Introduction

Thank you Chairman Kerry, Senator Lugar and member of the Foreign Relations Committee for inviting me here to speak to you today. I appreciate the attention this committee and Congress as a whole is paying to Yemen and the multitude of challenges that country is currently facing.

Yemen is teetering on the brink of disaster but its problems, while extensive, are neither new nor unknown. They are, however, overwhelming. The numerous different crises are nearly debilitating in their totality.

There are, simply put, too many problems of too severe a nature to deal with independently of one another or on a crisis-to-crisis basis. Instead Yemen and its challenges have to be understood and dealt with as a whole.

In order to fully understand the realities of political life in Yemen one has to realize that the Yemeni state is beset by three distinct layers of conflict, only one of which is visible to outside observers, and that these three layers will increasingly plague the country in the coming years. All of these layers, while distinct, are exacerbating one another in ways that are not wholly knowable or predictable at this time.

At the top is the struggle for power among the elite, which will take place out of sight, behind closed doors. In the middle is the trio of security challenges – al-Qaeda, the Huthi rebellion and the threat of southern secession – which the state is currently
combating. Underlying both of these is the bedrock layer of what might be called structural challenges. This encompasses things like Yemen’s rapidly dwindling oil reserves and its nearly depleted water table as well as chronic unemployment, poverty, an explosive birth rate, rampant corruption, low literacy rates, and an antiquated infrastructure.

Yemen’s many problems defy easy or quick solutions and there is a limit both to the influence and the impact that the US, its allies and regional partners can have on the country’s future. Certainly action must be taken, but this action must be both considered and cautious. Yemen’s problems did not arise overnight and they will not be solved in a day. The odds are quite long against the type of success that will transform Yemen in a stable, durable and fully democratic state, but the costs of inaction or failure will be exceedingly high.

I. Elite Rivalry

In a country where his two immediate predecessors were assassinated within a year of each other, President Ali Abdullah Salih has survived 31 years in power by maintaining a great deal of political dexterity and by surrounding himself with relatives, childhood friends and close confidantes. The military and intelligence command structures resemble a Sanhan family tree. Both the style and the structure of his rule are now beginning to fracture.

Yemen’s economic straits means that he has less money to maintain his own patronage network as well as to play different factions off against one another as a way of keeping potential opposition groups perpetually dependent. Within his own Sanhan tribe the once strong bonds of loyalty are starting to show signs of strain.
His oldest son and a quartet of nephews appear to be preparing for a post-Salih scramble for power, while another member of Sanhan, Ali Muhsin al-Ahmar, remains the most powerful military commander in the country in charge of the 1st Armored Division. The downside of doling out military and intelligence commands to relatives is that there is a tendency for them to use their troops as personal instruments. Salih’s efforts to tilt the game in favor of his son by forcibly retiring well-placed allies of al-Ahmar have created a great deal of animosity and anger within the ranks.

Nor is the struggle just within the family. President Ali Abdullah Salih and other members of his family, which is often referred to as bayt al-Ahmar, after the name of his village, are all Zaydis. None, however, identify primarily as Zaydis, and indeed if they accepted all the teachings of traditional Zaydism they would be unacceptable as rulers.

Another traditionally powerful family of 10 brothers – also known as bayt al-Ahmar – is also looking to turn its tribal and business muscle into political power. This family, which is unrelated to the president’s family, is also Zaydi. Shaykh Abdullah al-Ahmar headed this family until his death from cancer in December 2007. He was also the paramount shaykh of the Hashid tribal confederation, speaker of parliament and head of the Islah party. His sons have had difficulty inheriting the full mantle of his leadership, and no one person has been able to consolidate the same amount of power that Shaykh Abdullah was able to command. His eldest son, Sadiq, was elected to succeed him as Shaykh ma-shaykh (paramount Shaykh) of Hashid, while a younger son, Hamid, is the most politically astute and active of his ten sons. This family, however, derives much of its power and prestige from its position within Hashid. It is also a favorite family of Saudi Arabia, who is quite active in supporting it financially. The members of this
family self-identify more as tribesman from Hashid than they do as Zaydis, although it is impossible to be the former without also being the latter. Yemenis often speak of the contest for power between the two families, in a bit of Arabic pun, as a dispute between the two Bayt al-Ahmars.

Shaykh ‘Abdullah al-Ahmar and President Salih were never rivals in the traditional political sense that they were competing for the same constituency or even had the same political goals. Salih’s Sanhan tribe is part of the Hashid confederation of which al-Ahmar was the shaykh ma-shaykh, while Salih is president of the republic of which al-Ahmar was a citizen. The two were bound to and dependent on each other in so many various ways that outright rivalry was precluded. Salih always supported al-Ahmar’s candidacy for speaker of parliament even when his own party put forth a candidate, while al-Ahmar reciprocated by publicly backing Salih’s presidential bids regardless of whether or not Islah put forth a candidate.

Even their names seem designed to confuse outsiders as to their complicated relationship. President Salih came from the village of Bayt al-Ahmar, and many of his prominent relatives and comrades – Ali Muhsin, Muhammad Abdullah and Ali Salih – continued to use al-Ahmar as a surname. For those with little experience in the country the result was an obscure jumble of similar names. Untangling the threads of which al-Ahmar belonged to which family was a task few had patience for.

This delicate balance of power has not been maintained in the wake of al-Ahmar’s death, and now the rivalry between the two Bayt al-Ahmars is an open source of conflict in the country. The president has, for the moment, successfully co-opted the two youngest brothers into his security detail, but maintaining such an advantage will be
increasingly difficult. In the midst of all this familial bickering the country continues to dissolve into semi-autonomous regions and various rebellions.

It would be a mistake to judge the political scene on either electoral results or political affiliation. Neither is an accurate barometer of the political reality. The personalized networks of patronage are a much more accurate means of deciphering political loyalty. Generally speaking, western observers tend to ascribe more importance to political parties than they actually warrant. Instead, it is best to think in terms of power blocs and patronage networks.

II. Security Challenges

A. Al-Qaeda

I will begin with a word of caution: We are long past the point in Yemen of a magic missile solution to the al-Qaeda problem. Al-Qaeda is now too strong and too entrenched to be destroyed like it was in 2002, when the US assassinated Abu ‘Ali al-Harthi. Lapsed vigilance by both the US and Yemeni government allowed al-Qaeda to reorganize and rebuild itself; to essentially resurrect itself up from the ashes of its initial defeat.

Al-Qaeda in Yemen is now stronger than it has ever been in the past and whether it realizes it or not the US is in a propaganda war in Yemen with al-Qaeda and it is losing and losing badly. Al-Qaeda’s narrative – with the notable exception of suicide attacks within the country – is broadly popular in Yemen. It has put itself on the right side of nearly every issue.

At the same time US policy towards Yemen has been a dangerous mixture of ignorance and arrogance. Its continued insistence on seeing the country only through the
prism of counterterrorism has induced exactly the type of results it is hoping to avoid. By focusing on al Qaeda to the exclusion of nearly every other threat and by linking most of its aid to this single issue, the United States has ensured that it will always exist.¹

The First Phase: 2001 - 2003

Al-Qaeda has regrouped and reorganized itself in Yemen. This is not the result of US successes elsewhere, but rather the result of US and Yemeni failures in Yemen.

There have been two distinct phases of the war against al-Qaeda in Yemen. The first of which ran from October 2000 – November 2003, while the second and current phase of the war began in February 2006 with the prison break of 23 al-Qaeda suspects. In between these two phases there was an interlude of a little over two years in which it appeared as though al-Qaeda had largely been defeated in Yemen.

But instead of securing the win, both the US and Yemeni governments treated the victory as absolute, failing to realize that a defeated enemy is not a vanquished one. In effect, al-Qaeda was crossed off both countries’ list of priorities and replaced by other, seemingly more pressing concerns. While the threat from al-Qaeda was not necessarily forgotten in 2004 and 2005 it was mostly ignored. This lapse of vigilance by both the US and Yemen, I believe, is largely responsible for the relative ease that one of Osama bin Laden’s former secretaries had in rebuilding al-Qaeda in Yemen in the wake of his escape from prison.

The roots of al-Qaeda’s involvement in Yemen pre-date by nearly a decade the September 11 attacks, but it was only those attacks and the implicit threat of US retaliation that finally compelled the Yemeni government to take the fight to al-Qaeda

operatives in the country. Yemen’s initial support for many returning Afghan Arabs, and the refuge it provided them when they were banned from returning to their home countries, eventually took its toll on the country when the USS Cole was attacked in October 2000. The attack killed 17 US sailors, and caused insurance rates for the port of Aden to skyrocket, resulting in a diplomatic and economic crisis for the Yemeni government.

Following the attack on the USS Cole in 2000 and particularly after the September 11 attacks in 2001 Yemen went out of its way to demonstrate its support for the war against al-Qaeda. For President Salih and others in the Yemeni government there was a distinct desire to avoid making the same mistakes it made in 1990 when it served on the UN Security Council. Yemen paid a heavy price – both politically and economically – for its failure to support the US against Iraq in the build-up to the first Gulf War.

Motivated by fear and worried that if it did not take serious and significant steps someone else would, the Yemeni government began arresting anyone it suspected of harboring sympathies for al-Qaeda. Men who had spent time in Afghanistan, particularly those that returned to Yemen in the weeks surrounding the attacks were obvious targets, but the dragnet quickly expanded to include young men deemed to be security threats in governorates across the country. Within months Yemen’s jails were full of hundreds of suspects many of whom the government had little if any evidence against. These men were tossed in security prisons with other more experienced fighters who did much to radicalize their younger more impressionable fellow inmates in the shared cells. This
problem was largely overlooked at the time – what mattered was the moment and preventing any more immediate attacks – but this short-term solution would be one that would come back to haunt both Yemen and the US throughout multiple phases of the war against al-Qaeda.

For the Yemeni government that was the strategy: corral as many people as it could in the hopes that the US would not attack. It was simple, brutal and not at all sustainable, but at least in the short term it did exactly what it was designed to: prevent an American attack. In retrospect it seems clear that the US was never going to strike Yemen, but in those early days no one knew what a wounded and enraged US was going to do.

The problem for the US in Yemen is how to separate the al-Qaeda members out from those who only love jihad and work for the establishment of Shari’a law. Because if the US expands the war to include both – and it is incredibly easy to do so, the extension makes sense even – then it will end up fighting most of the country. It is a dilemma that in the early days of the war was never understood and now, when it is understood, never solved.

The overreaction of governments like Yemen, largely as a result of US pressure, arresting nearly everyone it could link to al-Qaeda, with or without evidence, did not reduce radicalization but had the opposite effect. Young men left Yemen’s security prisons more radical than when they were initially incarcerated. Many of these men were prepared for recruitment by their time in prison. The groundwork in numerous cases was not done not by al-Qaeda but rather by the government, which made these men tempting targets when they were eventually released.
During a November 2001 visit to Washington, President Salih made sure that the US knew what side his country was on. Yemen followed Salih’s words with actions, arresting anyone it suspected of harboring sympathy for al-Qaeda. It also worked closely with US intelligence services, coordinating the November 2002 strike on al-Qaeda’s head in Yemen, Abu Ali al-Harithi, which was conducted by an unmanned CIA drone.

But this attack was the high-water mark of US-Yemeni cooperation, as a Pentagon leak, destroyed the cover story on which both countries had agreed. The US, it seems need a victory in the war on terror, and the assassination of an al-Qaeda leader was too good to pass up. Yemen, quite rightly, felt as though it had been sold out to domestic political concerns. Salih paid a high price domestically for allowing the US to carry out an attack in Yemen, and it took more than a year for the government to publicly admit that it had authorized Washington to act.

The US was still paying the price for hubris a year later, in November 2003, when Yemen captured Muhammad Hamdi al-Ahdal, al-Harithi’s replacement. Instead of being granted direct access to the prisoner, US officials were forced to work through intermediaries. With the group’s leadership dead or in jail, its infrastructure largely destroyed and the militants still at-large more attracted to the fighting in Iraq than a dying jihad at home, al-Qaeda looked to be largely defeated.

It is probably misleading to talk about al-Qaeda in Yemen from 2001-2003 as if it was a coherent organization. Certainly there were al-Qaeda members in the country and these men had both motivation and weapons but they lacked the infrastructure and leadership to compose the type of fully formed strategy that their colleagues in Saudi Arabia were developing at the same time. In Yemen, al-Qaeda is more accurately
described as individuals and groups of individuals, who began reacting against
government pressure. The Yemeni government initiated the fight and al-Qaeda was
largely unprepared to carry out the type of campaign that it would need to in order to be
successful in Yemen. Its members had to readjust to Yemen’s changing environment and
organize on the run. The threat they posed at the time was limited; they were able to plan
and launch attacks, but these tended to be narrow in scope and scale and impossible to
build upon given the lack of any organizational direction. Instead of a sustained
campaign of attacks that targeted government and western interests throughout the
country, al-Qaeda operatives were only able to carry out a series of one-off attacks that
seemed more worrying than they actually were.

For Yemen, al-Qaeda and Islamic militancy has always been a largely western
problem that affects the country the indirectly, but is nowhere near as pressing as the
uprising in the north or threats of secession from the south. The latter are security issues
that directly threaten the survival of the regime – existential threats – while al-Qaeda, at
least in Yemen’s calculus, does not.

Throughout 2004, both Yemen and the US slowly began to act as if the threat
from al-Qaeda had been neutralized. Yemen became increasingly more occupied in
turning its limited resources towards putting down the Huthi revolt in and around the
northern governorate of Sa‘dah and implementing bitter economic reforms that led to
riots and widespread dissatisfaction. On the US side, there was a lack of clear policy
goals. The US lost interest in the country, as illustrated by aid to Yemen in 2004-2007,
and what little attention the US was paying to the country was directed towards things
such as anti-corruption reforms and encouraging the country to take steps towards
becoming a fully-formed democratic republic as part of the Bush administration’s attempt to re-make the Middle East.

During a November 2005 trip to the US, Salih was told that the Yemeni government was being suspended from a US aid program. The suspension shocked Salih, who was under the impression that he was going to be rewarded for Yemen’s help in the war against al-Qaeda. Instead he was stung by the loss of $20 million in aid. The following day, his anger was compounded, when the World Bank told him that it was cutting aid from $420 to $280 million. Both cuts were attributed to rampant corruption within the Yemeni government.

**The Second Phase: 2006 - Present**

Mistakes of policy and vigilance could be concealed when al-Qaeda was largely dormant in the country. But that dynamic changed with the February 2006 prison break, when 23 al-Qaeda suspects tunneled out of their two-room prison cell into a neighboring mosque where they performed the dawn prayers before walking out the front door to freedom.

Among the escapees, were Jamal al-Badawi and Jabir al-Banna both of whom are on US most-wanted lists. Consequently, the US put a great deal of pressure of Yemen to track both men down. But, as is often the case, it was not the people the US was worried most about that caused the biggest problems, rather it was those it knew too little about that proved to be the most dangerous.

Instead, of al-Badawi and al-Banna it would be Nasir al-Wahayshi and Qasim al-Raymi that subsequently proved to be problematic. Seven of the original 23 escapees
have been killed (including one by US shelling in Somalia), while the rest have either been recaptured or surrendered – although there are some conflicting reports.²

Nasir al-Wahayshi, the current head of al-Qaeda in Yemen, is a 34-year-old Yemeni from the southern government of Abyan. He spent time in one of Yemen’s religious institutes before traveling to Afghanistan in the late 1990s, where he eventually became one of Osama bin Laden’s assistants. He fought at the battle of Tora Bora before escaping over the border into Iran, where he was eventually arrested and extradited to Yemen in November 2003. His presence along with that of his deputy, Qasim al-Raymi, as the commanders of al-Qaeda illustrate what I think is one of the more worrying factors about the current version of al-Qaeda in Yemen – namely, how representative it is.

Al-Qaeda is the most representative organization in Yemen. It transcends class, tribe and regional identity in a way that no other organization or political party does. Nasir al-Wahayshi and others within the organization have proven particularly talented at creating a narrative of events that is designed to appeal to a local audience. Something both the US and Yemen have been incapable of doing. In a sense, both have ceded the field of debate and discussion to al-Qaeda.

Since its reorganization following a February 2006 prison break al-Qaeda in Yemen has went through three phases.

2. Relevancy in Yemen: 2008 campaign in Yemen
3. Regional Franchise: 2009

In each phase, al-Qaeda has publicly articulated its goals and then worked to square its actions with its rhetoric.

2006-2007

Rebuilding the organization in Yemen after years of setbacks and neglect was not easy. The first attack, a dual suicide attack on oil and gas facilities in Marib and Hadramawt on the eve of the 2006 presidential election did little damage. The mastermind of the attack, Fawaz al-Rabi‘i, was killed less than a month later in a shootout with Yemeni security forces. In many ways, al-Rabi‘i’s death paved the way for one of his fellow escapees, Nasir al-Wahayshi, to assume control of the organization in Yemen.

Al-Wahayshi, who had served as a secretary to Osama bin Laden in Afghanistan, utilized his personal connections to this earlier generation of al-Qaeda leaders to build a following after his escape from prison. In late June 2007, Qasim al-Raymi posted an audiotape to Islamists forums and jihadi chatrooms stating that Nasir al-Wahayshi had been selected as the new amir, or commander, of al-Qaeda in Yemen. The message also served as a warning to the older generation of al-Qaeda militants in Yemen, who had come to a tacit non-aggression pact with the government. 3

This agreement, the message stated, was tantamount to a “treasonous alliance with tyrants.” The Yemeni government had managed to convince the militants not that their beliefs are incorrect, but rather that they were hurting their own cause and base of operations by acting violently within the borders of the state. 4 Days later a second message was released, this time aimed at the Yemeni government, demanding, among other things, the release of al-Qaeda members in Yemeni prisons. The message also pledged revenge against those responsible for the assassination of al-Harithi in 2002.

Already, in March 2007, al-Qaeda had assassinated Ali Mahmud al-Qasaylah, the Chief Criminal Investigator in Marib, for his alleged role in the assassination.\(^5\)

Less than two weeks after al-Raymi’s first message, on July 2, al-Qaeda struck again. This time a suicide bomber attacked a tourist convoy in Marib, killing 8 Spanish tourists and two Yemeni drivers. One month later, on August 4, Yemeni special forces launched an early morning raid on an al-Qaeda safe house in the Marib and al-Jawf border region, killing four al-Qaeda militants, including one suicide bomber in training. The other three men had been implicated in both the assassination of al-Qasaylah and the attack on the Spanish tourists.\(^6\) Publicly al-Qaeda reacted to the strike with silence, but privately it was working under al-Wahayshi’s leadership to rebuild and plan for the future.

**2008**

In January 2008, it released the first issue of *Sada al-Malahim* (The Echo of Battles), its bi-monthly on-line journal. Once again, the public release was followed within days by another attack, this time on group of Belgian tourists in Hadramawt, which left two of them dead along with two Yemeni drivers.\(^7\) Little more than a month later, on February 24, a previously unknown group calling itself The al-Qaeda Organization of Jihad in the Arabian Peninsula: The Soldiers’ Brigades of Yemen released a one-page statement on *al-Ikhlās*, a prominent password-protected jihadi forum,

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taking credit for the attack on the Belgian tourists as well as the assassination of Qasaylah and the suicide attack on the Spanish tourists.\(^8\)

Initially, some intelligence officers in Yemen thought the group was a fiction that existed only on the internet to steal credit from al-Wahayshi's group. Other western analysts hypothesized that the Soldiers Brigades of Yemen had split from al-Wahayshi's group over strategic differences.\(^9\) Both were wrong.

Over the course of the spring and summer of 2008 it emerged that the Soldiers' Brigades of Yemen were merely a semi-autonomous group of cells with some operational independence under the direct control of Hamza al-Qu'ayti, while still maintaining its allegiance to al-Wahayshi.\(^10\)

In March 2008, al-Qaeda in Yemen released the second issue of *Sada al-Malahim*. This issue, like the previous one, included a number of articles and interviews, but it also announced that the organization was changing its name from al-Qaeda in Yemen to the al-Qaeda Organization of Jihad in the South of the Arabian Peninsula.

A statement of responsibility posted to al-Ikhlas followed all of the attacks during the 2008 campaign, many of which were minor. On 23 July 2008, the Soldiers Brigades of Yemen posted an audiotape to *al-Ikhlas* threatening more attacks if al-Qaeda prisoners in Yemen’s al-Mansurah prison in Aden were not released. The speaker on the tape identified himself as Hamza al-Qu’ayti. Two days later, he made good on his threat when a suicide bomber attacked a military compound in Sa'yyun. Yemen responded

\(^8\) Ibid; see also: The Soldiers Brigades of Yemen, “Statement 1” [www.al-ekhlaas.net](http://www.al-ekhlaas.net), February 24, 2008. Al-Ikhlas, of course, was hacked on September 10, 2007 and its archives are now unavailable. I do, however, have hard copies of all 13 of the Soldiers Brigades of Yemen’s statements.

\(^9\) This theory of the split has been most forcefully expressed by Nicole Strake of the Gulf Research Center. See, for example, Nicole Strake, “Al-Qaeda in Yemen Divided but Dangerous,” *The Peninsula*, June 2008.

weeks later when, acting on a tip from a local resident, it surrounded a suspected al-Qaeda safe house in Tarim. The ensuing shootout resulted in the deaths of five al-Qaeda members, including al-Qu'ayti, and the arrest of two others. The raid was widely seen as a much needed victory for Yemen. It claimed that with al-Qu'ayti's death it had killed the mastermind of the attacks that had been plaguing Yemen since the February 2006 prison break. To some degree, both the US and the UK bought this story, as both relaxed travel restrictions to the country. Unfortunately, all three governments overlooked the localized nature of al-Qu'ayti's cell, which should have suggested a diffusion of strength for al-Qaeda in Yemen. Five members of the cell were from al-Mukalla, while the other two came from the neighboring towns of Shabwa and al-Qatin.

Al-Qaeda responded on September 17, which corresponded to Ramadan 17 the anniversary of the Battle of Badr, with an attack on the US Embassy in San’a, killing at least 19 people including the seven attackers. Following the attacks, issues five and six of Sada al-Malahim were released. Both issues, but particularly issue six, show a strong Saudi influence and a marked increase in the quality of the religious scholarship in the journal. In my view, al-Qaeda in Yemen was the beneficiary of an influx of Saudi talent. In issue six it also began soliciting questions from its readership to which it said it would respond with fatawa (religious opinions) from its Shariah Committee. (Despite issuing some fatawa, it has since discontinued this practice.) This is a major mile marker along the organization’s road to maturity. The journal also began to show itself adept at

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11 The two issues appear to have been released together due to the loss of al-Ikhlas as a forum. When al-Ikhlas went down on September 10, there was already a banner ad teasing the upcoming release of issue five of Sada al-Malahim. Following the loss of al-Ikhlas it took al-Qaeda in Yemen another couple of months to regroup before it was able to publish both issue five and six on al-Faloja.net, with a short note apologizing for “technical difficulties.”
tapping into domestic Yemeni concerns, and using these to enhance its reputation as a truly representative movement with members from all regions and segments of society.

2009

In January 2009, the group announced that the Yemeni and Saudi branches of al-Qaeda were merging to form a single, unified organization to be known as AQAP. This merger, which effectively transformed al-Qaeda from a local chapter to a regional franchise, indicated the organization’s desire for regional reach.

In many ways this new regional organization, which goes by the name al-Qaeda in the Arabian Peninsula, was indicative of al-Wahayshi’s growing ambition. Throughout the first couple of years of his leadership - 2007 and 2008 – he worked hard to create a durable organizational infrastructure that could survive the loss of key commanders, which is why even though someone like Hamza al-Qu’ayti was killed in August 2008, al-Qaeda was still able to launch an attack on the US Embassy only a month later.

The Christmas day attempt was the logical extension of AQAP’s ambitions to date, but one that few believed the group to be capable of at the time. AQAP and its predecessor, al-Qaeda in Yemen, have quickly moved through the stages of development in their bid to be capable of such an attack. The attempt also illustrates the extent to which Nasir al-Wahayshi, the current amir of AQAP, has modeled not only his own leadership style on that of Osama bin Laden, his former boss, but also fashioned his organization’s goals on the template constructed by bin Laden in Afghanistan.

Throughout 2009, AQAP carried out a number of attacks that illustrated the group’s growing ambition and capabilities. In March, it dispatched a suicide bomber who
killed South Korean tourists in Hadramawt. Days later it struck again, attacking a convoy of South Korean officials sent to investigate the attack. Later that summer, in August, the group launched one of its most ingenious attacks, an attempted assassination of Saudi Arabia’s counterterrorism chief and deputy minister of the interior, Muhammad bin Nayif. The bomber, Abdullah Asiri, reportedly hid PETN explosives in his rectum as a way to avoid detection. That attack, of course, was eerily echoed by Abdumutallab’s attempt on Christmas Day.¹²

AQAP learned from this initial failure with PETN. Many analysts believe that the reason Asiri’s attempt was unsuccessful was that his body absorbed the majority of the blast – something the gruesome pictures of the bomb’s aftermath also illustrate – which is why Abdumutalab hid the explosives in his underwear instead of inside his body.

Saudi Arabia dodged another major strike in October 2009, when a roving police checkpoint stumbled across an al-Qaeda cell. The three al-Qaeda members had already made their way across the border into Saudi Arabia from Yemen when their Chevy Suburban was stopped at a checkpoint. One was driving and the other two were disguised as women in the back seat. The Saudi police unit had a female officer accompanying them and when she approached the car to inspect the women’s identity the two individuals in the backseat – Ra’id al-Harbi and Yusif al-Shihri, a former Guantanamo Bay detainee and the brother-in-law of Said al-Shihri, AQAP’s deputy commander – opened fire. Both men were killed in the fighting while the driver was

arrested and interrogated. His confessions led Saudi authorities to a number of other al-Qaeda operatives in the country.

In the shadowy world of intelligence analysis too much often has to be pieced together from too little evidence, but the above account appears to be confirmed by the release of al-Harbi and al-Shihri’s wills by AQAP in December 2009. The wills, which were recorded before the pair traveled to Saudi Arabia, appear to indicate that the pair was on a suicide mission.

Shortly after the wills were released on-line, the US and Yemen coordinate a trio of strikes against al-Qaeda targets in Yemen. It is still unclear what role the US played in the strikes but, according to the *New York Times*, it was intimately involved in the operations. One target was reportedly an al-Qaeda training camp in the southern governorate of Abyan, although others have disputed that characterization. That raid, which likely involved US firepower, killed a number of individuals, including al-Qaeda suspects as well as a number of women and children. The casualty numbers vary widely depending on the source, but Deputy Prime Minister for Defense and Security Affairs, Rashid al-Alimi told members of parliament on December 23 that an investigation was being conducted into the deaths of civilians.

It is debatable whether the civilian casualties could have been justified if the US and Yemeni governments had killed al-Raymi - I would still argue they wouldn't and that it is a self-defeating strategy that expands rather than limits the al-Qaeda threat in Yemen, but I do concede there is a debate here - but I don't think the casualties can be justified if al-Raymi escaped. There are already a slew of pictures of dead children, mangled infants

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and corpses on jihadi forums. This is not something the Obama Administration wants to see underlined with a "Made in the USA" caption.

Yemeni forces also conducted raids on two other al-Qaeda hideouts in and around San’a on December 17. In San’a, they arrested 14 individuals they accused of providing material assistance to al-Qaeda. Northeast of the capital in the Arhab tribal region, Yemeni counterterrorism forces raided a suspected al-Qaeda safe house. The raid resulted in the deaths of three al-Qaeda suspects, including a former Guantanamo Bay detainee, Hani al-Sha’lan.14 But the target of the raid, Qasim al-Raymi, escaped the government’s siege along with a fellow al-Qaeda suspect Hizam Mujali.

Days later, on December 21, an al-Qaeda member later identified as Muhammad Salih al-‘Awlaqi returned to the scene of the strike in Abyan and gave a short, impromptu speech to a rally protesting the attack that al-Jazeera caught on video.

Fighter planes, apparently acting on US intelligence, tracked al-‘Awlaqi back to his tribal region in Shabwa and attacked a position where he was believe to be hiding on December 22. The initial bombing raid was unsuccessful, but two days later another strike on the same position succeeded in killing al-‘Awlaqi as well as a handful of other al-Qaeda suspects. Subsequent rumors that the target of the attack was a leadership meeting between Nasir al-Wahayshi, Said Ali al-Shihri and Anwar al-‘Awlaqi appear to be unfounded and none of the three are believed to be dead.

The next day, of course, Umar Faruq Abdumutallab attempted to bring down a plane over Detroit. The subsequent statement released by AQAP on December 28 claimed that the attempt was in retaliation for the week of strikes, which it claimed were

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the carried out by US with Cruise missiles, but the chronology of Abdumutallab’s travel make this more propaganda than fact.

There is still much that is not known about Abdumutallab’s time in Yemen. Not only where he went and who he spent time with but also whether he was a sort of trial balloon for AQAP or just the first of several bombers. For AQAP this was a relatively low-cost and low-risk operation. It did not send one of its own members, but rather someone who sought the group out and who was, from an organizational perspective, dispensable. One thing that may help shed some light on this subject is whether or not Abdumutallab recorded a will that he left with AQAP leaders in Yemen. But even if he did it is doubtful that the organization would release it given his failed attempt.

AQAP has always welcomed attacks on US interests anywhere in the world, but this was the first time the organization attempted to carry out an attack outside of the Arabian Peninsula. Even in the statement put out by AQAP claiming credit for the failed attack it focused on “expelling the infidels from the Arabian Peninsula,” the group’s stated raison d’etre. Although it did raise the rhetoric slightly, calling for “total war on all Crusaders in the peninsula.”

What this means for the future of the group is still far from clear. But one worry is that the reaction that the US has had to the unsuccessful attack may induce AQAP to devote more time and resources to similar attempts in the future. This, however, is largely dependent on the group’s resources. Certainly there are talented and innovative individuals working within the organization in Yemen and these tend to attract motivated students and recruits. This should be a cause for concern.
The only thing that is known with any degree of certainty at this date is that the attempted Christmas demonstrates that AQAP’s imagination matches its ambitions. Yemen responded by carrying out a strike on January 15, 2010 on two vehicles, which were believed to be carrying eight al-Qaeda suspects, including Qasim al-Raymi. Initially, the Yemeni government reported that it had killed six of the militants, including al-Raymi, but a statement put out by AQAP on January 17 said that none of its members were killed although some had been wounded. AQAP version was corroborated by local press reports that claimed the AQAP fighters held a “Thanksgiving” dinner in Marib to celebrate escaping the strike.15

The AQAP statement from January 17, in addition to warning people not to trust the Yemeni government, also hinted at a major strike to come. This warning has also been expressed by ‘Abdillah Haydar Shay’a, a Yemeni journalist with good contacts within AQAP.16 The response, he says, will be an operation and not a statement. This is, of course, classic jihadi rhetoric - the proof will be in what you see and not what you hear - and for those with a long memory or who have been following Yemen for more than just the past three weeks this should sound eerily similar to what AQ in the South of the Arabian Peninsula (one of the precursors to the current organization) said after the death of Hamza al-Qa'ayti and four others in Tarim in August 2008. Of course, in September 2008 there was an attack on the US Embassy in San'a.

It is clear, at least to me, that al-Qaeda in Yemen is stronger now than it has ever been in the past. The organization is attracting more recruits than ever before and is growing increasingly more skilled at utilizing these new members.

This is not to say that Yemen is in danger of falling to al-Qaeda or anything of that sort. Instead, as Yemen grows weaker and as government power recedes further and further back into urban areas, this opens up a great deal of space in which al-Qaeda can operate. In the first phase of the war against al-Qaeda, Yemen and the US were working in concert and al-Qaeda was the top priority for both countries. This is no longer the case.

Yemen is now preoccupied with the increasingly violent calls for secession from the south, threats of renewed fighting in the north and, most importantly, a faltering economy that makes traditional modes of governance nearly impossible. Al-Qaeda has learned that the more chaotic Yemen is the better it is for al-Qaeda. And Yemen is in extremely bad shape.

Let me conclude with a couple of observations about the differences between the first phase of the war and the second phase. For al-Qaeda, the first phase was largely a reactionary one. The Yemeni government cracked down on al-Qaeda in the country; in many ways it initiated the fight. Al-Qaeda was largely unprepared to carry out the type of campaign that it would need to in order to be successful in Yemen. It had to organize on the run. This is no longer the case. The organization that al-Wahayshi is commanding, was built for exactly this type of war and now al-Qaeda is the one initiating the fight. Al-Qaeda learned some difficult lessons from the first phase of the war, while the US and Yemen seem more prepared to fight the enemy al-Qaeda was rather than the one that it has become.

B. Al-Huthi Conflict

Background
There are three minority Shi‘a sects in Yemen. The first and largest is known as the Zaydis, or Fiver Shi‘a. Isma‘ilis, or Seveners, and Twelver Shi‘a, which is close to the type of Shi‘ism practiced in Iran and Iraq, also exist in the country. The latter two groups are both numerically and politically negligible.

The Zaydis, however, have a long and robust political tradition in Yemen, dating back to 893 when Yahya bin Husayn, or Imam *Hadi ila al-haqq*, first arrived in northern Yemen. Initially, he was summoned to act as an arbiter in a tribal conflict. But eventually, following his second trip to Yemen in 897, he established himself as the imam with his headquarters in the northern city of Sa‘dah, which remains a Zaydi stronghold today.17 The political and religious office that he instituted in Yemen would survive, in various forms, until the 1962 revolution and the subsequent eight-year civil war in north Yemen. The civil war, which began as a palace coup, overthrew Muhammad al-Badr, the final imam of the Hamid al-Din dynasty in north Yemen.

Following the bloodless coup that ousted the republic’s first president in 1967, ‘Abd al-Rahman al-Iryani was named president. Al-Iryani was largely seen as a compromise figure. His village straddled what was understood to be the border between the Zaydi highlands and the Shafi‘i lowlands, northern Yemen’s two largest sects. The Shafi‘is are, of course, a Sunni sect, but the difference between Sunni and Shi‘a in Yemen is not as great as elsewhere. Much of this is the result of historical compromise. In the eighteenth century, Muhammad al-Shawkani, a Yemeni jurist, did much to

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incorporate Sunni teachings into the practice of Zaydism.\textsuperscript{18} Some scholars even refer to Zaydism as the “fifth school of Sunni Islam.”\textsuperscript{19}

President Ali Abdullah Salih, the late Shaykh ‘Abdullah al-Ahmar, Ali Muhsin al-Ahmar and numerous other leading figures of contemporary Yemen are of Zaydi origins. Even Shaykh ‘Abd al-Majid al-Zindani, who was designated a “specially designated global terrorist” by the US in 2004, is a scion of a Zaydi family.\textsuperscript{20} But this identity is one of culture and tradition rather than a political allegiance. Relatively few Zaydis in contemporary Yemen identify as specifically Shi’a.\textsuperscript{21} Instead, a key distinction is between Hashimis, or descendants of the prophet, and non-Hashimis.\textsuperscript{22} In post-revolutionary Yemen, the Hashimis have been largely excluded from power and many influential figures such as the late Qadi Isma’il al-‘Akwa‘ were actively anti-Hashimi.

Following the 1990 unification of the YAR and PDRY, known more colloquially as North and South Yemen respectively, a number of Zaydis formed a political party, \textit{Hizb al-Haqq}. The party’s charter adhered to the constitution at the expense of traditional Zaydi theology, acknowledging the president as the legitimate ruler of the country as opposed to an imam. Several influential Zaydi scholars, such as Badr al-Din al-Huthi refused to sign the document. Some of al-Huthi’s sons did, however, serve terms in Yemen’s parliament, including Husayn Badr al-Din al-Huthi, who was elected in

\textsuperscript{22} In order to rule as an imam in Zaydi theology one must meet 14 different criteria, including descent from the prophet through Ali and Fatima.
1993 as a member of *Hizb al-Haq*. But Husayn refused to seek a second term in 1997, deciding instead to dedicate himself to the defense of Zaydism in and around Sa‘dah.

President Salih has long favored a divide-and-rule approach to governing, playing different factions off against one another, as a way of keeping potential opposition groups perpetually dependent. This style of ruling has led to numerous difficulties as particular groups are encouraged and then subsequently discouraged and oppressed when they are deemed to have grown too powerful. More specifically, in the governorate of Sa‘dah the government has long been both encouraging Wahhabi-like groups and allowing Saudi Arabia to fund these same groups against the more historical Zaydi power base within the region, although at times the government has also supported Zaydi groups against the Wahhabis. The clashes between these two sides were on-going throughout the 1990s, as Wahhabis destroyed Zaydi tombs and Zaydis retaliated.  

**The Huthi Rebellion**

Finally, in 2004 the conflict went beyond periodic clashes between paramilitary forces on both sides and became an open war between the government and its Wahhabi/Salafi allies against a group of Zaydis that became known as the Huthi’s, after the name of their leader Husayn Badr al-Din al-Huthi. The spark came in late June 2004, when the government overreached and attempted to arrest Husayn al-Huthi. Some reports date the beginning of the conflict to January 2003, when President Salih was implicitly criticized by members of a Zaydi group known as the *Shabab al-Mu’minin*, or

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The Believing Youth.24 Whatever the case, and each date has a precursor going back to 1962, fighting began after the failed attempt to arrest Husayn al-Huthi.

Since then there have been six separate rounds of fighting between government forces and its local allies against the Huthis. According to one well-informed report, the conflict has “evolved significantly since 2004,” as numerous tribes have been brought into the increasingly murky conflict, which has grown to include a number of local and diverse grievances against the government.25 The tentative cease-fire that was declared unilaterally by President Salih in July 2008 held until August 2009, when the government launched “Operation Scorched earth.”

On November 4, 2009 the war spilled over the border into Saudi Arabia. Like much of the conflict, the initial clashes that left at least one Saudi soldier and one Huthi fighter dead are clouded in conflicting and contradictory reports. The Huthis claim that they were responding to repeated strikes by the Yemeni military, which was using Saudi territory as a rear base to launch flanking maneuvers into Sa'dah. Saudi Arabia, in turn, argued that it was retaliating against incursions by foreign rebels. Both sides maintain that the other fired first.

Whatever the sequence of events, the result was the same. Saudi Arabia deployed a number of troops to its southern border and launched air and ground assaults on pockets of Huthi fighters, purportedly to drive them back across the border. These clashes are still on going.

The latest round of fighting was sparked, at least in part, by the government’s concern that its previous failures to put down the rebellion was emboldening calls for

24 International Crisis Group, Defusing the Saada Time Bomb, 3.
secession in the south. This desire to strike a decisive knockout blow has led to some of the fiercest fighting to date, with the government launching daily bombing raids on suspected Huthi targets.

Throughout the conflict the government has alleged that the Huthis are receiving support from Shi’a throughout the Middle East but particularly from Iran and Hizbullah. The government has also attempted to link the Huthis both to al-Qaeda and to southern secessionists in Yemen, which has called into question the veracity of much of its allegations. For its part, the Huthis have made similar fanciful claims in what amounts to a list of alleged actors that is as exhaustive as it is imaginative.

Part of the problem is that the Yemeni government has learned that in order to be considered a priority it must link its domestic problems to larger regional and western security concerns. Towards this end, Yemen has deliberately confused al-Huthi supporters with those of al-Qaeda, blurring the lines between the two groups by including members of both on a single list of “terrorists.” This tactic, it believes, will allow it to pursue the war against the Huthis under the guise of striking at al-Qaeda.

It has also attempted to tap into Saudi fears of a rising Shi’a threat on its southern border, playing up the Huthis’ alleged international connections as well as obfuscating the traditional differences between Zaydism and twelver Shi’ism. But it has yet to provide any firm evidence of direct Iranian support. Instead, the war in Sa’dah is rapidly becoming just one more stick for Iran and Saudi Arabia to beat each other over the head with. The Iranian-Saudi Arabian dispute is a regional rivalry that is being grafted onto a war with local roots.
There is, as more than five years of fighting have made clear, no military solution to the conflict. Even Saudi Arabia’s direct involvement will prolong rather than shorten the war. Already its influence has significantly altered the complexion of the conflict, as some Yemenis are privately expressing their desire to see Saudi Arabia get a bloody nose in Sa’dah.

**The Huthis**

The Huthis have often couched its rhetoric in anti-Western/anti-Israeli slogans. For instance, one of the most common slogans is “death to America, death to Israel.” But this rhetoric should not suggest that the group is actively anti-western, as it has not carried out any anti-western attacks, despite support for the Huthis within San’a. Instead, it appears that the group is using popular frustration against US and Israeli policies in the Middle East to both engender local support and to implicitly criticize President Salih who is an ally of the US and by extension, according to the local logic, also an ally of Israel.

It would also be a mistake to suggest that the organization is primarily an anti-Suni one, even though the vast majority of its opponents are Sunnis of the Salafi variety. It is not interested in attacking Sunni groups outside of the Sa’dah governorate that are not involved in the current conflict. Nor has the group demonstrated a desire to involve itself in the current crises in the south over calls for secession. ‘Abd al-Malik al-Huthi, the current military leader, had his office put out a statement in May distancing the Huthis from the “Southern Movement” following comments by Tariq al-Fadhli, suggesting that the regime was oppressing the people of Sa’dah in an interview with *al-Sharq al-Awsat.*²⁶ Al-Fadhli fought in Afghanistan with Usama bin Ladin in the 1980s,

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suffering a wound during the Siege of Jalalabad. He later led a group of Afghan Arabs in a war of attrition against the Yemeni Socialist Party (YSP) in and around his family’s lands in the southern governorate of Abyan. His sister is married to Ali Muhsin al-Ahmar, the commander of the 1st Armored Division and the North West military quadrant. Al-Ahmar, who is not related to the Hashid family of the same name, is the military commander directing the war in Sa‘dah.27

The Huthis have also expressed little interest in combating other Shi’a groups. Rather, it is more accurate to describe the Huthis as a defensive group, which believes its heritage is being eroded by an alliance between the Yemeni government and Saudi-backed Salafi groups in and around Sa‘dah. This understanding of the organization’s motives helps to explain why it has acted the way it has, attacking local Salafi centers and striking at government forces. Despite the theological rhetoric and references on all sides, the Huthis are primarily a group driven by the local politics of Sa‘dah. It believes the government has sided with its Salafi enemies against it, and as such the Huthis have evolved into a local anti-regime organization.

The Huthis are a Zaydi/Hashimi movement, although this classification should not suggest that the movement wants to restore the office of the imamate as it existed in Yemen prior to the 1962 coup d’état and the subsequent civil war. Badr al-Din al-Huthi has denied that the Huthis are seeking the re-establishment of the imamate on several occasions.28 Despite these denials, the allegations persist thanks in large part to the government’s continued insistence that this goal is at the heart of the conflict. In this way, the government has been able to portray the war as one in which it is seeking to

27 “Salih and the Yemeni Succession,” Jane’s Intelligence Digest, August 29, 2008.
preserve the republic against domestic enemies that wish to see Yemen return to an Imamate. This is a particularly loaded charge in Yemen, as most local histories resort to hyperbole when discussing the differences between the imamate and the republic.

The government’s accusations are often reported as fact in both the local press as well as in early histories of the conflict. For instance, one well-respected Yemeni historian, ‘Abd al-‘Aziz Qa’id al-Ma‘sudi, writes that both Husayn and Badr al-Din named themselves Imam.29

The tactics employed by the Huthis have remained fairly constant since the beginning of the conflict. The group typically employs ambushes aimed at the Yemeni military or its local allies and at times it has reportedly used land mines and checkpoints as a way of gaining control of territory in Sa'dah. It has also, at times, resorted to assassinating military officials and kidnapping or capturing government soldiers.

The Huthis’ strategy has always been, at least in its own eyes, one of self-defense and survival. The Huthis see themselves as a community under attack, and this understanding has largely influenced the group’s decision to engage in violence against the Yemeni government and its Salafi allies as well as against the different tribal and paramilitary forces that have been brought into the fighting. In 1995, Bernard Haykel identified the roots of the conflict, writing: “The main issue of concern in all of these works was the preservation of the Zaydi-Yemeni heritage from extinction because of the onslaught of a proselytizing Wahhabi movement in such traditional Zaydi provinces as Sa’dah and the Jawf combined with neglect and opposition to Zaydi concerns and issues

by the government in San‘a.”\textsuperscript{30} These historical grievances and anxieties over extinction have evolved as the conflict has expanded and mutated since it began in 2004.

The protracted nature of the war has also led to evolving justifications for the continuation of the conflict. The war has spread well beyond the core group of Zaydi and Hashimi purists who supported Husayn al-Huthi in 2004 to include a number of different tribesmen, who are responding to government destruction of crops, land and homes. Much of this destruction was presumably unintentional, but government shelling throughout the war has often been indiscriminate. This means that what was once a three-sided conflict between the government its Salafi allies and the Huthis has become much more complex. Now, tribesmen and other interest groups have been brought into the fighting on the side of the Huthis not out of any adherence to Zaydi theology or doctrine but rather as a response to government overreaching and military mistakes. In effect, after six rounds of fighting, the government’s various military campaigns have created more enemies than it had when the conflict began. Saudi Arabia’s military campaign against the Huthis has also served to expand and deepen the conflict.

The sporadic clashes have, at times, been the result of government pressure to close local Zaydi schools while at other times these are tribal conflicts that are mistakenly reported as being directly related to the Huthi conflict. Unfortunately, the expanding nature of the war and the various actors now involved make differentiating between the two increasingly difficult. The government’s continued ban on journalists and researchers traveling to Sa‘dah has also contributed to much of this confusion.

\textsuperscript{30} Haykel, “A Zaydi Revival?”
The Huthis operate much differently from Yemen’s local al-Qaeda franchise, AQAP. The latter control little territory within the borders of the state, while the Huthis have managed to gain control of significant amounts of territory in and around Sa’dah. AQAP is the most representative group or party in Yemen, including individuals from nearly every region and social class in the country. The Huthis, on the other hand, are largely limited to self-identifying Zaydis, who see themselves under attack. But this is changing as the fighting continues and as more and more tribes are brought into the conflict on both sides. The kidnapping of a busload of doctors in June 2009 is evidence of this.\(^{31}\)

In this case, there is a strong correlation to the growing strength and proselytizing nature of a Salafi/Wahhabi movement in and around Sa’dah and the emergence of a militant Zaydi movement. The Yemeni government has long supported the Salafis in Sa’dah against local Zaydi groups – although at times this support has been reversed – both as a way of keeping opposition groups weak and as a part of an unofficial anti-Hashimi stance by successive republican regimes.

### III: Foundational Challenges

If significant changes are not enacted in the coming years the state could very easily collapse, fragment, or see its power recede back to small urban pockets. This would be catastrophic not only for Yemen but for the Middle East and the international community as a whole. An unstable and chaotic Yemen would present numerous security challenges to regional and global powers, in addition to the humanitarian and economic issues that would inevitably accompany such a scenario.

The two most pressing challenges that Yemen will have to deal with in the coming years are the loss of oil reserves and the depletion of its water table. The loss of these two resources will affect nearly every other sector of the economy and will coincide with a change in the country's political leadership. Compounding the situation is the fact that each challenge will affect other areas. For example, corruption will affect infrastructure, foreign investment, and unemployment, while illiteracy affects the birth rate and unemployment. Yemen will not have the luxury of dealing with each of these challenges independently of the others. It will be forced to face them as a group, which will further tax government resources beyond their capacity and make understanding and overcoming each individual problem more difficult. As the challenges become more pronounced the rate of collapse will intensify, making confronting these issues increasingly more complex for a government that appears to lack the political will and legitimacy to adequately address them. These challenges will all make fostering reform and democracy – let alone maintaining stability – an even more tedious and difficult task for foreign donors than it has been up to this point.

The Loss of Oil and Water

Yemen's economy is largely based upon oil exports, which account for roughly 75 percent of the estimated $5.6 billion budget and 90 percent of the country's exports. Oil production declined by 5.9 percent in 2004 and by 4.7 percent in 2005. Early numbers for 2006, suggest that production has declined still further to a daily output of 368,000 bpd, which is a reduction of 25,000 bpd from 2005.32 Most observers project that the country’s oil reserves will be exhausted within five to seven years at current rates of production.

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production, but if production is slowly eased back, which appears to be happening, Yemen could continue to export oil for another ten to twelve years. Some within the Yemeni government cling to the idea that further exploration could yield untapped new fields, but oil companies and most within the government consider the chances of this to be remote.

Combine the loss of oil revenue with the depletion of Yemen's groundwater table, which is shrinking by as much as eight meters per year in some areas, and the potential for disaster is great. Per capita water supply in Yemen is roughly two percent of the world’s average, which has had a devastating effect on the country’s agriculture industries. More than half of the labor force works in agriculture but most of this is in small, subsistence level farming. This group has been hit hard not only by the reduction in water but also by the lifting of diesel subsidies, which is mostly used to fuel small water pumps. The cost of getting what little is left out of the ground has increased as well, making the situation more complex and difficult to manage than is usually assumed.

This has had a real impact on the economy as Yemen, which was once a net exporter of grain, now imports 80 percent of its grain. Some suggest that the lifting of subsidies on diesel and fuel has the benefit of encouraging conservation. This is true to a certain extent, as a great deal of the country's precious water is wasted through mismanagement, but conservation is not itself a feasible solution to Yemen's water crisis. At best, it is a short-term stop-gap measure that will inevitably drive more Yemenis into poverty, and increase the demand for the state’s already over-taxed resources.

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San'a is often predicted to be the first capital city in the world to run out of water, but the problem is even more acute in other parts of the country where families are dependent on the generosity of tribal shaykhs or neighborhood leaders. These men often purchase water for local constituents from private water companies that many have turned to in order to meet the needs of daily life. This has caused erosion in loyalty for the state, which aggravates tensions against an already brittle government. The loss of revenue from oil will in turn affect nearly every other segment of the country’s economy, making it impossible for the government to continue to function at current levels of spending. This will undoubtedly create a greater strain on the infrastructure and lead to higher levels of unemployment and pervasive corruption. Yemen’s current plans to diversify the economy away from oil are at once overly ambitious and completely inadequate. The Strategic Vision 2025 report lists both the fisheries and tourism industries as promising areas that can help ease the loss of oil revenues. But these are small steps that will come nowhere near making up for the loss of 90 percent of government revenue. The state currently lacks the security infrastructure to make tourism appealing to any but the most daring travelers, and repeated kidnappings will continue to dampen even these tourists. Terrorist attacks such as the Marib bombing in July 2007 and the one on the Belgian tourists in early 2008, will also take its toll on a fragile industry. Attempts to funnel rural migrants away from San'a and towards the coasts, as was mentioned earlier, will likely fail. Yemen is without the infrastructure to produce, package and ship fisheries' products on a large scale. Even if both of these areas were completely successful it is highly doubtful that they would produce the 50 percent growth
in non-oil GDP over the next five years that Yemen needs if it is to keep pace with plans it has produced.

**The Economy**

The loss of oil and water will also exacerbate pre-existing economic problems that Yemen has yet to adequately address. There are a number of serious economic problems, of which the most pressing are: corruption, shadow employees, lack of investment, unemployment, poverty, illiteracy, population growth, and infrastructure. These challenges will affect one another in profound ways that are not completely knowable at this time. But it is highly likely that these will coalesce in a manner that will make the combination of these problems a much more complex and pressing situation to handle than any one issue. These matters will continue to have a detrimental affect on Yemen's economy for the foreseeable future.

Corruption is rampant in Yemen. It has become such a part of the culture of doing business that it is unlikely to change soon. Yemen's anti-corruption campaign, which was initiated in early 2006, does not appear to have had much of an impact on the levels of corruption. There has yet to be a high profile arrest and prosecution of someone caught pilfering public accounts. Even assuming those at the top have the will to change; it is unlikely that they can reverse years of abuse and corruption that now affects nearly every segment of society. This is not a problem that can be corrected quickly; instead it will take years of diligence and extreme transparency to reverse current trends. Unfortunately, the government’s energies will become increasingly occupied with other
economic and security concerns over the coming years, and it will likely lack the will and capital for the type of reform that is necessary.

Issues of corruption are also evident in the phenomenon that has been termed "shadow employees," or "double-dippers" in Yemen. This is when one employee draws two or more governmental salaries. Official statistics on the numbers of such employees are difficult to find, but many observers believe the numbers to be in the tens of thousands. At times, Yemen has been successful in eliminating pockets of these shadow-employees from payroll records, but they are replaced almost as quickly as they are removed. This is partly due to the corrupt nature of Yemen's official bureaucracies, but it is also a result of powerful and influential individuals that dole out favors to their constituents through government salaries. In other words, élite groups within Yemen use the opaque nature of the system against itself by securing financial favors in the form of salaries for their dependants, who in turn offer their loyalty to the individual instead of to state institutions. Attempts to eliminate this phenomenon in any systematic way have been largely unsuccessful.

The lack of foreign investment in the country has also been linked to corruption. Foreign businessmen have long been frightened away from investing in Yemen due to horror stories of being forced to buy plots of lands two or three times before it is finally stolen by a corrupt official. The lack of transparency and Yemen’s dismal record of return on economic investment has also kept non-oil investment to a dismally low level. Yemen has hopes that its ambitious reform program, which has yet to be fully implemented, combined with goodwill from neighboring GCC countries, will help to
reverse this trend. The Strategic Vision 2025 report suggests that Yemen believes it can attract $20-30 billion dollars in investments from Yemeni expatriates. This, like much that is in the report, seems to be a best-case scenario instead of a grounded and sober analysis of potential possibilities. Yemen hopes to also alleviate some of the strain through its new LNG terminal, which will largely be exported to the US. But estimates vary as to the amount LNG exports will provide, and it is unlikely that revenues will offset the lost in oil production.

Yemen is also plagued by unemployment, which will continue to grow until the country's birth rate is brought under control. The government is the country's single largest employer, providing more than 30 percent of all jobs. It is forced to deal with roughly 50,000 new entrants into the job market every year. Already, unemployment is officially at 35 percent, although unofficial estimates put it as high as 45 percent. As the government loses revenue in the coming years, following the end of oil, it will be unable to provide both the employment and subsidies that its citizens have come to expect as it is forced to cut back on its spending.

High unemployment rates have corresponded to an equally high level of poverty. In 1998, the World Bank estimated that 42 percent of the population lived below the poverty line. This number has increased significantly since then but, as with most numbers in Yemen, trustworthy and accurate statistics do not exist. In the absence of hard numbers, broad trends provide the best method of analysis. In this case, it is clear that poverty in Yemen is continuing to grow as the population increases at roughly 3.7 percent per year. This upward trend in unemployment numbers will continue to increase.
over the coming years as the government and agricultural industry become increasingly incapable of absorbing more individuals. The price of basic foodstuffs has also continued to grow over the past few years, forcing more and more Yemenis below the poverty line and unable to provide for their families.

The country’s low literacy rate further complicates Yemen’s numerous other problems. Only 25 percent of females in Yemen are literate, which is one of the lowest rates in the world. (The literacy rate among males is significantly higher at 75 percent.) This problem is compounded by Yemen’s weak education system, which features grossly overcrowded schools in many urban areas, while rural regions often suffer from a lack of electricity and buildings in which to hold classes. The high number of subsistence farms also takes its toll on childhood education, as children in rural areas spend their time in the fields instead of in the classroom. The literacy rate is a major problem that affects other challenges such as population growth.

Yemen has one of the highest birth rates in the world, of seven live births per woman. Its population is growing at a rate of 3.7 percent per year, with no signs of slowing down. Officially, the population is listed at 20 million, although most observers claim it is closer to 23 or 25 million. It is likely that even high government officials do not have an accurate picture of the population growth rate. Yemen has hopes of lowering population growth to 2.6 percent, which it claims would leave the country with a population of 33.6 million in 2025. This is unlikely to happen, given the low rates of female literacy in the country and the government's reticence to openly discuss methods of family planning. Even if the government were to institute a nationwide campaign
design to limit family size, it is doubtful that this would do much to ease the pressure. Many in rural areas distrust the Yemeni government, and centrally-designed, large-scale campaigns do not have a high rate of success in the country. Instead, to be successful, such a campaign would need to enlist the support of powerful individuals including prominent tribal shaykhs and perhaps most importantly religious leaders, imams, and prayer leaders in mosques. This is unlikely to happen given the low levels of education and societal divisions that exist in Yemen.

The country's infrastructure is extremely antiquated, with little hope of keeping pace with the increase in demand that will come in future years. Electricity only reaches 40 percent of the population, and daily power outages are the norm, even in urban centers like San‘a. This and other infrastructural problems such as the lack of roads and water pipes in rural areas and the shantytowns that now surround most major urban centers are blamed on corruption within the government. This is true to a certain extent, but even a completely transparent government would have difficulties coaxing the needed amount of production out of the country's crumbling system of services. The government's impending cash crisis will mean that it will soon have little money to invest in such services, which will mean that electrical grids, sewage systems, roads and water pipes will continue to be over-taxed until they give way. The collapse of the country's infrastructure will immediately erode government legitimacy, while at the same time putting a much greater stress on the other weak points in the country’s faltering economy.

**Conclusion**
There is a limit to the positive impact the US, its allies and regional partners can have in Yemen. Much of the country’s future will continue to remain beyond human engineering and even a near perfect strategy will still leave too much to chance.

In the absence of any easy or obvious solutions, Yemeni advisers and a surprising number of foreign experts are putting their faith in the country’s blind ability to muddle through the multitude of challenges it will face in the near future. This belief is buoyed by intimate knowledge of the past – Yemen, they claim, has seen far worse and survived – but such an argument confuses history with analysis. And in Yemen hope, even desperate hope, is not a strategy.

Any Yemen strategy will require a coordinated effort between the US, its allies and regional partners. Success in Yemen demands a localized, nuanced and multifaceted response to the country’s many problems. Dealing with al-Qaeda in isolation from Yemen’s other challenges is neither sustainable or desirable. Instead, it is a recipe for disaster. A narrow focus on counterterrorism may alleviate the problem for a short period of time, but it will do nothing to eradicate al-Qaeda within the country over the long term. Indeed, such a shortsighted approach will have exceedingly high long-term costs. Rolling back al-Qaeda in Yemen in any sort of sustainable way will require a great deal of expertise and in-depth, localized knowledge, which I am not sure neighboring countries like Saudi Arabia posses let alone the US and its allies.

However, there are some steps that the US can take. These are less a blueprint for success than they are a basic checklist; nor is it comprehensive so much as it is a starting point.
Bring in Saudi Arabia: The US must work behind the scenes to convince Saudi Arabia that US goals of destroying al-Qaeda in Yemen and stabilizing the country are in Saudi Arabia’s best interest. This will not be easy, but it is essential. Without at least the tacit acceptance of Saudi Arabia anything the US attempts to do in the country can be subverted. This is not working through Saudi Arabia or running US policy through Riyadh, but rather convincing Saudi Arabia not to actively subvert or undermine US efforts in Yemen. Saudi Arabia is by far the most powerful foreign actor within Yemen, but it is not a monolithic one. Towards this end the US must draw Saudi Arabia out of the al-Huthi conflict in the north and use its considerable influence in San’a and throughout the tribal regions in the north to help end active fighting in Sa’dah as an initial step towards a cease-fire.

Treat Yemen as a whole: The US and other European and western countries cannot afford to focus on the al-Qaeda threat in Yemen to the exclusion of every other challenge. There has to be a holistic approach and an understanding that all of the crises in Yemen exacerbate and play-off against each other. Simply targeting the organization with military strikes cannot defeat al-Qaeda. Something has to be done to bring a political solution to both the al-Huthi conflict as well as the threat of secession in the south. Not dealing with these will only open up more space for al-Qaeda to operate in as well as creating an environment of chaos and instability that will play to the organization’s strength. Indeed, by focusing so exclusively on al-Qaeda and by viewing Yemen only through the prism of counter-terrorism the US has induced exactly the same type of results it is hoping to avoid. This demands much more development aid to the country as
a way of dealing with local grievances in an attempt to peel-off would-be members of al-Qaeda.

**Reverse the Trend:** The US must also swim up current against bureaucratic muscle memory and attempt to reverse recent trends. In particular it should move closer to the risk management side of the spectrum than remaining on the risk prevention side, where current US diplomacy is stuck. Certainly there are very real security threats in Yemen, but cloistering diplomats inside a fortress like embassy compound and having them scurry back to the fortress-like housing compound in Hadda is not a good way to get to know the country and it certainly does not provide the type of localized and nuanced knowledge that is a prerequisite for success in Yemen.

**Utilize Institutional Knowledge:** Due to the very real security threats in Yemen, the country is an unaccompanied post, meaning that spouses are only allowed to come if they can find work inside the embassy while dependants of certain ages are not allowed to come. In practical terms this means that the US is sending younger and more inexperienced diplomats to a country that demands it send its most knowledgeable and experienced foreign policy hands. I have often criticized US policy in recent years towards Yemen as a dangerous mixture of ignorance and arrogance. And I continue to hold this view, though it pains me to do so, as I know many of the diplomats and many of them are brave and intelligent young women and men who perform extraordinary services. But as a whole, my pointed criticism remains, I believe, accurate. The short tours – 2-3 years – also have an impact, as much institutional knowledge is lost. In Yemen, personal relationships mean a great deal and there is too much seepage when a
political officer is replaced after such a short time in Yemen. Not only does the incoming officer have to reinvent the proverbial wheel but they also have to re-learn the tribal and political geography of an incredibly complex country. Many Yemenis view their relationships not through the prism of dealing with a US representative but rather with an individual and known entity while the constant turnover undermines trust within the country.

**Go on the Offensive:** The US must be much more active in presenting its views to the Yemeni public. This does not mean giving interviews to the Yemen Observer or the Yemen Times or even al-Hurra, which is at least in Arabic. It means writing and placing op-eds in Arabic in widely read Yemeni newspapers like *al-Thawra*. (Newspaper editorials are often read aloud at qat chews.) I detailed a golden opportunity that the US missed with the Shaykh Muhammad al-Mu’ayyad case in August in a report I wrote for the *CTC Sentinel*. This also means allowing US diplomats to go to qat chews in Yemen and even chew qat with Yemenis. The US should be honest about what qat is and what it does and not hide behind antiquated rules that penalize a version of the stimulant that does not exist in Yemen. Whether or not the US knows it, it is engaged in a propaganda war with al-Qaeda in Yemen and it is losing and losing badly. US public diplomacy is all defense and no offense in Yemen, this has to change or the results of the past few years will remain the roadmap for the future. And that future will witness an increasingly strong al-Qaeda presence in Yemen.

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