



U.S. Department of State FY 2001 Country Commercial Guide: Yemen

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This Country Commercial Guide (CCG) presents a comprehensive look at the Republic of Yemen's commercial environment using economic, political, and market analysis. The CCGs were established by recommendation of the Trade Promotion Coordinating Committee (TPCC), a multi-agency task force, to consolidate various reporting documents prepared for the U.S. business community. Country Commercial Guides are prepared annually at U.S. embassies through the combined efforts of several U.S. government agencies.

The Republic of Yemen remains committed to the comprehensive economic reform program begun in 1995 under the guidance of the International Monetary Fund (IMF) and the World Bank. The Yemeni government has floated and stabilized its currency, reduced inflation from triple-digits in the early 1990s to 9.6% in 1999 (down from 12.2% in 1998), and eliminated government subsidies on basic commodities such as wheat, wheat flour, and gasoline, or significantly reduced them on items such as diesel fuel and electricity. Remaining subsidies are scheduled to be lifted by the end of 2001. Moreover, rising world oil prices since mid-1999 have restored Yemen's foreign exchange reserves to nearly seven months of imports and the government expects a small budget surplus in 2000.

Yemen held its first general presidential election in September 1999, electing the General People's Congress (GPC) party candidate, Ali Abdullah Saleh, as President for a five-year term. His election, along with the parliamentary elections in April 1997, has assured a solid majority for the GPC and strengthened continuity and internal political stability in the government. The international multilateral and bilateral donor community, while feeling the growing global pinch on development resources, has continued to support Yemen with approximately \$1.8 billion in economic assistance pledges over the next several years. Russia's accession to the Paris Club in September 1997 proved a coup for Yemen's total bilateral debt obligations. Eighty percent of its debt to Russia, (primarily former South Yemen debt to the former Soviet Union for arms purchases), was forgiven outright. The remainder was rescheduled on Naples terms, leaving the outstanding Russian debt at \$1.34 billion as of April 2000. Through a World Bank grant, most of Yemen's commercial debt has also been settled, leaving total external outstanding debt at \$5.08 billion or 81% of GDP.

Succeeding phases of economic reform will prove much tougher to implement than the macroeconomic stabilization Yemen achieved between 1995 and 1999. The country still has an inefficient, overstaffed, and corrupt bureaucracy that must be streamlined, appropriately compensated and adequately trained. The government needs to take action to stem a current annual population growth of 3.5% that is consuming scarce renewable water resources at 140-150% of recharge rate. It must create a transparent legal environment that can objectively and independently resolve disputes. Finally, the government must also find a way to extend its authority appropriately throughout the entire country. Handling these issues will require a deft political touch. The tolerance level of Yemen's public for further economic hardship brought by reform is wearing thin.

Nevertheless, risk-tolerant investors can still find attractive opportunities in Yemen. U.S., French and Korean oil companies, along with the Ministry of Oil and Mineral Resources, formed a liquefied natural gas (LNG) joint venture to process Yemen's 17 trillion cubic feet of proven natural gas reserves for export, and continue to seek a guaranteed buyer. In the port of Aden, a new container terminal owned and operated by the Port of Singapore Authority opened for business in March 1999. The development of the associated Aden Free Zone presents opportunities for manufacturing companies to process and ship products to the Gulf, the Subcontinent, and East Africa. Yemen's unique culture, history and geography offer attractive prospects for tourism development. Plentiful stocks of fish and shellfish provide opportunities for packing and export. Steadily growing ship trade in Aden, including a U.S. Navy strategic fuels reserve for the Red Sea area, provides excellent prospects to establish skilled ship maintenance and repair facilities. A major component of economic reform is the planned privatization of approximately 100 public sector enterprises, which should open up investment opportunities. Likewise, the June 2000 Yemeni-Saudi border treaty increases political stability and may pave the way for increased oil exploration in the northeast.

A lack of adequate infrastructure, however, coupled with an uncertain security environment, impede foreign investment. Although the government appears willing to allow private investors to expand Yemen's woefully inadequate electricity generation capacity, the first attempt at a build-own-operate power plant was not successful. Other projects are currently in the planning stages, but government revenues are insufficient to guarantee commercial power purchase contracts. Beside the electricity sector, the World Bank and other donors are financing road, water and sewage treatment projects.

Yemenis hold U.S. businesses and products in high regard; for the past three years, the U.S. ranked third among suppliers of imports, after Saudi Arabia and the United Arab Emirates. U.S. exports represent nearly 6% of Yemen's total imports. Despite the higher shipping costs of U.S. versus European or Asian products, U.S. manufacturers and contractors should continue to benefit from opportunities emerging in Yemen. The Embassy believes export potential exists for oil field equipment and services; irrigation and agricultural equipment; electricity generation, transmission, and distribution equipment; hotel and restaurant equipment; computers; medical equipment, supplies, and pharmaceuticals; and

telecommunications equipment and services. Among agricultural products, wheat and wheat flour will continue to have long-term potential. Yemen imported 655 thousand metric tons (TMT) of wheat flour in 1999, down 49% from 1998 imports of 1.3 million metric tons. Wheat imports increased during the same period: 1.2 million metric tons in 1999, 46% higher than the 768.6 TMT imported in 1998. Demand for corn, rice, soybean meal, and grocery products are expected to grow steadily in the foreseeable future. Frozen chicken and table eggs also offer good sales possibilities.

The Ambassador and Deputy Chief of Mission (DCM) are always willing to meet visiting representatives of U.S. businesses and take U.S. trade promotion seriously. Those interested in doing business in Yemen should contact the Embassy for the latest information on the country. An Economic/Commercial Officer, a Yemeni commercial specialist, and a Yemeni agricultural trade specialist support the efforts of the Ambassador and DCM. The Embassy's Agricultural Trade Officer resides in Riyadh, Saudi Arabia.

Country commercial guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact STAT-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at <http://www.stat-usa.gov/>; <http://www.state.gov/>; and <http://www.mac.doc.gov/>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRADE or by fax at (202) 482-4473.

Chapter II Economic Trends and Outlook

Major Trends and Outlook: During the past year, Yemen's economy began to recover thanks to rising world oil prices. Nevertheless, real GDP grew by only 2,8% during 1999. Most analysts expect real GDP growth to increase modestly over the next few years, barring a significant reversal in world oil prices. Agriculture remained depressed due to a continuing drought. Rainfall began only in July 2000 and is woefully below normal.

With the government maintaining strong discipline in both its fiscal and monetary policies, the rial has remained stable in the 160YR/U.S.D range since May 1999. Inflation, which had stabilized in the low single digits by 1997, was 9.6% in 1999, a small improvement over the 12.2% rate in 1998. In 1999, the budget deficit was less than one percent of GDP, down from 6% in 1998, reflecting improved world oil prices. Yemen's budget situation will remain precarious due to its high reliance (65%) on oil export revenues. The Finance Minister continued to restrain government spending in 1999 to mitigate the fall in revenues driven by low world oil prices early in the year.

On the monetary side, broad money supply grew in 1999 by 11.3%, nearly the same growth rate as the 11.7% in 1998. The CBY gradually began to reduce its benchmark interest rates as inflation remained moderate. Treasury bill returns, which nearly track with the

benchmark interest rates despite their being determined by the market at auction, have fallen dramatically from 23% in June 1999 to 13% in June 2000.

Private sector confidence in Yemen's economy had been weak throughout the 1990s due to civil unrest, rampant inflation, and an unstable currency. This began to change in 2000 as the macroeconomic picture brightened, the rial stabilized, Yemen celebrated its tenth anniversary of unification, and the border dispute with Saudi Arabia was settled. Private construction activity, especially in Aden, is expanding, although at a cautious pace. The availability of foreign consumer products in major urban areas continues to increase, notably in foodstuffs and pharmaceuticals, but much is smuggled into Yemen from Saudi Arabia, the UAE and other neighboring states. Confidence in the future prospects of Aden harbor leaped when the Aden Container Terminal (ACT) opened for business on March 19, 1999. The Port of Singapore Authority (PSA), owner-operator of the ACT, has signed agreements with seven major shipping lines to handle their vessels in Aden. A Yemeni firm has secured a multi-year contract from the U.S. Navy to store and dispense its Red Sea strategic fuel supply. Other prospects in Aden include the Aden Oil Refinery Company which is scheduled to be privatized (or capitalized) in 2001.

Principal Growth Sectors: A major component of economic reform includes the government's withdrawal from the production and service sectors of the economy, including privatization of most public sector enterprises. This is a long-term goal and, to date, progress in privatization is primarily limited to the Aden oil refinery and one national bank. Expanding Yemen's woefully inadequate infrastructure will be a major element of economic growth over the next ten years. The Ministry of Electricity and Water has publicly announced its support for private power generation, and wants to add 1400 megawatts of capacity over the next ten years. However, government resources are inadequate to guarantee power purchase contracts to supply the national grid. Because Yemen faces severe water shortages in the near term, it is considering the concept of private water and sewage services utilities to manage this vital, scarce resource more efficiently.

In transportation, the government established a Free Zone in Aden and contracted private companies to develop a modern container port and airport facilities, and market industrial estates. Half of the world's annual container trade and a large proportion of its oil shipments pass within three miles of Aden. The tourism industry imploded in 1999 due mainly to a fatal incident in December 1998. The government has begun to enforce stiff new anti-kidnapping laws, which along with the Saudi-Yemeni border treaty signed in June 2000, may have a positive impact on the industry. Yemen's long coastline offers beautiful beaches and islands, while its interior provides unique cultural experiences and historical perspectives. The expansion of infrastructure implies that the construction industry will grow with it. Currently, local construction materials factories are running at 60% or better capacity and are looking to expand. Several of Yemen's larger trading houses are studying the possibility of setting up private cement plants. While consumer product manufacturers are facing difficult times, Yemen's rapidly growing population (3.5% annually) should eventually provide enough demand for that industry to rebound.

Since the discovery of oil in commercial quantities in Marib Governorate in 1984, the

petroleum industry has led Yemen's economic growth. The beginning of production in the Jannah and East Shabwa fields and output increases in Masila raised overall production to around 420,000 bpd by the end of 1999. Output from the Marib concession peaked in 1995 and has been slowly declining. On the other hand, Masila's production has continued to grow steadily. Because the Jannah and East Shabwa discoveries are much smaller than the older fields in Marib and Masila, their output can only temporarily raise total production, which is now straight-lined and will begin to decline over the next three years. Only new discoveries can sustain Yemen's output, but patchy exploration success, noncompetitive contract terms, and a difficult negotiating style are deterring much new exploration. In spite of these difficulties, five U.S. exploration firms are operating in Yemen and some recent wells have shown promise.

A long-term prospect for the petroleum industry in Yemen is a proposed liquefied natural gas project (Yemen LNG), which plans to process and export Yemen's 17 trillion cubic feet of proven associated and natural gas reserves. The Government of Yemen negotiated a gas development agreement with Total in 1995, and, in January 1997, agreed to include Hunt Oil, Exxon, and Yukong of South Korea (the partners in the Yemen Exploration and Production Company - YEPC) as partners in the project. The government has since allotted 5% of the project from its share to Hyundai of South Korea. The project envisions a \$3.5 billion investment over 25 years, producing approximately 3.1 million tons of LNG annually. A Bechtel-Technip joint venture conducted a preliminary engineering study. Early optimism for production of Yemen's LNG facilities by 2001 has slipped in light of the Asian financial crisis, but discussions are continuing with British Gas and TotalFinaElf over purchasing contracts for the Indian market.

Balance of Payments: Yemen ran a current account surplus in 1999 of approximately \$104 million, a significant improvement over its \$250 million deficit in 1998. Analysts predict a surplus in 2000, provided that world oil prices remain in the \$25 per barrel range. Yemen's bilateral and multilateral debt picture continues to improve. Debt to Russia was reduced dramatically with Russia's accession to the Paris Club, and the World Bank financed in 2000 a commercial debt reduction program. As a result, by April 2000, Yemen's outstanding debts are approximately \$5.08 billion, or approximately 81% of GDP.

Infrastructure: Yemen's infrastructure is inadequate for a country of 17.8 million people. Its maximum electricity capacity is 600 megawatts, but actual output is between 350-400, and that only reaches 30 percent of the population. Water and sewage services are even less adequate. Citizens of Taiz, Yemen's third largest city, receive public water only once every 30-40 days. In Sanaa, raw sewage runs onto major thoroughfares in some parts of the city. The World Bank and other donors are financing projects to improve water and sewage services.

Airports and some port operations have improved in the past two years. Since its March 1999 opening, throughput at the Aden Container Terminal has increased and is expected to reach over 200,000 TEUs in 2000. Expansion plans are underway to include a fifth quay crane, additional yard cranes, and a complement of terminal tractors and trailers. Moreover, development of an adjacent industrial and warehousing project called Aden Distripark was

launched in April 2000 with 30 hectares available for lease. Aden International Airport is under renovation, including its terminal, tower, navigational equipment, and an already completed runway. The Port of Hodeidah, Yemen's busiest domestic port, experiences delays in unloading grain and container vessels. Taiz International Airport has always operated without navigational equipment, despite experiencing the most violent thunderstorms in Yemen.

Decent, two-lane paved roads connect Sanaa to Aden, Hodeidah, and Taiz, but because of the mountainous terrain, it often takes 12 hours to haul a 40 ft container the 346 km from Aden to Sanaa or six hours for the 226 km from Hodeidah to the capital. The Arab Fund for Economic and Social Development is financing a paved road to connect Mukalla in Hadhramaut Governorate to the Omani border. A direct link between Sanaa and the Wadi Hadhramaut via Marib was completed in 1999.

Chapter III Political Environment

Nature of Political Relationship with the United States: Since their nadir during the Gulf War, relations between the United States and Yemen have been steadily improving. The Yemeni Government appreciated the United State's pro-unity stance during the 1994 civil war, and the U.S. and Yemen have cooperated increasingly on regional issues, including the Middle East Peace Process, and counter-terrorism. The United States supports Yemen's democratic process and economic reform efforts. With Yemen's June 2000 treaty agreement with Saudi Arabia that solves their 66 year border dispute, Yemen now enjoys internationally recognized borders with all of its neighbors, including Eritrea (settled through international arbitration in 1998) and Oman.

The USAID Mission in Yemen closed in September 1996, but small programs in health and education training will continue through September 2000 using pipeline monies. The U.S. continues to support Yemen's political and economic reform programs through multilateral channels, and through disparate bilateral cooperation efforts, including 416(b) food aid, Middle East Democracy Funds, the Democracy Small Grants Program, and humanitarian demining. Efforts are continuing to secure new resources to extend the USAID program beyond FY 2000.

Major Political Issues Affecting the Business Climate: Bureaucratic corruption at all levels of government affects all aspects of doing business in Yemen, distorting judicial and administrative procedures, fiscal policy, security and progress toward democracy, a free market economy, and respect for human rights. Because practices like officials' requiring payment of commissions for performing their jobs, nepotism, and collecting salaries from multiple government jobs are considered natural, administrative reform may be a long and difficult process. A World Bank-led effort to effect civil service and administrative reforms was formally launched on August 25, 1998.

Political unruliness increases the risks and costs of doing business in Yemen. Tribal kidnappings of foreigners and thefts of foreign-owned vehicles continued periodically

through 1999 and early 2000 as tribesmen in isolated areas sought increased attention and support from the central government. Kidnapping of foreigners has been a Yemeni tradition since the 1970s, with victims hailing from at least 17 countries, including Great Britain, France, Italy, Germany, the U.S. the Netherlands, Poland, and Russia. Most victims of kidnapping in Yemen have been either tourists or oil company workers. They are generally released unharmed, although a botched rescue attempt during a June 2000 kidnapping of a Norwegian tourist resulted in his death.

On December 28, 1998, a group of 16 western tourists from the U.K., Australia and the U.S. was kidnapped by international terrorists in Abyan governorate near Mudiyah. The next day, in response to information that the lives of the hostages were in imminent danger, government forces attempted a rescue operation. Four of the hostages and three of the terrorists were killed, at least two of the tourists at the hands of the terrorists. Three surviving terrorists were charged with murder: the Yemeni leader was tried and executed and the two third-country nationals were sentenced to long prison terms. International consensus on the Abyan incident is that it was ideologically motivated and an aberration.

On August 3, 1998 the government began to take decisive measures against kidnapers and bandits. Law 24, issued by presidential decree, stipulates severe punishments against perpetrators up to and including capital punishment for the leaders of such crimes. Those charged as accessories to the crime of kidnapping or stealing public or private property by force face sentences of 10-20 years, subject to doubling if the instigators are military or security personnel. In later 1999 a special court and prosecutor were established to enforce the law and by mid-2000, several kidnapers had been tried, convicted, and sentenced to lengthy prison terms. Also since August 1998, the government has undertaken periodic crackdowns on the carrying of weapons in Sanaa and other major cities that has noticeably reduced their prevalence. However, the prospect for controlling weapons altogether is remote due to opposition from tribal elements, including politically prominent individuals.

Brief Synopsis of the Political System: Yemen has two functioning political systems: an emerging modern democracy and an ancient tribal/feudal system. Yemen's government is divided into three branches: the executive, with the President appointing a cabinet headed by a Prime Minister; the legislative, with a 301-member unicameral Parliament; and the judiciary, consisting of three levels of courts (magistrate, appellate, and supreme). Yemen held its first direct presidential elections in September 1999, electing President Ali Abdullah Saleh to a five-year term in what were generally considered free and fair elections. Yemen held its second multiparty parliamentary elections in April 1997 and will hold parliamentary and local authority elections in April 2001. The President's party, the General People's Congress (GPC) holds an absolute majority of 223 seats in the current Parliament; the Yemeni Grouping for Reform (Islaah) holds 64 seats. Smaller parties and many independents also won seats.

The election of President Ali Abdullah Saleh consolidated the power of the GPC, a liberal party committed to reform policies. Islaah is a tribal/Islamic party under the leadership of Speaker of Parliament Shaykh Abdullah Al-Ahmar who is also paramount shaykh of the dominant tribal federation. Before the 1994 civil war, the Yemeni Socialist Party (YSP),

which had ruled the former People's Democratic Republic of Yemen (PDRY) before its unification with the Yemen Arab Republic (YAR) in May 1990, was a partner in the government. Since the 1994 civil war, however, the YSP has been ineffective; it boycotted the 1997 and 1999 elections, thereby losing its voice and influence. The GPC is an "umbrella" organization with less emphasis on ideology and more on following the lead of President Saleh in governing the country. Islaah calls for implementation of Islamic legal principles. The parties have factions, quite strong ones in the Islaah party, less obvious in the GPC, and crippling in the YSP.

Chapter IV Marketing U.S. Products and Services

Distribution and Sales Channels: Local agents/distributors use fairly modern distribution systems to get products to market. Most have contracted with local distributors and/or retailers in Yemen's major population centers, who receive discounts off the retail price. In general, primary agents/distributors are responsive to the guidelines and suggestions of the manufacturer.

Use of Agents and Distributors: The Embassy strongly recommends that U.S. exporters hire a local agent/distributor. Given the high degree of corruption in the society, the Embassy also strongly recommends that U.S. businesses interested in the Yemeni market consult the Embassy commercial section regarding potential agents/distributors. Yemen's mountainous terrain and weak transportation network suggest that, for many products, multiple agents/distributors may be more efficient. Sanaa, Aden, Taiz, Mukalla, and Hodeidah are the country's primary commercial centers. At an exporter's request through a Department of Commerce Export Assistance Center, the Embassy's commercial section can research and draft Agent/ Distributor Service (ADS) and International Company Profile (ICP) reports on a fee basis. Yemeni Law 23/1997 (amended) regulates the branches and agencies of foreign trading companies. All agent/distributor agreements with local companies must be registered with the Ministry of Supply and Trade. Since January 2000, the agency registration fee at the Ministry of Supply and Trade has been 5,000 Yemeni Rials (YR). (Note: 160YR=1USD in July 2000.)

Franchising: Yemen's Investment Code (Law 29 of 1997, amended, see Chapter VII) encourages franchising. Pizza Hut opened its first restaurant in Aden in 1995 and has one outlet in Sanaa. Baskin Robbins opened an ice cream parlor in Sanaa in July 1999. KFC and McDonalds are both finalizing plans to enter the Yemeni market.

Direct Marketing: With the advent of Internet services in Yemen in late 1996, direct marketing has made an appearance but is not widely used. Noting that high-end consumers are Internet customers, some Yemeni companies have begun using e-mail to advertise their products/services. Local internet service is monopolized by a single provider, TeleYemen, and connections are generally adequate.

Joint Ventures/Licensing: Most joint ventures are regulated through the Investment Code,

Law 22 of 1991, as amended.

Steps to Establishing an Office: Law 23 of 1997, as amended, regulates the establishment of foreign companies. Following are the guidelines:

- Obtain a letter from a Yemeni bank indicating that you have accounts in dollars and rials. The cost is free. (Time frame 3 hours).
- Rent an office and obtain a copy of the agreement from the owner. (Time frame 1-3 days).
- Register the company with the Ministry of Supply and Trade (MOST). On the relevant form, indicate the type of business (i.e. import-export, services, wholesaler, and retailer), stating the capital, and whether it is a private or shareholding company. Once approved, the Ministry will assign a registration number. This company registration number must be presented if requested by any government agency. Since January 2000, the total fees for registration, publication in the official gazette and announcement in the commercial register have been 55,000 rials. The fee for amendments is 3,000 rials. The renewal fee is 20,500 rials. (Time frame 2-3 days).
- Apply for membership with the local chamber of commerce, indicating your business. The cost is \$500 dollars, plus 10,000 rials per year for renewal. (Time frame 1-2 hours).
- Apply to the municipality, indicating the type of business. You will be given a permit with a number, which you must display in your office. The cost is 50,000 rials including fees for the City of Sanaa Trust Office. (Time frame 2-3 days).
- Register with the relevant Yemeni government ministry, which has oversight responsibility for your type of business. The cost starts from 750 rials up to 50,000 rials, depending on the business. For example, if the business is a gas station or a transport company, the cost may be more. (Time frame 2-3 days).

Selling Factors/Techniques: Some producers will provide goods or stocks to retailers who guarantee to increase shelf allocation.

Advertising and Trade Promotion: Yemen has two television channels. Channel One, now known as Yemen Space Channel, transmits from Sanaa and can be seen locally and throughout the Arab world. Channel Two transmits from Aden for local viewers only. The programs are mainly in Arabic except for a 15-minute daily English news bulletin. Media advertisements are welcome and can be produced locally or abroad.

The maximum ad rate on Channel One for imported brand products during afternoon hours (from 3.30 p.m. to 7.30 p.m.) is \$300 per 30 seconds between programs and \$390 per 30 seconds during programs. The maximum ad rate on Channel One for imported brand products during pre- or post-prime time (from 7.30 p.m. to 8:55 p.m. and from 11.30 p.m. to the end of the transmission) is \$335 per 30 seconds between programs and \$435 per 30

seconds during programs. The maximum ad rate on Channel One for imported brand products during prime time (from 8.55 p.m. to 11.30 p.m.) is \$500 per 30 seconds between programs and \$650 per 30 seconds during programs, plus a commercial agency commission.

The maximum ad rate on Channel Two for imported brand products during afternoon hours (from 3.30 p.m. to 7.30 p.m.) is \$150 per 30 seconds between programs and \$195 per 30 seconds during programs. The maximum ad rate on Channel Two for imported brand products during pre- or post-prime time (from 7.30 p.m. to 8:55 p.m. and from 11.30 p.m. to the end of the transmission) is \$170 per 30 seconds between programs and \$220 per 30 seconds during programs. The maximum ad rate on Channel Two for imported brand products during prime time (from 8.55 p.m. to 11.30 p.m.) is \$250 per 30 seconds between programs and \$325 per 30 seconds during programs, plus commercial agency commission. These TV advertisement rates will be effective until December 2000. (A list of local commercial agencies is available from the Embassy's Commercial Section.)

Newspaper advertisement rates depend on page space, and rates vary between daily and weekly papers. The maximum rates for a daily newspaper advertisement for foreign firms or products are: US \$3,000 – full page, \$1,500 – half page and \$750 – quarter page. Rates for locally-manufactured products of a foreign company are YR 90,000 - full page, YR 45,000 - half page, and YR 22,500 - quarter page. The average rates for advertisement for foreign firms or products in the tri-weekly newspapers are: \$1,500 - full page, \$825 - half page, and \$454 - quarter page. The average rates for an advertisement for products in the two weekly English-language newspapers are: \$1,500 - full page, \$825 - half page, and \$454 - quarter page.

Following are contact addresses for Yemen's leading daily and weekly newspapers:

Al-Thawra (Arabic daily)

P. O. Box 1475, Sanaa, Republic of Yemen

Phone: 967-1-321-531/2/3, Advertising 274-038; Fax: 967-1-274-035 or 967-1-323-505

E-mail: al-thawrah@y.net.ye Website: www.althawra.gov.ye

Al-Gumhurriyah (Arabic daily)

P. O. Box 6604, Taiz, Republic of Yemen

Phone: 967-4-211-845/6/7; Fax: 967-4-212-306

E-mail: alghumhurya-np@y.net.ye

14th October (Arabic daily)

P. O. Box 5487, Ma'alla, Aden, Republic of Yemen

Phone: 967-2-242-660/764, Advertising 241-186; Fax: 967-2-242-029 or 242-301

Al-Ayyam (tri-weekly, independent)

P. O. Box 648, Aden, Republic of Yemen

Phone: 967-2-255-170/254-135 or 967-1-416-733; Fax: 967-2-255-692 or 96-1-416-722

E-mail: editor@al-ayyam-yemen.com; Website: www.al-ayyam-yemen.com

Yemen Times (English weekly)

P. O. Box 2579, Sanaa, Republic of Yemen

Phone: 967-1-268-661/2/3, Advertising 264-253; Fax: 967-1-268-276

E-mail: yementimes@yementimes.com; or yementimes@y.net.ye

Website: www.yementimes.com

Yemen Observer (English weekly)

P. O. Box 19183, Sanaa, Republic of Yemen

Phone: 967-1-248-217/263-100, Fax: 967-1-243-222

E-mail: editor@yobserver.com; Website: www.yemenobserver.com

Pricing Products: The government of Yemen removed subsidies for wheat and flour in 1999. Subsidies for diesel, kerosene, electricity, water, and sewage services remain. Subsidies for diesel, kerosene and cooking LPG are likely to be reduced by the end of 2000. The free market sets all other prices. When the rial appreciates and retail prices fall, distributors often demand immediate rebates on stocks they are holding; however, when the rial falls, they usually want to raise retail prices to capture windfall profits.

Sales Service/Customer Support: While strong customer service can provide a competitive advantage where the practice is relatively new, Yemenis are still mainly attracted to the lowest price. Development of an effective sales/service team requires training. If training must be conducted in the United States, early and close coordination with the Embassy's Consular Section on visa matters is strongly encouraged. Additionally, the use of promotional materials like bumper stickers, posters, and low value gifts with the product and/or company's name helps to engender goodwill in the community.

Selling to the Government: Yemeni government purchases are made through a tendering system managed by the Supreme Tender Committee chaired by the Vice Minister, Minister of Foreign Affairs. Law 3 of 1997, as amended, governs purchasing tenders valued at over 125 million Rials or equivalent in foreign currency. Local agents can be a critically important factor in shepherding bids through the tender process. Tenders are announced in the local and foreign press. Tender conditions are based on standard international regulations used to evaluate tender offers. Price is usually the determining factor, although quality and nationality of the product play a role. Efforts to reform and streamline the tendering system are ongoing. The Embassy has advocated successfully on behalf of U.S. firms in public tender competitions.

Protecting Products from Intellectual Property Rights (IPR) Infringement: Yemen has an adequate copyright law (Law 19 of 1994) but a weak legal system. It is a member of the World Intellectual Property Organization (WIPO) but has not acceded to any international IPR conventions. It is in the process of revising its IPR laws under WIPO guidance to meet international standards. In July 1999, a major U.S. multinational corporation, with a small processing plant in Yemen, won a significant trademark infringement lawsuit in the local courts after a multiyear legal battle. However, enforcement of the judgment has not been effective. The World Trade Organization (WTO) General Council accepted Yemen's

application to join the WTO in July 2000. Within this framework, Yemen will need to ensure that its laws are TRIPS-compliant.

Need for a Local Attorney: An updated list of attorneys is available from the Embassy commercial office. The Embassy advises the use of local counsel in the drafting of contracts to help prevent future disputes. Yemen's legal dispute resolution mechanisms are underdeveloped and many contracts specify that arbitration be conducted overseas. Commercial disputes are usually resolved among Yemenis via extrajudicial means.

Chapter V Leading Sectors for U.S. Exports and Investment

Best Prospects for Non-Agricultural Goods and Services

The following sectors are identified as leading prospects based on discussions with Yemeni government officials and businessmen. Where statistics are available, they are provided. However, Yemeni markets are shallow and can alter rapidly as the preferences of the general populace change.

Oil/Gas Field Machinery (OGM): Oil production in Yemen has straight-lined and its future depends upon increased and successful exploration efforts. Following the Yemeni-Saudi border treaty, exploration in the promising northeastern region will likely increase. Five U.S. companies are currently engaged in exploration and production activities. Yemen's LNG project may offer significant opportunities for exporters. Plans call for construction of a liquefaction plant at Belhaf on the Gulf of Aden and two international consortia have been selected to submit proposals. As the downstream oil and LPG sectors are privatized, opportunities to supply retail and wholesale fuel and LPG production and distribution systems should materialize.

Electrical Power Systems (ELP): The Ministry of Electricity and Water hopes to increase power capacity by 1.4-gigawatts over the next ten years. Currently, only 30 % of the population are connected to the national grid and demand is expected to rise by over 10% annually. Furthermore, Yemen will need to strengthen its transmission and distribution systems. Rural Yemenis, who still comprise more than 75% of the population, continue to depend on private and village diesel generators for power rather than the national grid. The demand for small generators up to 2 MW is keen. Many of Yemen's rural areas are perfect for solar or wind generators. Yemen's Public Telecommunications Corporation, for instance, relies on solar cells to run its national microwave transmission grid.

Agricultural Machinery and Equipment (AGM): Including qat, a mild stimulant central to Yemeni social life, agriculture is Yemen's largest economic sector. Yemen is self-sufficient in vegetable and fruit production and has started exporting to countries in the region. However, Yemen faces a severe water supply crisis in the near term, so the price of this necessary agricultural input is expected to increase substantially in the next few years.

Demand for efficient irrigation equipment should increase as water prices rise. Moreover, analysts expect that investment in modern agricultural projects will expand in the southern governorates, which, because of their flatter topography, are more amenable to mechanization.

Water Resources Equipment (WRE): Clean drinking water supplies in Yemen's major cities and rural areas are plunging. With a rapidly increasing population, the government's water supply agencies cannot cope with rising demand. Water pumped from aquifers is depleting rapidly and generally is not suitable for drinking. To cope with growing demands, private sector companies have established clean water supply centers using water filtration equipment. Demand for good quality water pumps, filtration equipment, water supply and distribution systems, and desalination equipment is increasing rapidly.

Medical Instruments, Supplies, and Pharmaceuticals (MED): Yemen's Ministry of Public Health cannot cope with increasing demand for modern health services, so it has encouraged the private sector to establish hospitals and clinics. Statistics indicate that Yemen has over 105 government hospitals, 200 private hospitals, over 750 health care centers and clinics, and 2,900 pharmacies, representing a significant market. Yemeni expatriates and businessmen are planning to invest in larger hospitals. More than 60 private companies are importing and trading in medical instruments, supplies, and pharmaceuticals. Demand for imported pharmaceuticals is increasing despite the fact that Yemen's only public pharmaceutical manufacturing company will be privatized and two private pharmaceutical manufacturing companies were established in 1998.

Computers and Peripherals (CPT): Most of Yemen's private and public trading corporations, colleges, universities, training centers and hospitals are using computer hardware and software. Internet and email users increased to 35,982 in 1999 from 16,437 in 1998. The number of computer service shops is also increasing. Most well known international computer producers are represented in Yemen and have local distributors. Software is in big demand, especially by colleges and trading companies.

Telecommunication Equipment (TEL): The demand is growing for telecommunication services in Yemen's major cities. Yemen's Public Telecommunications Corporation (PTC), which is in charge of providing domestic services, publishes tenders for the supply of fiber optic and aerial cables, microwave equipment and communications central switching equipment. Telecommunication services are being upgraded, particularly in the former southern governorates, although there is considerable room for additional phone lines and improved services throughout the country, as phone line density is currently only one per 100 families. The Ministry of Communication will select two international companies to establish GSM communication service. Several private companies have established pay phone and facsimile services in Yemen's major cities because the Public Telecommunication Corporation cannot cope with growing demand for phone services. Internet services are available through Yemen's sole long-distance provider, Teleyemen (a joint venture with Britain's Cable & Wireless) and demand for cellular, mobile communication, pagers and phone sets among the business community continues to rise.

Best Prospects for Agricultural Goods and Services

Yemen's population is growing rapidly at 3.5% annually and the country will remain a net food importer for the foreseeable future. Wheat and wheat flour are the largest U.S. agricultural exports, but opportunities for other products are growing. At present, the poultry industry demands significant non-wheat products and services, but other livestock industries may modernize in the near future. Additionally, U.S. processed foods appear to be competing effectively for consumers.

Wheat and Wheat Flour: The U.S. exported 450,000 metric tons of wheat and 62,372 metric tons of wheat flour to Yemen in 1999. An additional 100,000 metric tons of wheat flour were exported during 1999 as part of USDA's 416(b) food aid program. The removal of government subsidies on wheat and wheat flour in the first half of 1999 did not have a significant negative impact on consumption. As wheat bread has become a staple in the Yemeni diet, the Embassy believes the U.S. will continue to be a major supplier of wheat in the long term.

Corn: Corn is the main ingredient for animal feed. The largest use is in the poultry industry. Major local traders import feed as cartels to resell to other poultry producers. The usual feed shipment size is 27,000 MT, with a composition of 70% corn and 30% soybean meal. The U.S. dominates the market, supplying 77,302 MT in 1999, a 40% increase from the 1998 level of 55,245 MT. Long term prospects for the poultry industry, and therefore corn exports, are positive.

Soybean Meal: Market prospects are also good for the other main ingredient of poultry feed, soybean meal. The U.S. is generally the main supplier (as soybean meal is frequently imported and shipped with corn), supplying 16,203 MT in 1999, a 64% increase from the 1998 level of 9,890 MT. Strong price competition by other suppliers, however, has limited the growth of U.S. soybean sales. The U.S. Government donated 10,000 MT of soybean meal in 2000 under the USDA 416(b) program.

Foodstuff: The urbanization of Yemen's growing population is creating a large demand for fresh and processed food products. Also, the Yemeni government has made significant progress recently in reducing barriers to trade and opening up the market. Thus, while the market remains small, U.S. exporters can expect to find a growing opportunity for selected foodstuffs. Total 1999 exports of foodstuff items from the U.S. to Yemen were valued at \$11 million. Presently, most U.S. food items are re-exported or smuggled from Saudi Arabia.

Honey: Honey is a traditional food product, but a significant amount is imported to supplement local production. Good quality U.S. honey can be shipped at competitive prices. U.S. exports of honey to Yemen totaled 605 MT in 1999, up from 228MT in 1998.

Rice: The Yemen government no longer subsidizes rice and it is a major commodity in the market, particularly in the southern and eastern regions. In 1999, Yemen imported 4,338 MT of U.S. rice. American long grain rice is considered the best quality product in the

northern regions, for which consumers seem willing to pay a premium. However, Thai and Pakistani rice dominates the southern and eastern markets.

Poultry Industry: Broiler production in Yemen has not recovered from levels reached in the early 1990s. Annual production is pegged at 80 million birds annually, a level 45% below current production capacity. Thus, this industry should be a major target for U.S. exporters, since Yemen imported an estimated 102 million chicks, 150,000 MT of feed, and significant quantities of veterinary products in 1998.

Significant Investment Opportunities

Outside of hydrocarbon exploration and production, the best opportunities for investment in Yemen are health services, power generation, fisheries, tourism, ship repair and maintenance, and consumer products. Yemen offers investors the largest population in the Arabian Peninsula as a market, a productive work force, if properly motivated and trained, and potential access to regional markets in the Gulf and Africa. However, for various reasons indicated elsewhere, investment in Yemen remains a high-risk endeavor, and significant obstacles to investment must still be overcome.

Chapter VI Trade Regulations and Standards

Trade Barriers: The Yemeni government eliminated import licensing in 1996 and cut tariff rates to four bands between 5% and 25% ad valorem. It instituted an excise tax on industrial inputs and a production tax on local manufacturers to create a level playing field between imports and local industrial products. It also streamlined customs procedures somewhat, but businessmen still consider them to be the primary trade barrier in Yemen. In 1995 the government renounced the secondary and tertiary aspects of the Arab League boycott of Israel, but the primary aspect will remain in force until there is an Arab League consensus to abolish it.

Customs Valuation: The Yemeni Customs Authority values imports at the rate of exchange set by the market. Law 37 of 1997 regulates the new tariff on imported goods. In April 2000, the Custom Authority started using the ASYCUDA system to process imports.

Taxes: Law 70 of 1991 (as amended) regulates taxes on production, consumption and services. If a current reform effort is successful, these taxes will be replaced with a General Sales Tax. The draft for this value added tax has received ministerial approval and is awaiting parliamentary ratification.

Import Licenses: The government eliminated licensing in 1996.

Export Controls: The government requires licensing of exports for statistical purposes. The Ministry of Fish Wealth limits the export of certain categories of seafood products. Exports

of antiques and archeological items exceeding \$100 in value are prohibited. Often, customs officials arbitrarily confiscate souvenirs at the airport without compensation. The government taxes exports.

Import/Export Documentation: These documents are available from the Ministry of Supply and Trade and/or the relevant ministry governing a company's activities. A health certificate must be obtained to export animal and fisheries products.

Temporary Entry: Yemen allows temporary entry of equipment for projects, but the equipment must be re-exported once the project is completed. Generally speaking, foreign companies employ local agents to import the equipment so it can remain in the country for longer periods, reducing the cost of operations. Imported equipment will be taxed if sold or otherwise left in Yemen.

Labeling, Marking Requirements: Any foodstuffs or pharmaceutical products coming to Yemen must have production and expiration dates printed clearly on the package. Otherwise, GCC and international standards are followed.

Prohibited Imports: The government prohibits the importation of seven items: pork and pork products, coffee, alcohol, narcotics, a very limited list of fresh fruits and vegetables during their local production season, weapons and explosives, and rhinoceros horn.

Standards: Multiple organizations within the Yemeni government are responsible for standards and product quality control. Among them are the Standardization, Meteorology, and Quality Control Organization of the Ministry of Industry, the Customs Authority, and the Environmental Department of the Ministry of Construction, Housing and Urban Planning. Yemen is a Member of the International Standards Organization (ISO 9000), the World Meteorological Organization, and the Arab Standards Organization. The Standardization, Meteorology, and Quality Control Organization has the responsibility for testing imports and can order their removal from the market if they do not meet standards.

Free Trade Zones/warehouses: The Yemeni government passed its Free Trade Zone Law (Law 4 of 1993), and designated 170 sq. km. of land in Aden as the first free trade zone. In March 1996, it signed a contract with Yeminvest to develop a container port facility in part of the Aden Free Zone area. On March 19, 1999, phase one of the Aden Container Terminal opened under the operation and majority ownership of the Port of Singapore Authority. Yeminvest launched phase two, which calls for developing 30 hectares for an industrial and warehousing estate in April 2000.

Special Import Provisions: None.

Membership in Free Trade Arrangements: Provisions of the 1934 Taif Treaty with Saudi Arabia call for establishment of open markets, a single customs system for both countries, reciprocal most favored nation trading status, and unimpeded transit rights through both nations. The treaty was reaffirmed in the June 2000 Saudi-Yemeni border treaty (Jeddah Treaty) and thus its terms should come into force. Yemen also is a founding member of the

Indian Ocean Rim Association, has applied for membership in the British Commonwealth, and was granted observer status at the World Trade Organization (WTO) in April 1999. In July 2000 the General Council of the WTO accepted Yemen's application for accession.

Chapter VII Investment Climate

A.1. Openness to Foreign Investment

The Republic of Yemen Government (ROYG) is committed to attracting foreign investors by improving its overall investment climate. To this end, it adopted a new policy of uniform treatment for all investors, domestic and foreign. The lead ROYG agency is the General Investment Authority (GIA), established in March 1992, which has worked with the World Bank's Foreign Investment Advisory Service to update Yemen's Investment Law 22 of 1991 (as amended). The proposed revised law shifts the focus of the GIA from regulation to promotion and was approved by the Council of Ministers in April 2000. It is awaiting parliamentary ratification that is expected before the end of the year.

Currently, the primary role of the GIA is to promote investment opportunities, but it also has licensing authority. This authority will be eliminated under the proposed amended law. The GIA provides potential investors with an information packet that includes a copy of the investment law, an investment guide summarizing GIA activities, and an application form with instructions. Packets may be obtained from the promotion section, General Investment Authority, P.O. BOX 19022, Sanaa, Republic of Yemen (PHONE: 967-1-262-962 OR 963; FAX: 967-1-262-964; or EMAIL: salattar@yahoo.com).

The GIA welcomes investment in all projects with the exception of arms and explosive materials, industries that could cause environmental disasters, banking and money exchange activities, and wholesale and retail imports, as well as exploration and production of oil, gas and minerals that are subject to special agreements (e.g., production sharing agreements) under the authority of the Ministry of Oil and Mineral Resources. Investment is open to Yemeni, Arab, or foreign investors acting solely or in partnership on any project.

The investment law revision is part of a larger ROYG economic restructuring program, sponsored by the IMF and World Bank, begun in 1995. The broad objectives of the program were to stabilize the economy and stimulate sustainable growth. By and large, it has been successful. Macroeconomic stabilization has been achieved with the Yemeni Rial stable and floating at market rates (1 USD has equaled approximately 160 YR since May 1999), inflation declining from 71 percent in 1994 to 9.6 percent in 1999, and foreign currency reserves now reaching USD 2.0 billion, or nearly seven months of imports. Most bilateral debt has been rescheduled under the Paris Club and commercial debt has largely been eliminated through a World Bank grant program. External debt is now about 81 percent of GDP.

Under the IFI reform programs, Yemen's trade environment has also improved, and basic elements of a social safety net have been implemented. A simplified and less protective

tariff structure has been initiated with the elimination of all import bans, export restrictions, and import licensing, and the adoption of a unified tariff. Privatization is progressing for about sixteen enterprises in industry, tourism and trade. Financial sector reform has advanced with passage of a new law granting full independence to the Central Bank. Commercial banks have also been required to improve their accounting procedures and loan recovery rates.

A.2. Conversion and Transfer Policies

The Yemeni Rial is freely convertible at market rates. It has been stable at about 160YR/1USD since May 1999. All other foreign currencies, especially U.S. dollars, are readily available and trade freely at market rates. Under Investment Law 22, investors may transfer funds in hard currency from abroad to Yemen for the purpose of investment and may re-export invested capital, whether in kind or in cash, upon liquidation or project disposal. Net profits resulting from investment of foreign funds may be transferred freely outside of Yemen.

A.3. Expropriation and Compensation

Yemen's investment law stipulates that projects may not be nationalized or seized. Moreover, the funds may not be blocked, confiscated, frozen, withheld, or sequestered by other than a court of law. Likewise, real estate may not be expropriated except in the national interest, according to the law and a court judgment, and against fair compensation based on its market price on the issuance date of the court judgment. Such compensation may be freely transferred abroad.

Since Yemen's unification in 1990, there have been no cases of property expropriation. The ROYG recognizes that expropriation (which existed in the socialist-led Peoples Democratic Republic of Yemen, the former South Yemen, until 1990) is contrary to its economic reform aspirations. However, land registration is in its infancy in Yemen, and disputes over both residential and commercial plots are frequent and nearly impossible to adjudicate legally.

A.4. Dispute Settlement

There have been no significant investment disputes involving U.S. investors over the past several years, although commercial disputes are not uncommon. Yemen signed the Convention on the Settlement of Investment Disputes in 1997, but has not yet ratified the New York Convention on Arbitration. In the interim, business disputes are generally handled by informal arbitration or within Yemen's court system. However, the court system is widely regarded as inefficient and corrupt. While Yemen's investment-related laws are basically sound, enforcement remains problematic at best and nonexistent at worst. The ROYG has special commercial courts to provide a mechanism for commercial dispute resolution, but they are generally considered ineffective. The World Bank and UNDP are actively encouraging the ROYG to press forward with more extensive judicial reforms.

Most investors would be best served by establishing a partnership with a Yemeni who

knows the system, and by including international arbitration clauses in their contracts. In cases involving interest, most judges use Shari'a (Islamic) law as the guideline, under which claims for interest payments due are almost always rejected. Local commercial banks are sensitive to this problem, and rarely lend to other than established, large trading houses for this reason.

A.5. Performance Requirements/Incentives

Under Yemen's investment law, no performance requirements are specified as a condition for establishing, maintaining, or expanding an investment. Incentives include, but are not limited to: exemption from customs fees and taxes levied on fixed assets of the project; tax holiday on profits for a period of seven years, renewable for up to 18 years maximum; holiday on profits for a period of seven years, renewable for up to 18 years maximum; the right to purchase or rent land and buildings; and the right to import production inputs and export products without restrictions and registration in the import/export register. Some of these terms and conditions will be amended under the proposed revised investment law.

Boycott Issues: Yemen formally renounced observance of the secondary and tertiary aspects of the Arab League boycott of Israel in 1995. However, occasional reports of violations occur when some Yemeni companies use old purchase order forms that contain prohibited language. When these violations are brought to the attention of concerned officials, corrective action is taken. Yemen will not renounce the primary aspect of the boycott absent an Arab League consensus.

A.6. Right to Private Ownership

While foreigners may own property, foreign companies and establishments generally may trade in Yemen only through a Yemeni agent. Law 23 of 1997, Regulating agencies and Branches of Foreign Companies and Firms, outlines the requirements for establishing a Yemeni agent. Chapter 3 of Law 23 permits foreign companies and firms to conduct business in Yemen by establishing foreign-owned and managed branches. Foreign establishments wishing to open branches in their own names must obtain a permit by decree from the Minister of Supply and Trade, subject to Law 23 and other laws in force at the time of application. However, as a practical matter, establishments should plan to engage a Yemeni partner.

Mortgage lending in Yemen is rare because of the aforementioned unwillingness of the court system to uphold the payment of interest. In addition, Yemen has a long history of incomplete or inaccurate land records and frequent land ownership disputes, which make using land or buildings as collateral difficult for lenders to manage. While the General Survey Authority is working to establish a just and legally defensible land registry system, it is some years off.

A.7. Protection of Property Rights (IPR)

Yemen has a record of inadequate protection of intellectual property rights (IPR), including

patents, trademarks, designs, and copyrights. It has not acceded to any international IPR conventions, and its IPR law no. 19 of 1994 is not TRIPS compliant. In March 1999, Yemen did become a member of the World Intellectual Property Organization (WIPO) and is now revising its laws with WIPO guidance. Yemen's application to join the World Trade Organization (WTO) was approved in July 2000. As part of its accession requirements, Yemen will need to enact its revised IPR legislation and take concrete steps to enforce adequately these laws.

A large U.S.-based multinational firm litigated successfully a trademark infringement case in Yemen's courts in 1999. The ruling is now under appeal and the violator continues to infringe on the trademark despite the court ruling. A final resolution is expected shortly.

A.8. Transparency of the Regulatory System

While Yemen has fundamentally sound investment laws, labor laws, customs tariff regulations and tax laws, transparency of implementation and enforcement is elusive. The next steps required in Yemen's civil service and administrative reform process are to clarify procedures, create implementing regulations and build a mechanism by which to enforce these standards. Health and safety standards are rudimentary and not enforced.

A.9. Efficient Capital Markets and Portfolio Investment

In the 1990s, Yemen's financial sector consisted of a banking system that suffered from a large volume of nonperforming loans, inadequate loan provisioning, low bank capitalization, and weak enforcement of prudential standards. Under a 1997 World Bank-sponsored financial sector reform program, the government took actions to address these problems. A Bank Reform Law was passed in December 1998 to update, strengthen, and regulate the industry. By June 2000, the Central Bank of Yemen (CBY) had circulated strict regulations pertaining to credit risk management, liquidity, insider lending, foreign exchange exposure, financial leasing and external auditors. Banks are now required to reach a capital adequacy ratio of eight percent and meet new classification and provisioning standards for loan portfolios. Most banks are complying.

Lending to the private sector is constrained by the lack of judicial recourse to recover bad loans. To correct this weakness, a Steering Committee produced a series of reform recommendations in mid-1999 that were approved by the government and sent to the Ministry of Justice for implementation. Among the recommendations was the establishment of special loan recovery courts, which began operations early this year.

The ROYG is also committed to privatizing the government-owned commercial banks, although progress has been slow. The National Bank of Yemen will be sold pending a final audit report for 1999, while the Yemen Bank for Reconstruction and Development is under restructuring. The two remaining specialized banks--Housing and Agriculture--are also being restructured. Once sound, they will be privatized.

In June 2000, the ROYG issued Central Bank Law No. 14 which grants greater

independence to the CBY. Its mandate will now focus on price stability, limiting public sector financing to emergency loans, freedom to adopt its own monetary and exchange rate policies, and enforcing greater commercial bank accountability. It is authorized to conduct inspections of all banks, implement provisioning and capital increase schedules, and enforce penalties and corrective measures.

Interbank activities are limited, and there are no equity or bond markets. The CBY, in collaboration with the Arab Monetary Fund and other international financial institutions, is planning to establish a stock market in Yemen to promote the government's private sector-led growth strategy. However, the consensus of most Yemeni and foreign observers is that the country lacks the expertise to establish such a market at this time. It is also doubtful that there are sufficient numbers of Yemeni investors to sustain an active stock market.

The CBY began offering Treasury bills in 1995. Commercial banks purchased a large share of the bills, investing up to 30 percent of their assets in them. The Central Bank is gradually reducing the interest rates of T-bills from a high of 23 percent in 1999 to 13 percent in July 2000 to encourage investment lending.

A.10. Political Violence

Civil disturbances of any size or frequency are rare in Yemen. In June 1998, taxi and microbus drivers organized demonstrations in Sanaa, Taiz, Dhamar and Marib, protesting a 40 percent raise in gasoline prices brought about through the government's subsidy reduction program. The demonstrations lasted two to three days, and resulted in 50-100 Yemeni deaths (including 40 security officials), virtually all in the Marib area, and some damaged property.

Kidnappings of foreigners have occurred sporadically since the 1970s and obtain wide international press coverage. Some tribal groups use hostage-taking to put pressure on the government to obtain projects or services, or to focus government attention on the redress of grievances. Victims have included foreign businessmen, diplomats, aid workers and tourists. Historically, they are treated well and released unharmed after two to three days, although some have been held as long as four weeks. However, a botched rescue attempt during a June 2000 kidnapping of a Norwegian citizen resulted in his death. Tribal kidnappings continue because the judiciary has failed to impose sentences. This has begun to change. In August 1998 the government passed strict counter-kidnapping legislation and in mid-2000 the courts began to hand down stiff penalties.

A significant exception to the usual pattern was the kidnapping in Abyan Governorate of 16 foreign tourists in December 1998. Four died during a rescue attempt, at least two of those at the hands of the kidnappers. Most observers, however, have concluded that this incident was the responsibility of Islamic extremists rather than tribal kidnappers. The perpetrators were tried, found guilty of murder, and sentenced. The Yemeni national who led the kidnapping was sentenced to death under the anti-kidnapping law of 1998 and executed in October 1999. The non-Yemeni nationals involved were given maximum prison sentences, with no parole possibilities.

Some tribal elements hijack automobiles or other expensive equipment owned by foreign companies as another means of putting pressure on the government to accede to their demands. Particularly where oil and mineral extraction are concerned, some tribes in the mineral-rich areas feel that they are not getting their share of the wealth. Investors in such ventures should be sensitive to the need to hire more local tribesmen than might first be judged economically necessary in order to build community relations and preserve the peace. The provision of community-based buildings and services, such as in health care and education, can go a long way toward ensuring trouble-free investment in isolated areas.

A.11. Corruption

As one of the poorest countries in the world, with a hugely overstuffed (due in part to the unification of North and South Yemen) and underpaid civil service, Yemen has a significant and widely-acknowledged corruption problem. If anticorruption laws exist on the books, they are not enforced. Illicit activities range from soliciting and paying bribes to facilitate or obstruct projects, to leveraging dispute settlements, skewing taxation and customs tariff augmentations, and family or tribal nepotism. The government recognizes that it must effect civil service and administrative reforms (better jobs, higher pay, removal of the worst offenders) to create new disincentives to corruption. Following Yemen's signing of a border treaty with Saudi Arabia in June 2000, Yemen's President Ali Abdullah Saleh announced a new commitment to reducing corruption. It is too soon to determine whether this initiative will come to fruition.

B - Bilateral Investment Agreements

The U.S. and Yemen are currently discussing a bilateral investment treaty (BIT) but there is no bilateral tax treaty between the two governments. According to the General Investment Authority, in 1999 and 2000, Yemen signed investment promotion and protection agreements with Algeria, Lebanon, Qatar, Kuwait, Tunisia, Ukraine, Morocco, Hungary, Ethiopia, Sudan, Romania and Pakistan. It already has agreements with France, Germany, the United Kingdom, the Netherlands, Indonesia, Malaysia, Egypt, Syria, Jordan, Iran, Djibouti and Oman.

C - OPIC and Other Investment Insurance Programs

Yemen and the United States signed an investment guarantee agreement in 1972, under which OPIC operates. As of October 1997, OPIC and EXIM Bank are on cover for both private and public sector projects of short and medium term (up to seven years) duration. Yemen is a member of the Multilateral Investment Guarantee Agency (MIGA).

D - Labor

The Yemeni government generally adopts International Labor Organization (ILO) standards regarding labor and worker rights. In 1999, it ratified ILO conventions on the elimination of

the worst forms of child labor and the minimum work age for employment. As in other areas, enforcement of the laws is weak. Child labor has increased due to the negative impact of economic reforms; most children work with their families in agriculture, although an increasing number are being sent out to work in shops and restaurants. To address this issue, the ROYG signed in June 2000 an agreement to work with the International Program on Elimination of Child Labor (IPEC). Women are restricted by tradition in their employment opportunities, and by law must not work shifts ending later than 8:00 p.m. Investors may find the local pool of skilled labor for technology-intensive ventures limited.

Yemen's overall literacy rate is approximately 51 percent, but only 28 percent for women. Given the departure of thousands of unskilled and semiskilled Yemeni laborers from Saudi Arabia, Kuwait and other Gulf States during the 1990-1991 Gulf War, Yemen's unemployment rate now stands at about 35 percent. Those who have completed secondary education and university studies in Yemen are not trained to the standards of their counterparts in the rest of the Middle East, Europe or North America.

Yemenis with local university training often cannot find appropriate employment and are sometimes unwilling to accept lower skilled jobs. The government is beginning to focus considerable attention on increasing access to and improving the quality of vocational training as a means to develop a cadre of skilled laborers in high demand fields, including construction workers, electricians, plumbers, and carpenters.

E - Foreign Trade Zones/Free Ports

The Yemen Free Zone Public Authority was established in 1991 to develop the Aden Free Zone. Yeminvest, a joint venture of the Singapore Port Authority (PSA) and the Bin Mahfouz Group of Saudi Arabia, was chosen to develop the area. PSA now holds primary ownership and manages the Aden Container Terminal that opened for business in March 1999. Ship traffic has risen dramatically since its opening, and the terminal is expected to handle more than 200,000 TEUs in 2000. Yeminvest plans to expand the facilities to include a fifth quay crane, five additional yard cranes, and other terminal equipment.

Yeminvest is also ready to launch Phase II of the Free Zone development plan. It has made available for lease the first 30 hectares of adjacent land for development of an industrial and warehousing estate called Aden Distripark (ADP). This area will grow to 90 hectares when demand increases. The Port of Aden container terminal and the Aden Free Zone are promising areas for investment. Majority ownership and operation by PSA has assured technical excellence both in construction and management of the container port. Yeminvest is offering special "early bird" deals to the first investors. Opportunities in light industry, repackaging and storage/distribution operations are welcome. Future plans include development of heavy industry and more extensive tourist facilities than currently exist in the greater Aden area.

Free Zone incentives include exemption from taxation on industrial and commercial profits for 15 years with a possible extension for an additional ten years; 100 percent foreign ownership; free transfer of capital and profits outside of the Aden Free Zone, not subject to exchange controls; and exemption from income tax on salaries, wages and bonuses of non-

Yemeni employees. For further information, contact Wong Siew Chuang, Senior Marketing Manager, Yeminvest, P. O. Box 4165, Aden, Republic of Yemen (Phone: 967-2-234-789 or Fax 967-2-234-790 or email: mmsub@yeminvest.com).

The Aden International Airport is also being upgraded with World Bank financing. A new runway opened in May 2000 and the repair of the civil war-damaged terminal building is expected to be completed by March 2001. The airport tower and maintenance buildings will also be refurbished.

F - Foreign Direct Investment Statistics

Yemen produces no reliable statistics on foreign direct investment. Most U.S. investment in Yemen to date is in oil exploration, production and oil field services.

Chapter VIII Trade and Project Financing

Brief Description of Banking System: Eleven commercial banks (nine private and two public) and two public sector specialized banks (agriculture, and housing) operate in Yemen under the oversight of the Central Bank of Yemen (CBY). Two Islamic banks opened in 1996 and a third in 1997 and are competing successfully in the market. The CBY reduced interest rates on rial deposits from 15% to 13% in July 2000, and is allowing commercial banks to determine the interest on foreign currency accounts. The change reflects a stable inflation rate and continued expectations of low inflation for the coming year.

Foreign Exchange Controls Affecting Trading: The Yemeni rial has been fully convertible since 1996, and the exchange rate has been stable in the 156-161YR/1USD range since May 1999. The rial is likely to remain stable at an average of 160-170/1USD through the end of the year. The Customs Authority values imports for tariff collection purposes at the prevailing market rate based on a monthly average exchange rate.

General Financing Availability: International credit ratings of Yemen's commercial banks have been steadily improving, as indicated by international commercial banks' confirming of locally issued L/C's on less than 100% cover and lengthening their tenure from sight to 90-120 days. Local banks have sufficient stocks to lend to the private sector for most projects, but they will only lend to known customers because the Yemeni legal system will rarely support their claims against defaulters.

How to Finance Exports/Methods of Payment: Both OPIC and EXIMBank have been "on cover" in Yemen since October 1997 for both private and public sector projects of up to seven years duration. The Embassy strongly recommends that all contracts require payment via confirmed irrevocable letter of credit or cash in advance.

Project Financing Available: At the Consultative Group of Donors meeting in Brussels in June 1997, bilateral and multilateral donors pledged \$1.8 billion in assistance over the next three years. While a good portion of this amount will be balance of payments support, the majority of these funds will go to water and sewage projects, airport rehabilitation, road

construction, agriculture, social welfare, and vocational training. The International Finance Corporation (IFC) has indicated its interest in supporting appropriate private sector projects.

The U.S. Trade and Development Agency (TDA) has financed or partially financed feasibility studies for six infrastructure projects over the past five years, including a study for a private sector oil refinery north of the Red Sea port of Hodeidah, a cement plant in Bajil (Hodeidah Governorate) and a private hospital in Sanaa. TDA is currently reviewing funding of several other projects, including a sugar refinery and a 400KV transmission line.

List of Banks with Correspondent U.S. Banking Arrangements: Arab Bank, Credit Agricole Indosuez, International Bank of Yemen, National Bank of Yemen, Yemen Commercial Bank, and Yemen Kuwait Bank for Trade and Investment. (See the Appendix for addresses and contact information).

Chapter IX Business Travel

Business Customs: Personal relationships are the key to improving business ties in Yemen. Although Yemeni law does not require an agent, businesses rarely succeed without a Yemeni working on their behalf. While Yemenis will agree to formal business meetings, most effective discussions occur at "qat chews" after lunch. These events are held at businessmen's homes where guests sit on cushions set on the floor. Chewing qat is not obligatory but your host will be gratified if you give it a try. Chemically related to amphetamines, qat is a "Class 4" controlled substance under U.S. law and may not be brought to the U.S. Individuals with heart problems, high blood pressure, insomnia, or gastro-intestinal problems should not chew.

Yemenis have been engaging in commerce for millennia and have refined the art of negotiation. Delay is a favorite tactic, but it can also be a polite refusal. The use of the phrase "Inshallah" (God willing) should not be interpreted as approval or agreement. Corruption and red tape within the government is endemic.

Most private sector business offices open in the mornings, close for lunch and qat, and reopen in the early evening. The Embassy's workweek is Saturday-Wednesday (8:00 a.m.-4:30 p.m.), the Yemeni government workweek is Saturday-Wednesday (8:00 a.m.-3:00 p.m.), and the private sector workweek is Saturday-Wednesday (8:00 a.m.-1:00 p.m. and 4:30 p.m.-7:30 p.m.) and Thursday mornings (8:00 a.m.-1:00 p.m.). Bank hours vary from bank to bank, with all open in the mornings Saturday-Thursday (8:00 a.m.-1:00 p.m.) and some open in the evenings as well.

"Guide for Business Representatives" is available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, Phone: (202) 512-1800, Fax: (202) 512-2250). Business travelers to Yemen seeking appointments with U.S. Embassy Sanaa officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone at 967-1-238-843 through 852, by fax at 967-1-253-875 or 251-563, or by email at khalealmh@state.gov.

Travel Advisory and Visas: Visas are required for travel to Yemen and can be obtained from its Embassy in Washington, DC or from its UN Mission in New York City. Americans should read the State Department's Consular Information Sheet, available 24 hours per day at (202) 647-5225 or on the Internet at WWW.TRAVEL.STATE.GOV. The Embassy recommends that visitors take appropriate precautions before traveling north or east of Sanaa, primarily in the regions of Marib, Al-Jawf, Shabwa and Abyan. Travelers should consult the latest travel information on Yemen from the Department of State (as above), which is updated frequently.

Holidays: Dates of Islamic holidays are dependent upon lunar observation and are approximately 11 days earlier each succeeding year due to the lunar calendar. The Embassy observes all American holidays. U.S. Monday holidays are generally observed by the Embassy on the preceding Saturday. Following are commercial holidays for 2000:

January 1	New Year's Day**
Jan 8-10	Eid Al-Fitr (3-5 days)
January 15	Martin Luther Kings' Birthday**
February 19	President's Day**
March 15-19	Eid Al-Adha (3-5 days)
April 5	Islamic New Year
May 1	Labor Day (Yemeni)*
May 22	Unification Day (Yemeni)*
May 27	Memorial Day (U.S.)**
July 4	Independence Day**
September 2	Labor Day (U.S.)**
September 26	Revolution Day, North
October 14	Columbus Day** and Revolution Day, South*
November 11	Veterans Day (U.S.)**
November 27	Thanksgiving Day**
November 30	Independence Day, South*
December 25	Christmas Day**
December 27-31	Eid Al-Fitr (3-5 days)

* Yemeni government closed; U.S. Embassy maintains normal hours.

** Embassy closed; Yemeni government works normal hours.

Business Infrastructure: Yemen has adequate road and air transportation, but delays often occur. Most businessmen and government officials speak English, but Arabic is the official language. Telephone, fax and e-mail communication exist, but are expensive and not universally available. TeleYemen, an Anglo-Yemeni joint venture that operates the country's international and cellular phone network, opened Yemen's first Internet node in 1997. Yemen's large cities often experience rolling blackouts because of insufficient power capacity and water supplies can be irregular.

Rents have declined in recent years due to a housing surplus. Many businesses have located

their offices in houses, but office buildings are available.

Yemen's medical system is inadequate; the Embassy strongly urges that no one visit Yemen without obtaining medical evacuation insurance. The greatest threat comes from automobile accidents, although Sanaa's altitude (over 7,200 ft.), dryness, and dust may bother some people. Malaria is prevalent in coastal areas, so visitors to Aden, Hodeidah, Mokha, or Mukalla should take preventive measures. Immunization requirements can be obtained through the Centers for Disease Control in Atlanta.

In general, Sanaa's climate is pleasant year-round; temperatures are warm during the day and cool at night. Sunny skies predominate, although the country experiences two annual rainy seasons in March-April and July-August. The coastal climate differs dramatically. Aden, Hodeidah and Mukalla experience temperatures above 100 degrees Fahrenheit for half of the year, usually accompanied by high humidity.

U.S. business travelers are encouraged to obtain a copy of the "Key Officers of Foreign Service Posts: Guide for Business Representatives" available for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; Phone: (202) 512-1800; Fax: (202) 512-2250. Business travelers to Yemen seeking appointments with U.S. Embassy Sanaa officials should contact the Commercial Section in advance. The Commercial Section can be reached by telephone from the U.S. at 011-967-1-238-843 through 852, by fax at 011-967-1-253-875 or 251-563, or by email at khalealmh@state.gov.

Chapter X Economic and Trade Statistics

A. Country Data

Population:	17.8 million (1999 estimate).
Population growth:	3.5%. At this rate, Yemen's population is expected to double within the next 18 years.
Religion:	99% Muslims, with some Jews, Christians, Hindus.
Government:	Republic.
Language:	Arabic. Many businessmen and government officials speak English.
Work week:	Saturday-Wednesday, 8:00 a.m. to 3:00 p.m. The U.S. Embassy is open Saturday-Wednesday, 8:00 a.m. to 4:30 p.m.

B. Domestic economy

<u>1998</u>	<u>1999</u>	<u>2000 est</u>
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Nominal GDP (million US\$)	\$5,987	\$6,761	\$7,000
Real GDP Growth (%)	4.8	2.8	3.6
Nominal GDP Per Capita (US\$)	\$322	\$344	\$360
Total Government Expenditures as a % of GDP	32	30	30
Inflation (%)	12.2	9.6	7.5
Unemployment (%)	40	35	35
Foreign Exchange Reserves (million US\$)	\$980	\$1,480	\$2,100
Average exchange rate Yemeni Rial per U.S. Dollar	136	156	160
Debt Service Ratio	N/A	N/A	N/A
U.S. Economic Assistance (million US\$)	\$13.4	\$20.1	\$40.2

C. Trade (Millions of U.S. dollars)

	1998	1999	2000 est.
Total exports*	1,496	2,436	2,600
Total imports*	2,165	2,004	2,300
U.S. imports**	37.6	23.6	25.0
U.S. exports**	177.7	157.5	180.0

Source: * Central Bank of Yemen

** U.S. Department of Commerce

D. Investment Statistics: Not Available.

Chapter XI U.S. and Yemen Contacts

U.S. Embassy Trade Personnel

Barbara K. Bodine, Ambassador

Douglas Neumann, Deputy Chief of Mission

Donna Visocan, Economic/Commercial Officer

David Markham, Commercial/Consular Officer

Mohamed Khaleal, Economic/Commercial Specialist

Mohamed Sharaf-Aldin, Agricultural Specialist

P. O. Box 22347, Sanaa, Republic of Yemen

Phone: 967-1-238-843 through 852

Fax: 967-1-251-563 or 967-1-253-875

Washington-based U.S. Government Country Contacts

Department of State

Diane Shelby, Yemen Desk Officer

2100 C Street
NEA/ARP, Room 4224
Washington, D.C. 20520
Phone: (202) 647-6558; Fax: (202) 736-4459

Department of Commerce
14th and Constitution Avenues, NW
Washington, D.C. 20230
International Trade Administration
Mariam Es-Haq, Yemen Desk Officer
Phone: (202) 482-1860; Fax: (202) 482-0878
Email: Mariam_Es-Haq@ita.doc.gov

Christopher James, Project Manager, Advocacy Center
Phone: (202) 482-3896; Fax: (202) 482-3508
Email: christopher_james@ita.doc.gov

The Multilateral Bank Office
Department of Commerce
Skip Jones, Director (On leave until January 2001)
Phone: (202) 482-3399; Fax: (202) 482-5179
Email: skip_jones@ita.doc.gov
Judy Sever, (Acting until January 2001)
Email: judy_sever@ita.doc.gov

TPCC Trade Information Center
Department of Commerce
Abdul Quadar Shaikh
Phone: 1-800-USA-TRADE
Email: abdul_shaikh@ita.doc.gov

U.S. Trade and Development Agency (TDA)
Henry D. Steingass, Regional Director, Africa & Middle East
1621 North Kent Street, Suite 200
Arlington, VA 22209-2123
Phone: (703) 875-4357; Fax: (703) 875-4009
Email: info@tda.gov
Website: www.tda.gov

Overseas Private Investment Corporation (OPIC)
Abed Tarbush
Business Development Manager, Middle East & North Africa
1100 New York Avenue
Washington, D.C. 20527
Phone: (202) 336-8799 or (202) 336-8400; Fax: (202) 336-8700
Email: info@opic.gov

Website: www.opic.gov

Export-Import Bank of the United States (EXIM Bank)
Veronique M. Cavaillier, Officer for the Middle East
811 Vermont Avenue, NW
Washington, D.C. 20571
Phone: (202) 565-3946 or (202) 566-8990; Fax: (202) 565-3380
Email: veronique.cavaillier@exim.gov
Website: www.exim.gov

U.S. Department of Agriculture (USDA)
Foreign Agricultural Service
Trade Assistance and Promotion Office
Phone: (202) 720-7420
Fax: (202) 720-3799
E-mail: hoffman@fas.usda.gov
www.fas.usda.gov

Yemen Chambers of Commerce

Sanaa Chamber of Commerce & Industry
Abdul Wahab Sinan Abu Lahom, Chairman
Abdul Salam al-Hamdani, Acting General Manager
P.O. Box 195, Sanaa, Republic of Yemen
Phone: 967-1-234-761/2/3/4 or 232-361/2; Fax: 967-1-232-412
E-mail sanaacomyemen@y.net.ye
Internet: www.yemeninvestment.net

Aden Chamber of Commerce & Industry
Mohamed Omer Bamashmous, Chairman
Badr Mohamed Basalma, General Manager
P.O. Box 473, Crater, Aden, Republic of Yemen
Phone: 967-2-221-176 or 251-104 or 255-446; Fax: 967-2-255-660
E-mail: cciaden@y.net.ye; Website: www.yemnet.com

Hodeidah Chamber of Commerce & Industry
Abubaker Salem Shammakh, Chairman
Nabil Al-Wajeeh, General Manager.
P.O. Box 3370 Hodeidah, Republic of Yemen
Phone: 967-3-217401/217621, Fax: 967-3-211-528
Email: hodcci@y.net.ye

Hadhramaut Chamber of Commerce & Industry
Abdel Khalek Bamatraf, Chairman
P.O. Box 8302, Mukalla, Hadhramaut, Republic of Yemen
Phone: 967-5-353-258, Fax: 967-5-303-437

Yemen Government Agencies

Ministry of Electricity and Water

H.E. Eng. Ali Hamid Sharaf, Minister

Eng. Ahmed al-Aini, Deputy Minister for Electricity

Eng. Yahya al-Abiad, Managing Director, Public Electricity Corporation

P.O. Box 178, Sanaa, Republic of Yemen

Phone: 967-1-260-151/2, 260-128; Fax: 967-1-264-211/263-115

Ministry of Oil and Mineral Resources

H.E. Muhammad Al-Khadim Al-Wajeih, Minister

Mr. Ahmed Hussein Basha, Vice Minister

Dr. Rashid Ba-Raba'a, Deputy Minister

P.O. Box 81, Sanaa, Republic of Yemen

Phone: 967-1-202-309 through 13; Fax: 967-1-202-314

Ministry of Communications

H.E. Eng. Ahmed Muhammad Al-Anisi, Minister

Yassin Mahmoud Ali, Deputy Minister

P.O. Box 17045, Sanaa, Republic of Yemen

Phone: 967-1-331-120; Fax: 967-1-331-150

Ministry of Industry

H.E. Abdul Rahman Mohamed Ali Othman, Minister

Dr. Jaffar Hamid Mohamed, Vice Minister

Mohamed Ahmed Al-Haimy, Deputy Minister

P.O. Box 1804, Sanaa, Republic of Yemen

Phone: 967-1-202-770/202-769; Fax: 967-1-202-249

Ministry of Planning and Development

H.E. Ahmed Mohamed Sofan, Minister

Abdul Rahman Mohamed Tarmoum, Vice Minister

P.O. Box 175, Sanaa, Republic of Yemen

Phone: 967-1-250-101 through 6; Fax: 967-1-251-503

E-mail: shaiban@yahoo.com

Ministry of Supply and Trade

H.E. Abdul Aziz al-Kumeim, Minister

Ali Al-Siaghi, Vice Minister

Kaid Al-Herwi, Deputy Minister

P.O. Box 7296, Sanaa, Republic of Yemen

Phone: 967-1-252-471/9-252-340; Fax: 967-1-251-570

Website: www.most.org.ye:

General Investment Authority

Abdul Karim Mutair, General Manager

Salah Mohamed Saeed Al-Attar, Chief, Promotion Sector
 P.O. Box 19022, Sanaa, Republic of Yemen
 Phone: 967-1-262-958; Fax: 967-1-262-964
 Website: www.giay.gov.ye: Email: salattar@yahoo.com

Commercial Banks (with some U.S. correspondent banks)

Arab Bank PLC
 Mehdi Alawi, Regional Manager
 P.O. Box 1302 & 475, Sanaa, Republic of Yemen
 Phone: 967-1-276-585; Fax: 967-1-276-583, 276-475
 E-mail: arabbank@y.net.ye

Credit Agricole Indosuez
 Francois Rivier, Regional General Manager
 P.O. Box 651, Sanaa, Republic of Yemen
 Phone: 967-1-272-801/2/3; Fax: 967-1-274-161
 E-mail: hamid<caindosuezye@y.net.ye

International Bank of Yemen
 Mohamed Mokbil Al-Amri, Manager
 P.O. Box 4444, Sanaa, Republic of Yemen
 Phone: 967-1-272-920 through 5 or 274-127; Fax: 967-1-274-127 or 272-925
 E-mail: a.t.alabsi@y.net.ye
 (Bank of America, Bank of New York)

National Bank of Yemen
 Abdul Rahman Mohamed Al-Kohali, Chairman/General Manager
 Queen Arwa Street, P.O. Box 5, Crater
 Aden, Republic of Yemen
 Phone: 967-2-253-606/253-484; Fax: 967-2-255-004 or 252-974
 E-mail: nby.ho@y.net.ye
 (Chase Manhattan, Bank of New York)

Yemen Bank for Reconstruction and Development
 Hussein Fadhl Mohamed, General Manager
 P.O. Box 541, Sanaa, Republic of Yemen
 Phone: 967-1-274-171 or 271-623; Fax: 967-1-271-630 or 271-626
 E-mail: ybrdid@y.net.ye
 (Citigroup, Chase Manhattan)

Yemen Commercial Bank
 Sikander Mahmoud, General Manager and Chief Executive Officer
 P.O. Box 19485, Sanaa, Republic of Yemen
 Phone: 967-1-213-662 Through 6; Fax: 967-1-209-566 or 218-597
 E-mail: ycbho@y.net.ye
 (Citigroup and others)

Yemen Kuwait Bank for Trade and Investment
 Zaid Ahmed Al-Shami, General Manager
 P.O. Box 987, Sanaa, Republic of Yemen
 Phone: 967-1-214-315, 209-538/214-615; Fax: 967-1-206-148
 ykb@y.net.ye
 (American Express, Bank of New York, City Bank)

Al-Watani Bank for Trade & Investments
 Dr. Ahmed Ali Al-Hamdani, Chairman
 P.O.Box: 3058, Sanaa, Republic of Yemen
 Tel: 967-1-215-580/212-860
 Fax: 967-1-205-706
 E-mail: watanibank@y.net.ye

Multilateral Development Bank Offices:
 The International Bank for Reconstruction and Development (World Bank)
 Gianni Brizzi, Resident Representative
 Street Number 40, off Damascus Road, Hadda Area
 Sanaa, Republic of Yemen
 Phone: 967-1-418-731, 413-708/ 710 or 418-166/7/8; Fax: 967-1-413-709 or 418-733
 www.worldbank.org

Chapter XII Market Research

The following titles are available on the National Trade Data Bank:

"Investment Opportunities in Aden's Free Zone and Industrial Park"
 "Yemen to Amend its Investment Law"
 "Electricity Sector Update: Expansion Needs Are Great"
 "Yemen's 1999 Financial Accounts: Slow Growth but Overall Improvement"

List of Yemeni Commercial Laws (* Available in English)

Yemeni Commercial Laws 2000

Law 14 of 2000 Central Bank of Yemen

Yemeni Commercial Laws 1999

Law 3 of 1999 Tourism Promotion
 Law 12 of 1999 Amends some articles of the income tax law.
 Law 14 of 1999 Amends article 5 of Law 31 of 1997 on commercial registration.
 Law 15 of 1999 Amends article 245 of Law 22 of 1997 on commercial companies.
 Law 16 of 1999 Deletes some articles of Law 23 of 1997 (Establishment of Foreign companies in Yemen).
 Law 18 of 1999 Reorganizes the Chambers of Commerce.

Law 19 of 1999	Encourages competition/prohibits commercial fraud and monopoly.
Law 23 of 1999	Amends article 45 of Law 70 of 1991 on production, services and consumption tax.
Law 25 of 1999	Regulates use of insecticides and pesticides.
Law 32 of 1999	Regulates use of insecticides and pesticides.
Law 44 of 1999	Establishes Standardization, Meteorology and Quality Control.
Law 45 of 1999	Privatization Law.
Rep. Decree 378/1999	Establishes Commercial Courts
Law 50 of 1999	Amends the Financial Law of 1990.

Yemeni Commercial Laws 1998

Law 5 of 1998	Cancels Republican Decree 44/1991 imposing tax duty stamps.
Law 6 of 1998	Amends some articles of Republican Decree 32/1992 - Law 35/1998 canceling commission duties on preparing customs statements on goods.
Law 35 of 1998	Minister of Fish Wealth Decree on fish and marine exports.
Law 38 of 1998	Banking Law.
Law 119 of 1998	Establishes the Supreme Council for Agriculture and Fish Wealth.
Law 211 of 1998	Council of Ministers Decree on smuggling. *
Law 234 of 1998	Council of Ministers Decree reorganizes the Yemeni Oil & Gas Public Corporation.
Law 239 of 1998	Council of Ministers Decree establishing the National Committee for preparation and negotiation with the World Trade Organization.
Law 284 of 1998	Establishes the National Trustees Council for Information.

Yemeni Commercial Laws 1997

Law 3 of 1997	Government tenders, auctions and warehouses.
Law 4 of 1997	Amends Law 70 of 1991 concerning taxes on production, consumption and services.
Law 7 of 1997	Amends Law 5 of 1991 on public corporations and authorities.
Law 9 of 1997	Amends some articles of Law 37 of 1992 on control and supervision of insurance companies.
Law 22 of 1997	Commercial companies (amended).
Law 23 of 1997	Establishment of Foreign Companies in Yemen (amended).
Law 25 of 1997	Amends some articles of Labor Law 5 of 1995.
Law 29 of 1997	Amends some articles of Investment Law 22 of 1995.
Law 35 of 1997	Amends some articles of Supply Law 24 of 1990.
Law 37 of 1997	Regulates new tariffs on imported goods.
Law 127 of 1997	Republican Decree establishing the Technical Office of the Supreme Export Council.

Yemeni Commercial Laws 1996

Law 2 of 1996	Customs duties.
Law 13 of 1996	Amends Law 31 of 1991 on income tax.
Law 14 of 1996	Amends Law 70 of 1991 on production, consumption and services tax.
Law 15 of 1996	Amends Law 20 of 1995 on money changing operations.

Law 17 of 1996	Approves documents on the 21st conference of the Universal Postal Union in Seoul.
Law 78 of 1996	Ministerial Decree regulating activities of oil services companies*

Yemeni Commercial Laws 1995

Law 1 of 1995	Concerns nationalization for the public interest.
Law 3 of 1995	Amends Law 31 of 1991 regarding income tax.
Law 4 of 1995	Amends Law 70 of 1991 on taxes on services and consumption.
Law 5 of 1995	Labor Law (amended). *
Law 26 of 1995	Environment Protection Law. *
Law 20 of 1995	Concerning money changing operations.
Law 133 of 1995	Council of Ministers Decree regarding fees for civil aviation services at Yemen's airports. *

Yemeni Commercial Laws 1994

Law 4 of 1994	Concerning the entry of foreigners and their residency in Yemen.
Law 15 of 1994	Law of the Sea.
Law 19 of 1994	Intellectual Property Rights
Law 22 of 1994	Tourism

Yemeni Commercial Laws 1993

Law 4 of 1993	Yemen Free Trade Zones. *
Law 11 of 1993	Protection of the marine environment from pollution.
Law 12 of 1993	Civil aviation regulations.

Yemeni Commercial Laws 1992

Law 1 of 1992	Foreign Trade.
Law 33 of 1992	Commercial Registration Law (amended) .
Law 22 of 1992	Arbitration.
Law 30 of 1992	Attorneys.
Law 31 of 1992	Legal accountants system.
Law 37 of 1992	Control and supervision of insurance companies.
Law 280 of 1992	Council of Minister's Decree regulating money changing operations.*

Yemeni Commercial Laws 1991

Law 2 of 1991	Organizes fishing and protection of marine life.
Law 22 of 1991	Investment Law (as amended). *
Law 28 of 1991	Weights and Measures.
Law 31 of 1991	Income Tax (amended).
Law 32 of 1991	Commercial Law.
Law 35 of 1991	Public Corporations and Authorities.
Law 36 of 1991	Commercial Banking.
Law 40 of 1991	Foreign Trade. *
Law 50 of 1991	Mines and Quarries. *
Law 70 of 1991	Taxes on production, consumption and services.
Law 28 of 1991	Measurements, standards and weights.

Law 97 of 1991 Ministerial Decree prohibiting imports of certain items. *

Yemeni Commercial Laws 1990

Law 8 of 1990 Financial Law.
 Law 13 of 1990 Collecting Public Funds.
 Law 15 of 1990 Customs Duties (amended).
 Law 20 of 1990 Cancels duties on some goods.
 Law 24 of 1990 Supply. *

Chapter XIII Trade Events Schedule

Date	Event	Organizer/location
Nov 1-5, 2000	Auto-Show 2000 Automobile parts, batteries, tires and accessories	Apollo Exhibition, Sanaa
Nov 20-25, 2000	Foodex 2000	Apollo Exhibition, Sanaa
Jan 8-12, 2001	EWA. Electricity, water, agricultural products/services	Apollo Exhibition, Sanaa
Feb 19-23, 2001	Jitcom 2001 Information technology, communication products and services	Apollo Exhibition, Sanaa
May 14-18, 2001	Industrial Show 2001 Heavy machinery equipment	Apollo Exhibition, Sanaa
July 2-6, 2001	Summer 2001 Consumer electronics, furniture show	Apollo Exhibition, Sanaa
July 23-27, 2001	Med-Pharm Yemen 2001 Medicines, hospital furniture, dental and health-related products	Apollo Exhibition, Sanaa
Nov 1-5, 2001	Auto-Show 2201 Automobile, parts, batteries, tires and accessories	Apollo Exhibition, Sanaa
Dec 12-23, 2001	Foodex 2001	Apollo Exhibition, Sanaa

U.S. companies interested in participating in the above shows may contact:

APOLLO Sanaa Exhibition Center
P. O. Box 15434, Sanaa, Republic of Yemen
Phone: 967-1-202-400, Fax: 967-1-216-530
Email: APOLLO.EXB@Y.NET.YE or APOLLO.EXB.2@Y.NET.YE