

## **Economy and Development in Yemen**

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**ABSTRACT:** Yemen's economy suffers from imbalances since the Houthis seized control of the Yemeni capital, Sana'a, on 21 September 2014, and the war in many areas of Yemen made the economic situation more difficult. The humanitarian situation is foreshadowing a major humanitarian crisis in the country.

The economic effects of the war have included all the economic sectors in the country. There are economic sectors that have stopped altogether and those whose activity has been reduced due to the additional burdens of the private sector that threaten the continuity of its activity. This has led to the loss of thousands of citizens for their jobs and sources of income. Also, the Yemeni economy is facing challenges such as the inability of the country budget resulting from the significant decline in revenues and the use of some resources by the parties to the conflict for military purposes. Also, this deficit comes in conjunction with a massive reduction in the country's foreign currency reserves, which causes some risks.

**KEYWORDS:** Gross Domestic Product, Development, Republic of Yemen, Infrastructure.

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### **I. INTRODUCTION:**

The economy of Yemen has historically suffered imbalances in its economic environment, which led to structural problems in its administrative structure as a result of the integration of two economies - Socialist (in southern Yemen) and Capital (in northern Yemen) - on May 22, 1990. The Yemeni economy witnessed many shocks that posed a significant risk after 2011, consequently, the flight of capital, decline of commercial and industrial activity, the deterioration of the investment sector by affiliations and narrow loyalties, away from the motherland, which led to the weakening of the economy in general, and the erosion of annual budgets significantly.

Government statistics indicate that the deteriorating security situation led to losses in the economy and the public budget, estimated at 7 billion dollars, due to ongoing attacks on infrastructure and vital facilities such as major oil pipelines and electricity networks between 2012 and 2014. Losses also hit private sector companies. This crisis has led to a decline in donor assistance and pledges in light of the uncertain security and political situation in the country, the latest of which is the World Bank's \$ 900 million freeze on its operations in the country.

Yemen today stands at a crossroads regarding economic and political conditions. The world, especially the neighbouring countries of Yemen, should not overlook that the continuation of the situation as it is will lead the country to a terrible economic collapse, and will become fertile ground for extremist and terrorist groups as a result of poverty and unemployment.

### **Objectives:**

- To find out the stages of development in the Yemeni economy;
- To identify the sources of national income in Yemen;
- To diagnose the challenges facing the economy through the different stages in time; and
- To clarify the size of the participation of the economic sectors in the gross domestic product (GDP).

### **Yemen:**

#### **Geographical location and population**

The Republic of Yemen located in the southwestern of the Arabic Peninsula, between, longitude 42 30 to 53 05 East, and latitude 12 40 and 19 00 North. Saudi Arabia borders it in the north, the Arabian Sea and the Gulf of Aden in the south, Oman to the east, and the Red Sea to the west. with Somalia and Eritrea, and Djibouti only a short distance across the Red Sea. Yemen has 182 islands spread over three main sectors: the Red Sea, the Gulf of Aden and the Arabian Sea. The largest of which is Socotra in the Arabian Sea and Kamaran in the Red Sea.

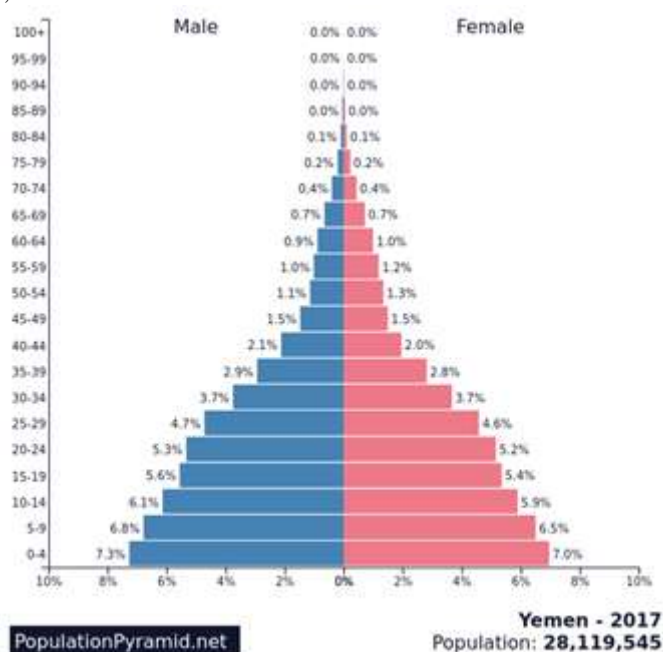


Yemen is strategically situated on the Bab Al Mandab strait and has been central shipping for nearly 3,000 years connecting the Red Sea, the Gulf of Aden, and the Indian Ocean. Yemen is 527,970 square km in size, which is approximately the same size as France. The country has 2,000 km of coastline stretching along the Arabian and the Red Sea.

**Population :**

In the 1994 census, the population of Yemen was 15,831,757. In the last census conducted by Yemen in 2004, the population of Yemen was 19,685,161.

According to forecasts of the Population Pyramids of the World from 1950 to 2100 that the population of Yemen up to 28,119,545, in 2017.



The high population growth rate of 3% is the most critical challenge for the Yemeni authorities. The unemployment rate is estimated at 35% of the total population and is highly concentrated among young people (representing one-third of the population)

**The Yemeni economy:**

When Saleh took over the presidency in 1978, the Yemeni Arab Republic (North Yemen) was a geographically and socially diverse region, nominally governed by a central state based in Sana'a, and the

economy depended on agriculture, imports, local industries, and cash transfers from abroad. Over three decades, Saleh's regime has concentrated on the distribution of power and wealth, and instead of building the official institutions of the newly born country, Saleh has neutralised local leaders and his powerful rivals by using a network of patronage based on oil revenues and access to legitimate and illegal business opportunities.

Since unification in 1990, Yemen has achieved an annual Gross Domestic Product (GDP) growth rate of 3.5 per cent. Despite this fact, Yemen is still considered to be one of the Least Developed Countries (LDCs) according to the international classification of the term, which takes into account the high population growth and pressure on the country's limited resources. The continuous period of political stability following the civil war in 1994 has provided a boost to the country's investment and economic activity.

The Government's reform programme has focused on inflation control, trade liberalisation, reduction in subsidies, as well as financial sector improvements. All of these factors have combined to enlarge growth and development opportunities. Yemen's economic income, nonetheless, depends mostly on oil.

**Productive Sectors in Yemen:**

**Agriculture**

This is how Yemen has been known since ancient times, about the agriculture known as "Happy Yemen" about unique climate diversity. The agricultural sector attracts more than 50% of the workforce, and its contribution to gross domestic product increased from 13.43% in 2010 to 14.77% in 2013. The agricultural sector is one of the most important productive sectors in Yemen's national economy. This importance stems from its being one of the leading sectors contributing to GDP. It occupies the third and fourth rank in the last five years. Its contribution to the GDP ranges between 10-12% as well as being the productive sector for food commodities and raw materials needed for many industries. It also comes in first place in absorbing the labour force. For agricultural exports it is relatively modest, ranging between 3-5% of total exports while imports make up between (15-20)% of total imports.

The problems experienced by this sector in the reduction of investments, the migration of rural agricultural workers to the city, the fluctuations in the prices of agricultural commodities, as well as the reduced level of services provided to farmers such as extension services, research and marketing problems related to weak infrastructure. These constraints and problems have led to a decline in the productivity of this sector. It is recognised, that the most critical determinants of growth in agricultural production are the main elements of production: land, labour, capital, water resources, and the level of development in the use of modern techniques in production. Both mechanical and biological, as well as research and extension services which are necessary to disseminate and promote the use of these methods and techniques.

**Distribution of the territory of the Republic of Yemen**

Particulars	Area in hectares	%
Rocky, desert and urban lands	30,000,000	54.05
Pasturesland	22,600,000	40.72
Forests and jungles	1,500,000	02.70
Cultivated land	1.202.113	02.04

Source: National Information Center, Yemen, <http://www.yemen-nic.info>

**Main problems in the agricultural sector in the Republic of Yemen:**

Reduced productivity, unsustainable irrigated agriculture, and the deterioration of public services in recent years, there has been no improvement in the factors of production for most crops. The rapid expansion of irrigation from groundwater has led to a significant increase in incomes, which has led to exceeding groundwater withdrawals in some areas. Also, the low cost of water extraction has discouraged farmers from using water efficiently. Low incomes in rain-fed farming systems and livestock. As a counterpart to the rapid growth of irrigated agriculture, there has been a decline in traditional rain-fed agricultural systems and livestock. However, these systems support the most impoverished rural population.

**Natural, Social and Economic Problems:**

**Natural:** low arable land, water scarcity, land erosion, desert encroachment.

**Social:** fragmentation of agricultural tenure, high population growth, low level of awareness for farmers.

**Economic:** Insufficient commercial facilities, lack of employment opportunities, rising prices, declining incomes, increasing poverty, weak institutional construction, lack and low quality of information, the low institutional capacity of the workers, and the ineffectiveness and inefficiency.

**Industry:**

The Yemeni industrial sector is newly established and has undergone various stages with its origins, characteristics and historical roots. Where the activity of this sector was limited before the Yemeni revolution on some manufacturers and traditional crafts and primitive and there is no industry is hardly reminiscent of the oil

refinery, which was founded in 1956 in Aden and the textile factory in Bajel. After the revolution of Yemen in 1962 and the early seventies, the Yemeni economy witnessed a remarkable recovery encompassing all fields of the economy and began government actions to develop plans, policies and programs aimed at supporting and encouraging the industrial sector. The private sector especially the expatriate sector started to invest in the industrial sector, and industrial projects began to produce consumer goods for the local market and absorb the increasing number of workforce.

At the beginning of the nineties, the Yemeni unity was announced, and two different economic systems were merged. During the transitional period, crises affected the investment side in this sector. The Yemeni government adopted the mechanism of market forces as an approach to economic development, opening the way for the private sector to lead the development process. The role of the government was confined to the process — Supervisory, and regulatory so that the private sector in the late nineties accounts for 95% of the total industrial establishments. During the last period, the industrial sector witnessed a modest performance rate, focusing on a limited number of industrial activities, mainly the food and construction industries. This sector faces many problems and difficulties that hampered its growth and development in the light of a nascent Yemeni industry. It is unable to cope with the effects of the policies and measures taken by the Yemeni government following the implementation of the fiscal and administrative reform program in 1995.

- Removal of restrictions on import licenses
- Reducing customs duties and rising interest rates on borrowing

Which led to higher production costs and therefore the inability of industrial enterprises to produce competing goods for foreign goods and some projects were forced to close, however, the situation of this sector began to progress, especially with the increasing volume of investments in this sector. In the mid-1990s, the Yemeni government worked to open the Yemeni market-wide to various goods and products imported and competing for local production and in a non-graduated and before the rehabilitation of the Yemeni industry and preparing for this transformation, which led to the inability of these industries to compete with foreign goods, therefore, some institutions have been into bankruptcy.

#### **Problems and Obstacles facing the Industrial Sector:**

1. The inability of people in business and small enterprises to obtain the sources of funding they need in their industrial activities.
2. Technical problems represented by the scarcity of technical and trained workers.
3. Administrative, organisational and marketing problems.
4. The problem of obtaining information on the purpose of investment and the technologies used in this field.
5. The problem of the complexity of the laws and legislation for the establishment of projects.
6. Competition of foreign goods for domestic products, and the inability of the domestic industry to compete in foreign markets.
7. The extent of smuggling and dumping phenomena.
8. Lack of a clear strategy for industrial development.
9. Lack of adequate industrial infrastructure.
10. Lack of interest in the sectors that represent the core of the development of the industrial sector such as agriculture and mining sector.
11. Lack of interest in the sectors that represent the basic building blocks for the development of the industrial sector such as agriculture, fisheries and mining.
12. Lack of interest in industrial Research and Development centres.

#### **Impact of War on Yemeni industry**

That nearly two million Yemenis work in the private industrial sector, which in turn controls about ninety five percent of the industrial base in the country, and is estimated that about 500 factories between the large, medium and small closed in the past period due to political tensions and security, to lose about 60 % Of workers in these factories their jobs. The number of new companies that started operations in Yemen decreased from 92 companies in 2010 to only 17 in 2011, all of which led to an increase in the unemployment rate to more than 45% as a general percentage in Yemen, up to 70% in rural areas.

The latest official statistics indicate that the contribution of the industrial sector (non-oil) to the GDP of the country does not exceed 4%, it is A small percentage indicating the weakness of the state's ability to reform the structure of the industry regarding security, legislative, service and banking. However, it also reflects the modest vision of the private sector, which does not significantly raise the importance of institutionalisation, quality standards, the use of modern technologies, the development of competitiveness. For this reason, it seems logical that 90% of the industrial enterprises that exceed forty thousand are small enterprises that import about 80% of the production tools and materials,

The industry in Yemen cannot develop unless the infrastructure is created, an adequate security environment is provided, and investment facilities are attractive. Due to insecurity, Yemeni insurance companies lost about 40 percent of their industrial profits. The problems of the Yemeni industrial sector do not end these days. For example, the shortage of water, electricity and fuel has led to the disruption of many production lines in the factories and because of the security chaos. Many of the currents of transport of production and raw materials have been stolen and robbed. The new trend in the Yemeni industrial sector is to establish trade unions for the Yemeni private sector workers for the first time in the history of this country to shape the relationship between employers and workers.

#### **Oil sector:**

The Yemeni economy depends on this sector since it was discovered in the mid-1980s as a significant source of the public expenditure basket. Oil revenues account for 70% of the state budget resources, 63% of the country's total exports and 30% of GDP. Its revenues also account for 90% of foreign exchange.

On 8 of January 2013, Sky News reported that Yemen accounted for 34% of the world's oil reserves. Moreover, the largest source of oil located in the province of Al-Jouf, adjacent to Saudi Arabia, which prompted Saudi Arabia to adopt some internal conflicts in Yemen, in order to distract the Yemeni government and exploration companies from the exploitation of Yemeni oil.



#### **Gas**

Yemen's production of liquefied natural gas (LNG) had been stalled by the ongoing war, depriving the country of the annual revenue of \$ 700 million.

#### **Mineral Resources**

The Geological Survey confirms that the reserves of industrial minerals exceed 900 million tons, and some of the raw materials exceed the trillion, as well as about 24 exploration sites for a gold reserve of about 100 million tons. However, the sector has not yet played the required role in economic growth due to the reluctance to invest and the absence of an attractive environment. Studies and geological surveys indicate a vast and promising diversity in the minerals stored in the Yemeni underground (cement, ceramics, glass, gold, nickel, copper, cobalt, zinc, silver, lead, iron, building stones and decorations).

#### **Fisheries (fish sector):**

Several studies indicate that fish stocks along the coast of Yemen reach 850 thousand tons (annually), with an area of water bodies more than 600 thousand kilometres, including islands and bays. However, the amount of fish production in the Red Sea ranged from 17 to 20 thousand tons, and in the Gulf of Aden and the Arabian Sea between 90 thousand and 120 thousand tons, reflecting weak government investment in this sector, whose revenues can exceed revenues from oil revenues. Government policies focus on investment in the fisheries sector as one of the most promising economic sectors in the country due to the massive fish stocks along the 2,500 km coastline. While the stock allows catching about 400 thousand tons per year, the amount of production during the year 2013 about 217 thousand tons, whose revenues accounted for 3.4% of GDP.

#### **Tourism:**

Unique and diverse comparative advantages characterise it. Yemen hosts cities and archaeological sites dating back to the second century BC, as well as the oldest and wealthiest areas of the world heritage. Tourism revenues for 2013 rose 11% from \$ 848 million to \$ 940 million in 2012. However, their contribution to GDP does not exceed 3%.

#### **Direct Contribution to GDP:**

The direct contribution of Tourism, Travel to GDP in 2017 was YER183.1bn (2.3% of GDP). This is forecast to increase by 3.8% to YER190.1bn in 2018. This primarily reveals the economic activity created by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). However, it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourists.



**Investment**

It is ironic that Yemen in the world's agencies is the best tourist destination in the world, while spending on this sector in the public budget does not exceed four and a half million dollars annually. The tourism sector faces many obstacles as follows:

- The lack of tourist facilities of the appropriate level.
- Poor supporting infrastructure such as roads, communications and other complementary services.
- The quality of the tour guides is not suitable for the lack of training programs for training cadres of employees in government tourism agencies.
- Low volume of investments directed towards this sector.
- Weak promotion of tourism and tourism investment.
- Expansion of the indiscriminate construction of sites and reserves of tourism and archaeological.
- Distorting the decorations of the mosques as a result of negligence and indiscriminate interference by citizens to restore them.
- Abductions that damaged the reputation of the country and contributed to the deterioration of the tourism sector.
- War and its attendant effects and devastating consequences
- Lack of tourist facilities at the appropriate level.
- Weak supporting infrastructure such as roads, communications and other complementary services.
- The quality of the tour guides is not appropriate because there are no training programs for the cadres of employees in the government tourism agencies.

**Banking Sector:**

In addition to the losses that caused by the cessation of production and trade in the country as a result of the ongoing war, there is damage to physical capital and infrastructure such as roads, bridges, education facilities, energy, health, housing, water and sanitation. Till now, there are no official statistics on the size of infrastructure losses. The Yemeni banking sector included eight local commercial banks (operating a network of 179 branches), four local Islamic banks (operating a network of 49 branches) and five branches of foreign banks. The table shows the banks operating in Yemen and their type.

Yemeni Banks		Foreign commercial Banks
Commercial	Islamic	
Yemen Bank for Reconstruction and Development	Shamil Bank Of Yemen And Bahrain	Arab Bank
National Bank of Yemen	Saba Islamic Bank	Credit Agricole Bank
Cooperative Agricultural Credit Bank	Islamic Solidarity Bank	United Bank
The Housing Bank	Yemeni Islamic Bank for Finance and Investment	Rafidain Bank
International Bank of Yemen		Qatar National Bank (QNB)
Yemen Kuwait Bank (YKB)		
Yemen Commercial Bank		
Yemen Gulf Bank		

**Primary Financial Indicators for the Yemeni Banking Sector**

Loans and advances to the private sector represent a low percentage of deposits, which amounted to 24.6% at the end of October 2013. The total loans and advances (granted to the private sector and the government) accounted for 77.13 per cent on the same date. This indicates a low credit risk facing the banking sector in Yemen. As for the dollar deposits (the proportion of deposits in foreign currencies of total deposits), we note a decrease in the percentage during the three years 2011/2012/2013.

As for the capitalisation rate, we see a continuous decline during the period 2011-2013. Despite the increase in bank capital, the increase in assets exceeded the percentage of increase in capital and reserves.

**Table of Distribution of Bank Loans to Sectors of the Economy**

	2009	2010	2011	2012	2013
Loans and advances/assets	56.06	53.68	56.50	54.67	61.4
Loans and advances/deposits	70.01	68.34	73.98	69.15	77.13
Loans and advances to the private sector/deposits	30.10	28.86	27.21	20.77	24.61
Foreign currency deposits	42.07	46.45	42.43	39.24	38.70
Capital and reserves/assets	8.55	9.13	10.28	8.53	7.72

**Source: Basic Financial Indicators for the Yemeni Banking Sector(%)**

The table shows the number of loans and advances granted to the vital sectors of the Yemeni economy. The table shows a significant improvement in credit granted to agriculture and fishing, which increased by 112 percent during the period 2009-2013, with an increase of 25.5 percent in the first ten months of 2013. Also noticed a significant increase in the loans granted to the construction sector, which amounted to 245 percent during the period 2009-2013. The increase in the ten months of 2013 was only 177 percent.

**Table of distribution of bank loans in sectors of the economy (million US dollars)**

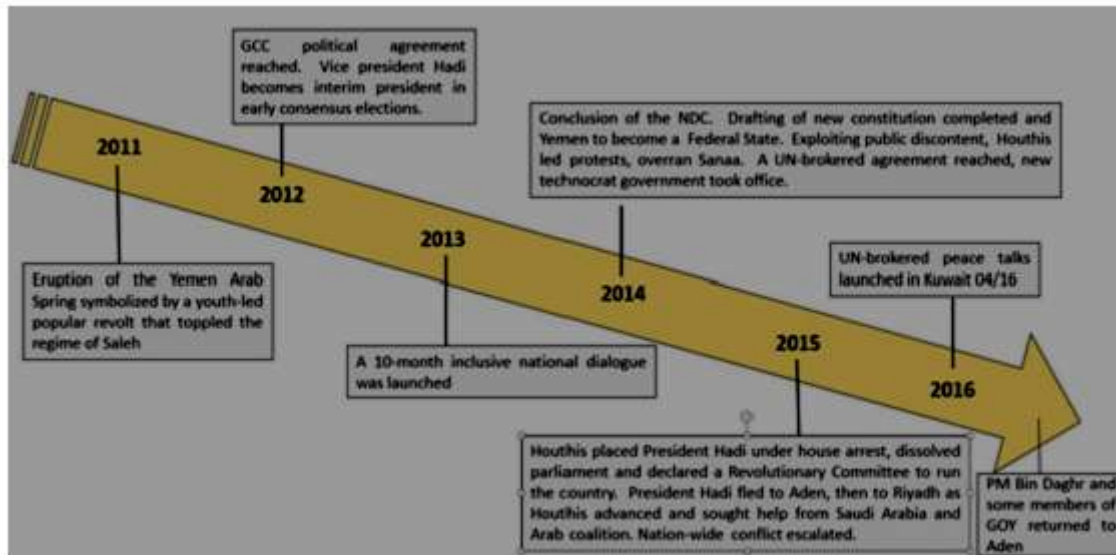
	2009	2010	2011	2013	2014
Agriculture and Fishing	28.4	36.2	33.6	47.9	60.1
Industry	307.6	298.0	213.4	183.7	279.6
Construction	86.8	171.6	91.7	108.0	299.3
Export Finance	29.1	44.0	36.7	76.1	90.9
Import Finance	304.1	487.3	346.8	328.5	357.3
Financing trade in manufactured goods	703.1	379.9	398.8	352.2	409.0

The balance sheet of commercial and Islamic banks recorded significant growth at the end of 2013 compared to 2012, but this growth did not continue in 2014, affected by the security unrest. The situation was exacerbated by donors' reluctance to meet the \$7.8 billion pledges made at the Riyadh and New York 2012 conferences. The Yemeni government continues its negotiations without success within the Fast Track Program (a term used by the executive to speed up the absorption of donor pledges and policy reforms) to implement development projects that are considered the most important sources of income after two years of stumbling.

### **The revolution of 2011 and its impact on the Yemeni economy**

The Popular revolution against a 33-year-old regime of President Saleh, who was blamed for the mismanagement of the country's resources, for political cronyism and rent-seeking, and for failing to provide livelihood and development to its citizens. The popular revolt, demanding better governance, jobs, and improved livelihood, spanned close to seven months during 2011, with widespread protests, a political stalemate, and economic deterioration. The international community, managed by five of the six member states of the Gulf Cooperation Council (GCC), was able to discuss a settlement in November 2011. The factions of the conflict in Yemen accepted the GCC agreement and obtained regional and international support from the political and economic point of view. Supervise participatory national dialogue process to address social, economic, and political grievances by all regions and groups, including movements such as Houthis in the north and Hirak5 in the south, and opened the door to a new transitional government. The year 2014 was not a bad year for the global economy, according to recent reports, but it was the case for the Arab and Yemeni economies in particular.

Since the beginning of 2011, where Yemen has entered the Arab spring circle known as the peaceful revolution, political and security events have deteriorated steadily and reached a peak in 2014, which was considered by the local and international reports as the worst in the history of Yemen since the 1990s politically and economically. In a statement to Mohammed al-Saadi: The events of 2014 caused the loss of half of Yemen's annual income, which made the budget lose half of its financial potential. He pointed out that the continuation of the internal war caused a general paralysis in the trade and agricultural work, which led to the closure of roads in addition to the displacement of citizens, which increased the state's financial and economic burdens.



Milestones in the Republic of Yemen's Political Transition and Conflict

The economic turmoil has been exacerbated by the fragile political, security and social environment, in addition to the weakness of official institutions and the depletion of financial resources, which led to an economic crisis for the Republic of Yemen by the beginning of 2015. The economy shrank by 28% of GDP, Resulting in financial pressures and a sharp reduction in expenditure (from about 28% of GDP in 2014 to 10% in the same period). Financial resources in 2015 only allow for the funding of basic salaries of government employees. Public investments in vital sectors such as health and education have been postponed. However, the fiscal deficit increased to 11.4% in 2015. This deficit was funded by the Central Bank of Yemen On the treasuries.

**Effects on the external side are even more dramatic:**

The hydrocarbon industry (oil and gas)in the Republic of Yemen provided about 50-60% of tax revenues, up to 80-90% of export earnings. When oil and gas production (and related exports) stopped in the second quarter of 2015, Foreign pressures have increased and the sharp decline in official transfers, which have shifted their assistance toward urgently needed humanitarian assistance.Despite a 30% reduction in imports, the priority is to import only the selected food. As a result of these pressures, the value of the Yemeni riyal weakened against the dollar, reaching 250 riyals per US dollar until 2016. The value of the US dollar reached 500 Yemeni riyals in August of 2018. Rising prices, especially food prices accompany the deterioration. After the control of al-Houthi on Yemen's capital Sanaa, on 21 / September 2014, the economic situation increased worse, unemployment, public and private sector wages have declined, as well as the decline in purchasing power due to higher prices of essential goods and services, such as food and fuel, as a result of higher import costs, lower supplies and irregularities in a country that relies on imports at 90% of the citizens' dietary requirements.

**The direct effects of the war on the Yemeni economy:**

After the coup of al-Houthi, the cessation of oil production, the withdrawal of embassies, diplomatic missions and international organizations from Yemen, and the outbreak of armed conflict in large parts of the country, the Yemeni economy entered a new phase of deterioration, accompanied by more difficulties and challenges, but The absence of data and information on some of the adverse effects of the war made it difficult to measure.Examples of the emergence of a war economy, which grows and depends on the continuation of the war, reinforced by the negative aspects suffered by the Yemeni economy, and can list the most important direct effects of the war, which are as follows:

- Oil revenues stopped entirelyand the consequent loss of the most vital resource to finance the general budget of the state, as well as foreign currency; Oil accounted for more than 70% of the total revenues of the state budget, accounting for more than 85% of the value of exports. Based on government estimates in its budget for 2015, the Government's share of oil revenues is \$ 4.8 billion, accounting for 46% of the country's total revenue of \$ 10.3 billion, and the oil sector accounts for 25% of GDP.
- The donors stopped making their pledges with the assistance of Yemen, resulting in the suspension of many infrastructure projects, which led to further loss of employment opportunities and the loss of the national



economy of these amounts of foreign currency. The government had expected to receive one billion dollars As external grants to finance the budget for 2015, equivalent to 9% of the budget, In addition to the remaining amounts of donor pledges. According to the report of the executive body to absorb the grants, which was established at the end of 2013, the pledges made at the Riyadh conference amounted to 7.9 billion dollars, of which 3.1 billion dollars, and 4.8 billion dollars was Assumed to be absorbed during 2015, But it did not happen because of the war.

- The war has resulted in the closure of 26% of businesses in war-affected areas, and 42% of women-owned enterprises have been closed because women are more fearful and vulnerable these closed facilities, of which 95% were subjected to total or partial destruction. Regard to the rise in prices as a result of the war, the report pointed to a rise in inflation to more than 30% in 2015, and vary in price increases from one city to another, where some estimates indicate that the price increase in the city of Taiz to more than 100% as a result of Armed clashes and siege imposed on the city.

## **II. Results:**

- Presently, the national economy of Yemen is facing a sharp contraction due to the financial and economic crisis and liquidity crunch that have paralysed the economy and deprived 1.25 million public employees and their families of their primary source of income.
- The budget deficit resulting from the cessation of oil revenues and external grants altogether, and other revenues to record levels due to the absence of state institutions and their depletion by the militias to finance the war, and to examine the resources available to the government to finance this deficit at the present time, and the implications of their use.
- The challenge of reducing the country's foreign exchange reserves, which deprives the Central Bank of Yemen the primary tool to preserve the value of the national currency against foreign currencies,
- The productivity of the agricultural sector in Yemen has decreased significantly in recent years compared to 2012 as most fruit and vegetable farms were affected by the crisis of oil derivatives and the lack of diesel.
- The diesel fuel crisis has not only affected the production of crops but also reduced the quality of fruits and agricultural products, which has cost farmers considerable economic losses and the inability to achieve profitable returns covering production costs
- The slowdown in the number of industrial enterprises, unusually small and smaller has slowed down due to economic and marketing factors and the lack of competitiveness in the context of globalisation.

## **Recommendations:**

- The need to draw a map of reconciliation to achieve security and peace and stop the war between the warring factions, where there is no talk of any development with the continuation of the war.
- To work hard to restore the infrastructure and superstructure projects that destroyed by the war, and to strengthen them with public and private projects that meet the needs of the Yemeni citizen and the foreign tourist.
- Urgent in the re-export of oil and liquefied natural gas with a focus on training and preparing Yemeni cadres to work efficiently in the LNG project in particular.
- To promote the optimal utilisation of natural resources such as fisheries, minerals, natural and human resources for tourism.
- Continuing to build capacity and develop human resources in various sectors, industrial, agricultural and tourism
- Work to improve the infrastructure of the industrial sector and the establishment of industrial cities with all the elements of the process.
- Activating the work of the Supreme Council for Export Development to achieve rapid development of Yemeni industrial exports.
- To compel Yemeni manufacturers to follow the quality standards and apply international standards and standards in the production of industrial goods.

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