

# Economic Developments

Economic Surveillance & Research Unit at Studies and Economic  
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## Latest Economic Developments

- ☑ The Central Bank of Yemen in Aden has warned individuals, traders, companies, institutions, and various entities against holding any type of bank deposits with money exchange companies and outlets, whose licensed activities are limited to the sale and purchase of foreign currencies and the provision of money transfer services only.
- ☑ The Central Bank of Yemen in Aden announced the opening of Auction No. ( 7 - 2025) to sell USD 30 million on Sunday, March 9, 2025 through Refinitiv platform.
- ☑ The World Food Programme (WFP) reported that the Yemeni currency (rial) has depreciated by %26 year-on-year and has lost nearly 47 % of its value against the US dollar since the suspension of crude oil exports in October 2022.
- ☑ During a meeting with the Head of the EU Delegation and ambassadors of EU countries to Yemen, Yemeni Prime Minister Ahmed bin Mubarak called for EU support for his government's efforts to implement the economic recovery plan. He emphasized that necessary measures were taken to ensure humanitarian operations are not affected by the decision to reclassify the Houthi group as a terrorist organization.
- ☑ The U.S. has designated the spokesperson of the Houthi group, the head of the political council in Sana'a, and other Houthi leaders as terrorists following the enforcement of the Houthi terrorist classification.
- ☑ The KSRelief announced the signing of a cooperation agreement with the UNDP to provide equipment and devices that will help Yemen's Ministry of Water and Environment contain the fuel and fertilizer leak resulting from the sinking of the cargo ship «Rubymar» in the Red Sea following a Houthi attack in February 2024.
- ☑ The CMA CGM France stated that developments in the Red Sea could lead to the resumption of ship traffic if the ceasefire in Gaza holds, according to Trade Winds.
- ☑ The Oil Company in Aden announced an increase in the price of a 20 liter gasoline container by YER 2,000, raising the price to YER 34,000.
- ☑ The Head of the Oil Exploration and Production Authority at the Ministry of Oil and Minerals in Yemen submitted his resignation in protest against what he described as legal violations by the Minister of Oil and Minerals and the Prime Minister in Aden. He criticized the marginalization of the Authority and the creation of new companies aimed at dividing and distributing the country's resources.
- ☑ The Yemen LPG Company in Marib reported supplying Aden and Taiz governorates with 140 LPG trailers during the first week of March 2025 - 72 more than the planned allocation- following LPG shortage in several government-controlled governorates.

- ✓ Yemen's Presidential Leadership Council member Tareq Saleh and the Governor of Taiz inspected the progress of the additional solar power plant project in Mocha, Taiz governorate. The plant will produce 40 megawatts, complementing an existing 20-megawatt solar facility already operational in Mocha.
- ✓ The United States will ban oil imports to Hodeidah ports starting April, unless specifically licensed by the U.S. Treasury Department, in order to comply with sanctions following the classification of the Houthi group as a terrorist organization.
- ✓ The Central Bank of Yemen in Aden announced it sold USD 10.516 million out of a total of USD 30 million in its seventh auction of the year at a rate of YER 2,294 per one USD.
- ✓ The Kuwait Fund for Arab Economic Development signed a USD 1.2 million grant agreement with the UNHCR to support the rehabilitation and maintenance of housing for internally displaced persons (IDPs) in Yemen.
- ✓ The Central Bank of Yemen in Aden announced the opening of Auction No. (8-2025) to sell USD 30 million on March 20, 2025.
- ✓ The Houthi group announced a ban on the import of LPG cylinders and said local production will commence starting in April.
- ✓ A document, posted on social media, revealed that banks and financial institutions operating in Socotra, a Yemeni island in the Indian Ocean, are imposing a 2% commission on all incoming remittances to it due to cash shortages and the cost of transferring currency to Socotra.
- ✓ The local authority in Taiz said it had reached an agreement with the Ministry of Agriculture, Irrigation, and Fisheries to restart the regional veterinary quarantine facility in Mocha, which was established in 2022 at a cost of USD 70 million.
- ✓ The road linking Abyan and Al-Bayda governorates via Al-Mahlahl Road has been reopened by the Yemeni government in Aden and the Houthi group. The latter also expressed readiness to reopen the Thara Abyan-Al-Bayda road, which has been closed since the start of the armed clashes in 2016.

The Central Bank in Aden announced receiving a formal notification from the majority of banks headquartered in Sana'a stating their decision to relocate to the interim capital, Aden, to avoid U.S. sanctions enforcement following the implementation of the Houthi terrorist designation.

The Prime Minister in Aden issued a decision banning travel by ministers, deputy ministers, and governors without prior written approval from the Prime Minister's Office.

Yemen's Ministry of Transport in Aden announced the opening of an airport on Abd al-Kuri Island in the Socotra Archipelago.

- ✓ The Central Bank in Sana'a announced the destruction of 100-riyal banknotes totaling YER 13 billion, which it said were no longer fit for circulation based on approved standards.
- ✓ The Central Bank in Aden reported that the bids for Auction No. (8-2025) to sell USD 30 million reached USD 14.122 million, covering 47% of the amount at an exchange rate of YER 2,332 per USD.
- ✓ PetroMasila, a Yemeni company working in the exploration and production of oil and gas, announced the first shipment of fuel oil (mazut) has been pumped to power stations in coastal Hadramout.
- ✓ U.S. Central Command stated that the Houthi group seized World Food Programme warehouses in Saada containing over 2.5 million kilograms of food supplies intended for Yemeni civilians.
- ✓ The Central Bank in Aden disclosed the names of eight banks that notified their decision to relocate their headquarters to Aden to avoid U.S. sanctions: Tadhamon Bank, Al-Kuraimi Microfinance Bank, Shamil Bank of Yemen and Bahrain, Yemen Islamic Bank for Finance and Investment, Saba Islamic Bank, Yemen Gulf Bank, Yemen Commercial Bank (YCB), and Al-Amal Microfinance Bank.
- ✓ The Yemeni Cabinet in Aden discussed the decline in international funding for several sectors and the necessary steps to address it in coordination with donor countries and organizations. The discussion also covered the measures to be taken across all sectors to address the impact of the Houthi terrorist classification, with plans from ministries to prevent negative effects on civilians and ensure continued humanitarian aid delivery.  
Egypt announced that it is losing USD 800 million monthly in Suez Canal revenue due to regional and Red Sea instability.
- ✓ The Sana'a-based Yemeni Money Exchange Association issued a directive to halt dealings with Yemen Bahrain Shamil Bank and the Al-Kuraimi Express network, following instructions from the Central Bank in Sana'a, under control of the Houthi group.
- ✓ The French Ambassador to Yemen stated that France supports the Central Bank in Aden's efforts to stabilize the banking system, during a meeting with the Bank's Deputy Governor in Aden.
- ✓ The Central Bank in Aden announced two auctions for long-term (3-year) treasury bonds and short-term (1-year) treasury bills on March 24. The initial total value is YER 20 billion for the long-term auction and YER 16 billion for the short term, both subject to increase if needed.

- ☑ The Sana'a-based Yemeni Money Exchange Association issued a directive to halt dealings with the Al-Amal Express network (internal transfers), except for transactions linked to humanitarian aid, citing violations of Central Bank directives in Sana'a under Houthi control.
- ☑ The Chairman of SEMC posted, on his Facebook Page, that the Sana'a-based Yemeni Money Exchange Association is at risk of international sanctions due to its use by the Central Bank in Sana'a (under Houthi control) to penalize banks that announced relocation to government-held areas.
- ☑ The United Nations called for the release of 52 of its staff members held around the world, including 23 detained by the Houthi group in its controlled areas in Yemen.
- ☑ In a joint meeting with the Central Bank of Yemen and the Ministries of Finance and Oil and Minerals in Aden, the Prime Minister directed efforts to secure local markets' needs for oil derivatives and LPG. He also called for reforms to the tax and customs systems, especially in collecting dues from large taxpayers, and stressed enhancing cooperation with the private sector to alleviate the economic burden on vulnerable groups in Houthi-controlled areas.
- ☑ The Supreme Energy Council, chaired by the Prime Minister in Aden, approved several decisions and measures aimed at addressing electricity issues in Aden and other government-held areas to meet summer demand, including plans to increase power generation, secure fuel supplies, and overcome current challenges.
- ☑ The Central Bank in Aden reported that tenders for purchasing electricity fuel saved YER 2.7 billion in fuel transport costs between June 2024 and January 2025.
- ☑ Media sources reported that the World Food Programme decided to lay off more than 230 employees (210 Yemenis and 20 foreigners) from its offices in Yemen. Some have already been notified of contract termination, and the rest will be informed in the coming days.
- ☑ The Prime Minister in Aden directed the implementation and disbursement of annual bonuses for government employees based on years of service, along with granting their rightful promotions.



## Private Sector Updates

- ✓ Farmers in areas controlled by the Houthi group complain about the Agricultural Services Institution, affiliated with the Houthis, imposing a 7% fee on locally produced garlic.
- ✓ Yemeni onion farmers and exporters complain of being extorted by customs officials at the Al-Wadiah border crossing, linking Yemen with Saudi Arabia, who are charging 2,000 Saudi riyals per onion truck. This comes after the farmers attempted to export onions to other countries following Saudi Arabia's decision to stop importing Yemeni onions at the beginning of 2025.
- ✓ The General Federation of Chambers of Commerce in Sana'a, under Houthi control, issued a statement warning about the consequences of U.S. sanctions on the pro-Houthi head of the Sana'a Chamber of Commerce, stating that the sanctions will impact imports, especially of food, medicine, and essential goods.
- ✓ Oman announced it will allow the import of live animals from Yemen.  
Yemeni businessman Hassan Al-Lawzi announces the suspension of his commercial activities in Sana'a and his departure from the country in protest repeated extortion by the Houthis targeting the private sector in areas under their control.
- ✓ Traders report that their commercial containers were stolen within the Customs yard of the Free Zone in Aden during inspection operations carried out by daily wage workers, according to Aden Al-Ghad newspaper.
- ✓ The Central Bank in Aden announces the launch of Global Money Week activities, with the participation of banks, financial institutions, and educational entities, scheduled for March 16–22, 2025. The event aims to enhance money management skills in society.
- ✓ The Civil Aviation and Meteorology Authority in Aden grants operating permits to Aden Airlines and Hadramout Airlines and authorizes Balqis Airlines to resume its air navigation activities in Yemen.
- ✓ According to media sources, the export of Yemeni onions to Saudi Arabia has resumed gradually through the Al-Wadiah crossing, although some trucks remain stuck at the border.
- ✓ The Chamber of Commerce and Industry in Hadramout sends a letter to the Prime Minister in Aden urging reconsideration of the decision by the Public Electricity Corporation to raise commercial electricity tariffs for major consumers by 300%. Several commercial and industrial sector companies have expressed complaints about the hike.
- ✓ The head of the Fishermen's Association in Mocha states that Eritrean authorities have released 43 Yemeni fishermen but are refusing to release five others, without providing reasons.

- ✓ Several employees of the Commercial Bank in Ibb were arrested while traveling to Aden by Houthis.
- ✓ The local authority affiliated with the internationally recognized government in Hudaydah governorate says that the Houthi group launched a broad campaign against street vendors and small-scale sellers in Hudaydah city and secondary cities under their control, abducting dozens of them.
- ✓ U.S. air forces launch 15 airstrikes on the iron factory in Al-Salif, Hudaydah.  
The owner of the “Al-Enab Company” in Sana’a reports that armed men from the Zakat Authority in Al-Sabain District stormed the company and terrorized the employees.
- ✓ The General Federation of Yemeni Chambers of Commerce and Industry in Sana’a condemns the U.S. airstrikes that targeted the cotton ginning facility in Zabid and the Al-Habashi Iron Factory in Al-Salif District, Hudaydah Governorate.
- ✓ The Houthi group prohibits private bank employees in Sana’a from traveling to areas controlled by the internationally recognized government, threatening to abduct anyone attempting to leave Sana’a. This comes after eight banks decided to relocate their headquarters to Aden and Taiz.
- ✓ The Chamber of Commerce and Industry in Sana’a invites businesspeople to participate in the 11th session of the Chinese-Arab Businessmen Conference, along with the 9th Investment Symposium, scheduled to take place in China from April 27–29, 2025.
- ✓ The Public Works Office in Ibb, under Houthi control, shuts down a restaurant (“Abdo Ali Restaurants”) and then reopens it after public protests.
- ✓ According to media sources, a contractor set his vehicle on fire in front of the building of Ministry of Water in Aden in protest of the authorities’ failure to pay his dues for projects executed under an agreement with the ministry and UNICEF. And the Ministry denies the contractor Al-Maliki’s claims.
- ✓ A fire broke out at a small traditional crude oil refinery inside a yard in the city of Al-Qatn in Wadi Hadramout, according to press reports.

## Analysis

The Yemeni economy experienced a state of relative stability during the past month of March, both in terms of currency exchange rates and other market developments, despite coinciding with one of the most significant economic shifts in Yemen during the years of war—namely, the relocation of the headquarters of the country’s most important banks to areas controlled by the internationally recognized government. This move was intended to avoid the recent U.S. sanctions imposed on the Houthi group. By the end of March 2025, the exchange rate of the Yemeni rial stood at 2,320 rials per U.S. dollar.

This temporary calm is attributed to seasonal factors associated with the arrival of the holy month of Ramadan, during which household spending increases, along with a rise in remittances from Yemenis living abroad and an uptick in charitable donations from wealthy individuals and the private sector to large segments of the poor and needy. These factors helped ease the negative effects of the country’s ongoing economic contraction.

The Yemeni economy continues to suffer from a prolonged state of contraction due to decreased government spending, a shortage of foreign currency, and a decline in economic production. These factors have led to a significant drop in revenues for the commercial sector during this Ramadan month compared to previous years. The commercial sector reports a noticeable slowdown in sales activity this year, with many traders and importers incurring losses that exceeded expectations.

Additionally, the Yemeni economy faces a growing challenge stemming from the reduction of international aid. This has led to the dismissal of thousands of employees working with international and local organizations that have historically played a major role in the country’s annual economic activity, with an estimated contribution exceeding \$1.5 billion annually. The reduction in aid, particularly by the United States, casts a long shadow over tens of thousands of Yemeni families, both directly and indirectly.

Regrettably, the Yemeni government has yet to formulate an effective strategy to manage this crisis. Internal conflicts have undermined its efficiency and effectiveness, not only in addressing this issue but also in confronting other economic, political, and security challenges.

Meanwhile, the Houthi group continues to escalate its actions against international and local organizations, as well as all humanitarian actors. It persists in abducting dozens of aid workers and members of diplomatic missions, with little regard for the humanitarian and economic consequences that the suspension of aid programs has on millions of Yemeni families.



In March, the United States began its military offensive against the Houthi group, following a series of punitive decisions and measures targeting the group and its financial networks. However, the economic consequences of this move are not yet clear. As is usually the case, the impact of such decisions takes time to manifest. Already, many global banks and companies have begun imposing restrictions and conditions on financial transactions to and from Yemen. At the same time, the Yemeni private sector has started enhancing compliance and implementing greater transparency and financial disclosure measures to avoid U.S. sanctions steps that come with additional financial burdens.

Furthermore, Yemen's banking sector faces additional sanctions from the Houthi group through the Central Bank in Sana'a, which is under their control. Banks that decided to relocate their management to Aden have been subjected to multiple financial penalties, and some of their staff members have been arrested or placed under house arrest.



Studies and Economic Media Center (SEMC) is one of the Civil society organizations that works on economic field, awareness and promotes economic issues transparency, good governance and participated citizens in decision-making. Also, it works to find a professional media in Yemen.

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