

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.



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Analysis of Yemen's economic landscape in November 2025

November of 2025 represented the peak of aspirations for economic reforms, before security and military developments escalated in areas under “the IRG of Yemen” sweeping away those hopes and measures and leaving uncertainty to dominate the current landscape.

Aden witnessed notable political and diplomatic activity, as the Chairman of the Presidential Leadership Council, Dr. Rashad Al-Alimi, the Prime Minister, and several members of the PLC returned to Aden. A series of meetings were held, creating the impression that the IRG authority was serious about overcoming the severe financial crisis resulting from the suspension of oil exports. This occurred despite continued divergence between the Chairman of the Presidential Leadership Council and the Prime Minister regarding the implementation of what was termed the economic reform plan, particularly with respect to raising the customs dollar exchange rate.

The IRG's payment of delayed salaries to civilian and military employees constituted an important confidence-building step, helping to contain mounting tensions triggered by multiple directives aimed at tightening revenue collection, especially from governorates, closing some unofficial ports, and requiring all institutions to transfer revenues to the government's account at the Aden-CBY.

Despite the World Bank's pessimistic expectations regarding economic conditions, and the scarcity of government revenues that cover less than 30 percent of the wage bill, optimism remained relatively high. This was particularly due to the positive results achieved by the Import Financing Committee, which, over nearly three months, managed to cover the foreign currency cost of imports amounting to USD 2 billion through non-inflationary sources.

The committee's efforts contributed to maintaining exchange rate stability at the level set by the Aden-CBY, around YER 1,620 per US dollar, after the rate had surged to nearly YER 3,000 per dollar in July of 2025. In addition, certain measures linking import operations to Aden-CBY transfers and requiring the submission of original invoices helped improve tax and customs revenues by 30 percent, according to official sources obtained by Studies and Economic Media Center.

This coincided with increased activity by international organizations and donors. The European Union Ambassador conducted a tour in Hadhramout (Mukalla and Seiyun), during which he inaugurated export support centers for honey, onions, and dates. Meanwhile, the Economic Reforms Team (ERT), a voluntary initiative comprising private sector leaders and economic experts, including heads of major chambers of commerce and industry, held its annual meeting in Seiyun, reaffirming its support for economic reform efforts and discussing several initiatives aimed at contributing to development and creating an enabling environment for investment.

In this context, the IRG approved a Public–Private Partnership (PPP) framework document to prepare for investment in infrastructure projects. The decisions included the establishment of a specialized unit to support joint projects, directives to create a Project Development Fund, and the issuance by the Prime Minister of several decisions appointing advisers on economic and development issues within the Prime Minister's Office to manage key economic files.

Although this momentum, largely theoretical, represented an opportunity to revive the role of the government and its fragile institutions, particularly following the disputes that led to the ousting of former Prime Minister Dr. Ahmed bin Mubarak, it did not last long. Recent military developments, namely the takeover by forces affiliated with the Southern Transitional Council of Hadhramout and Al-Mahrah in early December 2025, resulted in a state of complete paralysis within the institutions of the IRG, as the Chairman of the Presidential Leadership Council and the Prime Minister left the temporary capital, Aden.

Conversely, areas under the control of the Houthi group witnessed protests by private sector actors in response to escalating levies imposed by the group, the implementation of policies aimed at protecting domestic products, and the boycott of American goods and products in reaction to U.S. sanctions against the group.

The Houthi group has also imposed tighter restrictions on the entry of many goods through customs outlets under its control, amid an intensifying economic contraction in those areas and the departure of businessmen due to liquidity shortages and the fiscal policies pursued by the Houthi group over recent years.

The Houthis are facing significant economic challenges as a result of U.S. sanctions and the destruction of ports under their control in the Red Sea by Israel in recent months, leading to weakened supply chains. Many traders have resorted to shipping goods to the Port of Salalah in Oman and then transporting them via small vessels to the ports of Hodeidah.

Despite the relative stability of the national currency (YER) in areas under Houthi control, the withdrawal of international organizations providing humanitarian assistance has had a major impact on the worsening levels of poverty in those areas. This has coincided with growing isolation due to U.S. sanctions and increasing apprehension within the private sector in its dealings with the Houthis.

Key economic news and indicators (November 1-30)

Actions Taken by the Yemen's Presidential Leadership Council (PLC), the IRG of Yemen, the Central Bank of Yemen in Aden, and Related Developments:

- ☑ **Most Severe Financial Crisis Since the War:** Officials at the Aden-CBY told Reuters that the government is facing its worst financial crisis since 2015, due to the suspension of external support and delays in Gulf financial assistance.
- ☑ **World Bank Report:** The World Bank indicated that Yemen experienced immense economic pressures during the first half of 2025 as a result of the blockade on oil exports, inflation, and declining aid. The Bank projected a 1.5 percent contraction in real GDP, warning of a worsening food security crisis
- ☑ **Government Commitment to the Reform Plan:** Prime Minister Salem bin Brik affirmed the IRG of Yemen determination to implement comprehensive reforms aimed at addressing structural imbalances, combating corruption, and improving public financial management efficiency, while stressing the importance of continued international support.
- ☑ **Government Meeting Chaired by Al-Alimi:** The Chairman of the Presidential Leadership Council chaired a meeting in Aden to discuss support for completing reform efforts, emphasizing the need to enhance revenue mobilization, adjust the customs dollar exchange rate, adhere to timely budget submission, inventory state assets, and study the establishment of a sovereign wealth fund to manage public assets in line with international governance standards. The meeting also underscored the importance of reforming monetary policy and strengthening the independence of Aden-CBY.
- ☑ **New Government Austerity Measures:** The Yemen's Prime Minister announced the implementation of strict austerity measures, including restricting overseas travel by ministers and senior officials to cases of absolute necessity and subject to prior approval, while reaffirming efforts to recalibrate the pace of executive work in Aden.

☑ **Government Decisions to Support Investment and Public–Private Partnerships:**

The IRG approved a Public–Private Partnership (PPP) framework document and agreed to establish a specialized unit to support joint projects. It also directed the creation of a Project Development Fund and the identification of priority projects in coordination with relevant authorities. The PPP framework was developed in co-operation with the World Bank as part of the reform program and aims to expand investment in infrastructure projects.

☑ **Strengthening Partnership with the Private Sector:** Minister of Industry and Trade emphasized the importance of partnership with the private sector. The Prime Minister likewise stressed that the private sector is the cornerstone of economic recovery during his meeting with the Vice Chairman of the Federation of Chambers of Commerce and the Chairman of the Aden Chamber of Commerce. Discussions addressed challenges facing the sector, including illegal fees, duplicate revenue collection, slow port procedures, and smuggling.

☑ **Transfer of Operations in the Oil Sector:** The state-owned PetroMasila company informed its employees in Block (5) in Shabwa that a government decision had been issued to hand over the block's operations to Jannah Hunt Oil Company affirming its commitment to implementing official directives in this regard.

☑ **Central Bank Directives on Import Regulation:** The Aden-CBY emphasized, during a joint meeting with the Import Regulation Committee and the Aden Chamber of Commerce and Industry, the necessity for traders and businesspeople to comply with the regulatory mechanisms of the National Committee for the Regulation and Financing of Imports. The meeting stressed adherence to technical procedures and the regular transfer of commercial sector sales into bank accounts, considering this a cornerstone for restoring monetary circulation within the banking system, enabling banks to perform their role, strengthening monetary policy, and achieving financial stability.

- ✓ **Civil Service Salary Suspension Measures:** The Ministry of Civil Service in the IRG issued a circular to suspend the salaries of all employees who had not completed procedures to reconcile cases of dual employment or submit resignations, effective November 2025. Salaries of dual-position employees who failed to regularize their status will be deducted starting December 2025.
- ✓ **Price Control Directives:** The Ministry of Industry and Trade in Aden called on traders and major importers of food and consumer goods not to raise prices without prior notification to the ministry and the submission of officially documented justifications.
- ✓ **Closure of Unofficial Ports:** The Yemen's Prime Minister instructed the governors of Hadhramout, Shabwa, Al-Mahrah, and Lahj to immediately close the ports of Al-Shihr, Nishtun, Ras Al-Ara, and Qana as of 3 November 2025, in implementation of Presidential Decree No. (11) of 2025, and to take legal action against any party obstructing the decision of PLC regarding economic reforms plan.
- ✓ **Consolidation of Government Banking Accounts:** The Ministry of Finance directed all ministries, authorities, institutions, and public companies to close their accounts held at commercial banks and exchange companies, and to limit their banking transactions exclusively to the Aden-CBY and its branches.
- ✓ **Central Bank Enforcement Action:** The Governor of the Aden-CBY issued Decision No. (29) of 2025 to revoke the license granted to a money exchange company and close its premises, based on documented violations cited in a field inspection report submitted by the Banking Supervision Sector.
- ✓ **Outcomes of the Aden Energy Conference:** The First National Energy Conference in Aden approved a package of strategic projects to develop electricity infrastructure, supported by Emirati funding amounting to USD 1 billion. The conference also launched the "National Energy Covenant 2035" as a long-term framework for sector reform and the transition toward renewable energy. In addition, it strengthened government partnerships with donors and the private sector, approved the formation of technical committees to oversee project implementation, and declared 2026 the "Year of Electricity" to accelerate recovery plans and achieve stability in energy services.

Future Scenarios

With the continued ambiguity of the security and political landscape in areas under the “IRG” following recent developments, the outlook for the next phase appears extremely concerning. Security incidents are expected to further heighten uncertainty, potentially undermining the positive outcomes achieved so far, namely, the stability of the Yemeni Rial exchange rate and the relative improvement in public revenues.

The current crisis has led to the suspension of the economic reform program, which is likely to exacerbate the government’s fiscal deficit and undermine its ability to regularly pay salaries from non-inflationary sources. This comes in addition to the continued leakage of public resources outside the government’s official financial channels.

If the crisis persists, many international organizations are expected to halt the implementation of direct activities in several areas under the IRG. The International Monetary Fund has already announced the suspension of consultations related to reform aspects, a signal that could lead to serious repercussions in the future.

Moreover, the paralysis affecting the government will deprive it of access to announced funding, particularly from the Saudi Arabia, which had granted approximately USD 368 million to support the budget and the energy sector, conditional upon the implementation of a package of required economic reforms.

The ongoing military mobilization on the ground is expected to result in large inflows of foreign currency to support armed actors inside Yemen. However, such funds typically circulate outside the formal economic system, leading to disastrous consequences for currency stability, as a large portion is used for currency speculation and money laundering.

Yemen is entering a new phase of complex and fragmented conflict with unclear contours, amid intersecting interests of international actors present and influential in the Yemeni scene. There appears to be no near-term prospect for a political solution, a reality that negatively affects humanitarian and economic conditions and further exacerbates suffering that has reached tragic and unprecedented levels, particularly in light of declining funding and grants allocated for humanitarian and relief support in Yemen.



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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