

# US-Arab Tradeline



A Publication of the National U.S.-Arab Chamber of Commerce  
 الغرفة التجارية العربية الأمريكية الوطنية

Volume XIII, No. 6 • November/December 2005

## In this issue:

Articles Page

Yemen's President Visits the United States . . . . .	1
WTO & FTA: New Business Opportunities in Yemen . . . . .	1
<i>From the President's Desk:</i> Yemen: Ancient Civilization, Modern Opportunities . . . . .	2
OPIC Conference in Morocco . . . . .	4
Q&A with Yemen's Deputy Prime Minister . . . . .	5
Port of Aden Undergoes Half-Billion Dollar Makeover . . . . .	6
Hunt Oil Company: New Generation of Prosperity . . . . .	7
FDI Opportunities in Yemen . . . . .	8
Q&A with Thomas Krajeski, U.S. Ambassador to Yemen . . . . .	10
Yemen & LNG: A New Regional Heavyweight? . . . . .	12
U.S. Corporate Involvement in Yemen's Petroleum Production . . . . .	13
Open Bidding for Petroleum & Natural Gas Concessions . . . . .	14
IFC Opens Office in Yemen . . . . .	14
Yemen: Key Indicators At-a-Glance . . . . .	15
Doing Business in Yemen: Key Points of Contact . . . . .	15
World Summit on The Information Society . . . . .	16
NUSACC Hosts Iraqi Business Delegation . . . . .	16
NUSACC Launches 2006 Forecast at NPC . . . . .	16

## Yemen's President, Ali Abdullah Saleh, Visits the United States

The National U.S.-Arab Chamber of Commerce (NUSACC) welcomes H.E. Ali Abdullah Saleh, President of the Republic of Yemen, to the United States. President Saleh will meet with President George W. Bush during this visit, which comes at a time when the United States and Yemen share more strategic objectives than at any time in memory.

H.E. Abdulwahab Al Hajjri, Yemen's Ambassador to the United States, put the visit in context this way:

"This visit by President Saleh aims at further strengthening bilateral relations, expanding mutual security cooperation, and enhancing economic & trade ties between the two countries. The President's visit will reaffirm



H.E. Ali Abdullah Saleh, President of the Republic of Yemen



Photo courtesy Embassy of Yemen

the commitment of Yemen as an active partner in the global war on terrorism. In addition, the accompanying government and business delegations will serve to encourage American exporters and investors to take advantage of the various opportunities that Yemen offers."

NUSACC wishes Presidents Bush and Saleh every success as they lay groundwork for even closer relations between the United States and the Republic of Yemen.

## WTO and FTA Will Create New Business Opportunities in Yemen... But Will U.S. Exporters Be Ready?

Yemen's Industry and Trade Minister, H.E. Khaled Rajeh Sheikh, underscored the value of World Trade Organization (WTO) membership at an October 2005 meeting of Yemen's WTO working party, calling accession a "necessary step and an important component in our efforts to integrate into the world economy."

In this issue of *U.S.-Arab Tradeline* (page 5), Deputy Prime Minister Ahmed Sofan notes that Yemen views close cooperation with the United States as a "gateway to WTO accession and a stepping stone en route to a Free Trade Agreement with the United States." He says that Yemen hopes to enter the WTO by the end of next year.

One thing is clear: Yemen, taking advantage of

fast-track procedures available to lesser developed countries (LDCs), is moving aggressively to join the WTO. And for American companies, this important step toward a Free Trade Agreement (FTA) with the United States can't come soon enough.

Yemen's appetite for value-added imports is preparing to undergo a fundamental shift. Expansion of that nation's energy infrastructure, development fueled by increasing foreign direct investment inflows, and plans to convert the port of Aden into a world-class facility are about to change the mix and volume of Yemen's imports and exports.

On the import side, Yemen's \$4 billion of imports

*continued on page 4*

**National U.S.-Arab Chamber of Commerce**

1023 15th Street, NW  
 Fourth Floor  
 Washington, DC 20005

Tel: (202) 289-5920  
 Fax: (202) 289-5938

www.nusacc.org  
 E-mail: tradeline@nusacc.org



NUSACC President David Hamod

FROM THE PRESIDENT'S DESK

## Yemen: Ancient Civilization, Modern Opportunities

In a recent issue of *Foreign Affairs* magazine, Yemen touted its central role in the ancient world as the reputed birthplace of the Queen of Sheba, burial site of Cain and Abel, launch port of Noah's Ark, and location of the Garden of Eden.

That's a pretty impressive list by any standard.

These claims are hard to prove, of course, but they serve to highlight an indisputable fact: Yemen has been at the crossroads of civilization for millennia.

According to the Smithsonian Institution, the kingdoms of Qataban, Saba (biblical Sheba), and Himyar "grew fabulously wealthy from their control over the caravan routes of the southern Arabian peninsula and, in particular, from the international trade in frankincense and myrrh." For well over a thousand years, from 800 B.C. to 600 A.D., Yemen was considered *Arabia Felix*, "Happy Arabia," in recognition of the wealth and prosperity that the spice trade generated.

Today, Yemen is poised to rise again. With the recent decision to construct a \$3.2 billion liquefied natural gas (LNG) plant, Yemen is positioning itself to compete in international energy markets. With the signing in June of a 35-year port management contract, Yemen will be undertaking a half-billion-dollar upgrade of the Aden Port, converting it into one of the most modern shipping facilities in the world. And with Yemen moving aggressively to join the World Trade Organization (WTO) by the end of next year, Yemenis may once again assert themselves as a crossroads for international trade.

Someone once said, "One man's problem is another man's opportunity." And so it is with Yemen's surge in population. On the one hand, with an expected increase to approximately 40 million consumers by the year 2025, Yemen will rival such markets as Spain, Canada, and Poland. On the other hand, that's a lot of additional mouths to feed, and Yemen will need to redouble its efforts to create employment opportunities and enhance the quality of life for its citizens.

If all goes according to plan, these recent developments (LNG, Aden Port, WTO, and others) should work together to generate billions of new dollars for Yemen that can be used for a wide array of promising projects: infrastructure development, education, housing, environmental protection, and the like.

Central to all of this, of course, is H.E. Ali Abdullah Saleh, the President of Yemen. Over the years, he has



done a remarkable job of melding capitalist North Yemen and Marxist South Yemen and, from a business point of view, the country seems to be going from strength to strength. With support from Yemen's private sector, President Saleh is committed to opening up his nation to investment, and foreign investors are watching.

The United States is well positioned to play an instrumental role in Yemen's renaissance. As President Saleh's participation in last year's G-8 Sea Island Summit suggested, U.S.-Yemen relations may be at an all time high, and the two nations' strategic interests are aligning like never before.

In July, President Saleh surprised just about everyone with his announcement that he will not seek re-election in 2006. He is reputed to have said, "It's time for the country to be ruled by younger leaders." It is almost unprecedented for a Head of State in the Middle East to step down voluntarily, so President Saleh's actions certainly captured the attention of democracy proponents in the United States and elsewhere.

The halcyon days of the ancient spice trade, like the caravans themselves, have come and gone. But *Arabia Felix* is making a comeback, and Yemen is leading the way.

David Hamod  
President & CEO

## OPIC Conference Expands Horizons in North Africa

Business leaders, senior government officials, and high-level regional representatives gathered in Marrakech, Morocco on September 20-22 to discuss growing trade and investment opportunities in North Africa's market of 180 million consumers. Sponsored by the Overseas Private Investment Corporation (OPIC) and supported by the National U.S.-Arab Chamber of Commerce, the *Expanding Horizons in North Africa* conference explored a variety of opportunities in Algeria, Egypt, Libya, Mauritania, Morocco and Tunisia.

"The emerging markets of North Africa offer a great deal of promise, as yet unrealized, for American companies interested in expanding overseas," said Ross Connelly, Acting President and CEO of OPIC. "North African governments are accelerating their efforts to attract foreign investment—especially as their economies begin to diversify beyond the energy sector—and that should send a strong signal to U.S. companies to consider investing in the region."

Connelly noted that "North Africa is a priority region for OPIC, more so for the investment we *could* support in the region than for that which we already have." Connelly identified two main reasons why OPIC sees so much potential for growth in North Africa.

First, he stated, "the region is not taking its share of foreign direct investment (FDI). A recent World Bank report indicates that MENA countries received about \$2 billion in FDI in 2000—slightly more than *one percent* of the \$158 billion to all developing countries, and one-sixth of their share in the GDP of all developing countries . . . That figure indicates the huge, untapped potential for private investment in North Africa."

Second, Connelly suggested, "American companies are not investing in North Africa at a level commensurate with the opportunity for positive returns. During the late 1990s and early 2000s, the European Union registered much

greater FDI inflows into the region than the United States. In 2002, for example, Morocco received more than \$34 million in U.S. FDI, but more than \$388 million came from EU countries; Tunisia received \$50 million in American FDI, but \$546 million came from EU countries."

Throughout the two-day conference, sessions focused on: senior government officials from each North African country highlighting new investment opportunities; major U.S. companies, currently investing in the region, discussing their experiences; leading financial experts offering insights about the outlook for FDI in the region; senior representatives of the U.S. Government and multilateral financial institutions discussing their programs to facilitate private sector investment in North Africa.

Some of the key sectors explored at the conference included housing, tourism, infrastructure and energy. David Hamod, NUSACC's President & CEO, led a panel discussion on information and communication technologies that featured representatives from Cisco Systems, Microsoft, Qualcomm, and Estarta—a "home grown" success story from Jordan.

In his keynote speech, H.E. Driss Jettou, the Prime Minister of Morocco, highlighted some of the projects that his nation is undertaking to attract investment. These include expanding Morocco's roads, extending its rail systems, and modernizing the nation's ports. Jettou discussed some of the "pillars" of a modern, competitive, and confident society: adherence to international standards, ensuring economic balance, improving the competitive environment, and enhancing production and productivity.



Morocco's Prime Minister, H.E. Driss Jettou (center) greets Ross Connelly, Acting President & CEO of OPIC. Looking on is Minister Rachid Talbi el Alami and Ambassador Thomas Riley (far left).

Photo courtesy of OPIC

The U.S. Ambassador to Morocco, Hon. Thomas Riley, told attendees that OPIC's decision to hold the investment conference in Morocco "reflects the considerable political and economic reforms that Morocco has made

in recent years, as well as the impressive measures it has initiated to open its economy and attract investment." These measures, Riley stressed, represent the "kinds of benefits that can flow to Morocco as a result of the Free Trade Agreement between our two countries, contributing directly to the effort to create employment in Morocco."

OPIC's Connelly may have best summed up the importance of the conference: "It is our hope that these discussions will stimulate joint ventures . . . The economic development that would follow would be to the benefit of all North African citizens, and to the benefit and security of the global community. North Africa, by any measure of entrepreneurial capacity and acumen, is certainly deserving of its share of foreign direct investment. Our purpose is to help bring that prospect to fruition."

**US-Arab Tradeline** Research, quantitative analysis and forecast support provided by The Institute for Research: Middle Eastern Policy, Inc. (IRmep)

**US-Arab Tradeline** Designed and produced by Rick Clark Illustration & Design



Panelists discuss ICT opportunities in North Africa.

Photo courtesy of OPIC



New Business Opportunities – from page 1

are concentrated in agricultural commodities and basic processed foods. As the nation

FTA. America's share of merchandise exports should approach \$422 million in 2006 and continue to climb as a commodity exports give way to higher value-added equipment and services toward the end of the decade. Energy development in Yemen is on track to drive total imports there over the \$6 billion mark in 2006.

On the export side, Yemen is working hard to diversify its

exports and add significantly to Yemen's multimodal cargo transport capabilities. (See related story on page 6.)

Yemen's ability to move rapidly through the list of WTO and FTA requirements will

The important question for the United States is this: Can U.S.-Yemen trade relations ramp up quickly enough for American exporters to take advantage of the coming surge of activity in Yemen?

begins to invest \$3 million per day over the next half decade to put a liquefied natural gas (LNG) infrastructure in place, Yemen will significantly increase its share of heavy machinery, aircraft, trucks and automobiles, as well as such services as education and engineering.

The important question for the United States is this: Can U.S.-Yemen trade relations ramp up quickly enough for American exporters to take advantage of the coming surge of activity in Yemen? This is the crux of U.S.-Yemen FTA discussions as they concern the removal of trade & investment barriers in Yemen. An FTA would help to ensure a more level playing field for America's equipment makers and service providers – beginning with the energy sector.

In 2004, the United States was in first place among exporting nations to Yemen. The two nations signed a Trade and Investment Framework Agreement (TIFA) last year that is expected to lay groundwork for increased foreign direct investment and an eventual

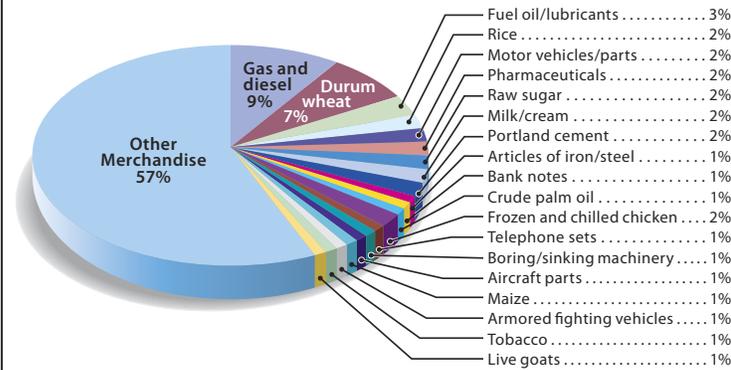
economy. Petroleum exports generated 90.3 percent of Yemen's total 2004 export revenue, followed by a variety of raw and processed seafood (two percent) and other commodity and food products. Only 0.53 percent of Yemen's \$4 billion in export revenues came from LNG in 2004, a figure that is set to change drastically in 2009, when substantially enhanced LNG exports are expected to come online.

Yemen is pushing to increase its exports of fish, which it would like to raise to 150,000 tons, or \$500 million, by 2010. Yemen has also established an ambitious free trade area at Aden that is designed to spur

help to generate trade volumes that will eclipse former levels at a time when Yemen accelerates its internal reforms. As Deputy Prime Minister Alawi Al-Salami underscored recently in *Foreign Affairs* magazine (November / December 2005), "Yemen is implementing a comprehensive integrated reform agenda that is adopted by the whole state, and we believe that reform is a continual process."

### 2004 Yemen Top 20 Imports by Category

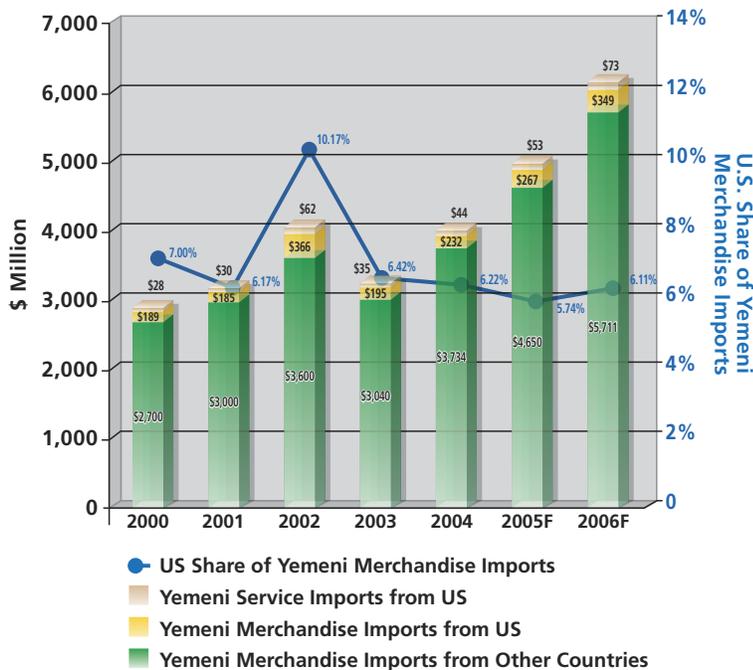
(Source: Government of Yemen Foreign Trade Statistics)



### 2000-2006F Yemen Merchandise and Service Imports from the U.S. and Other Countries

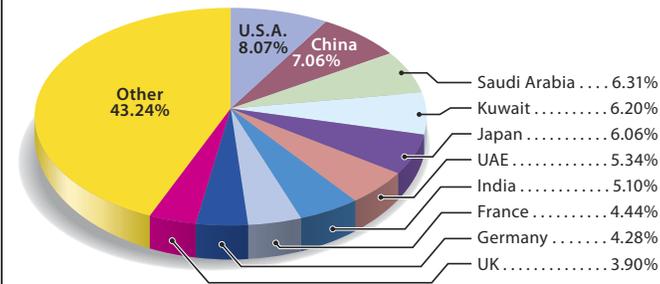
(Source: U.S. Census Bureau, IRmep)

#### Direct Exports from Country of Origin



### 2004 Yemen Top 20 Import Partners by Country of Origin

(Source: Government of Yemen Foreign Trade Statistics)



## Q&A with Ahmed Sofan, Yemen's Deputy Prime Minister and Minister of Planning and International Cooperation

*Tradeline interviewed H.E. Ahmed Sofan, Yemen's Deputy Prime Minister and Minister of Planning & International Cooperation. Yemen's commitment to World Trade Organization (WTO) membership is having a pronounced effect on the business climate there, creating new opportunities for foreign investors.*

**Tradeline:** *What are the core goals of the 2025 development vision?*

**Deputy Prime Minister Sofan:** Yemen's strategic vision aims at improving the standard of living for the Yemeni people through achieving economic growth and enhancing social justice. We envisage achieving 8 – 9 percent annual growth. If this pace is achieved, Yemen will move from a lower income country to a middle income country during the span of this strategic vision.

**Tradeline:** *What is Yemen doing to attract foreign direct investment (FDI)?*

**Sofan:** Yemen has a pro-business attitude, and attracting FDI is a top priority for our government. With this in mind, Yemen has substantively improved its legal framework in order to create a better environment for FDI, which is very important for the growth of our country. Yemen has a high unemployment rate and a high population growth rate; hence, there is an acute need to increase employment opportunities in our country, which can best be achieved through an increase in foreign investment.

**Tradeline:** *What sectoral opportunities exist for U.S. investors and exporters?*

**Sofan:** American companies are particularly interested in the hydrocarbon sector and, in this respect, we believe that Yemen has a lot to offer. Two months ago, Yemen launched a \$3.2 billion liquefied natural gas (LNG) empire plant, and there are certainly opportunities for American exporters in such a project. At the same time, Yemen has a variety of open areas for exploration concessions, and American companies are invited to look at these opportunities.

In addressing other sectors, we believe that telecommunications, as well as electricity, are major sectors from the perspective of American companies because they provide good opportunities for trade and investment. In addition, tourism and fisheries are particularly promising sectors.

**Tradeline:** *What should U.S. investors and exporters understand about doing business in Yemen?*

**Sofan:** They need to understand the true nature of the business environment in Yemen – without the influence of media images that may present

the situation inaccurately. Although Yemen is a nascent democracy, the country has achieved progress in the development of its democratic institutions that is unparalleled in the region.

The government has also taken strong measures and made maximum efforts to ensure the security and stability of the country. For example, there has not been a single terrorist incident within the borders of Yemen for the past five years. It is also important to note that Yemen's economy has been stable for the past ten years, and all indicators point to continuing improvements – especially in comparison to countries of similar circumstances. Yemen enjoys a strategic location in the world, and investment opportunities exist in all sectors of Yemen's open economy. Finally, our government is committed to providing incentives for foreign investors, as well as ensuring their security and that of their investments.

**Tradeline:** *What impact has the Trade and Investment Framework Agreement (TIFA) had between Yemen and the United States, and what interest does Yemen have in a Free Trade Agreement (FTA) with the U.S.?*

**Sofan:** TIFA is the framework under which both countries share ideas and exchange expertise on trade and investment issues, including Yemen's accession to the WTO. Yemen and the U.S. convened the first TIFA meeting in Washington last year, and Yemen has been amending laws and regulations as recommended in the meeting. Washington has indicated its commitment to supporting Yemen's accession process through various technical assistance programs.

We consider cooperation with the United States within the TIFA framework to be the gateway to WTO accession and a stepping stone en route to a Free Trade Agreement with the United States. We believe that the FTA will create many opportunities for Yemeni, American, and international businesses to invest in Yemen. But Yemen will have to join the WTO before it goes into bilateral negotiations on the FTA; that is one of the reasons why we have intensified our efforts to meet the requirements of WTO accession as soon as possible.

**Tradeline:** *How soon does Yemen believe it will enter the WTO as a member? What are the major internal adjustments necessary for accession?*

**Sofan:** Yemen has just concluded its second part negotiations in Geneva, and we plan to enter the WTO by the end of 2006. To be compliant with WTO, Yemen has to make a set of adjustments to legislation and meet



*Yemen's Deputy Prime Minister and Minister of Planning & International Cooperation, H.E. Ahmed Sofan*

Photo courtesy of NUSACC

certain requirements with regard to sanitary & phytosanitary (SPS) standards and technical barriers to trade (TBT).

At this stage, trade laws are being revised and proposals are being prepared. Once these proposals are approved by the cabinet, they will be submitted directly to parliament for approval. Then, we will continue negotiations with the WTO office in order to finalize the last round of questions. This has proved to be a difficult and time consuming process. However, Yemen is going forward with its commitments, and I believe that all requirements will be met by the end of next year.

**Tradeline:** *What are the major American misconceptions about Yemen?*

**Sofan:** Yemen's image has not been at its best due to security issues it faced in the last decade. It was an early casualty of international terrorism, and instead of helping our country tackle this challenge, the international community – including the United States – treated Yemen as a high risk country. This changed after 9/11, when the international community moved forward to deal with terrorism. In turn, Yemen was recognized as an important partner in the global anti-terrorism campaign led by the United States.

**Tradeline:** *Do you have any final observations that you would like to share with our readers?*

**Sofan:** During the past few years, Yemen has improved socially, economically, and financially. I would like to emphasize that Yemen has vast investment opportunities and the country has the potential to become a viable partner for any U.S. firms, large or small. I encourage American entrepreneurs to take advantage of our unexplored opportunities to benefit our country and yours.

**Tradeline:** *Thank you for your time, Your Excellency. It is clear that Yemen has a lot in store for foreign investors over the next few years!*



# Port of Aden Undergoes Half-Billion Dollar Makeover

*“It is one of the best natural ports in the world”*

Dr. Mohamed Hamood Alwadan,  
 Chairman of the Aden Free Zone

In the 1950s, the bustling port of New York contended for the title of “busiest port in the world” with a lesser known upstart an ocean away: Aden. Although New York held its title, Aden is again looking to climb into the top echelon of the world’s cargo handling facilities thanks to a half-billion dollar makeover.

Between 1999 and 2002, Aden’s container vessel landfalls increased 315 percent while container handling grew 700 percent. But in the aftermath of attacks on the U.S.S. Cole and the Limburg, a French oil tanker, business began to suffer.

Today, with port security vastly upgraded thanks to a new coast guard and other measures, Yemen is placing a high priority on expanding the capacity and cargo handling facilities of the Aden Free Zone (AFZ).



In June, Dubai Port International (DPI), the investment arm of the state-owned Dubai Port Authority, won the open bidding process to operate and develop the Aden and Mualla container terminal for the next 35 years. DPI won the deal with the best overall offer of investment, infrastructure improvement, and time to market.

DPI guarantees upgrades valued at \$490 million, with \$370 million made as an initial investment in capacity expansion. Yemen will also upgrade its free trade area to spur exports and multimodal cargo handling. Improvements to port infrastructure will drive yearly container capacity at the Port of Aden to an estimated 1.5 million



containers by 2007.

A 1991 decree established the AFZ, and the following year, the Free Trade Zone Authority (FTZA) was established to ensure that economic development targets are met through private sector investment in adequate storage, cargo loading and unloading infrastructure, and storage. The FTZA has been instrumental in promoting the zone as well as “multimodal” infrastructure such as paved roads, air cargo transfer, and overall security.

Incentives and exemptions are available to AFZ companies that export at least 50 percent of their production. Yemen’s employment target for the 100 hectare industrial zone is 20,000-30,000 new high-value export-oriented jobs, including employment in such services as banking and ship maintenance.



Companies setting up shop in the AFZ can take advantage of a number of incentives:

- Tax exemption on profits for 15 years, with the possibility of a ten-year extension
- Zero exchange controls, enabling full repatriation of capital and profits
- One hundred percent foreign ownership
- Salary, benefits, and wages of non-Yemenis working in the zone are exempt from income taxes

The half-billion dollar makeover is not the only factor rejuvenating an ancient hub for international commerce and investment. Aden is on track to reclaim its place in the top tier of ports as a result of major transshipment volumes and economic investment. Its competitive advantage: Aden, positioned as a “shortcut” between East and West, may well become the most efficient and cost effective port facility in the region.

All photos courtesy of the Embassy of Yemen

## Hunt Oil Company in Yemen: Stewardship and a New Generation of Prosperity

When Yemen signed its first petroleum production agreement with Hunt Oil of Texas in 1981, it was common industry practice to “flare” natural gas into the atmosphere as an undesirable byproduct. Since the “first generation” of export shipments in 1987, Yemen Hunt Oil company took the more costly and difficult path of natural gas stewardship. Hunt re-injected nearly 100 percent of natural gas back into the producing formations. In the course of 18 years, each cubic foot of gas returned to the formations conserved untapped reserves for future wealth creation.

Hunt’s stewardship in Yemen is deep, but not only subterranean. The company has contributed more than \$15 million for scholarships, thousands of dollars for schools, hospitals, and medical campaigns, as well as pitching in for disaster recovery – following the 1996 flood at Marib, for example. Yemen Hunt Oil has created more than 1,100 jobs, with Yemenis accounting for 90 percent of the total work force and the core of the management team.

Hunt has also been a key partner in the establishment and growth of Yemen’s energy

sector. Ray Hunt, CEO since 1974, believes that strong corporate/government cooperation was key to the company’s success. This partnership not only debunked the commonly held view that Yemen had no exploitable petroleum; it also helped to drive the production of more than a billion barrels of oil to date.

Capital intensive risk in little known terrain is part of the corporate DNA passed down from the company’s legendary founder, H.L. Hunt. In the 1930s, Hunt moved decisively from



Construction of a pipeline in Yemen

Photo courtesy of Hunt Oil Company



Arkansas wells to exploit risky ventures in the virtually unknown East Texas oil field.

Hunt and other pioneers soon revealed East Texas oil recovery at 6 billion barrels of oil, the biggest reserves in the world at the time.

Yemen Hunt Oil is also on the move from petroleum development to a partnership in Yemen’s largest industrial project – the Yemen Liquefied Natural Gas Co. Ltd. Hunt’s pioneering partnership with Yemen and early stewardship of reserves will usher in a second generation of wealth creation that seemed impossible in the 1980s: profitable production, transport, liquefaction, and shipment of natural gas to energy hungry global markets.

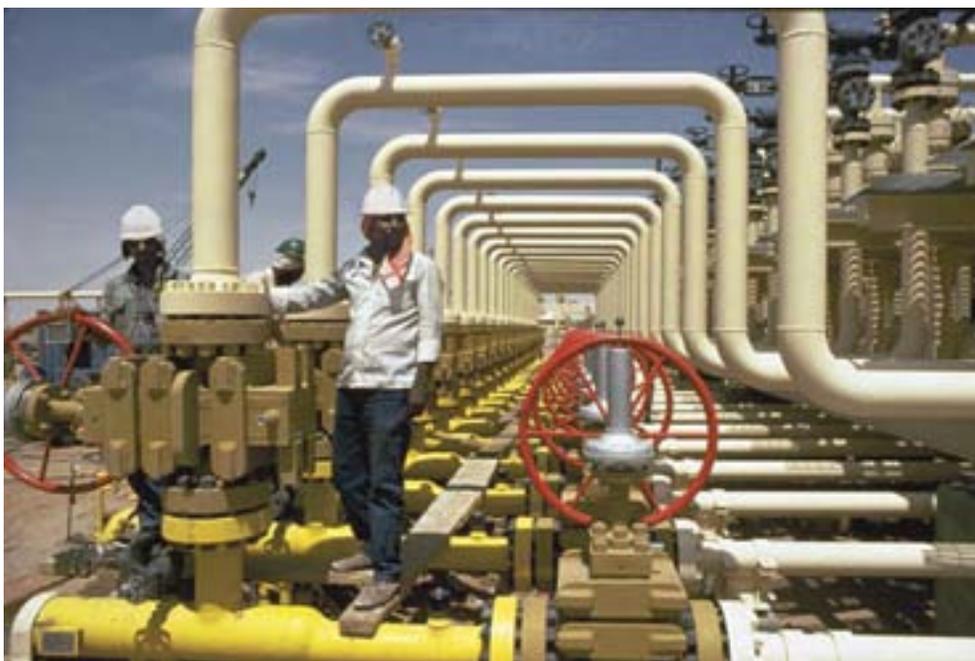


Photo courtesy of Hunt Oil Company

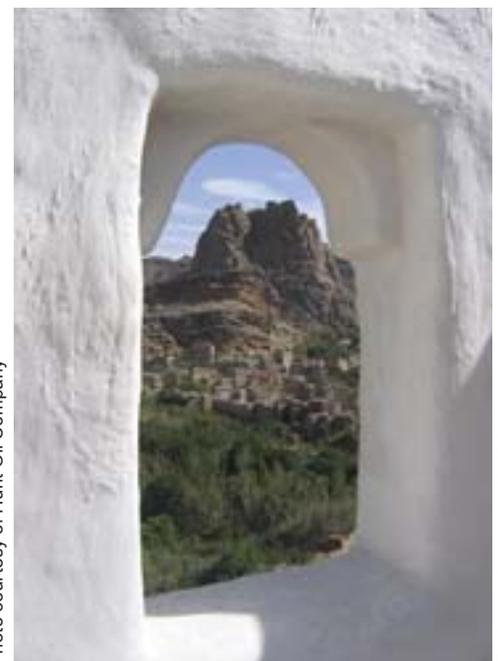


Photo courtesy of NUSACC



# An Opening Door: Foreign Direct Investment Opportunities in Yemen

*“Investment is open for all in numerous fields, including oil, gas and minerals”*

President Ali Abdullah Saleh

Foreign direct investment (FDI) flows into Yemen are on the increase as the country overhauls its laws and opens up to foreign investment. The United Nations FDI tracker, the *World Investment Report*, shows steady investment flows in recent years of over \$1 billion per annum.

Although oil and gas have captured most of the attention of foreign investors, a broader range of productive capacity will generate wealth from previously untapped resources. Yemen’s General Investment Authority (GIA) recently created a list of manufacturing industries where strong domestic demand – coupled with locally sourced raw material and labor – combine to produce a competitive advantage to new entrants.

As a one-stop-shop for prospective investors, GIA is carving out a role as a facilitator of new investment and a “terminator” of bureaucratic red tape. According to Abdulkarim

ment variables.”

The GIA project list (see page 9) of almost a billion dollars in manufacturing investment opportunities taps locally sourced natural wealth such as gypsum (sheet rock), natural gas (fertilizer), marble (decorative cut stone), and animal feed (fish meal). Yemen’s ability to

supply local workers to fill out the labor force completes the supply side equation.

Manufacturing is not the only investment opportunity in Yemen. The United Nations World Tourism Organization has established a mission to work on Yemen’s overall tourism development strategy, including a framework for promoting ecotourism while preserving natural habitat on the island of Socotra.

The executive manager of the Tourism Promotion Council, Taha Al-Mahbashi, is



Photo courtesy of the Embassy of Yemen

With this in mind, Yemen is working to develop attractive packages for globetrotting tourists hungry for something “off the beaten track.” The Yemeni capital of Sana’a, with its ancient markets, cobblestone streets, and historic homes, is becoming an increasingly popular tourist destination for Europeans traveling to the Arabian Peninsula.

Hikers are flocking from all corners of the globe to the cool green highlands of Yemen’s Haraz Mountains. In the center soars a 8,800-foot peak, Jabal Shibam, towering over the 12th century fortified village of Al Hajjarah. The town is the epicenter of a network of trails winding through the volcanic mountains and dry river valleys (wadis). Travelers to this region immerse themselves in hospitality provided by the local tribes that have watched over the ancient Spice Route to Europe for generations.

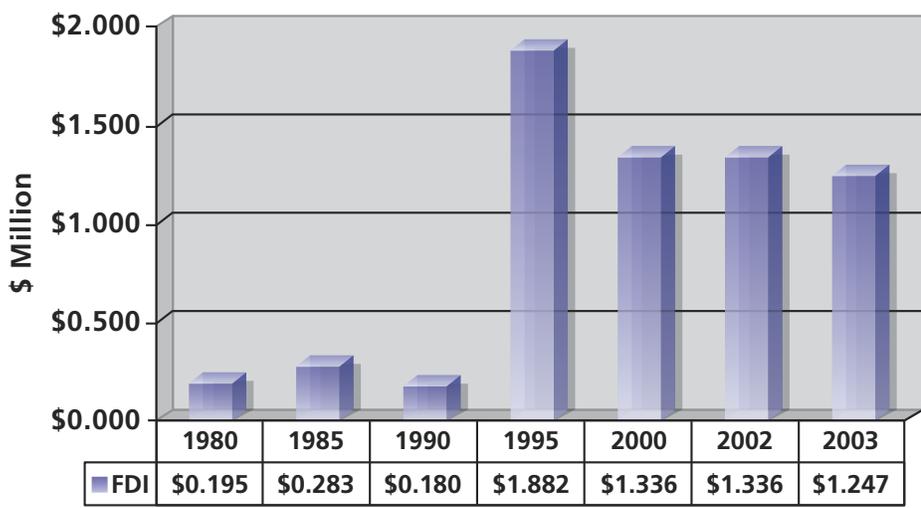
Earlier this year, the Smithsonian Institution hosted a popular exhibition entitled “Caravan Kingdoms: Yemen and the Ancient Incense Trade.” H.E. Khaled Abdulla al-Rowaishan, Yemen’s Minister of Culture and Tourism, summed up the significance of the exhibition in a single sentence: “Yemen is the mother of Arab civilization,” he said.

Relics of literacy and architecture from Yemen’s ancient trader kingdoms are not confined to glass museum cases. As tourists to Yemen will attest, they continue to be visible across this modern day nation.

In February, during meetings with the President of Yemen, then-President of the World Bank, James Wolfensohn, underscored the Bank’s commitment to assisting Yemen

## FDI Inward Stock in Yemen (\$ Million)

(Source: UNCTAD World Investment Report 2004)



Muttair, GIA’s President, the Authority is striving to “keep pace with the economic, financial and administrative reform program adopted by the Yemeni Government and to cope with international economic and invest-

ment variables. High end tourism is in its infancy in Yemen, but the nation’s distinctive archeology, architecture and topography provide a wealth of tourism niches.

*continued on page 9*

## Yemen Manufacturing Industry Development Needs (General Investment Authority 2005)

Sector	Location	Plant to manufacture	Estimated Investment U.S. Million
Electricity	Sana'a City and some other cities	Natural Gas Electric power stations – five 100 mw generators	\$450.00
Glassware	Habban area in Shabwah	Tableware, bottles, sheet and other products	\$200.00
Cement	Habban area in Shabwah	Bagged Portland Cement	\$130.00
Fertilizer	Safer area in Mareb Governate	Ammonium nitrate Fertilizer	\$75.00
Pipeline	From Safer area in Mareb Governate Sana'a City the main potential consumer of natural gas	200 Km natural gas pipeline	\$65.00
Electronics	Sana'a City	Household apparatus	\$11.00
Chemical	1-Aden 2-Salif area in Hodiedah Governate Mukalla in Hadramout Governate	Caustic soda used in soap, chlorine, hydrochloric acid	\$9.00
Steel	Aden	Scrap and ingot mill	\$8.00
Ceramics	Sa'adah Governate	Wall tiles	\$6.50
Food	Dhamar Governate	Starch and starch syrup extracted from potatoes	\$6.00
Food	Hajja Governate	Fruit and vegetable processing plant	\$5.00
Leather	Hodiedah Governate	Leather goods	\$5.00
Medical	Ibb	Disposable medical syringes	\$3.50
Stone	1) Taiz Governate 2) Hajja Governate	Extracting and cutting marble for decorative construction	\$3.50
Food	Sana'a City	Coffee grinding and packing	\$3.00
Construction	1) Sana'a City 2) Mukalla in Hadramout	Gypsum Drywall	\$2.50
Mineral Fuel	Aden suburbia	Used oil recycling	\$2.50
Paper	1) Sana'a City 2) Mukalla in Hadramout	Waste paper recycling	\$2.50
Textiles	Ibb	Underwear	\$2.00
Tires	Sana'a City suburbia	Retread auto, truck and bus tires	\$1.50
Feed	Mukalla in Hadramout Governate	Fish meal animal feed	\$1.50
Pets	Hodiedah	Harvest and marketing of live tropical fish	\$0.50

in the development of its fisheries, tourism, energy, and water resources. To date, the World Bank has provided over \$2 billion in assistance for more than 130 projects in Yemen.

The International Finance Corporation (IFC), a member of the World Bank Group that promotes sustainable private sector investment in developing countries, announced in October 2005 that it has decided to open an office in Yemen. (See side bar story on page 14.)

## Investing In Education

Yemen hopes to attract significant new investment in the field of education, particularly at the primary level. According to the Academy for Educational Development (AED), Yemen has one of the highest gender gaps at the primary level and one of the lowest primary completion and secondary school enrollment rates in the world due to a lack of schools and the high cost of education.



Photo courtesy of NUSACC

UNICEF is working with the Government of Yemen to reduce the gap and improve educational quality. Current plans aim to increase girls' enrollment in school by 20 per cent annually in 30 rural districts that have been identified as having low numbers of female pupils. Through a joint project with the World Bank, UNICEF also hopes to assist the Government of Yemen in providing all children with textbooks at the beginning of each school year.

These efforts represent an important step forward, but many opportunities remain for private sector investment in Yemen's educational systems.

## Yemen Service Industry Development Needs (General Investment Authority 2005)

Sector	Location	Plant to manufacture	Estimated Investment U.S. Million
Fishing	Mukalla in Hadramout Governate	Commercial Fishing Fleet	Variable
Medical	1) Sana'a City 2) Aden	Hospital for cancer research and treatment, 50 bed minimum	\$10.00
Medical	Taiz City	Hospital for urology, 50 bed minimum	\$7.00
Medical	1) Sana'a City 2) Taiz	Hospital for cardiology, 50 bed minimum	\$7.00
Tourism	Socatra Island	30 room tourism hotel with diving, swimming and sport fishing	\$3.00
Tourism	Hodiedah	Tourist bus fleet for transport between Yemen and neighboring countries and intrastate transport	\$3.00
Tourism	Mukalla in Hadramout Governate	30 room tourism hotel near hot springs	\$3.00



## Q&A with Thomas Krajieski, U.S. Ambassador to Yemen

*Tradeline recently interviewed the Honorable Thomas Krajieski, U.S. Ambassador to Yemen. The Ambassador's analysis of investment, trade, educational exchange and the future of U.S. – Yemen relations provides insights into the increasingly close ties between the United States and Yemen.*

**Tradeline:** *What is Yemen doing to attract foreign direct investment from the U.S.?*

**Ambassador Thomas Krajieski:** First of all, attracting foreign direct investment is something Yemenis are very keen to do. From my first arrival, I was asked frequently how Yemen can benefit from more FDI. I've turned the question around to ask them, "What are you doing to attract American and foreign direct investment? You have to do something to show a demonstrated willingness to achieve trade-positive goals."

The U.S. and Yemen signed a Trade and Investment Framework Agreement (TIFA) back in February of 2004, and we are working – along with other foreign advisors – to assist in Yemen's accession to the World Trade Organization (WTO), where their current status is as an observer.

Fortunately, many laws and regulations regarding trade are already in place in Yemen. Yemen's Investment Laws of 1995 offer favorable terms to foreign investors.

Yemen already has many investors in the energy sector from the U.S., such as Hunt, Halliburton, Vintage, and Kellogg Brown and Root (KBR). KBR just signed a very large contract to build liquefied natural gas (LNG) facilities as part of a \$3.5 billion project.

**Tradeline:** *That's quite a project. Is 100% foreign ownership allowed in Yemen?*

**Krajieski:** Yes it is. There are also no restrictions on currency exchange or setting up a business. There are no prohibitions. The laws, the regulations, and the procedures have all been established. We are working on better enforcement and efficiency in the courts.

**Tradeline:** *Is contract enforcement and efficiency in settling business disputes an issue in Yemen?*

**Krajieski:** Yes, both of those points are extremely important. We are working with Yemenis to improve court arbitrators and review mechanisms to build greater confidence that when contracts are signed, there are open and transparent mechanisms to resolve disputes.

While I don't pretend to be an expert at setting up specific operations, including sales or distribution

agreements, Yemen is working on other general efficiency issues like customs reform. Yemen has also applied for Gulf Cooperation Council (GCC) membership. As part of its efforts to bring customs procedures in line with the GCC and WTO, Yemen is enacting reforms in tariff rates and valuation guidelines.

**Tradeline:** *What are average import tariffs on manufactured equipment?*

**Krajieski:** Yemen's Parliament recently passed new tariff rate laws to standardize rates at 5 percent, 10 percent, or 15 percent, depending upon the item.

**Tradeline:** *How does Yemen fit into the U.S. vision of a broader Middle East Free Trade Area (MEFTA)?*

**Krajieski:** As I mentioned, Yemen has taken a first step through the TIFA, signed on February 6, 2004. Follow-up discussions were held in November 2004, but there's been no third round yet. This is the first step toward a Free Trade Agreement. We would like to include Yemen in MEFTA, and Yemenis would like to join Oman, the UAE, and Bahrain in working toward signing an FTA with the U.S. Yemen has begun the long trek to WTO membership from their current status as an observer. Those steps are similar to what it would take to sign an FTA.

The goal is to create MEFTA by 2013. However, I can't predict when Yemen would qualify.

**Tradeline:** *How secure and business friendly is the Port of Aden?*

**Krajieski:** Having just visited Aden, I must mention that its natural setting is magnificent. I have not seen any finer, more natural setting for a port. Of course, the British realized that about 200 years ago. I'm told that, at one time, Aden was the second busiest port in the world, second only to New York.

However, there is no question that the attack on the USS Cole in the year 2000, the attack on the French supertanker Limberg off the coast of Yemen in 2002, and 9/11 all led shippers to question the security of ports. My understanding is that shipping insurance charges for Aden became quite steep.

In recent years, we've seen a marked improvement in security.

About two months ago, we found that insurers have now reduced their Yemen surcharge to zero. Lloyd's of London has an agent in Aden to do surveys and publish rates. This surcharge decline can be attributed to more robust security.



U.S. Ambassador to Yemen, Thomas Krajieski

Photo courtesy of U.S. Department of State

In 2002, the U.S. assisted the Government of Yemen to establish a Yemeni Coast Guard. The U.S. invested more than \$20 million, and other donors have also contributed. Yemen now has the strong beginnings of a professional Coast Guard, one that patrols the ports of Aden, Al Hudaydah, and Al Salif.

As Yemeni Coast Guard operations have increased in confidence, container handling levels have gone back to pre-USS Cole levels.

**Tradeline:** *A company called Dubai Ports International Company has recently taken over management of the Port of Aden. Is that a positive development for U.S. shippers?*

**Krajieski:** I've known Dubai Ports International from the time I was Consul General in Dubai, and can tell you that this is a major international port management company. They agreed to a guaranteed investment of \$300 million, over the course of thirty years, and 80% of the infrastructure build-out is front-loaded. That is, most will occur in the first five years of the contract.

I believe this will guarantee a steady and dramatic increase in containers handled by the port, and that the contract is an indicator of how serious the Government of Yemen and the business community are in restoring Aden as a major port.

**Tradeline:** *Didn't the U.S. recently provide some patrol boats to Yemen?*

**Krajieski:** The U.S. donated eight used medium-sized patrol boats from existing fleet stock last year. We also transferred four harbor craft, fast patrol boats that are highly maneuverable for security operations within the port and for chasing

down smugglers. Smuggling is a longstanding problem along the coast. We intend to transfer some larger craft in addition to the eight 25-foot Defender class boats, making twelve altogether. We will transfer two 42-foot boats early next year as well as deploy teams of trainers for Coast Guard officers and crew.

**Tradeline:** *Speaking of training and education opportunities, what is the level of Yemeni student participation in the U.S. education system? Foreign students flowing back to the region have a strong understanding – orientation – to the U.S., but many have been cut off by visa and other hurdles.*

**Krajieski:** Yemen is a very poor country, and not too many can afford four years of higher education in the U.S. That said, Yemenis can access the Fulbright program for graduate studies. There is also a one-year high school exchange program and the possibility of expanding a program for four-year university scholarships to the U.S. We do encourage Yemenis to study in the U.S., but funding is an issue.

I agree that there is no better U.S. outreach program for any country in the Middle East than a strong educational exchange. There is a limited pool of students ready for study in the U.S. – in particular, English proficiency is an issue. There is a strong English program, the Yemeni American Language Institute, with 3,000 students. The U.S. provides scholarships to 450 students.

**Tradeline:** *Do you have any sense of how many Americans are studying in Yemen? We've heard there are many Arabic language centers reaching out to foreign students.*

**Krajieski:** The security issue is one of the major barriers. Foreigners are studying here, including a few private citizens from the U.S. But we have to be certain we offer the best travel advice. [N.B.-The May 2005 U.S. Bureau of Consular Affairs Travel Warning recommends that U.S. citizens defer non-essential travel to Yemen.]

We are at a point right now where we see security improving. We are considering amendments to security warnings and advisories to indicate a reduction in the security threat level here, and we look at the security situation nearly every day. The safety factor of Americans coming here is of high concern, and any revisions will proceed slowly and cautiously.

**Tradeline:** *What is the overall U.S. diplomatic agenda vis-à-vis Yemen and items of major importance crossing your desk?*

**Krajieski:** We are busy preparing for the visit by Yemeni President Ali Abdullah Saleh to Washington, where he will meet with President

Bush and other officials over the course of two-and-a-half days. .

The main issues to be discussed in that visit are at the core of our diplomatic agenda: security, counterterrorism cooperation, trade and investment, and economic development. The other major agenda item is support for democracy and good governance to fight corruption and increase fairness.

Yemen is a threshold country for the Millennium Challenge Account (MCA) [see [www.mca.gov](http://www.mca.gov)]. Under the Threshold Program, Yemen will need to focus more intensely on judicial reform and good governance. Currently, MCA indicators from the World Bank and Freedom House used to measure Yemen's progress and qualification for Millennium Challenge Account development aid are not good and may worsen.

**Tradeline:** *How much of a partner has Yemen been regarding counter-terrorism efforts?*

**Krajieski:** We consider Yemen a strong partner in counter-terrorism. The Ministry of the Interior established a counter-terror unit, with equipment, training, as well as joint training and exercises with the U.S. This unit is now a substantial counter-terrorism force that has confronted terrorists directly within Yemen. Its success in disrupting the ability of terrorists from other parts of the world from using Yemen as an operational focal point has been quite good. Of course, we have a lot of concerns and issues to deal with in this arena, and although Yemen has been a highly cooperative partner, we always want to do more and expand the effectiveness of counter-terror efforts.

I mentioned the USS Cole attack in 2000, the Limberg in 2002, and 9/11 as a crisis point for the region and the world as far as counter-terror efforts go. The record during the last three to four years has reflected very positively on our joint counter-terrorism efforts.

**Tradeline:** *From your vantage point, what opportunities exist for U.S. investors and exporters over the next decade? In which industries can they capitalize on a competitive advantage and open market?*

**Krajieski:** Over the next five to ten years, the development of petroleum and liquefied natural gas will require a major effort. American companies currently have a substantial piece of the opportunity, as well as American banking and financial institutions providing capital for expansion. The entire construction sector, housing, cement production and residential construction, is growing quickly due to Yemen's 3 percent annual population growth. But there is strong competition in the construction sector,

especially from China and South Korea.

Security is an area where American companies have an advantage, not only because of government-to-government cooperation, but American security and defense companies are clearly the best in the world.

Water and wastewater treatment systems are a booming need. Potable water remains the number one challenge for people and the Yemeni government to overcome. Many still rely on simple rainwater systems for most drinking water, yet Yemen has a population that will double in the next 20 years.

Other areas where America can expand in the future are pharmaceuticals, tourism, and telecommunications.

**Tradeline:** *What is the layout of the telecom industry?*

**Krajieski:** Yemen has two private companies in the cell phone service sector, which is a fairly well-developed sector, and is tendering for a third private GSM company. The government still operates all fixed line phone service in Yemen.

It is estimated that, including all forms of telecom, about 3 percent of Yemenis have access. As with many developing countries, more individuals share a single phone than in higher teledensity countries.

Overall market penetration for mobile phones and fixed lines is below 10 percent. There are still more potential users than available mobile phone service. One American company, Motorola, is doing a lot to roll out additional coverage in Yemen.

**Tradeline:** *Which industries are still state-owned or dominated by the Government?*

**Krajieski:** The energy sector is still state controlled; nonetheless, many countries are coming in to develop this sector, explore for oil, and increase LNG production. LNG will require massive foreign investment and involvement. As I mentioned, corporations such as Total, Hunt Oil, and other majors are in the market. As part of internal adjustments, there are many possibilities for the government to move away from direct industry involvement. Overall, there is too large a government interest in many of the other sectors, including construction, pharmaceuticals, and telecom, where the two major service providers are private, but the government is the sole owner of fixed line services, internet access, and long distance..

**Tradeline:** *Sounds like many new opportunities are in store for companies doing business in Yemen. Thank you for these valuable insights!*



# Yemen and Liquefied Natural Gas: A New Regional Heavyweight?

On September 24 of this year, dignitaries gathered at the Bal Haf project site on the southern coast of Yemen for a groundbreaking ceremony to initiate construction of Yemen's new liquefied natural gas (LNG) plant.

Joel Fort, General Manager of Yemen Liquefied Natural Gas Co. Ltd. (YLNG), summed up the long road to the launch: "Today is a day of celebration. Today is a day of transition between the preparatory work and the implementation phase, between 13 years of intense negotiation work, and 3.5 years of construction work. We look forward to 25 – and hopefully more – years of safe and profitable production."

This will be no ordinary LNG plant. Mr. Fort, quoted in *Foreign Affairs* magazine (November / December 2005), says the scale and efficiency targets of the project will be world class. It will be 70 percent the size of the largest LNG plant in the world, and 40 percent more efficient than the average plant.

holders in Yemen is clear. At forecasted Energy Information Administration LNG prices, the project will generate \$1.0-\$1.7 billion per year in gross revenue, a portion of which will create jobs, added capital expenditures, services, and manufactured goods imports.

In September 2005, Halliburton's KBR engineering and construction arm and two joint venture partners were awarded a contract to build the liquefaction plant. KBR plans to have the first of two liquefaction trains operating by the end of 2008, and the second will be up and running by mid-2009. Plant and pipeline construction could create as many as 10,000 short term jobs.



Proposed Yemen LNG Plant at Bal Haf

Photo courtesy Yemen LNG Company Ltd.

of merchandise goods to Yemen. YLNG has signed 20-year sale agreements with Suez LNG Trading for 2.5 million metric tons per year, Kogas for two million metric tons per year, and Total Gas & Power Ltd. for two million metric tons per year.

The stakeholders of Yemen LNG include Total of France (42.9 percent), the Yemen Gas Company (23.1 percent), Hunt of the United States (18 percent), and SK Corporation (10 percent) and Hyundai (six percent) of South Korea.

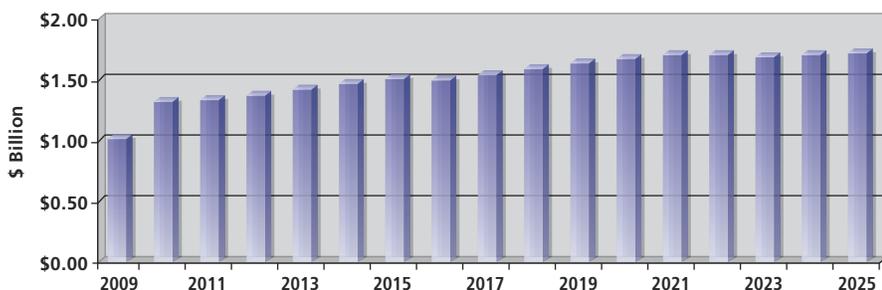
Yemen's overarching energy goal is clear: reverse recent petroleum production declines with new producing wells. At the same time, Yemen will pursue "hockey stick" trajectory growth through the development of LNG exports.

In the words of H.E. Dr. Rasheed Baraba'a, Minister of Oil and Minerals, "The achievements of this project require particular efforts from the government and the people of the local areas in the first phase of construction . . . . With cooperation and coordination, we will achieve with the company the most accomplished project in the region."

Photo courtesy of the Embassy of the Republic of Yemen

## Yemen LNG Estimated Gross Revenues (\$ Billion per Year)

(Source IRmep)



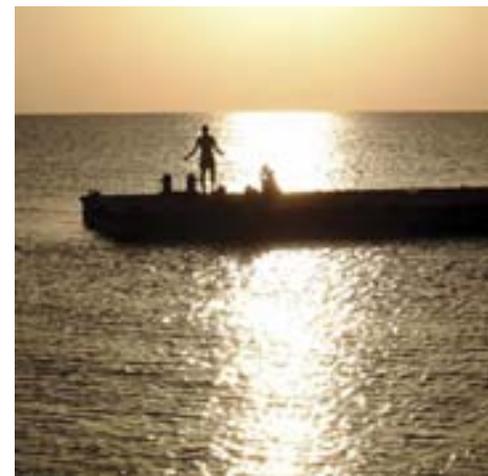
Yemen has been in talks to develop an LNG facility for years, but external conditions precluded construction of a new plant. Key among these barriers was cost: LNG plants are prohibitively expensive to build for all but a handful of nations. However, recent cost declines throughout the LNG value chain have helped to make the project viable.

The Gas Technology Institute stated recently that liquefaction costs decreased 35-50 percent over the past decade. Liquefaction costs per ton at existing plants declined from \$500 per ton to less than \$200 per ton for existing trains. LNG tanker costs declined from \$280 million in the mid-1980s to less than \$155 million in 2003. The costs of constructing regasification terminals have also dropped.

The importance of the project for stake-

With an investment requirement of \$3.7 billion over the next three-and-a-half years, the new YLNG project is a major step forward for energy development and production. Within five years, natural gas will travel 200 miles from gas processing centers in the Marib field to the planned coastal liquefaction plant at Bal Haf – a naturally deep harbor that is ideal for jetties and tankers. Yemen LNG anticipates exporting 6.2 million metric tons of LNG per year over the next 25 years.

No further exploration is required to begin tapping Yemen's existing 16.9 trillion cubic feet (tcf) natural gas reserve. Yemen initiated the turnkey plant construction project after Korea signed a 20-year LNG purchase contract. South Korea is the world's largest importer of natural gas and the fifth largest exporter



## A Primer: U.S. Corporate Involvement in Yemen's Petroleum Production

Yemen signed its first petroleum production agreement with Hunt Oil of Texas in 1981, and it has consistently ramped up export revenues from energy reserves ever since. Since the discovery of petroleum in Yemen in 1984, over \$2 billion has been invested in the country's production infrastructure.

Yemen exported its first shipment of oil in December, 1987. Over the years, it has partnered with American and international energy companies to kick start production of an estimated four billion barrel reserve that is geographically divided into 84 blocks. Only eleven of these blocks currently produce petroleum, but production expansion within existing concessions – combined with a new government tender – is increasing output. (See related story on page 14.)

Hunt Oil's petroleum production in Yemen includes 75,000 bpd from block 18 (Marib) and 35,000 bpd from block 5 (Jannah). Hunt is also an 18 percent stakeholder in the new Yemen Liquefied Natural Gas Co. Ltd. (YLNG). (See page 7 for a related story on Hunt Oil.)

Vintage Petroleum – based in Tulsa, Oklahoma – is America's second largest petroleum producer operating in Yemen.

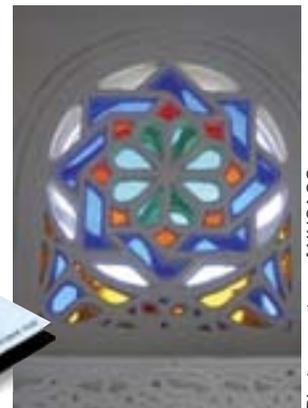
### Yemen's Petroleum Producing Concession Blocks

(Source: Petroleum Exploration and Production Company)

BLOCK NO.	BLOCK NAME	OPERATOR	START YEAR	ACUM. PRODUCTION (MM BLL)	AVG. PRODUCTION (BOPD)	NO. OF FIELDS
18	MARIB	HUNT	1986	947.41	75,000	14
14	MASILA	CANADIAN NEXEN	1993	859.34	173,000	16
10	E. SHABWA	TOTAL	1997	64.52	35,000	3
5	JANNAH	HUNT	1996	132.35	50,000	5
53	E. SAAR	DOVE	2001	24.54	20,000	1
32	HWARIM	DNO	2000	22.54	16,000	1
S1	DAMIS	VINTAGE	2004	2.54	8,500	1
51	E. AL-HAJR	CANADIAN NEXEN	2004	4.3	31,000	2
43	S. HWARIM	DNO	2005	*	5,000	1
9	MALIK	CALVALLY	2006	**	8,000	4
4	W. AYAD	YOMINCO	1987	9.28	500	3

Its operations at the An Nagyah field produce 8,500 bpd of petroleum and 1.2 million cubic feet of natural gas. According to the *Journal Record* newspaper (8/26/05), Vintage will bore two or three additional develop-

ment wells before the end of 2005. This bodes well for Occidental Petroleum, which acquired Vintage in October 2005. Needless to say, production increases are also good news for Yemen.



Photos courtesy of NUSACC



## Open Bidding for New Petroleum and Natural Gas Concessions in Yemen

Yemen's New Promotional Concession Blocks  
(Source: Petroleum Exploration and Production Company)

Yemen is holding a third international bid round for 14 new concession blocks, and the deadline for applications is January 4, 2006.

Interested companies must submit a request for exploration and production along with a company profile, technical and financial reports for the last two years, and a current audit report. A database and other information will be available for qualified companies after the application deadline.

Please send applications to the attention of:

H.E. Dr. Rasheed Baraba'a, Minister of Oil & Minerals, P.O. Box 7196, Sana'a, Yemen.

Email: [pepa-expo.com@y.net.ye](mailto:pepa-expo.com@y.net.ye)

Phone: (967) 1-442-630 or 1-444-741.

BLOCK NUMBER	BLOCK NAME	AREA Km <sup>2</sup>	WELLS
11	Al Khadrah	10,438	0
12	N/Sanau	7,867	0
17	Aden/Abyan	19,385	1
19	Al Jawf	8,424	8
23	Antufash	8,361	1
28	N/Belhaf	4,465	2
29	S. Sanau	9,237	5
30	Habroot	8,276	1
57	Al Rayan	10,963	0
79	N/Al Khadrah	7,990	2
80	W/Sarr	1,961	0
82	Wadi Amed	1,853	0
83	Wadi Arat	364	0
84	Ghayl Bin Yamin	731	2

Fax: (967) 1-442-632 or 1-444-742.

The Website for the Petroleum Exploration & Production Authority is [www.pepa.com.ye](http://www.pepa.com.ye).



## IFC Opens an Office in Yemen

Yemen and the International Finance Corporation (IFC), part of the World Bank Group, recently signed an agreement to set up an IFC office in Sana'a.

"The IFC provides for technical assistance programs to strengthen the private sector," noted Saad Sabrah, the IFC's PEP-MENA Business Development Officer. "Right now we have very active a Small and Medium Enterprises (SMEs) program, the 'Business Edge Curriculum' for SME business management," he said. IFC Yemen operations are focused on providing technical assistance.

A second emphasis is a leasing program for improving small and medium businesses. "We are working closely with the Central Bank of Yemen to establish the Leasing Legal and Regulatory Framework in Yemen," Sabrah said.

A third IFC program is designed to promote Yemeni women in a number of areas. "We are," Sabrah said, "in the early stage in this program."

Sabrah said the IFC also has a program studying the Yemeni banking sector. "We try to find out how IFC can assist in the banking sector through micro-financing programs in Yemeni financial institutions," he said.

IFC's has expanded its operations to Yemen through a new program, the "Private Enterprise Partnership-MENA (PEP-MENA). PEP-MENA technical assistance programs are designed to help stimulate private sector growth. In Yemen, IFC activities primarily focus on enhancing the business environment, developing financial markets, strengthening the SME sector, and forging public-private partnerships.

Excerpted from *Yemen Observer* newspaper October 29, 2005



Photo courtesy of NUSACC

In Sana'a, government officials and business leaders discuss cooperation between NUSACC and the Federation of Yemen Chambers of Commerce & Industry. From right to left: Mohamed Abdo Saeed, Chairman, Yemeni Federation; Dr. Abdulkarim Al-Eryani, Advisor to President Ali Abdullah Saleh; H.E. Ahmed Sofan, Yemen's Deputy Prime Minister and Minister of Planning and International Cooperation; David Hamod, President & CEO of NUSACC.

## Yemen: Key Indicators At-a-Glance

	Data	Source
Total Population	19,721,643 (2004)	Yemen 2004 Census
Annual Population Growth Rate	3.02% (2004)	Yemen 2004 Census
Forecast Real GDP Growth Rate	2.7% (2006)	International Monetary Fund
GDP (Purchasing Power Parity)	\$16.25 billion (2004)	U.S. Government
GDP per Capita	\$800 (2004)	U.S. Government
Total 2004 Exports	\$4.468 billion (FOB 2004)	U.S. Government
Total 2004 Total Imports	\$3.734 billion (FOB 2004)	U.S. Government
Exchange Rate	1 U.S. Dollar = 180.120 Yemeni Rials	Olsen and Associates (Oanda.com)
Government Type	Republic – bicameral parliament	Government of Yemen
WTO Status	Observer	World Trade Organization
Mobile Phone Subscriber Penetration	7% (2004 cellular users divided by total population)	Arab Advisor's Group (www.ArabAdvisors.com)
2004 Teledensity	3.8 (fixed lines per 100 people)	Government of Yemen
2004 Internet Penetration	1.5% (Internet users divided by total population)	Arab Advisor's Group (www.ArabAdvisors.com)
Estimated Petroleum Reserves	4.0 Billion Barrels (2005)	Oil and Gas Journal
Estimated Natural Gas Reserves	16.9 Trillion Cubic Feet (2005)	Oil and Gas Journal
Daily Petroleum Production	423,743 bbl/d (2004)	Energy Information Administration
Daily Petroleum Production	416,656 bbl/d (2005)	Energy Information Administration

## Doing Business in Yemen: Key Points of Contact

### U.S. Embassy

Hon. Thomas C. Krajeski, Ambassador  
Sa'awan Street, P.O. Box 22347  
Sana'a, Republic of Yemen  
Tel: (967) 1-755-2000 Ext. 2153 or 2266  
Fax: (967) 1-303-182  
E-mail: [RoubachewskyA@state.gov](mailto:RoubachewskyA@state.gov)  
Website: <http://yemen.usembassy.gov>

### Embassy of the Republic of Yemen

H.E. Abdulwahab Al-Hajjri, Ambassador  
2319 Wyoming Avenue, N.W.  
Washington, DC 20008 USA  
Tel: (202) 965-8113  
Fax: (202) 337-2017  
E-mail: [ambassador@yemenembassy.org](mailto:ambassador@yemenembassy.org)  
Website: [www.yemenembassy.org](http://www.yemenembassy.org)

### Aden Free Zone

Mr. Derhim Abdo Noman, Chairman  
P.O. Box 584  
Aden, Republic of Yemen  
Tel: (967) 2-234-484 or 2-234-485  
Fax: (967) 2-235-637  
E-mail: [adenfz@y.net.ye](mailto:adenfz@y.net.ye)  
Website: [www.aden-freezone.com](http://www.aden-freezone.com)

### Federation of Yemen Chambers of Commerce & Industry

(Includes chambers of commerce in Aden, Hodeidah, Sana'a, and Taiz)  
Mr. Mohamed Abdo Saeed, Chairman  
P.O. Box 16992  
Sana'a, Republic of Yemen  
Tel: (967) 1-265-035 or 1-261-259  
Fax: (967) 1-261-269  
E-mail: [fucci@y.net.ye](mailto:fucci@y.net.ye)  
Website: [www.yfcci.com](http://www.yfcci.com)

### General Authority for the Promotion & Development of Yemeni Islands

Yahya Motaher Al-Kainagy, President  
P.O. Box 18720  
Sana'a, Republic of Yemen  
Tel: (967) 1-372-637 or 1-372-673  
Fax: (967) 1-372-671  
E-mail: [info@islandsauthority.gov.ye](mailto:info@islandsauthority.gov.ye)  
Website: [www.islandsauthority.gov.ye](http://www.islandsauthority.gov.ye)

### General Investment Authority

Mr. Abdulkarim Mutair, President  
P.O. Box 19022  
Sana'a, Republic of Yemen  
Tel: (967) 1-268-205  
Fax: (967) 1-262-964  
E-mail: [wahaheb@giay.org](mailto:wahaheb@giay.org)  
Website: [www.giay.org](http://www.giay.org)

### Ministry of Industry and Trade

H.E. Khaled Rajeh Sheikh, Minister  
P.O. Box 22210  
Sana'a, Republic of Yemen  
Tel: (967) 1-252-345  
Fax: (967) 1-251-557  
E-mail: [most@y.net.ye](mailto:most@y.net.ye)  
Website: [www.most.org.ye](http://www.most.org.ye)

### Petroleum Exploration and Production Authority

Mr. Nabil Al-Qawsi, President  
P.O. Box 7196  
Sana'a, Republic of Yemen  
Tel: (967) 1-442-630  
Fax: (967) 1-441-224  
E-mail: [pepa-expo.com@y.net.ye](mailto:pepa-expo.com@y.net.ye)  
Website: [www.pepa.com.ye](http://www.pepa.com.ye)



## World Summit on The Information Society in Tunis

The second phase of the U.N. World Summit on the Information Society (WSIS) will take place in Tunisia on November 16 – 18. The purpose of the Summit is to begin implementing an action plan that will incorporate all nations into a global Information Society. Over 15,000 representatives from more than 175 nations are expected to participate in the Summit in Tunis, including numerous Heads of State.

NUSACC will attend the Summit as a representative of civil society and is playing a key role in two events. First, NUSACC's President, David Hamod, will be part of a business/government roundtable discussion on "ICT for Development." Second, NUSACC is helping to organize a business/government networking reception in cooperation with the U.S. Department of State, the Information Technology Association of America (ITAA), and the Tunisian American Chamber of Commerce (TACC).

For further information on the World Summit, go to [www.itu.int/wsisis](http://www.itu.int/wsisis).

### NATIONAL U.S.-ARAB CHAMBER OF COMMERCE

National Headquarters:  
1023 15th Street, NW, Fourth Floor  
Washington, DC 20005  
Tel: (202) 289-5920 • Fax: (202) 289-5938

1330 Post Oak Boulevard, Suite 1600,  
Houston, TX 77056  
Tel: (713) 963-4620 • Fax: (713) 963-4609

8921 South Sepulveda Boulevard, Suite 206  
Los Angeles, CA 90045  
Tel: (310) 646-1499 • Fax: (310) 646-2462

420 Lexington Avenue, Suite 2034  
New York, NY 10170  
Tel: (212) 986-8024 • Fax: (212) 986-0216

©2005 National U.S.-Arab Chamber of Commerce (NUSACC). All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, photocopying, recording, or otherwise, without prior written permission of the National U.S.-Arab Chamber of Commerce.

## NUSACC Hosts Iraqi Business Delegation

NUSACC – in cooperation with the U.S. Department of Commerce, the Center for International Private Enterprise (CIPE), and the Iraqi American Chamber of Commerce and Industry (IACCI) – hosted an Iraqi business delegation in Washington on November 1. The public/private partners organized a networking reception for the Iraqi delegates that attracted upwards of 200 business leaders.

The 30-member Iraqi delegation was in the United States to identify prospective joint venture partners in such areas as wastewater treatment, financial services, construction/engineering, healthcare, and general trading.

Welcoming remarks were offered by NUSACC, CIPE, and IACCI. More



Dr. Bashar Al-Naher, a representative of Iraq's Prime Minister, Dr. Ibrahim Al-Jaffari, fields questions at a November reception co-hosted by the National U.S.-Arab Chamber of Commerce.

substantive remarks were shared by Dr. Peter Hale, Acting Assistant Secretary of Commerce for Market Access and Compliance, and Dr. Bashar Al-Nahed, representative of Iraq's Prime Minister, Dr. Ibrahim Al-Jaffari.

Photo courtesy of NUSACC

## NUSACC Launches 2006 Forecast at The National Press Club

On September 16, at a press conference at the National Press Club, NUSACC launched its 2006 forecast for U.S. merchandise exports to the Arab world. The event was attended by a variety of media, and *The Financial Times* was the first to break the story around the world.

NUSACC estimates that exports of U.S. goods will increase by nearly 40 percent from 2004 to 2005 and more than 40 percent from 2005 to 2006. Much of this demand, NUSACC finds, is being facilitated by high oil prices and unprecedented levels of disposable income in the Arab world.

The press conference was led by David Hamod, NUSACC's President & CEO, and



Grant Smith (left), Director of Research at the Institute for Research: Middle Eastern Policy (IRmep), with David Hamod, NUSACC's President & CEO

Grant Smith, Director of Research at the Institute for Research: Middle Eastern Policy (IRmep). IRmep was responsible for much of the modeling and econometric research highlighted in the 2006 forecast.

Photo courtesy of NUSACC