



Bulletin of Economic Updates

Economic Surveillance & Research Unit
at Studies and Economic Media Center
(SEMC)

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Introduction

This monthly economic bulletin is issued by the Studies and Economic Media Center (SEMC) with the aim of highlighting the most important economic developments in Yemen, analyzing the political and administrative factors affecting the course of the national economy, and examining their impact on citizens' lives.

The bulletin regularly covers major news and financial/monetary indicators, such as exchange rate movements, along with banking and government decisions relevant to economic affairs.

It also reports on private sector developments and the violations it faces in Yemen. In addition, the bulletin provides professional, in-depth analyses that help explain economic trends and place them in their broader contexts, making it a reliable reference for researchers, decision-makers, and anyone interested in economic affairs.

Analysis of Yemen's economic landscape in September

A state of stagnation dominated the economic scene in September due to a combination of political factors and internal disputes within the Yemen's Presidential Leadership Council (PLC), in addition to the Central Bank of Yemen's decision to set a ceiling on the exchange rate of the Yemeni riyal against the U.S. dollar and the Saudi riyal. The U.S. dollar stabilized at around 1,600 Yemeni riyals per dollar, after previously reaching nearly 3,000 riyals, while the Saudi riyal hovered around 425 Yemeni riyals.

Conversely, the economic pressure intensified on the Houthi group, as a result of U.S. sanctions imposed on the group, coinciding with Israeli airstrikes that almost completely disrupted operations at Hodeidah Port. This came amid a continued liquidity shortage, economic contraction, and bottlenecks in the flow of goods and products in Houthi-controlled areas.

The U.S. Treasury Department imposed additional sanctions on Houthi-affiliated individuals, entities, and companies. Domestically, the Sana'a Chamber of Commerce announced the suspension of customs clearance at ports under Houthi control. Meanwhile, disputes within the Houthi leadership escalated over decisions to ban the import of certain locally produced goods.

On the side of the IRG of Yemen, internal disagreements within the PLC worsened following unilateral decisions made by PLC member Aidarous Al-Zubaidi, who appointed deputy ministers, deputy governors, and heads of institutions without consensus, further shaking the already fragile economic situation.

These moves caused a major shock within the legitimate government's leadership, destabilizing its internal balance, particularly after PLC President Rashad Al-Alimi's arrival in Aden, which prompted Saudi Arabia, the main sponsor and architect of the current PLC's formation three years ago, to summon all PLC members to meetings in Riyadh.

These internal disputes froze the government's economic reform process. Except for the activity of the Committee for Organizing and Financing Imports, chaired by the Central Bank Governor, the overall momentum of financial and monetary reforms declined. The government failed to pay salaries, to the public sector, for the third consecutive month, as revenues collected by government institutions covered only 25% of total salary expenditures, which exceed 90 billion Yemeni riyals monthly, while actual collections did not surpass 25 billion riyals, according to a source in the Ministry of Finance.

The government began intensive consultations with the International Monetary Fund (IMF) in an attempt to restore donor confidence and support its reform plan. However, no clear signs of international approval have yet emerged, particularly given the decline in foreign financing for Yemen and the loss of confidence in the IRG of Yemen due to internal divisions and political instability.

While some figures within the Yemeni presidency and government are counting on financial reforms, such as raising the customs exchange rate, to cover the growing fiscal deficit, Prime Minister Salem bin Buraik continues to reject such measures, relying instead on external support from Saudi Arabia and the United Arab Emirates to overcome his government's fiscal crisis.

Following several rounds of outreach by the Yemeni government to Saudi Arabia, Riyadh announced \$367 million in support through the Saudi Program for the Development and Reconstruction of Yemen (SDRPY). The manner in which this support was announced sent a clear message to the Yemeni government: the aid is conditional upon implementing reform steps, marking a departure from previous direct support, such as central bank deposits or grants for salaries and operating expenses. Meanwhile, the extent of Emirati support remains unclear, even after the Prime Minister's recent visit to the UAE.

The economic landscape in September appeared remarkably unstable, as the President of the PLC, along with several members, departed Aden under unusual circumstances. A state of discontent also emerged among the Yemen's Prime Minister and cabinet members, except for those affiliated with the Southern Transitional Council, following recent decisions by the STC head that brought to the surface deep-seated disputes, rendering the government marginalized and unable to exercise full control over state institutions.

Moreover, the government still struggles to access all public revenues, as the power centers on the ground, most of which are linked to members of the Presidential Leadership Council, are too strong to be compelled by the government to deposit all revenues into the Central Bank in Aden.

Key economic news and indicators

- ✓ Central Bank of Yemen (Aden) denied the existence of a liquidity crisis, clarifying that delays in salary payments for government employees are due to revenue-collecting centers failing to deposit their proceeds into the bank.
- ✓ Aden Central Bank Governor announced that the bank has implemented the national card switch system, linking 15 national banks, and has also granted licenses for 8 electronic wallets, as part of efforts to modernize the banking and payment infrastructure.
- ✓ National Committee for Regulating and Financing Imports reported that it had processed 1,834 import requests worth over USD 470 million under the approved mechanism for financing essential goods through banks and money exchange companies. The committee also approved several technical, administrative, financial, and logistical measures to enhance import operations.
- ✓ Saudi Arabia announced an economic support package for Yemen worth 1.38 billion Saudi riyals (approximately USD 368 million), following sustained efforts by the Presidential Leadership Council and the Yemeni government to secure assistance addressing the ongoing financial crisis. The funds will be disbursed through the Saudi Program for the Development and Reconstruction of Yemen.
- ✓ Ministry of Industry and Trade in Aden launched the “Rasd” electronic platform to enhance market monitoring and enable citizens to report commercial violations. The initiative aims to strengthen consumer protection and promote transparency in regulatory activities.
- ✓ Minister of Industry and Trade (Aden) held an expanded meeting with heads of chambers of commerce from various governorates and the Economic Reforms Team via video conference to discuss developments in market oversight, strengthen public–private partnership, and address irregularities and unlawful practices af-

- ✓ IRG of Yemen resumed Article IV consultations with the International Monetary Fund (IMF) in Amman, Jordan, after more than a decade of interruption due to the country's exceptional circumstances. The Prime Minister stated that the government is implementing an economic recovery plan, presented to donors, which led to the formation of the Yemen Partners Group. Negotiations are ongoing to finance and implement several projects within the plan through technical and financial support.

- ✓ The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) announced the designation of 32 individuals, entities, and four vessels under sanctions targeting the Houthi group and its affiliates. According to the Treasury's statement, "the sanctioned networks are part of the Houthis' global illicit operations for fund-raising, smuggling, and arms procurement," including companies and owners based in Yemen, China, the UAE, and the Marshall Islands.

Outlook for the Coming Period

It is expected that the tensions between Prime Minister Salem bin Buraik and the Central Bank Governor will persist due to the Bank's strict stance against financing salary deficits through inflationary sources and its insistence that the government deposit all revenues to cover the salary bill, a position that leaves the government appearing helpless before its citizens.

Signs of this rift have become evident through media campaigns targeting the Central Bank, allegedly orchestrated by factions aligned with the Prime Minister, prompting the Bank to express regret over what it described as "suspicious campaigns" that undermine exchange rate stability and nascent reform efforts.

While such tensions between the government and the Central Bank remain within expected limits amid revenue shortfalls, the emerging lack of coordination between the Prime Minister and the PLC President poses a new challenge for the IRG of Yemen. It has become increasingly apparent that the Prime Minister acts independently of the PLC President, as seen in his recent high-profile visit to the UAE, which carried significant political implications.

Several major issues remain unresolved between the PLC and the government, including the delay in fiscal reforms, such as raising the customs exchange rate, and the appointment of a new finance minister to replace the Prime Minister, who continues to hold both posts simultaneously.

If this economic stagnation, or what could be called a "policy vacuum", persists, and the government remains unable to pay salaries or improve basic services, Yemen may be heading toward a turbulent autumn in the coming weeks.



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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