

Economic Developments

Economic Surveillance & Research Unit at Studies
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Latest Economic Developments

- The Aden Public Electricity Corporation warns of a total blackout in Aden due to fuel shortages and calls on the Hadhramaut Tribal Alliance to reconsider its decision to prevent the export of crude oil from the Hadhramaut to supply the PetroMasila power Plant, the main operator of electricity in Aden.
- The Yemeni Teachers' Union in Taiz calls for large protests on February 2 to protest the Yemeni government's silence regarding salaries and teachers' demands.
- The Counter-Terrorism Unit under the Presidential Leadership Council in Aden imposes illegal fees on traders importing through Yemeni ports, including a requirement for an approved certificate and charges of \$100–\$150 per 20–40-foot container. The Ministry of Transport in Aden instructs the Aden Ports Corporation not to implement the notice issued by the Counter-Terrorism Unit, emphasizing that it lacks jurisdiction over such matters.
- UN offices instruct their staff in Houthi-controlled areas to return to work after a previous suspension due to the abduction of some UN employees by the Houthis.
- The Ministry of Public Health and Population in Aden warns of severe risks to health-care services in public hospitals due to electricity outages in these vital facilities.
- The Aden Local Water and Sanitation Corporation warns of a complete halt in water supply services due to fuel shortages.
- The Houthis threaten foreign airlines and international organization aircraft, stating they will not be allowed to enter Yemeni airspace without permits from the Civil Aviation Authority in Sana'a, which is under their control.
- The Ministry of Finance in Aden announces that it will begin disbursing salaries for displaced employees in Aden for the last six months of 2024.
- The Civil Status and Civil Registry Authority in Taiz launches the issuance of smart ID cards in the districts of Mocha, Dhubab and Bab al-Mandab in the western part of the governorate.
- Large-scale public protests erupt in various districts of Aden, condemning the ongoing power outages.
- A report by the World Food Programme (WFP) states that 64% of Yemeni households are unable to meet their basic food needs.
- The Central Bank of Yemen in Aden announces its fourth auction in 2025 to sell \$30 million on February 11, 2025.

- The Supreme National Authority for Combating Corruption in Aden urges the Prime Minister to halt operations at an oil refinery in Rayyan, Hadhramaut, citing non-compliance with basic technical, engineering, and industrial standards for the oil and gas sector.
- The Yemeni government in Aden announces the resumption of crude oil pumping from Safer oil fields in Marib to supply power stations after a complete energy blackout.
- The Yemeni Ministry of Planning and International Cooperation in Aden signs a financial agreement with the Kuwait Fund for Arab Economic Development to resume Kuwaiti development projects in Yemen and restructure Yemen's outstanding debt payments.
- The Aden Tax Office Union and its branches announce a general strike starting Sunday, February 9, 2025, without providing further details on the reasons or duration of such strike.
- The Industry and Trade Office in Mansoura, Aden, shuts down several gas stations for violating the official pricing of 7,500 Yemeni riyals per 20-liter cylinder.
- The Public Prosecution orders the Public Funds Prosecution Office in Mukalla, Hadhramaut, to investigate the seizure of an illegal crude oil refinery, referring to the Rayyan station, which local authorities claim was officially established in coordination with the Yemeni government, the Ministry of Oil, and PetroMasila Power Plant.
- The UN announced the suspension of its programs and humanitarian activities in Saada governorate in protest the Houthis' detention of UN employees and the death of a World Food Programme employee in Saada after being detained in January.
- The General Administration of Legal Affairs at the Central Bank of Yemen in Aden, in coordination with the Training and Qualification Department at the Office of the Attorney General, organizes a specialized training workshop on the prohibition of disclosing secrets and the preparation of seizure reports and administrative reports.
- The training targeted 35 trainees from the Central Bank and relevant entities.
- According to the 2024 Corruption Perceptions Index (CPI) published by Transparency International, Yemen is among the most corrupt countries in the world, scoring 13 out of 100 on the index.

- The Central Bank of Yemen in Aden announces Auction No. 5-2025 to sell \$50 million on February 18, 2025, and urges the Presidential Leadership Council and the government to provide the necessary support to ensure the Bank operates with professionalism and independence.
- The Central Bank of Yemen in Aden orders the suspension of foreign currency exchange trading in Yemeni government-controlled areas, while its Marib branch orders
- the closure of all exchange shops in the governorate to curb the depreciation of the national currency.
- Minister of Planning and International Cooperation and Acting Minister of Telecommunications, Waed Bathib, states in an interview with Asharq Al-Awsat newspaper that Yemen requires \$4 billion to offset the losses of its currency, which has depreciated by 700% due to the war.
- The EU extends the mandate of EUNAVFOR ASPIDES, tasked with protecting commercial shipping and ensuring freedom of navigation in the Red Sea and the Gulf of Aden, for an additional year, until 2026.
- The Secretary-General of the International Chamber of Shipping states that normal maritime traffic through the Red Sea and the Suez Canal may take months to resume, while the head of the Suez Canal Authority reports that 47 ships have reverted to the Red Sea and Suez Canal route instead of Cape of Good Hope since early February.
- The Houthi-controlled Ministry of Economy, Industry, and Investment instructs importers and manufacturers to register and operate through the electronic service provided by the authority's online portal, «Tashil.»
- The Central Bank in Aden partially lifts restrictions on foreign currency exchange trading, allowing companies to buy and sell up to 2,000 Saudi riyals while threatening violators with license revocation and legal action.
- The Yemeni government signs an agreement with the Arab Monetary Fund in Al-Ula, Saudi Arabia, to restructure Yemen's debts to the fund, covering loan repayments and financial obligations to enhance the country's fiscal stability and support economic reforms.

- The Marib branch of the Central Bank of Yemen orders the resumption of foreign currency exchange trading with new regulations, including a maximum limit of 2,000 SAR per transaction and aligning exchange rates with those in Aden. In response, exchange companies shut down operations in protest against the price differences between Marib and Aden.
- TeleYemen company signs a memorandum of understanding with OneWeb-NEOM JV to provide satellite internet services in Yemen.
- The Marib Immigration and Passports Authority reports issuing 119,348 passports in 2024, including 42,570 for women.
- The Aden Public Electricity Corporation announces the termination of diesel-based power purchase contracts by government directives aimed at reducing expenses and improving electricity supply efficiency.
- The Houthis begin paying half a month's salary for January 2025 to public sector employees in their areas, starting February 19, through Yemen Post and CAC Bank.
- The Hadhramaut Tribal Alliance announces a temporary resumption of crude oil supply to Aden's power stations throughout Ramadan, following previous restrictions on refining and distributing oil from Masila due to disputes with Hadhramaut's leadership.
- Amid a severe domestic LPG shortage in Yemen's government-controlled areas, the Safer Gas Company pledges increased efforts to meet local demand ahead of Ramadan and urges government authorities to combat LPG smuggling operations abroad.
- Protests erupt in Taiz over deteriorating public services and the ongoing Yemen's currency devaluation.
- The Yemeni Central Bank in Aden announces Auction No. 6-2025 to sell \$30 million on February 27.
- The Yemeni Prime Minister in Aden states that the government is ready to present the 2025 budget to Parliament and has adopted cost-cutting measures.
- The Mocha Port Authority in Taiz announces the start of Yemeni onion exports to multiple countries via small cargo ships.
- The Central Bank of Yemen in Aden bans foreign currency trading through bank's applications and introduces new financial regulations, including mandatory transaction recording and anti-money laundering compliance.

- The Standards and Quality Control Authority in Aden blocks the unloading of a commercial ship carrying 5,000 tons of expired flour at Aden Port.
- The Safer Gas Company announced the arrival of 3,000 out of 5,000 gas cylinders allocated to Socotra, following severe fuel and gas shortages on the island.
- The Minister of Planning states that Yemen has lost over \$250 billion in national revenue due to the war, with inflation reaching 183% and unemployment soaring to 80%. Armed men attack LPG transport trucks belonging to the Yemen Gas Company in Al-Qurayshah, Taiz, amid a worsening gas crisis.
- The Aden Tax Authority signed an agreement with CAC Bank to facilitate electronic tax payments and support digital transformation in the financial sector.

Private Sector Updates

- Tadhamon Bank wins the “Strongest Bank in Islamic Retail Banking for 2024” award from Cambridge IFA, a global financial institution specializing in developing analytical tools for financial performance assessment and market trend monitoring.
- The American Center for Justice (ACJ) states that the UAE has sentenced Yemeni merchant Abdullah Ali Abdulwahab, who went missing during his visit to Dubai in October 2022, to 15 years in prison due to a political post he wrote on Facebook.
- Dozens of trucks carrying thousands of tons of onions are stranded at the Al-Wadea border crossing linked Yemen and Saudi Arabia, after Saudi authorities refused entry, leading to significant crop spoilage and heavy financial losses for Yemeni farmers and exporters.
- The Public Funds Prosecution in Aden orders the reopening of local and international land transport company offices in Al-Mansoura district, in Aden, which were shut down in January 2025 by Southern Transitional Council (STC) forces.
- Truck drivers transporting commercial oil and LPG from Marib to Aden have been stranded at Shabwa’s entry points for nearly a month. The drivers call for the release of their trucks, while some claim that local authorities in Shabwa halted them for not transporting petroleum products from Bir Ali in Qena Port in Shabwa.
- Taxi drivers in Aden’s Khormaksar district protest in front of the Public Prosecutor’s Office, rejecting illegal fees imposed by transport unions.
- The Aden Business Club organizes events for Global Money Week 2025, attended by representatives from the Central Bank of Aden, local banks, and participating financial institutions.
- During a healthcare conference in Aden, Yemeni PM Ahmed Awad bin Mubarak directs the government to establish strategic partnerships with the private sector to improve healthcare service efficiency and ensure sustainability.
- The Aden Mall Park officially opens as a public park, funded by HSA Group.
- The Aden Health and Population Office mandates private facilities and pharmacy owners to pay power generators fees before obtaining professional licenses.
- Tribal groups in Al-Thaniya, Marib, block oil and LPG tankers heading to Shabwa governorate in another instance of armed disruptions to fuel transportation.

Analysis

The economic and humanitarian situation witness significant deterioration in February, just before the arrival of Ramadan. Popular protests escalated across multiple governorates due to the continuous rise in basic goods prices and the devaluation of the Yemeni currency, which exceeded 2,240 YER per one USD.

This public unrest over inflation coincided with a near collapse in public services, especially in Aden, where electricity services are completely halted. Water utilities and other essential service providers warned they were on the verge of shutting down due to fuel shortages. The crisis was further aggravated by a severe domestic LPG shortage and a foreign currency liquidity crunch.

Amid these dire conditions in government-controlled areas, deep political divisions persist within the Yemeni Presidential Leadership Council and the government, significantly impacting economic and living conditions. The government remains largely inactive, except for basic administrative operations, while disputes dominate both the national and local levels. Meanwhile, most senior government officials remain abroad, leaving citizens to face ongoing crises and service disruptions. Additionally, various factions continue to exploit revenues for their own benefit, using their influence and territorial control.

There are no tangible signs of implementing the economic reform plan announced by the Yemeni government at the end of last year, despite Presidential Leadership Council directives and extensive discussions backed by international donors.

The banking sector anxiously awaits the U.S. sanctions on the Houthis and affiliated financial entities, set to take effect on March 2025. These sanctions may further constrain the financial sector, despite reassurances from the Central Bank of Aden, which has expressed readiness to facilitate the relocation of banks to government-controlled areas. However, concerns remain high, particularly after the U.S. Treasury sanctioned the Yemen-Kuwait Bank for facilitating Houthi financial operations.

The commercial sector faces severe challenges in covering import bills, given the acute foreign currency shortage. Traders increasingly resort to informal financial channels to finance imports, further complicating trade operations.

Despite efforts by the Central Bank of Aden to regulate currency exchange and money transfer operations, these measures face significant challenges. Many money exchange outlets wield considerable political and military influence, complicating the enforcement of banking regulations. In this context, the Central Bank has urged the government to help control state revenue collection, warning that irregularities in revenue management undermine economic stability and negatively impact currency regulation efforts.

In Houthi-controlled areas, the humanitarian situation continues to deteriorate, largely due to a significant decline in humanitarian aid. Many aid programs have been suspended after the Houthis arrested INGOs and diplomatic mission staff, leading to the death of an international aid worker in detention, further straining relief efforts.

While the Houthi financial authorities maintain a fixed exchange rate for the Yemeni rial against the USD, these areas still suffer from severe shortages of both foreign and local currency liquidity. The fixed exchange rate has failed to stabilize prices, as inflation continues to rise, coupled with diminished purchasing power, rising unemployment, and a lack of income opportunities.

Moreover, recent decisions by the Trump administration, particularly the suspension of U.S. foreign aid programs, have further impacted economic and humanitarian conditions. The halt of USAID programs and other American-funded initiatives has led to the suspension of developmental and relief projects across various Yemeni regions. Given that U.S. aid accounts for approximately \$500 million annually, these cuts have deprived hundreds of thousands of Yemenis of crucial assistance and livelihood support programs.



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