




The Flames Of Conflict Reach The Oil Fields In The East



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Introduction

Introduction

Oil is ushering in a new stage of the conflict in Yemen. The Houthi group's threats turned into drone assaults to halt any oil export from the territories controlled by the Yemeni government, and the tensions that followed the blockage of the possibility of renewing the UN armistice took an unusual turn. The government and the Arab coalition led by Saudi Arabia and the UAE, which serves as its principal backer, may gingerly approach the numerous unsolved political, military, and economic concerns. Since the Houthi group continues to refuse to answer foreign calls, there are no signs that any actions have been taken to stop the attacks. The group continues to ignore international demands to stop attacking that crucial area of sovereign territory. Additionally, their leaders claim that they have no intention of doing it.

The effects of the forced suspension of oil exports will impact the entire nation rather than just the territories under the control of the legitimate government. This is the process we intend to put you through as we discuss the current state of oil exports in this bulletin. It also refers to Yemen's production levels since the outbreak of the war and the position of the oil producing sectors.

It is a different course of action that places the nation on a hot tin roof where Yemenis bear the brunt of everything that occurs. There is no sign that the sides to the dispute will try to halt the war, which has affected every element of Yemeni society!

Alarm bells with potential outcomes

Alarm bells with potential outcomes

After the Yemeni parties came to a standstill on October 2nd, 2022, the United Nations-brokered truce was not going to be extended for a fourth time. The Yemenis anticipated that the internationally recognised government and the Houthis' group "Ansar Allah" would proceed to extend the truce as usual following a 6-month extension that began on April 2. This was despite the UN envoy to Yemen, Hans Grundberg, speaking about an expanded agreement that included the government paying civil sector employees' salaries in accordance with 2014 payrolls and opening main roads in Taiz and other provinces as well as running flights from Sana'a to fresh locations and keeping the port of Hodaidah constantly flooded with oil derivatives.

In his briefing to the Security Council on October 13, 2022, the UN envoy ¹ said, "I appreciate the position of the Yemeni government to address my proposal positively, and I regret that Ansar Allah came with additional demands that could not be met," after the attempt to extend the armistice was unsuccessful.

The Houthis' latest demands were embodied in their request for a portion of the proceeds from oil exports, along with the payment of salaries to all personnel working for their service and armed forces, including those linked with them. Additionally, they demanded that these sums be paid in cash and in a different currency from the Yemeni rial, such as "dollars and Saudi rials," so that they could hand it over and take advantage of the variations in currency exchange rates due to the different rates of the Yemeni rial in each party's control areas.

(1) Briefing of the UN envoy to Yemen, Hans Grundberg, the official website of the UN envoy, October 13, 2022.

During the first four days of October 2022, the Houthi Supreme Economic Committee released two separate statements that confirmed the escalation by the Houthis and the challenging new circumstances. Their first statement ² claimed that the committee had received a directive from Mahdi Al-Mashat, the head of the so-called Supreme Political Council, to issue final official letters to all businesses and entities involved in what it called "the looting of Yemeni sovereign wealth, to completely stop looting." The Committee confirmed in its second ³ statement that the last correspondences were written and sent to all domestic and international oil companies, oil service companies, as well as shipping companies, requiring them to immediately cease all work related to the "plundering of Yemeni sovereign wealth."

In order to protect their interests, the group also forewarned any enterprises that had received correspondence from the relevant ministries and authorities about the consequences of disobeying the decisions. According to the announcement made on October 4th, 2022, the committee further stated that it will continue to monitor the enterprises' adherence to these decisions and that any violations would be referred to the authorities in charge of protecting the Yemeni people's wealth.

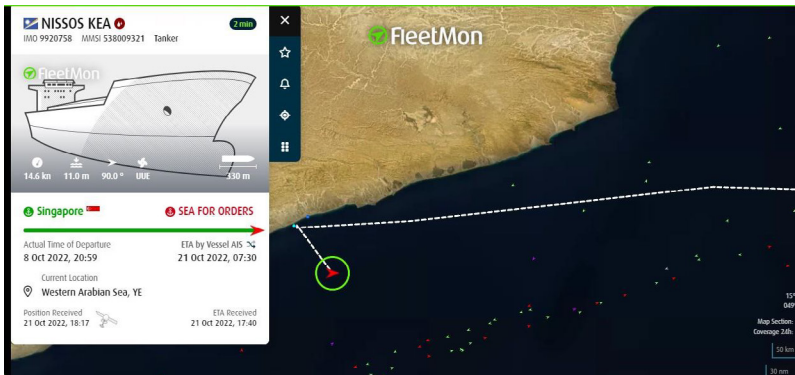
(2) The first statement of the Supreme Economic Committee of the Houthi group, the committee's Facebook account, October 1, 2022.

(3) The second statement of the Supreme Economic Committee of the Houthi group, the committee's Facebook account, October 4, 2022.

**Al-Dhaba port
was not the first target!**

Al-Dhaba port was not the first target!

Al-Dhaba oil port in Al-Shihr district of the eastern governorate of Hadramout was the first target ⁴ of two separate raids carried out by two Houthi drones in an effort to deter the tanker "NISSOS KEA" from berthing on the port. This marked the transition from verbal warnings to actual action. Two million barrels of crude oil were planned to be transported on board the tanker. The incident took place on October 21, 2022. Regional and international responses condemned the plan to sabotage the peace efforts being spearheaded by the UN through its envoy in Yemen.



Nessos Kia's ship shifts course as a drone raids it. ⁵

Striking an oil vessel has been the first escalation of this nature since the armed conflict began in March 2015. In a statement ⁶, the Houthi group described the attack as a straightforward warning shot intended to stop an oil ship from attempting to smuggle crude oil through the port of Al-Dhaba in the Hadramout Governorate after disobeying an order

(4) The statement of the governor of Hadramout about two attacks by two drones on the port of Al-Dhaba, Hadramout TV, October 21, 2022.

(5) Fleetmon, a sea-tracking website.

(6) The Houthi group's statement on the attack on the port of Al-Dhaba, Houthi-affiliated Saba Agency, October 21, 2022.

by the relevant authorities that forbade the transfer and export of Yemeni sovereign oil derivatives.

In a statement⁷, the internationally recognised government's Ministry of Oil claimed that drone attacks by the Houthi group had been made on the ports of Al-Dhaba in Hadramout and Al-Nashima in Shabwa. The owner of the Greek ship Maran Canopus was also threatened with attack after it arrived at the port of Al-Dhaba. He fled because of the danger, and the business then made a contract with a different ship that the Houthis had attacked twice.



Operations by the Houthi group targeting ports in government-controlled areas⁸

(7) Communication from the Ministry of Oil of the internationally recognized government, the ministry's Facebook account, October 21, 2022.

(8) The Ministry of Oil of the Yemeni government.

The conflict in Yemen has entered a new phase with the bombing of the ports of Radum and Al-Dabbah, which currently aimed at the oil export and import ports in areas under government control. According to government statements, the Houthi group is attempting to obstruct oil export and production in order to secure the fulfilment of its conditional demands before engaging in negotiations to extend the armistice or discuss a comprehensive solution to the 8-year-long crisis.

This matter becomes extremely complex because the Houthi group was labelled a terrorist organisation ⁹ by the internationally recognised government in response to the attack on the ports of Radum and Al-Dhaba. The National Defense Council met on October 23, 2022, under the direction of Dr. Rashad Al-Alimi, Chairman of the Presidential Leadership Council. He urged the government to take the required measures to put the decision into effect, but this did not stop the group from continuing to threaten oil corporations and target oil terminals in areas under government control.

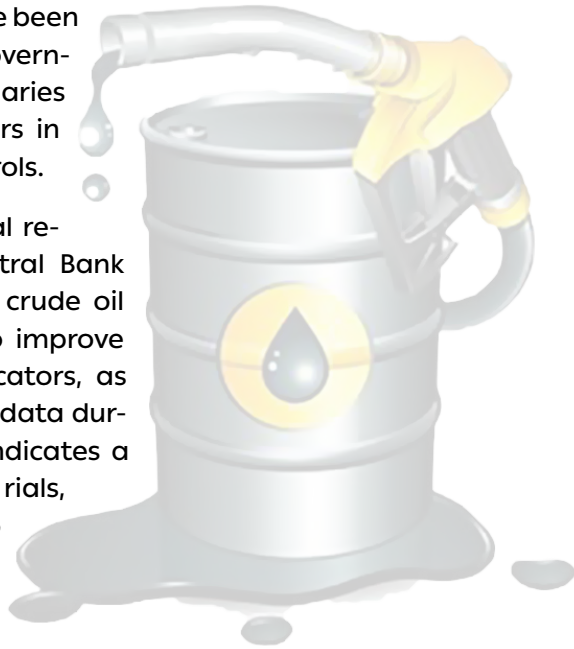
(9) The designation of the Houthi group as a terrorist organization, the government-affiliated Saba Agency, October 23, 2022.

Repercussions suffered by Yemenis

Repercussions suffered by Yemenis

The internationally recognised government does not support the requirements put out by the Houthis group to extend the armistice or begin talks for an extended accord. As a result, the Houthis step up their pressure campaign by preventing oil exports, which the government depends on to meet its immediate requirements. As a result, the government's financial performance will be disrupted, which will have a detrimental impact on the funding of the projects that have been announced and the government's ability to pay the salaries of civil and military workers in the territories that it controls.

According to a semi-annual report released by the Central Bank in Aden ¹⁰, the increase in crude oil export revenues helped to improve government financial indicators, as the state's general budget data during the first half of 2022 indicates a cash surplus of 8.120 billion rials, (7.0% of GDP), compared to a cash deficit of 2.368 billion rials (2.3%) in the same period of the previous year.



According to the report, oil revenues increased by \$187.6 million in the first half of 2022, or 34%, to reach \$739.3 million, up from \$551.7 million in the corresponding period of 2021.

(10) Economic and monetary developments report, first half of 2022, Central Bank of Yemen - Aden.

Oil's contribution to total state income climbed to 68.4% in the first half of 2022, equivalent to around 4.5% of GDP in that period. The increase in exports during the first half of 2022 produced an increase in oil prices on the global market.¹¹

The new Board of Directors of the Central Bank in Aden, which was installed in early December 2021 AD, also took significant actions to capitalise on the surge in crude oil export revenues. When the funds arrive at the National Bank of Saudi Arabia's central bank account, they are reflected in the budget at the going rate of the local market and used to meet some domestic needs in addition to financing currency auctions, paying the salaries of diplomatic missions, covering the cost of electricity fuel, and paying the International Development Authority's debt services. The situation was previously different because the funds that arrived at the National Bank's central bank account were immediately used to pay diplomats.

However, the current state of the oil export ports in Yemen puts these indicators in danger. Exports have stopped as a result of the Houthi onslaught, which has had a negative impact on the regions under government control. Several re-



(11) Economic and monetary developments report, first half of 2022, Central Bank of Yemen - Aden.

percussions will affect the local currency. Statistics show that because the country imports 90% of its goods from abroad, the Central Bank and the government largely rely on oil earnings to run the auction process and pay for bank credits for the import of basic commodities. One tool for monetary policy to ensure the stability of the local currency and achieve a balance between supply and demand is the Central Bank's auctions for the sale of foreign currency.

Due to the consequences of the suspension of oil exports, recent events will alter the scenario. In addition to the salaries of diplomatic missions and international students, the power industry will see significant changes that would have already started if not for the emergency Saudi grant. Conversely, the auctions that were once used to control currency inflation will be discontinued and result in a further currency collapse.

Additionally, there would be a direct influence on citizens' living situations as a result of rising costs for necessities and commodities. As a result, employees will experience a delay in receiving their paychecks, which are funded by the same income.

The Yemeni rial has continuously fallen against the dollar from 1130 rials to 1150 rials and 1165 rials to 1186 rials till it exceeded 1200 rials per dollar since the Al-Dhaba port attack in October. In view of the limited economic choices the government has to address the imbalances that will arise as a result of the suspension of oil exports, this means that failing to establish timely understandings will cast a shadow on the public scene and result in widespread unhappiness.

Since the three governorates receive 20% of their oil export profits and invest them in community development and service initiatives for their inhabitants, they will not be exempt

from the effects of this fall in production. In the event that exports are not made, numerous ongoing projects will not be completed. Additionally, additional initiatives that the three governorates had planned to carry out are anticipated to come to an end in the upcoming months. Citizens of Marib, Shabwa, and Hadhramaut, particularly those who live in areas far from civil settlements near service facilities, would undoubtedly suffer as a result of this.

Condemnation and demands for the Houthi group to cease activities dominated regional and international comments. They did not say anything else other than reiterating the necessity of returning to the humanitarian ceasefire and creating a window for negotiations in order to arrive at a comprehensive political solution that puts an end to the suffering of the Yemenis.

Due to the global energy crisis and OPEC Plus's decision to cut back on production as a result of tensions between Russia, the United States of America, and the European Union, as well as the Russian-Ukrainian War, which has sensitive international dimensions on a number of issues, most notably energy, the Yemeni oil issue has come to light.

Fluctuating Production while the country was at war

Fluctuating Production while the country was at war

Since the start of the war and as a result of the foreign businesses' decision to halt operations and evacuate the majority of their workforce, Yemen has experienced a disruption in oil production and export. For the first time since 2016, when the oil minister of the internationally recognised government announced the resumption of production from the Masila sector in Hadramout Governorate, east of Yemen, the security situation is also deteriorating, and military clashes are creeping to oil concession areas in the governorates of Shabwa and Marib.

After an 18- month break after a war that paralysed the production process in the majority of the oil fields and the departure of a number of oil companies from Yemen, Yemen resumed the production and export of crude oil from the Masila Basin located in Hadramout, east of Yemen, in August 2016.¹²

Since only the Masila fields had resumed production up until that point, in addition to the production of the Safer Company for the national oil exploration and production operations in the Ma'rib Governorate, including oil and gas intended for local consumption, Al-Dabbah oil port in Al-Shihr district in Hadramout governorate served as the starting point for the export of crude oil shipments from Yemen.

Following the restoration of production from Sector S2 in the Al-Uqla area of the eastern Shabwa governorate since the war, the Yemeni Ministry of Oil and Minerals announced on July 31, 2018, that the first export of crude oil through the Rudum oil port, "in the newly created Shabwa," had been successful.¹³

Following its global marketing by 35 international firms in the announced international tender, 500,000 barrels of crude oil

(12) The Minister of Transport announces Yemen's resumption of oil production and export, the government-affiliated Saba Agency, August 11, 2016.

(13) The Ministry of Oil announces the success of the first export of crude oil through the port of Rudum, the previous source, July 31, 2018.

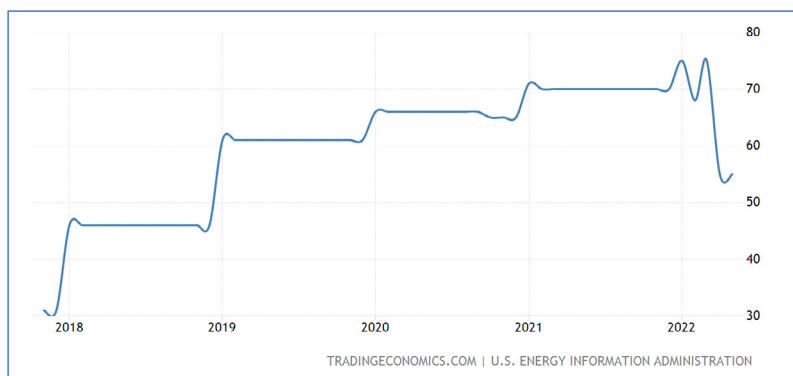
were designated for export. The cargo was won by the Chinese company (Katy Petroleum), which offered the highest bid price in accordance with the Brent Oil Exchange.¹⁴

Before it resumed at a regular pace in 2019, Yemeni oil production was sporadic and reliant on what was happening in the oil governorates of Shabwa, Ma'rib, and Hadramout.

Regular oil production was documented in Yemen during the war by the US Energy Information Administration (EIA), with amounts fluctuating from year to year and even within a single year.

For a quarter of a century, the Trading Economics Data Statistics Company offered comprehensive data on the volume of Yemeni oil output; however, we chose to use data from the previous five years as an interim indication. In addition to the monthly comparison of production during the first half of 2022, we also compared production over the years from 2013 to mid-2022.

The production amounts of the Safer field in Ma'rib Governorate and the production fields in Shabwa Governorate are shipped daily through the ports of Al-Dhaba in Al-Shihr in Hadramout Governorate and the port of Rudum in Shabwa Governorate, respectively.

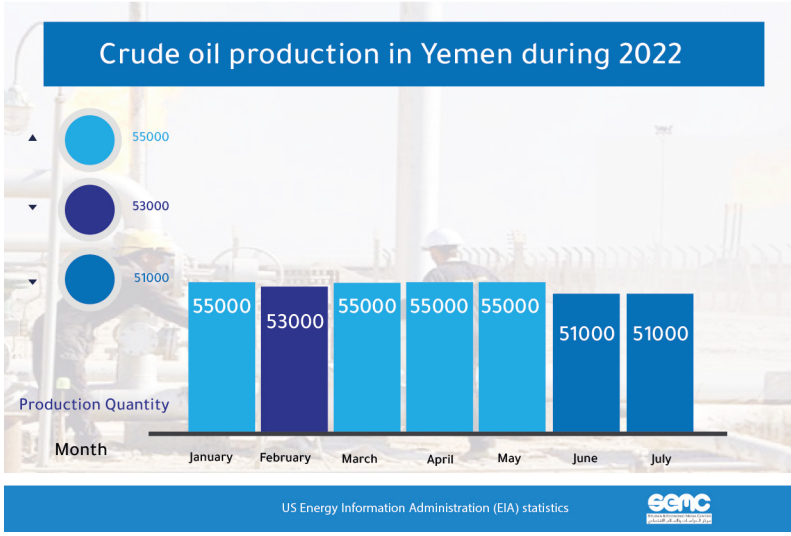


Yemen's crude oil production during the last five years (2018-2022)¹⁵

(14) Ibid

(15) Crude oil production in Yemen, Trading Economics.

According to the plan, output peaked at the beginning of 2022, reaching a daily average of 75,000 barrels in March before falling to 51,000 barrels in July.

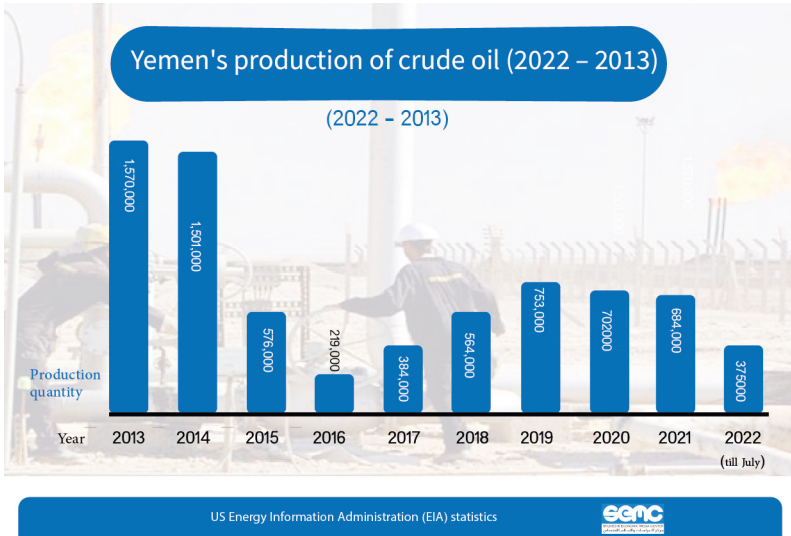


Yemen's production of crude oil (January - July 2022) ¹⁶

According to a yearly comparison of Yemeni oil production, since the start of widespread protests in 2011, the industry, which accounted for 70% of the nation's budget, has undergone significant variations and disparities that have been governed by political and military events. The Yemeni economy had to foot the costly tab for the ensuing conflicts, and things only became worse after the Houthi group, "Ansar Allah", took control of Sana'a, the nation's capital, in September 2014. The conflict in March 2015, which is still raging today, and the diversity and diverse occurrences of its multiple dimensions brought the collapse to a head, to the point where it affected the most crucial sector that meets the financial and food demands of the nation.

(16) US Energy Information Administration (EIA) statistics.

Data from the US Energy Information Administration (EIA) annual comparison of Yemeni oil production from 2013 to mid-2022 is shown in the table below.



Yemen's production of crude oil (2013 - 2022) 17

According to data from the Yemeni Oil and Gas Journal that was obtained by the US Energy Information Administration (EIA), Yemen has proved hydrocarbon reserves that have been assessed to be 3 billion barrels of crude oil and 17 trillion cubic feet of gas since 2014 .¹⁸

(17) US Energy Information Administration (EIA) statistics.

(18) Ibid

**Some oil sectors are not in
operation!**

Some oil sectors are not in operation!

In the governorates of “Shabwa, Ma’rib, and Hadramout,” Yemen has a number of oil sectors, some of which create goods that enable the nation to boost its overall budget, while others are still being explored. However, due to the war’s detrimental effects on the oil industry and obstruction of Yemen’s oil production, the exploratory process is now on hold. The Houthi group intensified the conflict and attacked oil terminals as a result of their demands, which prevented the United Nations-sponsored humanitarian truce from being extended for another six-month period from April 2 to October 2, 2022.

Exploration Stage

The Iraq Petroleum Company began carrying out several geological and geophysical works in 1938, and the oil exploration process officially began in the 1930s. It continued intermittently until the end of the 1950s and the beginning of the 1960s in the east of the country’s governorates of Hadramout and Al-Mahra.¹⁹

Since 1952 for two years, the West German Barclay and Dillmann Company has also conducted some exploration work in Al-Hodaydah Governorate, west of Yemen, but these efforts have not produced the expected outcomes. A number of 31 exploration wells were drilled between 1938 and 1980, but no commercial oil discoveries were made.²⁰

A production sharing agreement was negotiated and signed with the American Hunt Company in the Ma’rib/Al-Jawf region in 1981. As a result, drilling wells started in the (A) region in 1984,

(19) A brief history of oil exploration in Yemen, Yemeni Ministry of Oil and Minerals.

(20) Ibid

leading to the discovery of oil for the first time in the history of Yemen and the start of the production process. The Techno-Export Company announced in 1986 that oil had been found in the Shabwa Governorate. The same year, Canadian Oxy (now Canadian Nexen) applied for a concession in the Messila sector, and a commercial discovery was made in 1991. Later exploration activities continued through 2006, while oil-producing regions continued to produce until today.²¹

Production Sectors

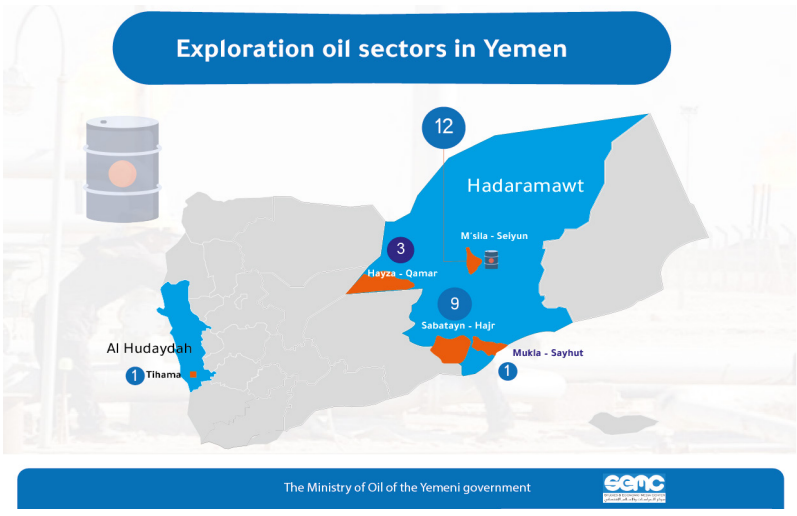
Three main sectors make up Yemen's oil production; the first of them is the Masila sector in the Hadramout Governorate, which in 2006 had an annual production capacity of around 51.7 million barrels, or 39% of the country's total oil production. With yearly production amounting to around 25.1 million barrels in 2006, or 19% of overall production, the Marib Al-Jawf sector comes in second, and the Jannah sector in the Shabwa governorate comes in third with a 12% production rate. The three sectors account for 70% of all Yemeni oil production, with the remaining 30% being supplied by other sectors. Additionally, six exploration sectors have started to produce oil during the past few years; however, because of the war, investment, maintenance and rehabilitation have ceased.²²

(21) Ibid

(22) Production sectors, Yemeni Ministry of Oil and Minerals.

Exploration Sectors

There are currently 26 exploration sectors being carried out by 14 international oil companies, and 83 production sharing agreements have been signed since the start of oil exploration in Yemen up until this point. There have also been 1851 drilled wells, of which 1422 are developing wells and 429 are exploration wells. In 39 sectors, 55 multinational oil companies have engaged in exploration work since Yemen's oil exploration programme began. ²³



Number of oil exploratory sectors ²⁴

Oil reserves total 9.10 billion barrels, and gas reserves are 2.18 trillion cubic feet, according to ministerial statistics. Yemen has always relied heavily on crude oil income, which account for 30% of the country's GDP, 63% of all exports, and 70% of the state's general budget resources.

(23) Exploration sectors, Yemeni Ministry of Oil and Minerals.
 (24) Ibid

A document on the exploration and production sectors during the war ²⁵

القطاعات الإستكشافية والإنتاجية

بيانات وأرقام

خلال الفترة من 2015 م إلى 2018 م توقفت جميع الشركات الأجنبية والبعوض من الشركات الوطنية عن نشاطاتها التشغيلية في الحقول وسكندلك وفي مكاتبها الرئيسية .

كما تقدمت عدد من الشركات الأخرى بإعلان القوة القاهرة (إضافة إلى إسحاب بعض الشركات الأجنبية

أولاً - ملخص البيانات للقطاعات الإستكشافية والإنتاجية .

جدول (1) البيانات الإحصائية للقطاعات الإستكشافية والإنتاجية

إجمالي عدد القطاعات في مناطق الامتياز في اليمن	(105) قطاعاً
القطاعات الإستكشافية	(13) قطاعاً
القطاعات المنتجة الحالية	(12) قطاعاً
القطاعات جاهزة للدخول في الإنتاج	(1) قطاعاً
القطاعات المفتوحة	(81) قطاعاً
الشركات الإستكشافية	(9) شركة
الشركات الإنتاجية	(9) شركة
المخزون النفطي (3p)	(11.950) مليار برميل
النفط القابل للاستخراج بالطرق الأولية والحالية (3p)	(4.788) مليار برميل
إجمالي النفط المنتج حتى ديسمبر 2018م (الإنتاج التراكمي لجمع القطاعات الإنتاجية حتى نهاية مارس 2015م + الإنتاج التراكمي لقطاع S2 الذي عاد في الإنتاج في أبريل 2018م)	(2.974.791,283) برميل
الاحتياطي النفطي المتبقي (3p)	(1.816) مليار برميل
إجمالي المخزون الغازي	(18.283) تريليون قدم ³

ملاحظة:

النفط المنتج خلال الفترة 21 مارس 2015م إلى إبريل 2019م في القطاعات التي تعمل فيها الشركات الوطنية في القطاعات (18 & 14 & 10 & 53 & 51 & 5 & 4) لا يتوفر لدينا تقارير لها خلال تلك الفترة وحسب البيانات الأولية أن الإنتاج فيها كان على فترات متقطعة ويتطلب من الشركات الوطنية (صافر - بتروسيلة - الإستثمارات النفطية) تسليم تقارير الإنتاج خلال تلك الفترة للتحقق من تحديث بيانات الأعوام (2015 م . 2016 م . 2017 م . 2018 م) وإضافة ما تم إنتاجه من تلك القطاعات إلى القطاعات الأخرى .

ونوصي بإعادة تلك القطاعات إلى إشراف ورقابة الهيئة كلما كان عالية مع المشغل الأجنبي مع تسليم التقارير الشهرية وتسليم برامج الأعمال والموازنات وعودة النزول الحظي

Exploration and Production sectors Data and numbers

Between 2015 and 2018, all foreign businesses as well as a few domestic ones ceased operations both on the ground and in their headquarters. Other businesses withdrew from the market, while others issued a declaration of force majeure.

First: Summary data for the sectors of exploration and production sector

Table (1) Statistics for the areas of exploration and production

The total number of sectors in the concession areas in Yemen	105 sectors
Exploration sectors	13 sectors
Current producing sectors	12 sectors
Sectors ready to for production	one sector
Open sectors	81 sectors
Exploration companies	9 companies
Oil stock (3P)	9 companies
The total number of sectors in the concession areas in Yemen	11.950 billion barrels
Exploration sectors	4.788 billion barrels
Primary and current (3P) recoverable oil	2,974,791,283 barrels
Total oil produced until December 2018 (cumulative production of all production sectors until the end of March 2015 + cumulative production of the S2 sector, which returned to production in April 2018)	1.816 barrels
Remaining oil reserves (3P)	18.283 trillion feet
total gas stock	
Primary and current recoverable oil (3P)	
Total oil produced until December 2018 (cumulative production of all production sectors until the end of March 2015 + cumulative production of the S2 sector, which resumed production in April 2018)	

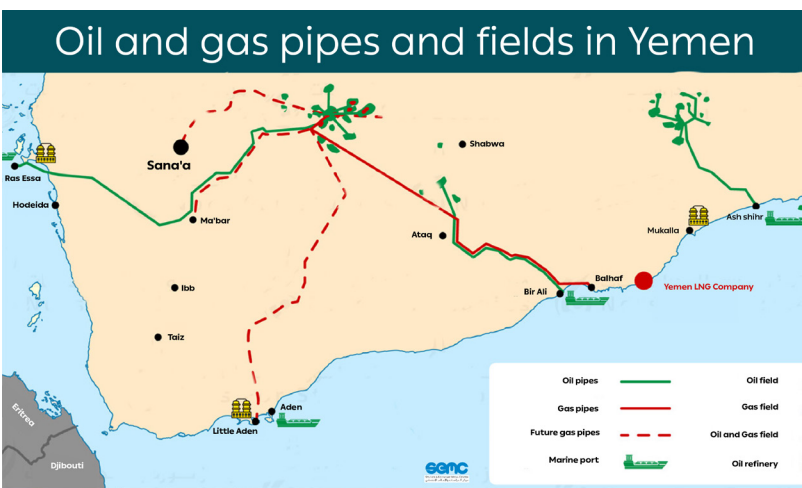
NB. Although there are no reports of the oil produced between March 21, 2015 and April 2019 in the areas where national firms operate (18, 14, 10, 53, 51, 5, 4), production there appears to have occurred intermittently, according to early data. So that we may update the data for the years (2015, 2016, 2017, and 2018) and add what was produced from those sectors to other sectors, the national firms (Safer, PetroMasila, and Oil Investments) are needed to publish production reports for that period.

We advocate for the Authority to once again have oversight and control over these areas, just as it did with the foreign operator. Field work should be restarted, and regular submissions of monthly reports, work schedules, and budgets are required.

This translation for the attached document

Oil export ports

Three major ports were used by Yemen to export its oil. The first of these ports is Ras Isa, which has been shut down since the commencement of the conflict. It is located in the Salif region of the Hodeidah governorate on the Red Sea. The second is Balhaf in the Shabwa governorate on the Arabian Sea, where gas production from the nearby Belhalf facility has occurred despite being interrupted due to the ongoing fighting. Yemen resumed oil shipments in 2016 after a break of more than a year²⁶, while the third port, Al-Dhaba in the Hadramout Governorate on the Arabian Sea, continued to be in use. Since its establishment in the Radum district of the Shabwa governorate in 2018, the port of Al-Nashimah has been used to export oil; the first cargo (500,000 barrels) was exported in July of that same year.²⁷



(26) A brief history of oil exploration in Yemen, Yemeni Ministry of Oil and Minerals.

(27) The Ministry of Oil announces the success of the first export of crude oil through the port of Rudum, the previous source, July 31, 2018.

What comes after?

What comes after?

The National Defense Council took the action in October 2022 of designating the Houthi group as a terrorist organisation and urging the government to take executive measures to implement the resolution in response to the ongoing Houthi drone attacks on the nation's oil export ports, interruption of the export process, and the final announcement of the cessation of exports.

Since the UN armistice was not extended in early October 2022, the Houthi group resumed its process of escalation towards the oil fields east, significantly complicating the Yemeni scenario. The resolution and the reactions from other countries had no bearing on them. In what might be referred to be an economic war, the two parties started taking mutual action that can be described as an economic war.

To get their fair part of the national riches held by the internationally recognised government, the Houthis insist on incorporating the oil issue in the negotiations. They have taken this action in an effort to exert pressure on the government to grant their principal demand, which is one among a number of demands that, given the current circumstances surrounding the Yemeni crisis, may be characterised as being unattainable.

The Central Bank of Yemen in Aden issued a circular directing all exchange companies and facilities to freeze the accounts of 12 commercial companies, ban their financial and commercial transactions with them, and include these companies in the blacklist as one of the government's measures in line with the Defense Council's designation of the Houthis as a terrorist group. According to the list in the circular published on December 6, 2022, all relevant enterprises operate in the Houthi group's territory, with the majority of them being oil import businesses.

Yemeni banks were also given instructions by the Central Bank of

Yemen in Aden to follow the "Swiftscope" networking and information-sharing protocol. It granted the banks a grace period until the end of the year as the majority of Yemeni banks find it challenging to comply with these demands because of the threats they frequently receive from the Houthi group's authorities in Sana'a. This is especially true because the banks' main offices, assets, and depositors' money are all under the group's control.

The banks affirm that they have no problem exchanging information, but they draw attention to the fact that the current actions are part of a larger struggle that will affect the Yemeni banks: the Central Bank of Yemen, which is recognised globally, and the Central Bank in Sana'a.

Aden's two central centres have informed Yemeni banks that they will not be able to accept remittances from expatriates until they meet their standards, which further complicates the situation and gives the economic struggle a regional component.

On the same level, on November 17, 2022, the Ministry of Social Affairs and Labor in Aden instructed its offices in the governorates to require dealings with the eight banks that the central bank indicated are committed to the data and under its supervision. They are urged to open accounts there and transfer any amounts from banks that aren't accredited to them.

The Sana'a Bank prohibited the eight banks that the Central Bank in Aden had approved, and the Houthi group's Supreme Council for the Management and Coordination of Humanitarian Affairs and International Cooperation issued a circular regarding these banks that it believed were not authorized to conduct business with organisations. They are the Arab Bank, the Bank of Aden, the Agricultural Cooperative Credit Bank in Aden, Al-Tadamon, Al-Qutibi, and Al-Karimi, Saba Islamic Bank, and the National Bank of Yemen. Organizations must abide by the circular released on November 29, 2022, as of January 2023.

The residents of the areas of the government, whose budget is almost totally dependent on oil income, bear the enormous expenses of the projected huge implications of these reciprocal actions, which are like unannounced skirmishes in an economic war. Due to the regional implications of the Russian-Ukrainian war and other international developments, the government is forced to continue seeking financial aid and grants, which is no longer optimal. The second choice is to print additional currency notes to make up the shortfall and enable the payment of salaries wages. If this occurs, the national economy will suffer greatly due to the high rate of inflation, the devaluation of the rial, and the rise in prices to all-time highs, precisely as was the case in late 2018.

Given the possibility of reciprocal escalation, in which the economy has been transformed into a battlefield with a brief cease-fire, the situation appears grim. It is clear from this scenario that there will be more financial and banking fragmentation, with terrible results for the national economy and, subsequently, for the average Yemeni person.

The Houthi group, which controls much of northern Yemen with the highest population density, and the internationally recognised Yemeni government could work together to develop a formula for sharing oil and gas revenue shares. This would involve either the establishment of a fund for those revenues from which the disbursement would be controlled under international supervision or carried forward to the aftermath of war.

Even though the Yemenis can no longer hear the noises of the explosions of shells and missiles, the events are moving faster and drawing out mysterious scenarios. That is not at all as dangerous as what is taking place. It endangers the Yemeni's daily existence and makes the crises, epidemics, and pains they already experience worse. If the crisis is not addressed, millions of Yemenis will die from hunger, as opposed to the tens of thousands of deaths caused by gunfire.

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