in block 34 and 37 in eastern Yemen.

Yemeni tax revenue increases in first half of 2012: According to SABA, Yemen's state-owned news agency, Yemen's tax revenue increased by twenty-five per cent between the last half of 2011 to the first half of 2012. In the latter period tax revenues totalled USD\$1 billion, and are likely partly the result of the re-opening of the Aden refinery.

Analyst's Comment: Despite various pieces of good news over the past fortnight regarding the Aden refinery, taxes and international aid, Yemen's economic outlook remains poor. Security factors will prevent reconstruction of international investment from picking up, and may also cause already-present investors to leave the country (although it should be mentioned that Reliance Industries' exit is due to a company re-structuring towards production over exploration).

In the coming weeks, economic reform will also necessarily be delayed by political divisions in Sana'a. No major positive economic developments, beyond those conferred by international aid, should therefore be expected for the time being. There is also a real risk of Yemen's traditional patronage networks disintegrating due to central economic weakness.

Travel Advice

- Government, security and oil installations in cities should be avoided due to threat of attack
- Sana'a city centre should particularly be avoided for the foreseeable future, as further clashes between Republican Guards and the government are expected. Military tribunal sites are likely places of attack



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- All travel outside the capital will require a travel permit obtained from the tourist police.
- Travel by air is considered the safest method of getting around the country.
- Direct flights to some developed countries can be difficult to obtain; several have been suspended due to the risk of terrorist attack by groups based in Yemen. Flights to and from the UAE, Egypt, Turkey and several Middle Eastern and European capitals continue.
- The country's road network is poorly developed, particularly in the south of the country.
- Security conditions are poor, with a risk of militancy and kidnap in many parts of the country.
- Traffic laws are rarely enforced and vehicles are also often in poor repair. 4x4 vehicles are essential for travel beyond city centres.
- Prolific consumption of the narcotic 'qat' means driving practises can be erratic.
- Travel outside of government-controlled areas is inadvisable without approval from the Interior Ministry. Travellers heading beyond such areas will be escorted by Ministry of the Interior guards at a charge of around US\$50-US\$70 per person per working day.
- Note that tourists, especially non-Arabs, are not allowed to use public transport on roads linking the east and west of Yemen.





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