



The Yemen Review

May 2022

Despite Headwinds, Truce Flies On

May 2022



The Sana'a Center for Strategic Studies

is an independent think-tank that seeks to foster change through knowledge production with a focus on Yemen and the surrounding region. The Center's publications and programs, offered in both Arabic and English, cover diplomatic, political, social, economic and security-related developments, aiming to impact policy locally, regionally, and internationally.

Cover Photo:

A Yemania Airways flight from Amman, Jordan, arrives at Sana'a International Airport on May 16, 2022. Commercial flights in and out of Sana'a resumed in May, after six years, as part of the truce agreed by the warring parties at the start of the April // Sana'a Center photo by Asem Al-Posi

Table of Contents

Executive Summary	4
Yemeni Gov't:	5
Houthis Cede Little Ground in Taiz Road Negotiations	5
Developments in Government-Controlled Territory	6
PLC Unity Weathers Stress Tests in First Month of Work	6
Other Developments in Government-Controlled Territory in Brief:	8
Developments in Houthi-Controlled Territory	8
Sana'a Airport Reopens to the Public	8
Egyptian Fishermen Released; Racing Sailboat Targeted off Hudaydah	9
Contradictory Claims Over Prisoner Release	9
Houthis Launch Annual Summer Courses for Children	9
US Embassy Employee Dies in Houthi Custody	10
International Developments	10
UN Demands Houthis Release Detained Staff Members	10
US Ambassador to Yemen Sworn In	10
Truce Extended As Frontlines See Less Violence	11
Russia-Ukraine War Spurs Warnings of Imminent Food Crisis	13
Funding Call to Address Threat of Red Sea Oil Tanker Disaster Falls Short	15
YR Relatively Stable Against Foreign Currencies	16
Riyadh Releases Final Deposit Installment, CBY-Aden Ups Foreign Currency Auctions	17
Other Economic Developments in Brief:	17
One Team, United	19
The Nordics Aspire to Promote Peace in Yemen, but the Reality is More Complex	21
Provision of Aid	22
Exporting Arms	24
Peace Efforts	25
Future Outlook	26

Executive Summary

Despite reports of violations from both the Yemeni government and Houthi forces, May saw the truce hold for a second month, leading to an agreement brokered by the UN special envoy's office to extend it for another two months from June 2. In addition to the continued absence of air strikes around the country, commercial flights finally resumed between Amman and Sana'a on May 16 and between Cairo and Sana'a on June 1, after delays caused by a dispute over Houthi-issued passports. The main areas of ongoing tension are Marib and Taiz. UN-backed talks between the warring parties in Amman failed to reach agreement on reopening roads to the besieged city of Taiz, whose government-held areas continued to come under occasional Houthi attack.

Marib governorate, whose capital is the last northern city still under full government control, saw occasional clashes. Political tension in the south threatened to undermine the Presidential Leadership Council (PLC)'s message of unity. Forces loyal to PLC members Aiderous al-Zubaidi of the Southern Transitional Council (STC) and Tareq Saleh, head of the National Resistance Forces, faced off over an attempt by Saleh's supporters to raise the national flag over Maashiq Palace on the anniversary of the 1990 unification of Yemen. On the economic front, renewed warnings that Yemen's food insecurity crisis could see pockets of famine emerging in the coming months, in part because of plummeting wheat imports from Ukraine and Russia.



Members of the Yemeni government's Presidential Leadership Council, along with other senior officials, perform Eid Al-Fitr prayers in the temporary capital Aden on May 2, 2022 // Photo credit: Yemen Mews Agency (SABA)

Yemeni Gov't: Houthis Cede Little Ground in Taiz Road Negotiations

Casey Coombs

Delegations from the internationally recognized government and the Houthi movement failed to agree on a plan to reopen four Houthi-controlled main roads in and out of Taiz city during UN-backed negotiations in Amman, Jordan, in late May. Negotiations began May 25, and on May 27, the government delegation issued a [statement](#) saying that the Houthis had not responded to their proposals for reopening the roads, which were operational before the war, and instead offered to open one rugged mountain road that is virtually inaccessible by car and used primarily by donkeys and camels.

The reopening of roads in Taiz, along with resuming flights to and from Sana'a airport (see: '[Sana'a Airport Reopens to the Public](#)') and fuel shipments into Houthi-held Hudaydah port, were three key confidence building measures outlined in the UN-brokered two-month military truce agreed at the start of April. The government statement accused the Houthis of "intransigence and procrastination" despite having "obtained everything they wanted from the reopening of the Sana'a airport and Hudaydah seaport, including collecting tens of billions of rials in taxes and fees from oil imports and being allowed to let departing travelers use unofficial passports." On May 28, the head of the Houthi delegation, Yahya Abdullah al-Razami, [said](#) the government side only wanted to discuss the opening on roads "in confined areas", and said his team had presented initiatives to open roads in Taiz as well as in Marib and Al-Dhalea governorates.

On the May 28 conclusion of the opening round of talks, the office of UN special envoy Hans Grundberg issued a **statement**, noting that “a proposal for the phased re-opening of roads, including an implementation mechanism and guarantees for the safety of civilian travelers, was drawn up based on the three-day discussions and options presented by both sides.” On May 31, Grundberg **raised** the Taiz issue in a meeting with the Houthis’ chief negotiator, Mohammed Abdelsalem, in Muscat.

Earlier, on May 18, the president of the Houthi Supreme Political Council, Mahdi al-Mashat, **said** that the group might be willing to agree to extend the truce beyond two months and referred to the opening of roads in Taiz a “priority.” Three days later, the Houthis announced four members of their negotiating team on the Taiz issue: Yahya al-Razami, Hussein Deif, Mohammed Mohammed al-Mahturi and Shukri Mahyoub Abdo Noman. Members of the Houthi delegation to Amman were later **criticized** on social media for attending the negotiations in military uniforms. The government’s negotiating team was led by Abdelkarim Shaiban, its other members were Mohammed al-Mahmoudi, Abdelaziz al-Majidi and Ali al-Ajar.

Ahead of the Amman negotiations, Shaiban **told** Turkey’s Anadolu Agency that the decision to open roads in Taiz and lift the siege on Taiz city ultimately lies with the Houthi movement’s chief, Abdelmalek al-Houthi.

In the last 10 days of May, the UN special envoy’s office conducted several other meetings in Amman with Yemeni groups as part of efforts to build on the two-month truce and prioritize topics for further discussion. On May 22, Grundberg **met** with a group of Yemeni women peace activists, experts, civil society and private sector actors and leaders. On May 24, he concluded two days of **consultations** with Yemeni economic experts. On May 28, the UN envoy’s military adviser, Brigadier General Antony Hayward, **convened** the first meeting of the military coordination committee composed of representatives of the internationally recognized government, the Saudi-led coalition’s Joint Forces Command and the Houthis, who discussed a coordination and de-escalation mechanism.

Developments in Government-Controlled Territory

PLC Unity Weathers Stress Tests in First Month of Work

The newly-formed Presidential Leadership Council (PLC) faced a series of tests in May, as competing interests among members of the eight-member executive body appeared to undermine its message of unity and consensus.

On May 2, PLC chief Rashad al-Alimi **performed** Eid al-Fitr prayers in Aden alongside other members of the PLC and senior officials in the internationally recognized government, including Speaker of Parliament Sultan al-Barakani, Shura Council Speaker Ahmed bin Dagher, Prime Minister Maeen Abdelmalek Saeed and Defense Minister Mohammed al-Maqdashi. Following the prayers, which marked the end of Ramadan, Al-Alimi called on

Yemenis gathered at the event to “strengthen the spirit of brotherhood and love, and to work toward tolerance and consensus.” The speech echoed the theme of unity among anti-Houthi allies that the PLC is supposed to embody.

One of Al-Alimi’s first orders of business in May was to appoint a director of the PLC’s Presidential Office. On May 10, Yahya Mohammed al-Shuaibi was **selected** for the role. Originally from Lahj governorate, Al-Shuaibi, a prominent politician and academic affiliated with the General People’s Congress party, has held several senior government **positions** since the late 1990s, including Minister of Education, Minister of Higher Education and Scientific Research, Minister of State and Mayor of Sana’a, Governor of Aden and, most recently, ambassador to Germany from 2016 until his current appointment.

On May 11, Faraj al-Bahsani, the governor of Hadramawt, commander of the Second Military Region and member of the PLC, **appointed** several new officials to lead security and other departments throughout the governorate, including a new chief of the Hadramawt Police Department in the wadi (central) and desert (northern) regions. On May 14, the Interior Ministry issued a memorandum **canceling** the latter appointment, stating that it was outside Al-Bahsani’s jurisdiction and any such decision would require the approval of PLC President Al-Alimi and Minister of Interior Ibrahim Haidan. Although Al-Bahsani is nominally the most senior government official in Hadramawt, in practice his authority is limited to the coastal (southern) region of the governorate, which is also part of the Second Military Region that he commands. The wadi and desert regions are part of the First Military Region and are under the direct control of other officials, such as Deputy Governor Esam al-Katheeri, who runs the local authority in the wadi region.

On May 22, which marked the 32nd anniversary of the unification of North and South Yemen, loyalists of PLC members Aiderous al-Zubaidi, president of the STC, and Tareq Saleh, head of the National Resistance forces, faced off at Maashiq Palace, the seat of the government in the interim capital, according to STC-affiliated sources. The incident occurred after Saleh’s supporters raised the Republic of Yemen flag above his residence at the palace. Provoked by the move, pro-secessionist STC forces stormed Saleh’s residence, took down the flag and trampled on it. Saleh’s forces stood down before the incident escalated any further. A day earlier, STC loyalists and other separatist southern groups **celebrated** the 28th anniversary of the attempted secession of southern governorates from the unity pact, which led to the 1994 war. The face-off attracted minimal media coverage from news outlets in areas controlled by the internationally recognized government, perhaps suggesting that the PLC’s requests for consensus and tolerance may have led some journalists to avoid critical reporting on the issue.

On May 26, Al-Alimi **appointed** Judge Qaher Mustafa Ali as Attorney General to replace Dr. Ahmed bin Ahmed Saleh al-Mousai. Ali enjoys good relations with the STC, which criticized Al-Mousai’s January 2021 appointment by former President Abdo Rabbu Mansour Hadi as a “unilateral” move that threatened to derail the power-sharing stipulated in the Riyadh Agreement.

In the coming weeks, Al-Alimi is expected to announce further appointments, including a reshuffle of some cabinet positions, according to sources in the internationally recognized government. In particular, Defense Minister Mohammed Ali al-Maqdashy is expected to

be replaced. Candidates in the running for that position include Major General Saghir bin Aziz, commander of joint operations of the armed forces and the Yemeni army's chief of staff, Brigadier General Mohsen al-Da'ari, deputy commander of joint operations, and former commander of the Sixth Military Region Hashem al-Ahmar.

Other Developments in Government-Controlled Territory in Brief:

- **May 9:** The Yemeni attaché for expatriate affairs in Egypt and North Africa, Ibrahim al-Jahmi, resigned, alleging ill treatment from Yemen's ambassador to Egypt, Mohammed Mareh. In a statement [posted](#) on Facebook, which included a copy of his resignation letter, Al-Jahmi accused Mareh of preventing him from entering the embassy in Cairo, failing to renew his work and travel documents and requesting his deportation.
- **May 12:** Masked gunmen abducted the deputy governor of Aden, Rashad Shaye, from his home in the interim capital. The gunmen accused one of Shaye's bodyguards of killing a young man named Salam al-Mahali a day earlier and demanded that the suspect be handed over in exchange for Shaye's release. Shaye was taken to Radfan district in Lahj governorate, where Al-Mahali's family lives. The deputy governor was released three days later, after the bodyguard turned himself in, [according to](#) Al-Masdar Online.

Developments in Houthi-Controlled Territory

Sana'a Airport Reopens to the Public

Commercial flights resumed at Sana'a International Airport on May 16 for the first time since 2016. The inaugural flight transported 137 passengers from Sana'a to Amman, Jordan, before returning with 60 passengers to Sana'a.

The first flights were scheduled to take place last month, as part of a two-month truce brokered by the UN special envoy, Hans Grundberg, that started on April 2, but a disagreement over the use of Houthi-issued passports prompted the delay. The information minister for the internationally recognized government, Muammar al-Eryani, [accused](#) the Houthis of planning to use unverified passports to smuggle its leaders and members of Iran's Islamic Revolutionary Guard Corps and Lebanese Hezbollah onto flights. An agreement was eventually reached in which travelers flying from Sana'a to Amman with Houthi-issued passports would receive second passports from the Yemeni embassy in Jordan.

On May 23, Egypt's Ministry of Foreign Affairs [said](#) a resumption of flights between Cairo and Sana'a was under consideration. The first Yemenia Airways [commercial flights](#) between Sana'a and Cairo, Egypt, in over six years took place on June 1.

Egyptian Fishermen Released; Racing Sailboat Targeted off Hudaydah

Twenty Egyptian fishermen were **released** May 2 after more than a month in Houthi custody. The Egyptian daily news outlet Al-Masry Al-Youm **reported** that the fishermen were detained by the Houthis on charges of illegally fishing in Yemen's territorial waters in late March. The Houthis confiscated their boat and imposed a fine of US\$25,000, according to the report. In February 2020, 32 Egyptian fishermen were released after being held by the Houthis under similar circumstances.

On May 19, an international racing sailboat was attacked off the coast of a Houthi-controlled area of Hudaydah governorate by militants armed with assault rifles and rocket-propelled grenade launchers. The Hong Kong-flagged Lakota, a 62-foot sailboat recently purchased by French yachtsman Philippe Poupon, was chased by militants in three vessels who fired warning shots and waved grenade launchers, according to an Associated Press **report** citing a European Union naval force in the Red Sea. One of the militants boarded the Lakota but departed upon realizing there was no money on board the three-hulled trimaran, which was listed for sale for \$263,000 earlier this year, the report said.

Contradictory Claims Over Prisoner Release

On May 6, the Saudi-led coalition **said** it freed over 100 Houthi prisoners of war in coordination with the International Committee of the Red Cross (ICRC) to support the two-month UN-sponsored truce. The Houthis, however, maintained that most of the detainees were unknown to the group. Houthi authorities allowed nine to be flown from Saudi Arabia to Sana'a, claiming that five were "prisoners of war" and the other four were fishermen "who had been kidnapped in the Red Sea. Of the remaining detainees, the Saudi-led coalition said that 108 were flown to the interim capital Aden and 37 were taken by land across the Saudi-Yemen border. An additional nine were "foreign fighters" who would be transferred to their embassies, according to Saudi state media. The Houthis stated that the foreigners were African. The ICRC confirmed in a **statement** that it had facilitated the repatriation of 117 detainees from Saudi Arabia to Yemen.

In late March, the head of the Houthis' prisoner affairs committee, Abdul Qader al-Murtada, announced on Twitter a **prisoner swap** with the internationally recognized government in which 1,400 Houthi prisoners would be exchanged for 823 prisoners, including 16 Saudis, three Sudanese nationals, the brother of former Yemeni President Hadi and former Defense Minister Mahmoud al-Subaihi. The internationally recognized government quickly denied that a final deal had been reached.

Houthis Launch Annual Summer Courses for Children

On May 9, Houthi leader Abdelmalek al-Houthi **urged** enrollment in the group's annual summer courses for children. Under the slogan "Education and Jihad," this year's program of study started May 14. In a speech on the Houthi-run news outlet **Al-Masirah**, Al-Houthi highlighted the role of information warfare in the Houthi struggle, stating that "enemies' disinformation and propaganda war against the Yemeni nation are aimed at liquidation of the nation's spirit of liberation and faith." Muslim youth in general and Yemeni youth specifically are the targets of these campaigns, he added.

In a recent Yemen Policy Center interview about disinformation in Yemen, the head of communications at the independent fact-checking platform SidqYemen **described** Houthi disinformation campaigns as the most organized of any group in the country. The Houthis, who have made sectarian and ideological **changes** to the educational system in areas they control, have used extra-curricular education programs such as the summer courses to **instill their ideology** in children as a means to recruit fighters.

On April 25, the UN announced that a Houthi official had signed an “**action plan**” to “end and prevent recruiting or using children in armed conflict, killing or maiming children and attacking schools and hospitals.” UN spokesperson Stephane Dujarric said the Houthi official pledged to identify children in their ranks and release them within six months.

US Embassy Employee Dies in Houthi Custody

On May 27, the US Agency for International Development (USAID) **announced** that a retired Yemeni employee, Abdulhameed al-Ajmi, had died in a Houthi prison. Al-Ajmi, who suffered from moderate kidney failure at the time of his detention in November 2021, had no access to medication or medical treatment as his condition worsened in the prison, **according to** the Associated Press, and he was denied contact with his family during captivity. The Houthis took control of the US Embassy in Sana'a in October 2021, six years after the US suspended its operation, and proceeded to detain dozens of former and current Yemeni staffers who were acting as caretakers of the embassy compound, 11 of whom remain in Houthi custody.

International Developments

UN Demands Houthis Release Detained Staff Members

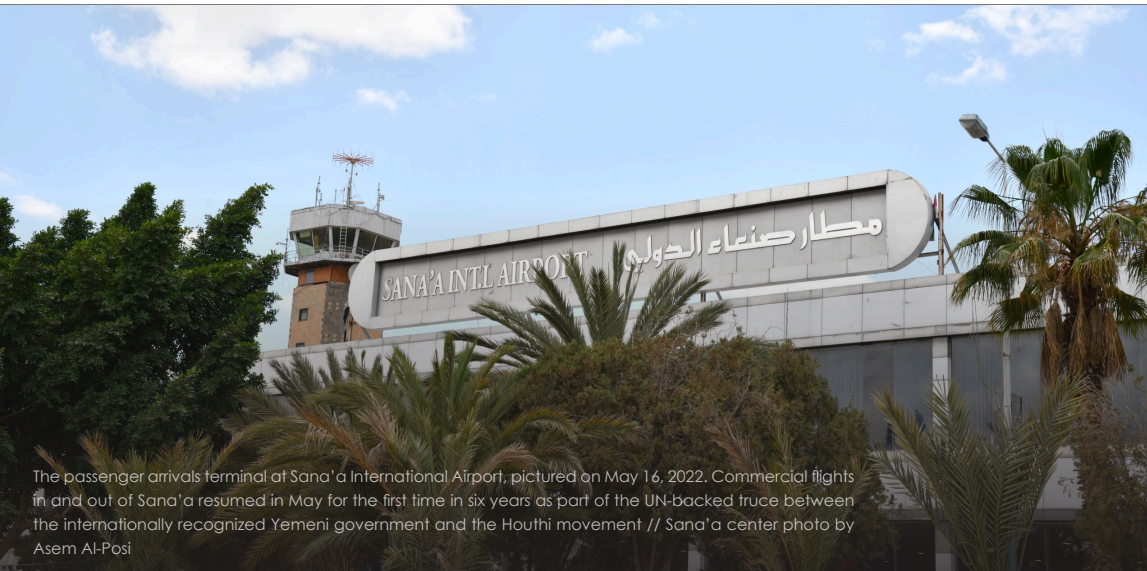
On May 4, the UN called on the Houthis to immediately release two of its employees who have been detained by the group since November 2021. In a joint **statement** issued by the director-general of UNESCO, Audrey Azoulay, and the UN High Commissioner for Human Rights, Michel Bachelet, the officials said they were “deeply concerned about their well-being” after having received repeated assurances since November that the two would be immediately released. It said their whereabouts remain unknown.

US Ambassador to Yemen Sworn In

On May 19, the US **swore in** its new ambassador to Yemen, Steven Fagin. The diplomatic posting has been vacant since Christopher P. Henzel stepped down last year. During that time, Chargé d’Affaires Cathy Westley led the US diplomatic mission, which has been based in Riyadh throughout the war. Fagin was previously deputy chief of mission of the US Embassy to Iraq. Prior to that, he was the principal officer at the US Consulate General in Erbil and director of the Office of Iranian Affairs in the Near Eastern Affairs Bureau of the State Department.

Casey Coombs is a researcher at the Sana'a Center for Strategic Studies. Coombs also works as an independent journalist, reporting extensively on Yemen, where he was based between 2012 and 2016. Prior to Yemen, he reported from United Nations headquarters in New York, covering UN Security Council work on the Arab political uprisings.

He holds BAs in English & Anthropology and an MS in International Relations.



The passenger arrivals terminal at Sana'a International Airport, pictured on May 16, 2022. Commercial flights in and out of Sana'a resumed in May for the first time in six years as part of the UN-backed truce between the internationally recognized Yemeni government and the Houthi movement // Sana'a center photo by Asem Al-Posi

Truce Extended As Frontlines See Less Violence

Sana'a Center Staff

Much as in April, the month of May saw the continued absence of heavy fighting in Yemen during the two-month UN-backed truce announced at the start of Ramadan. Frontlines remained stable, and there were few claims of heavy casualties in the clashes that did occur, although the Yemeni government and Houthi forces accused each other of truce violations throughout May. On June 2, the UN special envoy's office **announced** that the Yemeni government and the Houthi movement had agreed to renew the truce, which was scheduled to expire that day, for an additional two months.

In Sana'a, where commercial flights resumed in May after a six-year gap, the skies were once again largely empty of Saudi-led coalition traffic, with no air strikes reported there or anywhere else in the country. However, on May 23 there was a brief moment of fear that the strikes had resumed when a large explosion shook the busy Al-Ruwaishan intersection of Sana'a city's Haddah district. The Houthis later said that they had shot down a **Saudi reconnaissance drone**, which they described as a Chinese-made CH4, with a locally-made surface-to-air missile. The drone landed on a busy street, killing three people.

Perhaps the most notable battlefield events took place in Marib, where the Houthis continued to occupy positions just outside Marib city, the last major northern city under the total control of the government. The proximity of the two sides led to occasional clashes, such as on May 9, when Houthi forces claimed to have prevented an infiltration attempt by pro-government forces toward their positions on the eastern Jabal Al-Balaq mountain range, which lies to Marib city's south, **killing nine** of the government fighters. For its part, the Yemeni government claimed that Houthi forces were continuing to attack civilians and fighters with drone and sniper attacks, and accused the group of **shelling government** forces in northern Al-Jawf governorate.

Taiz city, which was at the center of negotiations between the Yemeni government and the Houthi movement over opening roads to the besieged city (see Politics & Diplomacy, 'Yemeni Gov't: Houthis Cede Little Ground in Taiz Road Negotiations'), also saw violence. The government-held areas of the city continued to come under occasional Houthi attacks. On May 4, at least eight policemen were injured after a reported **Houthi drone attack** targeted a police station on Al-Urdhi Street, in the east of the city, with the government holding the Houthis responsible for "undermining the truce". At least two children were also killed in separate reported incidents in Taiz governorate, one on May 13, when a home was hit by **Houthi shelling** in Al-Sa'ilah village, Al-Dhabab area, in western Taiz governorate, and the other on May 27, when a Houthi sniper stationed in the Central Security base in Taiz city **shot a child** in the Kalabah area of the city.

Incidents were also reported in several other governorates. In Sa'ada, the Houthis and the Saudi-led coalition **traded accusations of being behind** the deaths of at least seven migrants near the border at Al-Raqu area in Munabbih district on May 13. In Hudaydah, Giants Brigades forces claimed to have **killed several Houthi** fighters on May 20 in Al-Haymah area of Al-Tuhayta district. On May 18, in Al-Dhalea, joint government and pro-Southern Transitional Council (STC) forces were reported to have **clashed with Houthi** forces in Qa'atabah district, leading to alleged Houthi losses.

While the battlefields were relatively quiet, the new Presidential Leadership Council (PLC) felt safe enough to continue its work from inside the country (see Politics & Diplomacy, 'Developments in Government-Controlled Territory'). On May 30, the executive body **formed** a military and security committee, headed by former defense minister Haitham Tahir, tasked with restructuring military and security forces in the anti-Houthi camp under a unified command structure.

Still, the security situation in Yemen's southern regions remained fragile. On May 6, when suspected Al-Qaeda in the Arabian Peninsula gunmen carrying medium and light weapons **attacked** the STC's Security Belt headquarters in Al-Dhalea city, killing the deputy head of the Security Belt forces in the governorate, Waleed al-Dhami, the head of the governorate's counter-terrorism forces, Mohammed al-Shawbaji and several soldiers. Meanwhile, on May 15, the chief of staff of the government's 4th Military Region, General Saleh Ali Hassan, survived an **assassination attempt** after a car bomb exploded as his convoy passed through Aden's Al-Mualla district. On May 26, five civilians were killed and 45 others were injured after an **explosion** at a fish market in Aden's Al-Hashimi area. The cause of the explosion was unclear, with some saying it was the result of a hand grenade, and others an IED.



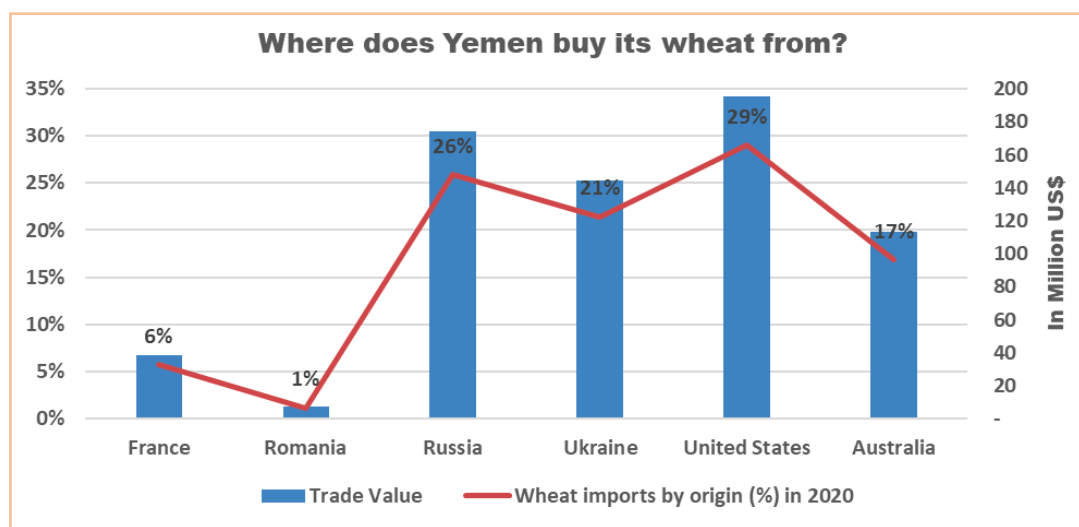
Taiz saw numerous demonstrations in May, such as this one on Jamal Street on May 25, calling for an end to the siege of the city. Removing such barriers to movement and commerce was a focus consultations between the UN and Yemeni economic experts in Amman, Jordan in May (see Developments in Brief below) // Sana'a Center photo by Ahmed al-Basha

Russia-Ukraine War Spurs Warnings of Imminent Food Crisis

Sana'a Center Economic Unit

Yemen faces an imminent food crisis stemming from the Russian invasion of Ukraine, according to the UN, international organizations, Yemen's largest wheat importer and others. Yemen, which imports up to 90 percent of its basic food needs, is highly vulnerable to exchange rate volatility, price shocks in international markets and disruptions in global food supply chains. Russia and Ukraine together account for **nearly a third** of the world's wheat supply and in 2021 supplied **42 percent** of Yemen's wheat (20 percent from Ukraine, 22 percent from Russia). Meanwhile, the World Bank **forecasts** that global wheat prices will jump more than 40 percent in 2022, to an all-time high (in nominal terms) due to sanctions against Russia, the Russian blockade on Ukraine's Black Sea ports and other factors.

Sourcing wheat from other countries will likely be complicated and expensive for Yemen, as it will for numerous other developing countries. This is due to both the general shortage of wheat on the global market and the fact that Russian and Ukrainian wheat has historically been cheaper than other varieties, given that it is of **lower quality** and protein content than competing varieties on the global market.



Source: OEC

On May 16, the Hayel Saeed Anam (HSA) Group, Yemen's largest wheat supplier, **warned** that supply chain disruptions and price spikes stemming from the Russian invasion of Ukraine could spur "potentially catastrophic famine" in Yemen. In March, the Integrated Food Security Phase Classification's Famine Review Committee had **reported** the Russia-Ukraine war may require it to reassess whether an official famine classification could become warranted in various parts of Yemen. In a press statement, HSA noted other factors playing into Yemen's food security crisis: the country's strategic stocks of wheat are running low; the private sector's diminishing purchasing power is eroding its ability to resupply the local market with essential foodstuffs; and India's May 13 decision to suspend wheat exports in an apparent bid to curb domestic price surges.

Yemeni Trade Minister Mohammed al-Ashwal told **Reuters** that the government and importers were looking for alternate markets to compensate for lost wheat imports from Ukraine and Russia. Yemen was among several countries, including South Korea, Oman and the UAE, which sent requests to the Indian government for **exemptions to the export ban**. On May 27, Yemeni Foreign Minister Ahmed Awad bin Mubarak **thanked** India, via Twitter, for granting Yemen the exemption. The quantity of wheat India agreed to supply, and whether it is sufficient to address Yemen's food needs, remains unclear. Several **media outlets** reported that India's wheat harvest is likely to **fall substantially** this year due to a sudden rise in temperatures and heavy droughts.

Yemen's weak agricultural production capacity and heavily concentrated import market increase the country's vulnerability to food insecurity. Significantly increasing local food production is unrealistic at present given the country's weak agricultural infrastructure, water scarcity and the high cost of fuel, which has driven up farming costs. The wheat import market is dominated by only a few companies. In 2016, the World Bank **reported** that ten companies controlled nearly 99 percent of all wheat imports into Yemen. Of these, two companies controlled about 70 percent of total wheat imports: HSA Group at 52 percent and Fahem Group at around 26 percent. The conflict has likely exacerbated the concentration, with HSA Group currently controlling at least 60 percent of the wheat import market in Yemen, according to Sana'a Center Economic Unit estimates.

The Russia-Ukraine war comes as Yemen is already experiencing one of the world's largest humanitarian crises and a dramatic fall in funding for the relief response. More than 17 million Yemenis are **food insecure**, including 5.6 million experiencing emergency levels of food insecurity and 31,000 classified as in catastrophic conditions. The UN has been able to raise only **a quarter** of its US\$4.3 billion international humanitarian appeal for Yemen this year. Citing a significant funding shortfall, the World Food Programme **reduced food rations** for 8 million people in January, and has warned it may make further cuts.

In its statement, HSA Group warned that without urgent action, hundreds of thousands of Yemenis could face extreme hunger in a matter of months. It called for immediate international intervention and offered potential solutions to ensure sufficient wheat supplies reached Yemen. These included: strengthening Yemeni wheat importers' priority access to global wheat supplies; establishing an internationally supported "special import finance fund" to give Yemeni traders rapid access to import financing; and a mechanism by which international organizations or financial institutions could provide guarantees to allow Yemeni food importers to extend payment terms with their international suppliers to 60 days. It is important to note that HSA group, as Yemen's largest wheat importer, would stand to gain most from any assistance to private sector wheat importers. A previous import financing mechanism led to **accusations of embezzlement** and collusion against the conglomerate, other importers and the Yemeni government. In response to the HSA group request, Prime Minister Maeen Abdul-Malik met virtually on May 19 with the UN's head of humanitarian affairs and emergency relief, Martin Griffiths, and **called** for the establishment of a special emergency fund to finance imports to Yemen and provide preferential terms for Yemeni wheat importers. However, as of this writing, this has not materialized.

Funding Call to Address Threat of Red Sea Oil Tanker Disaster Falls Short

On May 11, a **pledging conference** in The Hague, co-hosted by the UN and the government of the Netherlands, failed to raise the funds the UN says are necessary to address the **catastrophic environmental** threat posed by the FSO Safer oil terminal. The FSO Safer is a decrepit, 45-year-old single-hulled oil tanker moored off the coast of Hudaydah with more than one million barrels of oil aboard – four times the amount spilled in the infamous 1989 Exxon Valdez disaster. The vessel has received almost no maintenance in more than seven years and has been described as a **"floating bomb"** due to the explosive gasses that have built up in the holding tanks.

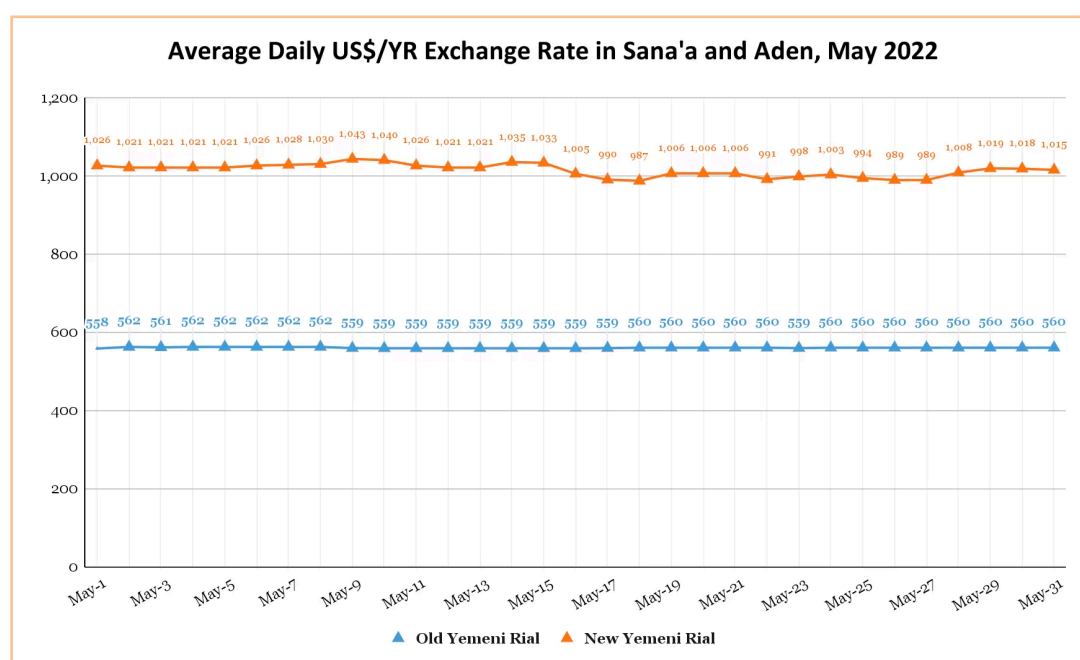
The conference followed a UN **announcement in February** that an agreement had been reached with Houthi authorities to address the situation. The first stage of the plan was to be a four-month emergency operation to transfer the oil to a temporary vessel, with a permanent replacement to be moored at the site within 18 months. The UN **estimates** the first stage – including the salvage operation, leasing the new vessel, crew and maintenance – will cost some US\$80 million, while total cost will amount to US\$144 million.

The UN had said it intended to begin the first stage of the plan in the second half of May. However, funds pledged at the conference amounted to just US\$33 million. Of this, the Netherlands pledged almost US\$8 million, with the remainder coming from Germany, the UK, the European Union, Qatar, Sweden, Norway, Finland, France, Switzerland and Luxembourg. Including previously committed funds, there was US\$40 million available for the plan following the conference, [according to](#) UN Resident Humanitarian Coordinator for Yemen David Gressly. No further pledges had been made as of this writing.

Among the glaring omissions from the UN plan is any proposal for the sale of the more than million barrels of oil, and how the proceeds of such a sale would be distributed. This has been a [source of contention](#) between the warring parties that blocked progress on the issue. In 2019, the oil was valued at roughly US\$80 million. While it has likely degraded somewhat since then, it should retain a significant portion of its value, especially in light of the recent spike in global oil prices.

YR Relatively Stable Against Foreign Currencies

The exchange rate of the Yemeni rial experienced relatively slight fluctuations in government-held areas during May, gradually appreciating from YR1,026 per US\$1 at the beginning of the month to YR987 on May 17, a gain of approximately 4 percent, before retreating slightly and ending the month to YR1018 per US\$1. This follows more than a year of steady depreciation and then wild volatility in April when, following the announcement of US\$2 billion in Saudi and Emirati support for the Central Bank of Yemen in Aden (CBY-Aden), the currency increased as much as [40 percent in value](#) before rapidly shedding these gains. In Houthi-controlled areas, the exchange rate remained relatively stable in April, trading in a narrow band around YR560 per US\$1.



Riyadh Releases Final Deposit Installment, CBY-Aden Ups Foreign Currency Auctions

On May 16, Riyadh agreed to **extend** the US\$2 billion deposit it gave the CBY-Aden in 2018 and to release its final installement, worth US\$174 million. The following week, on May 24, the CBY-Aden held its **21st foreign currency auction** of 2022, with a total of US\$30 million on offer. It was the first time since November 2021, when the bank began using the **Refinitiv platform** for currency sales, that the amount on offer at an auction had surpassed US\$20 million. The move appeared to be in line with the CBY-Aden's recent shift toward adopting a contractionary monetary policy, which draws on its available balance of foreign currency reserves to purchase Yemeni rials from the market to reduce the quantity in circulation and help stabilize the exchange rate.

To attract banks to bid, the CBY-Aden offered a preferential exchange rate of YR937 per US\$1, an almost **7 percent** premium over the prevailing market exchange rate. However, only 72 percent of the foreign currency on offer was sold. Banks' reluctance to fully subscribe to the auction likely indicates that they see new Yemeni rials, printed by the CBY-Aden since 2017, as being undervalued, and are anticipating further appreciation in the YR/US\$ exchange rate. This is likely to result from Saudi and Emirati financial support to CBY-Aden, worth US\$2 billion, **announced** in April but as yet undeployed. A positive international response to Prime Minister Maeen Abdelmalek's May 19 call for a special emergency fund to offer financing to Yemeni wheat importers would also likely have a positive impact on the exchange rate.

Other Economic Developments in Brief:

- **May 20:** During a meeting with Lebanese Prime Minister Najib Mikati, Yemen's ambassador to Lebanon, Abdullah al-Deais, **renewed** the call for the release of Yemeni bank funds being held by Lebanese banks. It is **estimated** that Yemeni commercial banks had some US\$240 million deposited in correspondent accounts at Lebanese banks in 2019, shortly before the latter froze most foreign currency withdrawals due to a liquidity crisis, which remains ongoing.
- **May 22:** The Yemeni government's **Minister of Electricity and Energy** signed an agreement with Siemens Middle East Limited to replace and maintain three gas turbines at the Marib Gas Power Plant (MGPP), with the associated cost of US\$40 million covered by the Kuwait Fund for Arab Economic Development. The MGPP is a **342-megawatt** (MW) natural gas power station in Marib governorate which, prior to the ongoing conflict, provided roughly **40 percent** of Yemen's energy needs. Currently, it is producing only **40 MW**, roughly 12 percent of its capacity.
- **May 24:** The UN Special Envoy to Yemen **concluded** two days of talks with a broad range of Yemeni economic experts in Amman, Jordan. The aim of the talks was to identify economic priorities and opportunities to be pursued in a multi-track peace process. Among the topics discussed were coordinating financial and monetary policies between the warring parties, exchange rate stabilization, public revenues, civil servant salaries, inflation and barriers to commerce and movement.
- **May 26:** The head of the Yemeni government's Presidential Leadership Council (PLC), Rashad al-Alimi, **directed** the CBY-Aden to assess the success of a previous **mandate**, issued on August 5, 2021, that commercial and Islamic banks move their headquarters from Sana'a to Aden, and what further could be done in this regard.

Regulation of the country's banks has been a contentious issue and a major facet of the economic war between the belligerent parties. The rival branches of the fragmented CBY started to **escalate** competition for control over access to data held by Yemeni banks and money exchange outlets toward the end of 2020. This intensified during August of last year when the CBY-Aden ordered Yemeni commercial and Islamic banks to relocate their headquarters to fully operate from Aden and imposed **punitive measures** on non-compliant banks, including large fines and court referrals. Al-Alimi's recent directive could foreshadow further escalation on this front.

- **May 25:** The Yemen Petroleum Company (YPC) **increased** the official price of gasoline by 6.6 percent in Houthi-controlled areas, from YR600 to YR640 per liter. In April, the YPC raised the price of gasoline from YR495 to YR630, roughly 27 percent, before lowering it slightly to **YR600** on April 24. Notably, both these increases came after the beginning of the **Ramadan truce** in early April, which saw fuel imports restarted through the port of Hudaydah and ended apparent gasoline shortages in Houthi-held areas.



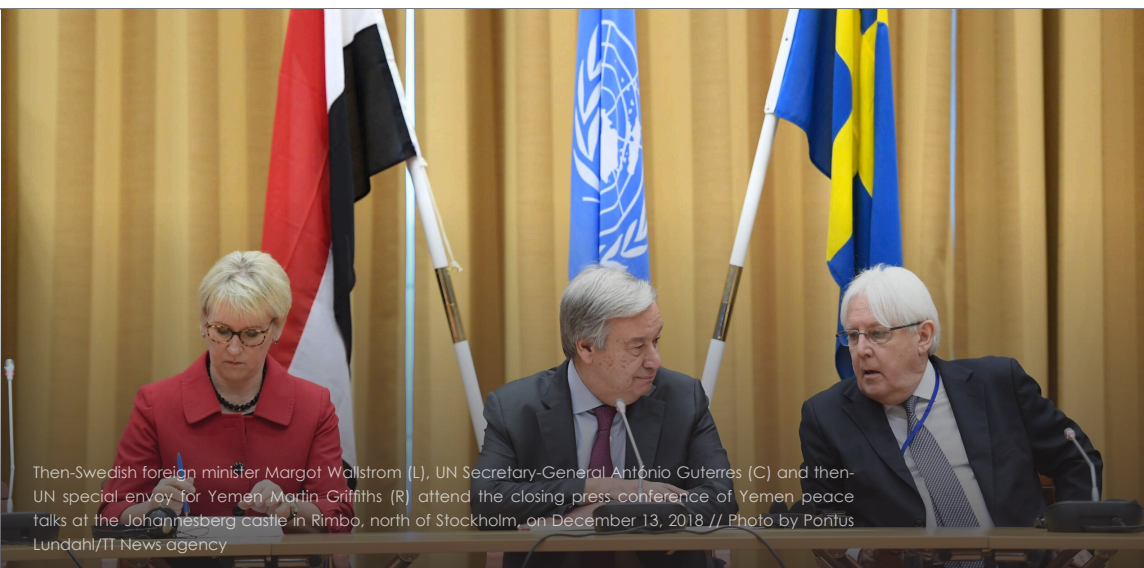
The Yemeni under-20 men's national football team holds a training session in Marib city on May 28, 2022, in preparation for the Arab Cup U-20 and qualification matches for the 2023 AFC U-20 Asian Cup // Sana'a Center photo by Abdulmajeed Al-Khadhmi

One Team, United

After more than seven years of war, football remains one of the few areas that can unite Yemenis, with training camp for the country's under-20 men's national team, which began May 17, drawing players to Marib city from northern and southern governorates. Marib was chosen for the facilities it has available, while players were selected based on their participation in previous junior national teams. The team is preparing for the Arab Cup U-20, which begins at the end of July in Abha, Saudi Arabia, followed by qualification matches set to be held in Laos in September for the 2023 Asian Football Confederation U-20 Asian Cup.







Then-Swedish foreign minister Margot Wallström (L), UN Secretary-General António Guterres (C) and then-UN special envoy for Yemen Martin Griffiths (R) attend the closing press conference of Yemen peace talks at the Johannesburg castle in Rimbo, north of Stockholm, on December 13, 2018 // Photo by Pontus Lundahl/IT News agency

The Nordics Aspire to Promote Peace in Yemen, but the Reality is More Complex

Johannes Jauhiainen

Finland, Sweden and Norway all actively provide humanitarian aid to Yemen, despite limited public pressure to do so. Each of these Nordic countries also has engaged diplomatically, urging warring parties and other stakeholders to the negotiating table. Sweden acted as host for a set of talks that gave birth to the 2018 Stockholm Agreement, while Norway and Finland have made efforts to promote broad participation and inclusion in the peace talks. At the same time, however, all three have sold military equipment to Saudi-led coalition members. And despite public outcries condemning these arms shipments, temporary freezes on export permits have had a limited effect.

This article explores the roles Norway, Finland and Sweden have played in Yemen since 2014, to evaluate what can be expected from these countries in the near future. It also examines whether any recent events, such as the war in Ukraine and the public pressure to help Kyiv that followed, could lead to a rearrangement of foreign policy priorities in the Nordics at the expense of their humanitarian engagement in Yemen.

Provision of Aid

Sweden has provided the most humanitarian aid of the three Nordic countries, allocating about 240 million euros between 2014 and 2022, according to data provided by the Swedish International Development Cooperation Agency (Sida). In addition to this financial support, Sweden has used its political capital to co-host yearly conferences together with Switzerland and the United Nations to raise funds for humanitarian aid in Yemen since 2017.

To better understand why a seemingly remote country like Sweden would allocate taxpayer money to humanitarian work in Yemen, it is worth exploring the country's long-term development policies and political identity. Firstly, most Swedish decision makers consider their country a humanitarian superpower. This identity springs partially from the notion that the country has lived in peace for 200 years, and that with this comes certain global responsibilities. Consequently, Sweden allocated 1 percent of its gross national income annually to humanitarian and development aid from 1968 to 1993, and again from 2005 onwards.

But the Swedish public has had something of a change of heart lately, particularly concerning the country's migration and asylum policy. The most significant turn occurred in 2015, when 160,000 asylum-seekers mainly from Syria, Afghanistan and Iraq arrived in Sweden, which left many wondering how well the country could successfully accommodate and integrate its new residents. Any talk of extending further foreign aid, whether to Yemen or Ukraine, a war that receives considerable media coverage in Sweden – could be more contested than in the past.

The resources needed to accommodate Ukrainian refugees also seem to have had ripple effects on foreign aid. In April 2022, Sweden's government decided to cut Sida's spending on development cooperation by 690 million euros. While the government has said that humanitarian aid will not be affected, development programs will face cutbacks.

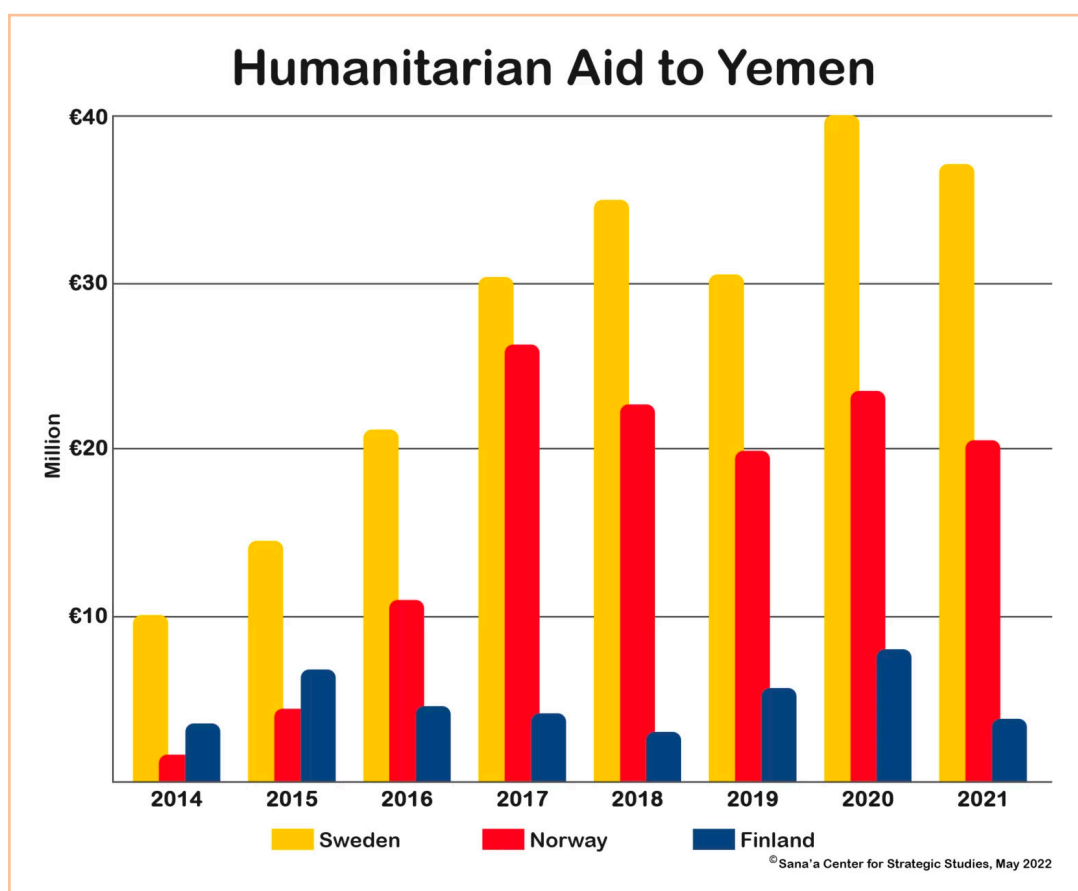
According to Sofia Dohmen, adviser at the Conflict and Gender Unit for the Middle East and North Africa at Sida, the war in Ukraine will not affect Sweden's humanitarian aid to Yemen. Instead, Sida will continue to allocate funds based on yearly assessments of Yemen's humanitarian needs.

While Sweden considers itself a humanitarian superpower, Finland's story is somewhat different. Having endured a civil war and a war for independence in the 20th century, Finland was on the receiving end of foreign aid at least until 1949. After this, the World Bank provided Finland with loans to rebuild the country. When Helsinki switched from being a recipient to also being a donor in 1956, it did so partially to distance itself from Eastern European countries and to align itself with Western Europe and its Nordic neighbors.

Between 2014 and 2022, Finland allocated roughly 43 million euros in humanitarian aid to Yemen, according to data provided by the Finnish Ministry of Foreign Affairs. This aid has often been allocated through international organizations such as the World Food Programme, the UN Refugee Agency (UNHCR), Save the Children, the International

Committee of the Red Cross or through domestic aid and development NGOs. Like Norway and Sweden, Finland has prioritized access to clean water, food and emergency aid to internally displaced persons in its humanitarian work in Yemen.

Since Russia's attack on Ukraine, the Finnish government has come up with innovative ways to find money outside of the foreign aid budget to help Ukraine, including liquidating bitcoins, estimated to be worth around 73 million euros, confiscated by customs. This outside-of-the-box thinking may have been facilitated by the fact that UNICEF and the UNHCR have started to accept certain cryptocurrencies as forms of payment from foreign aid donors.



Source: *Openaid*, Norwegian Ministry of Foreign Affairs, Finnish Ministry of Foreign Affairs

The public pressure to help Ukraine, raises the question of whether there is a risk of Helsinki rearranging its priorities and cutting the amount of humanitarian aid allocated to Yemen in favor of Ukraine in the near future. According to Eija Ranta, a Senior Research Fellow at the University of Helsinki, such a rearrangement seems unlikely.

"Finnish development and humanitarian NGOs have received significant donations from the public for their humanitarian work in Ukraine. This in turn will somewhat ease potential pressure on the government and other actors to rearrange their priorities," Ranta said.

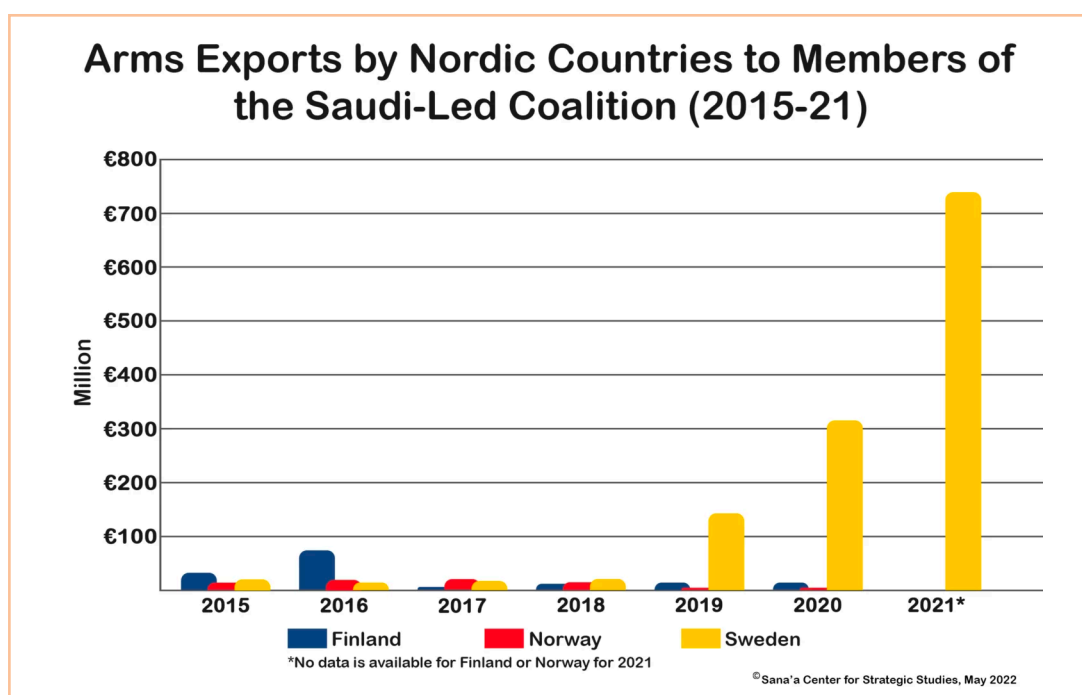
Norway's peace-driven foreign policy has led to Oslo being an active mediator in conflicts, a steadfast donor of humanitarian aid and home of the Nobel Peace Prize. According to data provided by the Norwegian Agency for Development Cooperation, Norway allocated just under **133.55 million euros** between 2014 and 2021 to humanitarian aid in Yemen and an approximately equal amount of funds in the form of foreign aid. Officials at the Norwegian Ministry for Foreign Affairs confirm that Oslo's humanitarian aid for Yemen remains unaffected by the war in Ukraine.

Exporting Arms

Politics are seldom consistent. While each of these countries has donated funds for humanitarian work in Yemen, each has also authorized weapons sales to the Saudi-led coalition bombing Yemen. When such exports were made public, heated debates followed.

In Sweden, the first public outcry regarding arms trade with Saudi Arabia occurred in 2015. But the public debate on what became known as the "Saudi Affair" focused less on whether Swedish military equipment would end up in Yemen and more on the apparent contradiction of military cooperation with Saudi Arabia while pursuing a **feminist foreign policy**. As a result, cooperation between Riyadh and the Swedish Defence Research Agency (FOI) was not renewed. Despite this, the government has continued to face **criticism** due to arms exports to both Saudi Arabia and the United Arab Emirates. From 2015 to 2021, Sweden sold more than 132 million euros worth of arms to members of the Saudi-led coalition. In March 2021, it was **reported** that Swedish arms exports to countries within the Saudi-led coalition had doubled in 2020.

In Finland, a public debate over arms exports to the United Arab Emirates erupted in 2018 when **Saferglobe**, an independent peace and security think tank, revealed the scope to which Finnish arms manufacturers had made deals with both Saudi Arabia and the UAE.



Source: *SaferGlobe, NOASP, The Swedish Peace and Arbitration Society*

The criticism was further exacerbated when a Norwegian newspaper [showed pictures](#) of what appeared to be Finnish-made armored personnel carriers in Yemen. By the time the news broke, both Riyadh and Abu Dhabi had been major buyers of Finnish arms for five years; 2016 was particularly profitable for Finnish arms manufacturers, as UAE orders approached [68 million euros](#), accounting for 32 percent of all Finnish arms exports.

As a result of the public outcry, Helsinki halted all new permits for arms exports to countries involved in the war in Yemen. But the freeze only affected weapons and ammunition, and did not stop the export of multi-purpose defense materiel or maintenance and spare parts of already purchased products. In 2020, new permits were granted for exporting military vehicles to the UAE.

In Norway, public debates about arms trade erupted in 2018 and 2019, and on both occasions, they centred around exporting arms to Saudi Arabia and the UAE. The Norwegian arms trade is in theory regulated by a decision taken by the parliament in 1959, according to which Norway would not sell weapons to countries at war or at risk of war. However, *Aftenposten*, Norway's largest newspaper, [reported](#) in 2021 that Norway sold 28 million euros of weapons and ammunition to the UAE between 2014 to 2018.

As a result of the public outcry, Oslo halted all permits for arms export to countries involved in the war in Yemen. However, as in Finland, these regulations only put a freeze on weapons and ammunition, which made it possible for Norway to continue to export multipurpose defense materiel.

Peace Efforts

The last area in which all three Nordic countries have engaged is promoting peace in Yemen through diplomacy and dialogue. In concrete terms, this has meant various efforts to gather the warring parties and other stakeholders for various negotiations and lobbying for peace-driven initiatives in the international community.

Since December 2018, Sweden and Norway have allocated approximately 100,000 euros per year to initiatives promoting peace in Yemen through the [Yemen Peace Support Facility](#). This fund was put in place to support the Stockholm Agreement, a UN-backed deal that sought to avert a battle for the port city of Hudaydah. While the process itself was UN-led, Sweden took care of practical arrangements and logistics with the help of Oman and Kuwait.

While many hoped that the Stockholm process would have a greater impact on the ground, officials at the Swedish Ministry for Foreign Affairs note that the meetings in Sweden and subsequent ceasefire and prisoner exchange were significant stepping stones. Sweden's politicians, such as Foreign Minister Ann Linde, have underlined that promoting peace in Yemen is a high priority for the country. Linde met with multiple stakeholders in the conflict in [2020](#) and [2021](#) to promote peace through diplomatic means.

While Sweden has focused on getting the main warring parties together, Norway has put its efforts into track 2 negotiations that involve a more versatile set of parties on the

ground. According to Julia Palik, a senior researcher at the Peace Research Institute in Oslo, these two tracks of peace negotiations are not mutually exclusive. Instead, they should, in an ideal scenario, feed into one another.

“Norway has also urged caution with regards to designating the Houthis as a terrorist group, in order to ensure that aid can be delivered to all areas in need. In fact, in February 2022 Norway abstained from a vote in the UN Security Council that designated the Houthis as a terrorist group,” Palik said.

According to Palik, Norway has made significant efforts to push for the investigation of sexual violence in Yemen's war and to promote gender equality, which is also supported in Finnish and Swedish policy.

Finland's diplomatic support of the peace process in Yemen has been somewhat more modest. According to information provided by Finland's Ministry for Foreign Affairs, Helsinki focuses on supporting the peace process through its membership on the UN's Human Rights Council, the EU's peace work and its support for the UN Office of the Special Envoy of the Secretary-General for Yemen. Through its support for [CMI – Martti Ahtisaari Peace Foundation](#), Finland, like Norway, has sought broader participation and inclusion in the peace talks.

Future Outlook

Finland, Sweden and Norway may be located far from Yemen, but all three have been engaged as donors of humanitarian aid, proponents of peace and arms suppliers to members of the Saudi-led coalition.

While the war in Ukraine continues in the Nordics' backyard, it is unlikely to have a significant impact on their humanitarian engagement in Yemen – despite public pressure to help Kyiv.

As the Nordics are small or medium-sized countries, it's normal and rational to prioritize continuity and stability in their foreign and humanitarian aid policies. This appears to be the case also for their engagement in Yemen. Yet, each country has demonstrated a willingness to act on short notice, as seen most recently in May when they [contributed 5 million euros](#) total toward a planned joint UN-Dutch operation to transfer of 1.14 million barrels of crude oil from the decrepit FSO Safer oil storage facility moored off the Hudaydah coast in an [effort](#) to prevent a potential environmental disaster in the Red Sea. Despite their humanitarian work and efforts to promote peace, it is also likely that each Nordic country will continue to sell materiel to conflict zones around the globe, including the Arabian Peninsula.

Johannes Jauhiainen is a former freelance journalist and NGO-professional turned civil servant based in Helsinki, Finland. He now works on promoting participation and inclusion

This issue of the Yemen Review was prepared by (in alphabetical order): Ryan Bailey, Casey Coombs, Ali Al-Dailami, Andrew Hammond, Khadiga Hashim, Abdulghani Al-Iryani, Maged Al-Madhaji, Farea Al-Muslimi, Elham Omar, Spencer Osberg, Salah Ali Salah, Susan Severeid, Maysaa Shuja Al-Deen, Ned Whalley and the Sana'a Center Economic Unit.

