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Economic Updates Bulletin

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

April 2026

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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 economic landscape in Yemen during April 2026 was marked by a clear decline in confidence indicators, particularly in areas controlled by the Yemen's IRG where security fragility intersected with weak institutional performance and continued financial, monetary, and service-related pressures.

The kidnapping and killing of Mr. Wesam Qaid, Acting Executive Director of the Social Fund for Development (SFD) in Aden, shortly after the assassination of prominent Yemeni educator and member of the Yemeni Islah Party, Dr. Abdulrahman Al-Shaer, constituted a troubling indicator of the expanding security risks targeting development and economic actors, not only security personnel. This development deepened uncertainty and reduced the optimism that had accompanied the government's return to Aden during previous weeks, along with the evident external support it received.

Economically, the Yemen IRG's return, to Aden, did not translate into an effective presence capable of controlling resources, improving services, or enforcing institutional discipline. 100 days after its formation, the IRG had yet to announce a clear economic program, while declared financial and structural reforms continued to progress at a slow pace, amid an almost complete absence of data enabling an assessment of implementation levels. This reveals a fundamental gap between the daily rhetoric surrounding reforms and the actual capacity to implement them, particularly regarding the transfer of public revenues to the Aden-CBY, the closure of government accounts outside the official framework, combating smuggling, and eliminating illegal levies.

On the monetary level, Aden-CBY faces a dual challenge: managing the shortage of foreign currency on one hand and containing pressures on the exchange rate on the other. Despite important measures, such as raising the minimum interest rate on new Yemeni Rial deposits to 18% and adopting the Bloomberg B-Match platform as the official platform for interbank foreign exchange trading, the effectiveness of these measures will remain limited unless accompanied by effective control over public revenues, regulation of import financing, and reduction of unregulated demand for foreign currency.

The National Committee for the Regulation and Financing of Imports emerges as a potentially central tool for market stabilization. However, it faces major challenges linked to the non-compliance of some entities with regulations, as well as continued smuggling and customs and tax evasion. This weakens the state's ability to manage the import bill, particularly amid rising costs of importing fuel derivatives and essential commodities, alongside increasing dependence on external markets to meet local needs.

In terms of public services, the electricity sector remained one of the clearest indicators of fragility, with reduced power supply hours in Aden and Hadramout at the beginning of the summer season, coupled with rising operational costs. Bottlenecks in domestic gas supply also persisted in several governorates, including Taiz, due to weak oversight of distribution and the smuggling of part of the quantities to areas controlled by the Houthi group, where they are sold at higher prices. These crises do not merely represent service disruptions but are increasingly turning into sources of social and political pressure, raising the likelihood of protests during the summer months.

In the transport and trade sector, the crisis of Yemeni businessmen stranded containers at Jebel Ali Port reflected the fragility of Yemen's supply chains and their dependence on intermediary ports, which increases shipping and insurance costs and affects local commodity prices. Although the Yemeni government has taken steps to attract direct shipping lines to Aden Port, reactivate some ports such as Nishtun, and resume work on the Qarmah and Brom sea port projects in Socotra and Hadhramaut, these measures remain in their early stages and require a stable operating environment and institutional reforms to generate tangible economic impact.

In areas controlled by the Houthi group, the business environment continued to deteriorate due to ongoing imposition of levies and administrative and security interference in commercial activities. The decision to revoke thousands of commercial agencies and companies, followed by granting a grace period to regularize their status, indicates the use of regulatory tools as a means of pressure on the private sector. The case of investor Abdulaziz Al-Luqaimi, who was arrested by the Houthi group in Sana'a, also reflects escalating risks to property and investment in these areas, limiting the ability of small and medium-sized enterprises to continue operating and encouraging contraction or transition into informal economic activity.

Overall, April 2026 reveals a Yemeni economy caught between declared Yemen' IRG reforms that have yet to produce tangible results, escalating security and service pressures, and a turbulent regional environment that increases the costs of trade, energy, and food. Under these circumstances, the stability of exchange rates and prices depends on three main factors: the Yemeni government's ability to control revenues, the Aden-CBY ability to regulate the foreign exchange market, and the capacity of local authorities to curb illegal levies and bottlenecks that increase the cost of economic activity.

- **Scenario One: Fragile Resilience**

This scenario assumes that the Yemen' IRG succeeds in maintaining a minimum level of political and institutional cohesion, while relatively containing the security deterioration in Aden, without achieving a fundamental breakthrough in the areas of public services, revenues, and exchange rate stability. Under this scenario, the IRG continues to introduce fragmented reform measures, such as improving revenue collection, regulating imports, and activating Aden-CBY instruments. However, these measures remain slow and limited in impact due to weak coordination among institutions and institutional fragility.

Within this trajectory, the exchange rate may remain within current ranges without either sharp collapse or significant improvement, provided that a minimum level of foreign currency inflows continues, some external support remains available, and the Aden-CBY succeeds in monitoring foreign exchange markets. Nevertheless, fuel prices and the cost of essential commodities are likely to remain vulnerable to increases due to rising shipping, insurance, and import costs, as well as the continuing deficits in electricity and domestic gas supplies.

This scenario is considered the most likely if the IRG succeeds in preventing the expansion of assassinations and security chaos and achieves partial progress in revenue collection and the removal of some illegal levies, while failing to transform reforms into a comprehensive and measurable economic program.

- **Scenario Two: Summer Unrest**

This scenario assumes that the Yemen' IRG fails to contain the deterioration in security and public services, alongside the increasing involvement of external actors through local proxies, particularly in Aden and neighboring governorates. At the same time, crises related to electricity, water, and domestic gas continue, while fuel and basic commodity prices rise further. In such a context, worsening living conditions may evolve into waves of local protests and unrest during the summer months, especially if declining services are accompanied by further depreciation of the currency or a broader liquidity crisis.

The greatest danger in this scenario lies not only in rising prices, but also in the erosion of trust between Yemeni citizens and the IRG, and between the private sector and official institutions. If traders and importers perceive that the state is unable to protect supply chains, control illegal levies, or provide a stable operating environment, risk costs may increase, speculation may expand, and market disorder could intensify.

Furthermore, the continuation of assassinations or security instability in Aden would directly affect the operations of development organizations and the private sector. This could push some actors to reduce their activities or relocate them to other governorates, leading to a further decline in employment opportunities and services, while increasing the fragility of cities that heavily depend on aid and development projects.

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

- **Presidential Leadership Council (PLC), the IRG, and its Institutions**
- The Yemen' Yemen's Prime Minister Shaea Al-Zandani reaffirmed the IRG's full support for the independence of the Aden-CBY and its efforts to strengthen financial and monetary stability. This came during a meeting in Aden with the Aden-CBY's leadership to discuss financial performance indicators for the first quarter, as well as plans to address liquidity shortages and develop monetary policy instruments.
- The International Monetary Fund (IMF) projected that Yemen's economy would gradually recover by 2027, with improvements in inflation, real incomes, remittances, and non-oil exports, according to the state-run Shaba News Agency. The IMF Executive Board approved the results of Article IV consultations with the Yemeni government after an 11-year suspension, emphasizing that the authorities' commitment to revenue mobilization and enhanced financial governance would contribute to improving public services and supporting economic recovery and social stability.
- The Ministry of Finance in Aden launched what it described as a comprehensive financial and structural correction program based on Presidential Leadership Council Resolution No. 11 of 2025, aimed at addressing structural imbalances. The program includes tightening resource management, eliminating illegal levies, and strengthening oversight of public revenues.
- A meeting convened by the Ministry of Industry with representatives of chambers of commerce, shipping companies, and traders approved a measure preventing increases in food commodity prices without prior notification to the ministry and the submission of justifications. The meeting, chaired in Aden by Minister of Industry and Trade Mohammed Al-Ashwal, discussed the causes behind rising transport costs for shipments stranded at Aden Port and ways to reduce these expenses. Discussions also addressed challenges related to shipping, customs clearance, rising insurance fees, and risk classifications, along with their impact on essential commodity prices.

- Deputy Minister of Transport Nasser Sharif stated that the ministry continues its efforts to address rising transportation costs at Aden Port and the ports of the liberated governorates. He explained that the problem is not limited to fees alone, but also relates to the current operational model, which still restricts Aden Port to functioning as a receiving port despite its strategic potential to serve as a regional transshipment hub. He noted that rising shipping costs are driven by external factors, in addition to reliance on intermediary ports that increase expenses. According to Sharif, the solution lies in attracting direct shipping lines and activating transit activities. He added that the ministry had held meetings with the international shipping line "Sea Legend," which expressed interest in launching transit operations to Aden Port in the near future, contributing to lower costs and enhanced trade activity.
- The Ministry of Transport in Aden announced the launch of procedures to resume work on the "Qarmah" Port project in Socotra and the "Brom" Port project in Hadramout, as part of IRG efforts to reactivate vital ports and develop maritime transport infrastructure amid the repercussions of regional instability on shipping routes. The ministry explained that it had begun reviewing the technical and administrative aspects of the two projects, while completing studies and updating cost estimates in preparation for tendering, with the aim of enhancing maritime transport efficiency, stimulating commercial activity, and supporting development in coastal governorates.
- Chairman of the Presidential Leadership Council (PLC) Rashad Al-Alimi directed the resumption of operations at Nishtun Port in Al-Mahra Governorate after months of suspension, in response to efforts by local authorities that emphasized the port's importance in supporting the economy and securing supplies. Simultaneously, government efforts intensified to improve operational efficiency and technical readiness through meetings with the Ministry of Transport and the Arabian Sea Ports Corporation, enabling the port to receive fuel and food vessels and contribute to market and electricity service stability. The port administration also called on traders to benefit from the reopening, while work continued to complete administrative infrastructure. The port had previously been among four ports closed under reform measures aimed at tightening revenue collection.

- Rashad Al-Alimi also stressed the need for all IRG entities to close accounts held outside the Aden-CBY and transfer all revenues to the state's general account, within the framework of efforts to unify financial resource management and strengthen fiscal discipline. He further emphasized the importance of automating financial procedures to enhance the effectiveness of oversight bodies, removing illegal levy checkpoints, prohibiting interference in the powers of the Yemen Oil Company, and supporting anti-smuggling efforts.
- Minister of Electricity and Energy Adnan Al-Kaf revealed government efforts to revive the electricity interconnection project with Saudi Arabia to address the electricity crisis in southern and eastern Yemen. He explained that the project would cover the governorates of Shabwa, Hadramout, and Al-Mahra, with a capacity ranging between 500 and 1,000 megawatts, ensuring stable supplies and easing pressure on other governorates through the redistribution of fuel and energy resources. He noted that the project had been revived after years of suspension, alongside continued Saudi support for the electricity sector, at a time when the country suffers from severe production shortages and operating costs reaching approximately USD 1.2 billion annually.
- **The Aden-CBY and the National Committee for the Regulation and Financing of Imports:**
- The National Committee for the Regulation and Financing of Imports reported violations undermining its work and affecting exchange rate and commodity price stability, while affirming measures to facilitate financing for essential imports, medicines, and fuel. Committee Chairman and Aden-CBY Governor Ahmed Ghaleb was tasked with coordinating with the PLC and the IRG to address these violations and strengthen oversight at land and seaports to combat smuggling and customs evasion. The committee also emphasized compliance with regulations, protection of public resources, and cooperation between the government and private sector to maintain economic stability.

- The Aden-CBY issued a decision raising the minimum annual interest rate on new Yemeni Rial deposits to 18%, compared to 15% previously, while granting banks the freedom to determine interest rates on foreign currency deposits according to their own policies. It also liberalized lending rates, allowing commercial banks to set interest rates on loans and credit facilities based on their risk assessments and financing policies, while exempting Islamic banks, which continue to operate under Sharia-compliant financing mechanisms.
- The Aden-CBY announced the adoption of the Bloomberg B-Match platform as the sole official electronic platform for foreign exchange trading among banks operating in the Republic of Yemen. The bank set October 31, 2026, as the deadline for completing subscription procedures and fulfilling training and qualification requirements for bank personnel. Starting from November 1, 2026, any foreign exchange transactions conducted outside the platform will be considered violations, according to the circular issued by the Central Bank to commercial and Islamic banks.



The **Studies & Economic Media Center (SEMC)** is one of Yemen's leading civil society organizations. Established in 2008, SEMC has extensive experience in promoting good governance, transparency, civic participation, evidence-based advocacy, media development, and the economic and social empowerment of youth and women.

SEMC seeks to contribute to improving Yemen's economic system by making it more transparent and equitable. It works to advance the principles of transparency, good governance, and citizen participation in decision-making; support the development of a free, professional, and independent media sector; strengthen the economic and social empowerment of women and youth; and mitigate the impact of conflict on development pathways while contributing to sustainable peace.

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