

Doing business in Yemen - passage to the Middle East, Africa and Asia

August 2005



Overview by



*For thousands of years,
at the heart of the ancient spice routes,
Yemen,
the reputed home of the “Queen of Sheba”,
laid at the crossroads of Africa and the Middle East,
influenced myriads of travelers and conquerors
and continues to play a catalytical role
in the world trade arena!*



Contents

	SLIDE(S)
<u>Why Yemen</u>	5
<u>About Yemen – Geography</u>	6 – 8
<u>About Yemen – Ports</u>	9
<u>About Yemen – People</u>	10 – 11
<u>About Yemen – Climate</u>	12
<u>About Yemen – Nature</u>	13 – 16
<u>About Yemen – History & Culture</u>	17 – 23
<u>Economy</u>	24 – 30
<u>Economy – Mining</u>	31 – 32
<u>Economy – Agriculture & Fishing</u>	33 – 34
<u>Economy – Manufacturing</u>	35
<u>Economy – Foreign Trade</u>	36
<u>Banking</u>	37 – 41
<u>Tax Environment</u>	42 – 43
<u>Investment Environment</u>	44 – 53
<u>Investment Opportunities</u>	54 – 56
<u>Yemen Laws – Selection of,</u>	58



Map of Yemen



Why Yemen?

- Its location, the South west of the Arabian Peninsula;
- The acknowledged leading and maybe the only democracy in the region;
- A free market economy;
- Reformed legislative structure;
- No exchange control restrictions;
- Repatriation of profits;
- Low set-up and operating costs;
- Generous tax holiday incentives to foreign investors;
- An eager and low-cost workforce;
- A strategic marine location practically controlling the shipping routes from Europe to Africa and Asia through the Suez Canal;
- Easy access to regional markets;
- A country rich in natural resources;
- Spectacular and unique landscape, flora and fauna as well as a variation of climates create alone a tourist product ready to be exploited;
- A virgin market, investors will find tremendous scope for growth.



About Yemen – Geography

- Situated 15 degrees north of the equator in the southwest corner of the Arabian Peninsula, is bordered to the west by the Red Sea and to the south by the Gulf of Aden and the Arabian Sea.
- The coast line includes the strategically important Bab Al-Mandab, a narrow strait linking the Indian Ocean with the Red Sea and the shipping routes through the Suez Canal.
- Yemen is bordered on the north by Saudi Arabia and on the east by Oman.
- The capital is Sana'a.



About Yemen – Geography *(...continued)*



- Covers an area of about 550.000 km².
- It has approximately 2.000 km of coastline.
- The mountains average about 1.830 m (6.000 ft) in elevation reaching a height of 3.760 m (12.336 ft) at Jabal Nabi Shu'ayb, near the capital of Sana'a; the highest point on the Arabian Peninsula.



About Yemen – Geography *(...continued)*

- Yemen also includes many of the islands that dot the southern area of the Red Sea as well as the larger island of Socotra, located between the Arabian Sea and the Indian Ocean.
- Socotra is remarkable for its unique flora and fauna that is often compared to the Galapagos Island.



Bottle tree, Socotra island



About Yemen – Ports *(...continued)*

Sea ports

- International sea ports: Aden, Hodaidah, Mukalla.
- Local sea ports: Assaleef, Nashtoon, Al-Makha.

Airports

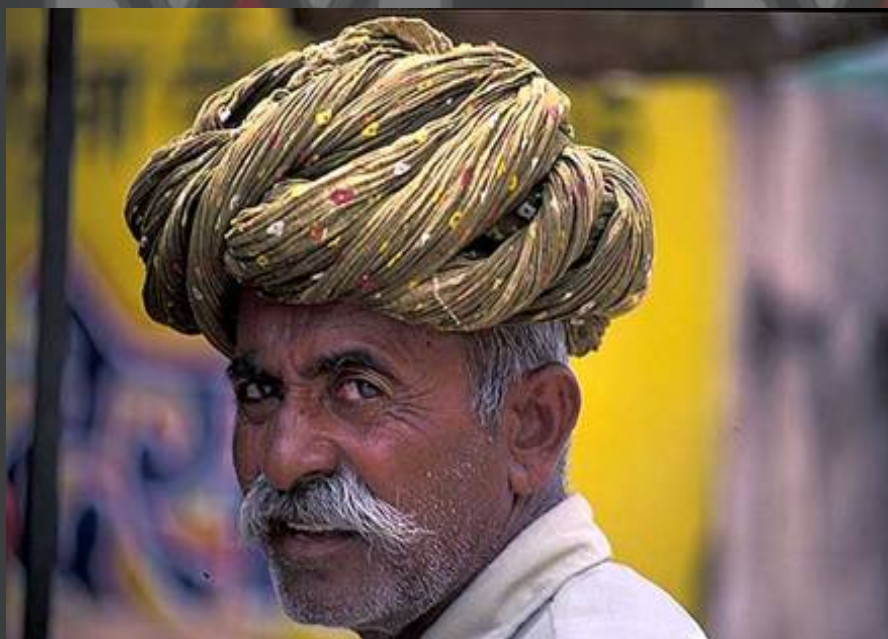
- International Airports: Sana'a, Aden, Rayyan, Hodaidah and Taiz.
- Local Airports: Seiyun, Al-Ghaidha Socotra, Mukairas, Al-Buga and Marib



Hanish islands on the Red Sea



About Yemen – People *(...continued)*



Yemeni, with a colorful turban

- The total population of Yemen is 20.727.063 (2005 estimate).
- Most inhabitants of Yemen are ethnic Arabs, with a significant minority of Africans, many of whom came as refugees fleeing the conflicts in Somalia and Ethiopia.
- A small minority of South Asians resides along the southern coast, and, due to ties that date back hundreds of years.



About Yemen – People (...continued)

- A significant minority of the population is organized into tribes, and for many Yemenis tribal identity is of primary importance. This is particularly true in the northern highlands, where the sheikhs of several individual tribes and two large tribal confederations, the Hashid and Bakil, can still mobilize large numbers in defense of tribal interests.



Jambiyya (traditional knife)



About Yemen – Climate *(...continued)*



Landscape, Taiz



Landscape, Al Mukalla

- Average temperatures for Yemen as a whole vary from about 27° C in June to about 14° C in January, but extreme temperature (up to 54° C) and high humidity is characteristic of the Tihâmah.
- Rainfall averages about 130 mm on the south coast, while the High Yemen gets 250 to 400 mm per year. Desert areas receive little or no yearly precipitation.



About Yemen – Nature



Landscape, Wadi Dhahr



Highlands, North Yemen

- The Yemeni highlands average about 1.830 m (about 6,000 ft) above sea level and rise at Jabal an Nabī Shu‘ayb to 3.760 m (12.336 ft), the highest peak on the Arabian Peninsula.
- The highlands in the north are loftier and more extensive than in the south.
- To the west and south, the highlands drop abruptly to a low, flat coastal desert plain called the Tihāmah.



About Yemen – Nature (...continued)

- Averaging about 50 km (about 30 miles) in width, this plain parallels the Red Sea the length of northern Yemen, turns abruptly east at the corner of the peninsula, and then runs parallel to the Gulf of Aden for part of the length of southern Yemen.



Qalansiah Lagoon, Socotra Island



About Yemen – Nature (...continued)

- To the east and north, the highlands descend gradually to the interior plateau that holds the vast Arabian desert known as the Rub' al Khali (Empty Quarter). The eastern half of Yemen is basically uninhabitable.
- The exception is the region of Hadhramaut, a large valley running parallel to the Gulf of Aden coast then turning southward to the sea.



Yemen desert landscapes



About Yemen – Nature (...continued)



Al Zubair island on the Red Sea

- Yemen islands and the Red Sea
 - Breathtaking scenery. Low lying sandy uninhabited islands, the Hanish and Kamaran groups, Uqban and about 3 dozen more are within comfortable cruising of each other.
 - All these islands and islets are surrounded with shallow fringing reefs with a wide variety of corals and associated fish and marine life.
 - Many lagoons offer ideal habitat for thriving green mangroves, some of the most diverse and important Eco-systems on this planet.
 - These islands are famous through history for their sea turtle nesting grounds, which lay their eggs in the soft sandy beaches.



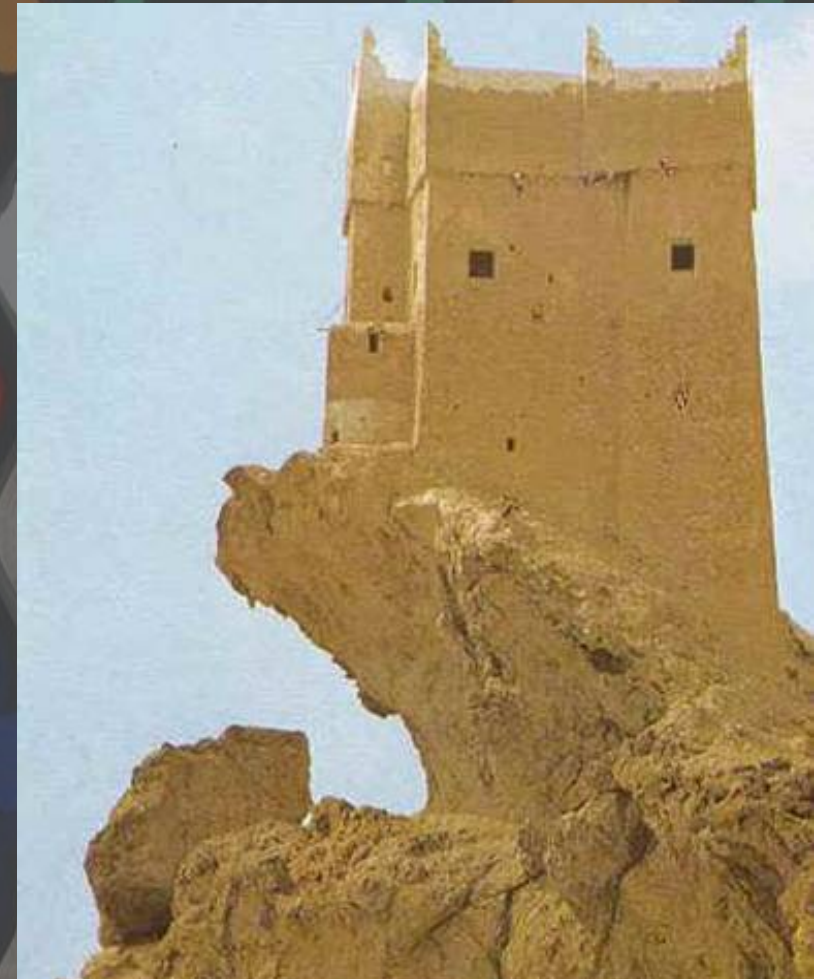
About Yemen – History and culture

- The little we know about pre-Islamic Yemen comes from epigraphic material (inscriptions on walls, columns, statues, coins) and records of Greek and later Yemeni historians. The picture we have so far on ancient Arabia is far from complete...
- The classical authors, though referring to a much later period, give a more detailed view into Yemen:
 - According to Greek Herodotus (500 BC), *"Arabia is the only country which produces frankincense, myrrh, cassia and cinnamon ... the trees bearing the frankincense are guarded by winged serpents of small size and various colors"*.
 - The Greek-Sicilian Diodorus Siculus (250 BC) writes, *"...all of Arabia exhumes a most delicate fragrance; even the seamen passing by Arabia can smell the strong fragrance that gives health and vigor... gold mines so pure, that no smelting is necessary"*.
 - The Greek Strabo (born 62 BC) gives the most detailed account of the various kingdoms of South Arabia, *"...the land is inhabited by four great peoples: first the Mineans, (inhabitants of Main) with their capital Karna (Qarnaw). The Sabeans with capital Mariba (Marib). They are followed third by the Qattabanians, whose capital seat is Tamna (Timna). Towards the west the Hadhramis have settled in the town of Sabota (Shabwa)"*.



About Yemen – History and culture (...continued)

- Archeological remains and the continuing scientific research indicate that the land of Yemen has been consistently inhabited and settled from way back to the most ancient ages known to archeologists and anthropologists.
- The Ancient Yemeni civilizations reached sophisticated levels of development and prosperity, which made the Greeks and the Romans call the home of these ancient civilizations “Arabia Felix” (Friendly/Happy Arabia).



Ghuawaizi Fort, Mukalla

About Yemen – History and culture (...continued)

- Yemen is a part of the Islamic world and as such reflects many of the contemporary trends in Islam.
- At the same time, the Yemenis are intensely proud of their pre-Islamic 7.000 plus year old heritage.
 - When the Mineans, Sabeans and Himayirite (1200 B.C. – 600 A.D.) brought with them the rudiments of what was to become the highly developed civilization of Southern Arabia.
 - Also monopolized the 3.400 km long frankincense and myrrh trade route from Arabia to Palestine for more than a 1.000 years.
 - Worth noting, the impressive dam built by the Sabeans at 800 B.C. provided irrigation for farmland and stood for over a millennium.



Ancient city of Sana'a, founded by Shamson of Noah and declared by UNESCO as "World Heritage of Mankind"



About Yemen – History and culture *(...continued)*



Wadi Dhahr

- Ample Persian, Greek, Roman, Indian, Indonesian, Chinese, Abyssinian and Ottoman influence, determines on various aspects both orthodox and contemporary Yemeni culture and vice versa.
- It is interesting to note the counter-influence of South Arabian and ancient Western and further Eastern civilizations; similarities have been drawn, e.g. between marriage institutions in India and Yemen and between religious music in Yemen, ancient Persian and Greek rituals and Byzantine masses.



About Yemen – History and culture (...continued)

- Cultural differences abound between regional groups in Yemen.
- Many of the inhabitants of Hadhramaut reflect the cultural and genetic determine of Southeast Asia with which the district has historic commercial ties.
- Those Yemenis living in the coastal lowlands reflect the racial and cultural determines of nearby Africa, and cosmopolitan Aden, which Great Britain governed as part of India from the mid-1800s through the early 1900s, still bears traces of the culture of the Indian subcontinent.



Yemeni with jambiyya



About Yemen – History and culture (...continued)



Sabean script 200 B.C., Marib



Sabean alabaster vessel, 200 B.C.

- Best-known characteristic of Yemeni culture is its architecture, which dates back more than 2,000 years.
- In the mountainous interior, buildings are constructed of stone blocks to a height of four to six stories and more, with highly decorated windows and other detailed features designed to beautify them and emphasize their height and grandness.
- In the desert regions, the buildings are usually made of adobe, with the various layers emphasized and often tinted.



About Yemen – History and culture (...continued)

- Yemen is rich with art and humanities due partly to diversified country morphology and colorful trade culture.
- People in Yemen are overwhelmingly friendly and hospitable.
- Qat chews are spontaneous afternoon house parties where Yemeni men gather to chew the leaves of the qat plant and chat.
 - Qat is a mild stimulant, chemically unlike any other drug.
- Women mostly live secluded from non-family men.



Yemeni chewing Qat



Yemenis selecting Qat



Economy

- Yemen's unit of currency is the Rial (YER). As per August 2005:
 - 1 USD ~ 192,50 YER
 - 1 EUR ~ 236,50 YER
 - The Rial consists of 100 fils
- Successful efforts to improve the economy since 1990 focused on Yemen's petroleum industry, its considerable agricultural and fishing potential, job training, and infrastructure. **By the late 1990s Yemen's efforts, particularly in developing its petroleum industry, had resulted in a stable, growing economy.**



Yemeni Rial (YER)





Yemeni girl carrying bread

- Yemen's population is large and poor with one of the highest birthrates in the world, supported by one of the region's smallest economies.
 - Comparatively, the average annual income in Yemen is less than US\$500, while in Saudi Arabia and UAE, per capita income is US\$9,000 and US\$20,000 respectively.
 - 42% of the people live in poverty and one in five is malnourished.
 - Among the major problems are limited access to basic services, a very high fertility rate (6.7%), high illiteracy rates especially among females (73.5%), high unemployment (40%), significant gender inequality and gaps on a number of development indicators and a non-renewable water supply, which is dwindling at an alarming rate.

Economy (...continued)

- **Rural poverty alleviation** is a major focus of Yemen's current strategy, with the government focusing on employment diversification away from agriculture, and on comprehensive infrastructure and service improvement in certain regions.
- **Yemen's very meager water supply** leaves 90% of the population with less than a minimum standard of domestic supply. In addition, poor access to safe drinking water (only 69% of the population) and poor sanitation are daily reminders of poverty, which is especially onerous for rural girls and women, who often must walk for hours every day to collect water.
- Despite improvements in **education** for women, Yemen's gender gap is among the widest in the world, with only 55% of primary school aged girls in school (and only 24% in rural areas), and a 15% higher child mortality rate for girls. Notably, 73% of adult women are illiterate.
 - Illiteracy, immobility, lack of control over fertility, limited access to credit, and limited opportunities for participation in decision-making, reduce the quality of life of women.



Economy (...continued)

- Yemen's macroeconomic situation has improved greatly during the past decade, and a major economic stabilization program has been in place since 1995. Real GDP growth about 3,0% in years 2003 to 2005 has been moderately ahead of population growth, although non-oil sectors have grown more slowly than oil during 1999-2000, which did not have positive implications for employment or income distribution.

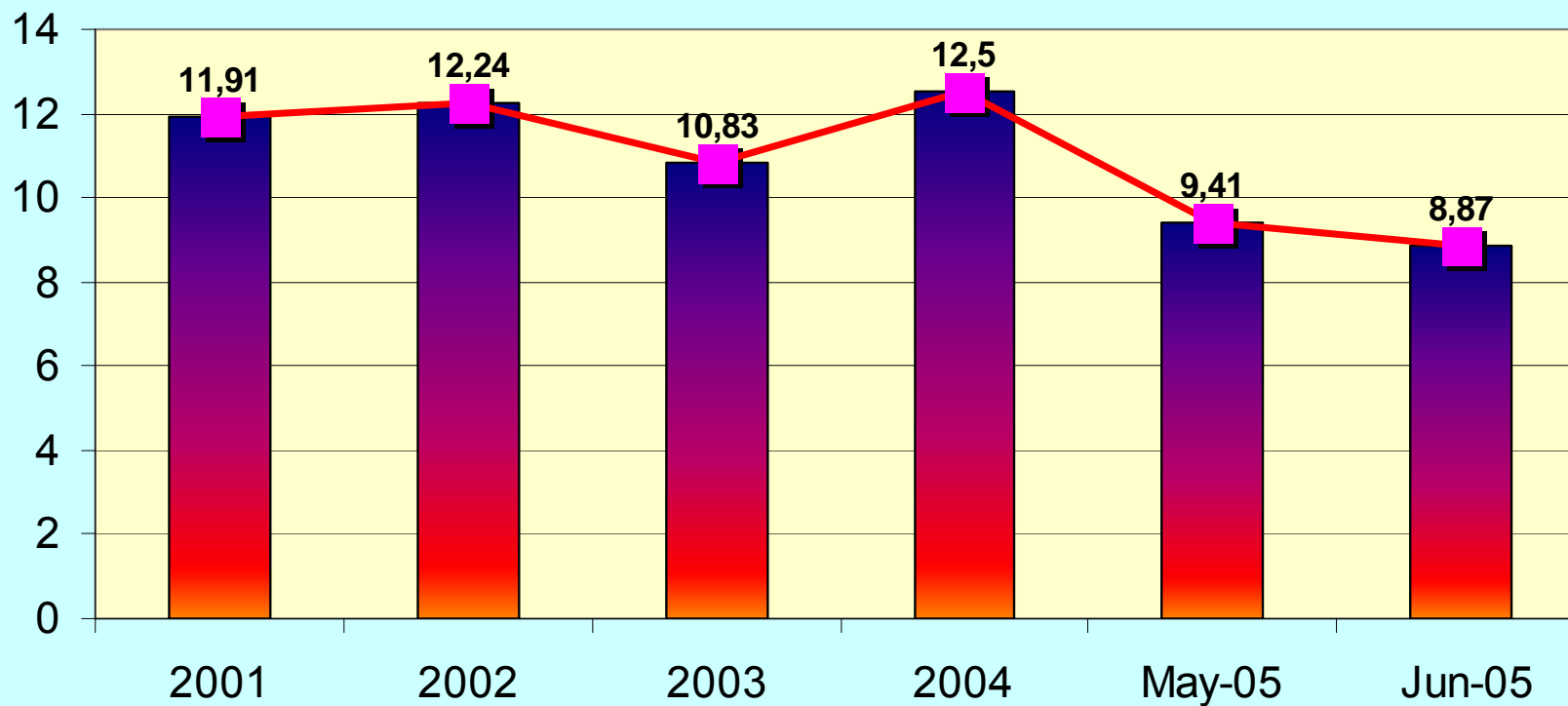
(%)	2001	2002	2003	2004	2005*
GDP growth	4.6	3.9	3.1	2.7	2.9
Oil	1.3	0.4	-1.8	-5.9	-4.7
Non oil	5.2	4.6	4.0	4.1	4.0
GDP per Capita growth	1.5	0.8	0.1	-0.4	-0.2
Crude oil production/ 1.000 bpd	434.3	432.9	425.2	400.0	381.0

Source: World Bank Economic Update on Yemen, Spring 2005

*Projected



Yearly Inflation Rates (%)



Central Bank of Yemen



Economy (...continued)

- The main pillars of the Government's strategy are based on:
 - *Improving governance* of the public sector as a way to improve allocation of public resources.
 - Creating *an attractive environment for private investment* as a way to generate jobs for the rapidly growing labor force.
 - *Improving human capital* is an essential long-term strategy to decrease poverty and increase Yemen's human potential.



Fresh water lagoon at Socotra island



Desert landscape at Wadi Hadhramawt





At the ancient city of Sana'a

- *Ensuring environmental sustainability* for Yemen's future is crucial. The depletion of groundwater has direct impacts on poverty, employment, and social order. *Given Yemen's heavy dependence on rainfall capture and diversion of floods for irrigation, the protection of watersheds is a major priority.* Groundwater management has created a new emphasis on joint urban and rural planning. In addition, the rural economy's agricultural dependence has created the need for a new focus on soil conservation.

Economy – Mining *(...continued)*

- Oil was discovered in Yemen relatively recently, in the mid- 1980s.
 - Yemen's oil production grew between 1990 and 2003 to 470.000 bpd from 70.000 bpd. Oil came to dominate Yemen's economy with more than half of government revenue deriving from oil.
- Yemen is rich with gold, zinc, lead mineralization, titanomagnetite mineralization and feldspar, however, lack of funds have not developed their mining systematically.
 - Other deposits include, clay minerals, silica sand, quartz, volcanic slag, perlite and pumice, carbonate rock, salt rock, gypsum, black sand, zeolite, basalt rock, gabbros, limestone, marble, red stone and alabaster.



Myrrh, amongst the finest worldwide



Antique coral beads



Economy – Mining *(...continued)*

- Due to its dependence on oil production and exports, Yemen's economy is highly vulnerable to fluctuations in oil prices on international markets.
- Although only 4% of the country has been investigated, Yemen's identified oil reserves are shrinking, and according to current estimates, reserves could expire in about 18 years if new fields are not explored.
- Ample natural gas fields remain largely unexploited!



Sayun



Economy – Agriculture & Fishing (...continued)

- Agriculture remains an important sector, and farming and livestock raising are the chief livelihood for most of the country's population occupying directly or indirectly more than 60% (2004) of the country's workforce.
- The extremes of topography and climate, especially in the north, permit a wide variety of crops, including grain (particularly sorghum, but also wheat, millet, and barley), fruits and vegetables (most notably tomatoes, potatoes, grapes, watermelons, papayas, and bananas), coffee, and the domestically valuable Qat. In most areas of the highlands, crops are grown in terraced fields cut into the hills.



Bridal henna tattoo



Typical henna tattoo



Economy – Agriculture & Fishing (...continued)

- Since the 1980s Yemeni farmers have developed various irrigation projects in an effort to turn some of the country's plentiful desert into workable farmland and to further increase the variety of crops that can be planted.
- Sheep and goats are widely raised in Yemen, as are some cattle.
- Fishing is also important to Yemen's economy. Tuna, mackerel, cod, crab and lobster are caught by commercial as well as independent boats; the catch is sold fresh and dried, and canning factories are in operation in some of the country's coastal areas.



Bedouin young girl in traditional costume



Economy – Manufacturing (...continued)



Market place at Muzzafur

- The manufacturing sector is characterized by high degree of industrial and geographical concentration, family ownership and low value-added to inputs ratio.
 - Yemen's petroleum refineries account for a large share of the country's industrial output.
 - Other manufactured products include foodstuffs, textiles, farming equipment, cement, and cigarettes.
 - Many products in Yemen continue to be made by hand and sold locally.
 - Woven fabrics, glass and leatherwork, pottery, and jewelry are made by craftspeople who sell their work in the *suqs* (bazaars) held in many of Yemen's cities, towns, and villages.



Economy – Foreign Trade *(...continued)*

- Oil dominates Yemen's export trade, and the rise of the petroleum industry has allowed the country to turn from large trade deficits in the mid-1990s to large trade surpluses in the early 21st century.
 - Petroleum products account for more than 95% of export earnings.
 - Other exports include textiles, hides and skins, and coffee.
- Yemen's chief imported products are food, manufactured consumer goods, machinery, transportation equipment, and chemicals.
- Leading purchasers of Yemen's exports are India, Thailand, South Korea, China, Japan and Singapore; chief sources of imports are the UAE, Saudi Arabia, India, Kuwait, and the US.

	01-09/2003	01-09/2004	% change
Exports	2881.7	3411.8	18.4
Imports	-2686.5	-2811.1	4.6
Trade balance	195.2	600.7	207.7
Services balance	-420.8	-527.3	25.3
Income balance	-736.3	-890.9	21.0
Current transfer balance	1034.4	1133.8	9.6
Current account balance	72.5	316.3	336.3

Source: Ministry of Economy, Republic of Yemen



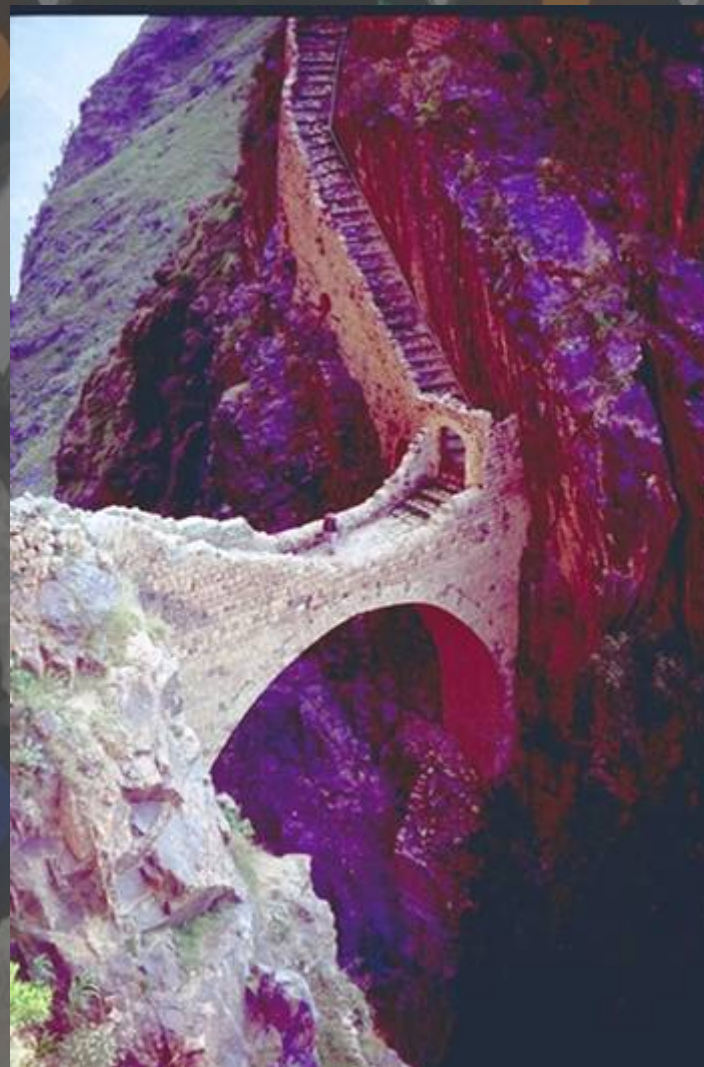
Banking

- The recently enacted Central Bank Law and the Commercial Bank Law are considered to be some of the strongest in the region.

[The Central Bank Law](#)

(PDF document)

- The Yemeni banking sector is comprised of the Central Bank of Yemen, 6 private local commercial banks, 4 private foreign banks, 4 state-owned banks and 3 Islamic banks.
- Foreign banks include the, United Bank, Al Radifiyan Bank, Calyon Corporate & Investment Bank and the Arab Bank.



Shihara region





Windows at Wadi Hadramawt

- Financial statements are prepared in accordance to International Accounting Standards (IAS).
- The total assets of the whole banking sector is about US\$4,0 billion.
- Minimum capital requirement for a bank is YER 6.0 billion (~US\$ 35 million)

[The Banking Law](#)

[\(PDF document\)](#)



Banking *(...continued)*

#	Name of bank	Established	Ownership (%)			Branches
			Private	Foreign	State	
1	Tadhamon Islamic Bank	1996	96,7	3,3		13
2	Islamic Bank for Development	1995	73,5	22,0	4,5	5
3	Saba' Islamic Bank	1997	85,0	15,0		9
4	Yemen Kuwait Bank	1979	100,0			5
5	Shamil Bank of Yemen & Bahrain	2002	75,0	25,0		2
6	Yemen Bank for Reconstruction & Development	1962	49,0		51,0	37
7	National Bank of Yemen	1969			100,0	31
8	Yemen Commercial Bank	1993	90,0		10,0	8
9	Yemen Gulf Bank	2001	77,0	22,0	1,0	2
10	Watani Bank for Trade & Investment	1998	100,0			4
11	International Bank of Yemen	1979	79,6	20,4		5
12	Arab Bank Limited	1972		100,0		6
13	Calyon Corporate & Investment Bank	1975		100,0		5
14	United Bank Ltd.	1972		100,0		2
15	Al-Rafidyan Bank	1982		100,0		1
16	Housing Credit Bank	1977	3,0		97,0	2
17	Cooperative & Agricultural Credit Bank	1982	13,3		86,7	34

Source: Elite Consulting - Yemen



Banking *(...continued)*

#	Name of bank	Capital		Total Assets			
		(31/12/2004)		(31/12/2004)		(30/06/2005)	
		YER mn	USD mn	YER mn	USD mn	YER mn	USD mn
1	Tadhamon Islamic Bank	3.000,00	17,16	107.200,00	613,04	122.600,00	701,11
2	Islamic Bank for Development	1.250,00	7,15	21.000,00	120,09	23.500,00	134,39
3	Saba' Islamic Bank	1.974,00	11,29	43.000,00	245,90	58.700,00	335,69
4	Yemen Kuwait Bank	1.250,00	7,15	26.400,00	150,97	31.100,00	177,85
5	Shamil Bank of Yemen & Bahrain	2.000,00	11,44	11.600,00	66,34	14.100,00	80,63
6	Yemen Bank for Reconstruction & Development	2.000,00	11,44	54.200,00	309,95	56.400,00	322,53
7	National Bank of Yemen	2.100,00	12,01	59.000,00	337,40	62.800,00	359,13
8	Yemen Commercial Bank	1.234,00	7,06	32.000,00	183,00	32.300,00	184,71
9	Yemen Gulf Bank	1.250,00	7,15	11.400,00	65,19	12.400,00	70,91
10	Watani Bank	1.482,00	8,48	27.000,00	154,40	23.700,00	135,53
11	International Bank of Yemen	1.250,00	7,15	56.900,00	325,39	61.500,00	351,70
12	Arab Bank Limited	2.000,00	11,44	135.700,00	776,02	137.900,00	788,60
13	Calyon Corporate & Investment Bank	1.304,00	7,46	65.300,00	373,43	64.100,00	366,57
14	United Bank Ltd.	1.250,00	7,15	3.900,00	22,30	4.200,00	24,02
15	Al-Rafidyan Bank	0,06	0,00	5.500,00	31,45	7.100,00	40,60
16	Housing Credit Bank	200,00	1,14	N/A	N/A	N/A	N/A
17	Cooperative & Agricultural Credit Bank	293,00	1,68	N/A	N/A	N/A	N/A
	Total	23.837,06	136,32	660.100,00	3.774,89	712.400,00	4.073,98

Source: Elite Consulting - Yemen



■ Balance Sheet of Commercial Banks

Yemeni Rials (Billion)	1998	1999	2000	2001	2002	Jan-03
Foreign assets	64.9	71.0	103.3	120.5	152.0	161.2
Reserves	35.7	43.6	45.5	50.6	55.7	54.2
Certificates of deposit				30.0	46.2	45.2
Claims on government	36.3	40.0	63.2	54.8	75.2	71.3
Treasury bills	36.3	40.0	63.2	54.8	75.2	71.3
Claims on nongovernmental sector	54.5	63.1	76.2	96.0	110.0	116.3
Other assets	20.7	24.5	22.3	23.6	24.9	28.3
Assets - Liabilities	212.1	242.1	310.6	375.5	464.0	476.8
Foreign liabilities	7.1	7.2	9.4	4.7	3.4	4.0
Demand deposits	31.5	29.6	41.0	49.0	49.8	45.8
Quasi-money deposits	49.3	60.3	81.1	96.3	139.1	136.2
Foreign currency deposits	85.1	99.9	127.6	161.9	198.8	217.0
Government deposits	0.1	0.0	0.0	0.1	0.0	0.0
Other Liabilities	39.0	45.1	51.4	63.5	72.8	73.9
Assets - Liabilities	212.1	242.1	310.6	375.5	464.0	476.8

Source: Central Bank of Yemen



Tax Environment



Yemen youth

- Tax environment of Yemen from an investor's point of view is according to the **Income tax Law no: 12 of 1999**.
- There are basically six different types of tax on income, applied according to the category of income and according to the type of taxpayer. These are, very broadly, as follows:
 - Taxes on companies
 - Corporate tax
 - Taxes on individuals
 - Tax on Professions
 - Salary tax
 - Tax on companies and on individuals
 - Rental income tax
 - Commercial and industrial profits tax
 - Properties sales tax



Desert Rose, Socotra island

■ Corporate Tax

- The tax is levied on the profits of all companies incorporated under the **Commercial Companies Law no. 34/1991**, as well as the branches of foreign companies.
- Tax is at various rates from 10% to a maximum of 35% per annum.
- The tax rate for non-resident companies is 35%.

[The Income Tax Law](#)

[\(PDF document\)](#)

[The Commercial Companies Law](#)

[\(PDF document\)](#)



Investment environment



At a suq at the ancient city of Sana'a

- Yemen over the past years has made impressive strides forward and has set the stage for sustainable nation building.
- It has introduced multiparty system election, respect for human rights, freedom of press and **has distinguished itself as a leading democracy in the region.**
- The country's shift to a free-market economy and the implementation of economic reforms in the mid-nineties have created an attractive environment for investment.



Investment environment *(...continued)*

- Investment is now open for all industries: energy (oil and natural gas), minerals, shipping, agriculture and fishing, transport infrastructure, telecommunications, hospitality and tourism.
- Oil and gas in Yemen have become foremost sectors and backbone in the economy of the country, **however, only 4% of the country has been investigated for deposits.**



Petroleum pipeline



Investment environment *(...continued)*



Dragon tree in Socotra island

- Two main Laws, the Investment law No. 22/2002 and the Free Zone law No. 4/1993 are the main pillars of Yemen's investment environment. They aim to mobilizing and facilitating the influx of potential local Arab and foreign capital and providing the private sector with the impetus for more involvement in investment endeavors.

[The Investment Law](#)

[\(PDF document\)](#)

[The Free Zone Law](#)

[\(PDF document\)](#)



Investment environment *(...continued)*

- The **main characteristics of the investment law** are as follows:
 - Arab and foreign investors are given the same treatment as Yemenis.
 - Administrative procedures for obtaining an investment license are simple and easy.
 - Repatriation of investment capital and profits are guaranteed.
 - Procedures used to settle disputes are recognized internationally.
- The most important **incentives** are as follows:
 - Exemptions from custom fees and taxes on fixed assets.
 - Exemption from taxes on profits for seven years with a possible extension up to 16 years.
 - Exemption from taxes on real estate, capital and contract authorization fees.
 - Exemptions from returns as a result of technology utilization licenses for five years.
 - Exemption from custom duties on animal, agriculture and fishing production.
 - The right to own land and buildings.
 - Permission to open outlets to market products of the project in any part of the Republic of Yemen.
 - Management of the project at the investor's discretion without any interference.
 - Prohibition of imposing financial or non-financial burdens that might disturb equality among projects or of imposing any pricing system.



Investment environment *(...continued)*

- The investment law also provides for adequate **guarantees** against nationalization, expropriation or sequestration of projects, or the freezing of assets unless done through legal means
- The investor is allowed to make a choice on how to pursue settling a dispute. Institutions involved in disputes are as follows:
 - Arab Organization for the Insurance of Investment, Kuwait.
 - Islamic Corporation of the Insurance of Investment and Export Credit, the Kingdom of Saudi Arabia.
 - Multilateral Investment Guarantee Agency (World Bank Group), USA



Ancient city of Sana'a



Investment environment *(...continued)*

- The General Investment Authority (GIA).
 - The GIA, established in March 1992, is charged with implementing Yemen's Investment Law 22 of 1991.
 - The primary role of the GIA is to ascertain and promote investment opportunities in Yemen, license investment projects and assist investors in overcoming impediments.



Haraz mountains



Investment environment *(...continued)*

- **Legal and institutional framework.** Apart from the investment law, the Yemeni government issued a number of other laws that are closely connected to providing an appropriate environment that would attract investments.
- Laws related to the activities of law offices, appearance of public before the courts and the commercial register.



Christian priest



Investment environment *(...continued)*

■ Free Zone Incentives

- **Exemption from taxation** on Industrial and Commercial profits for 15 years with a possible extension for subsequent 10 years.
- **100% Foreign Ownership** permitted and encouraged.
- Capital and profits are freely transferable outside the Aden Free Zone and **not subject to any exchange control**.
- **Salaries, wages and bonus** of non-Yemeni employees working on projects in Aden Free Zone **are exempt from income tax**.
- **Nationalization and expropriation** of projects operating in Aden Free Zone **are not permitted**.

■ Free Zone Sovereign Guarantees

- Projects shall have the **right to transfer their capital and profits to outside the Free Zone**.
- Non-Yemeni employees and workers shall have the right to remit their salaries and wages and the like to outside the Free Zone.
- Nationalization or confiscation of projects operating within the Free Zone is prohibited.
- Seizing the funds of these projects or freezing them or imposing guardianship are prohibited except by a judicial ruling.



Investment environment *(...continued)*



Aden container terminal



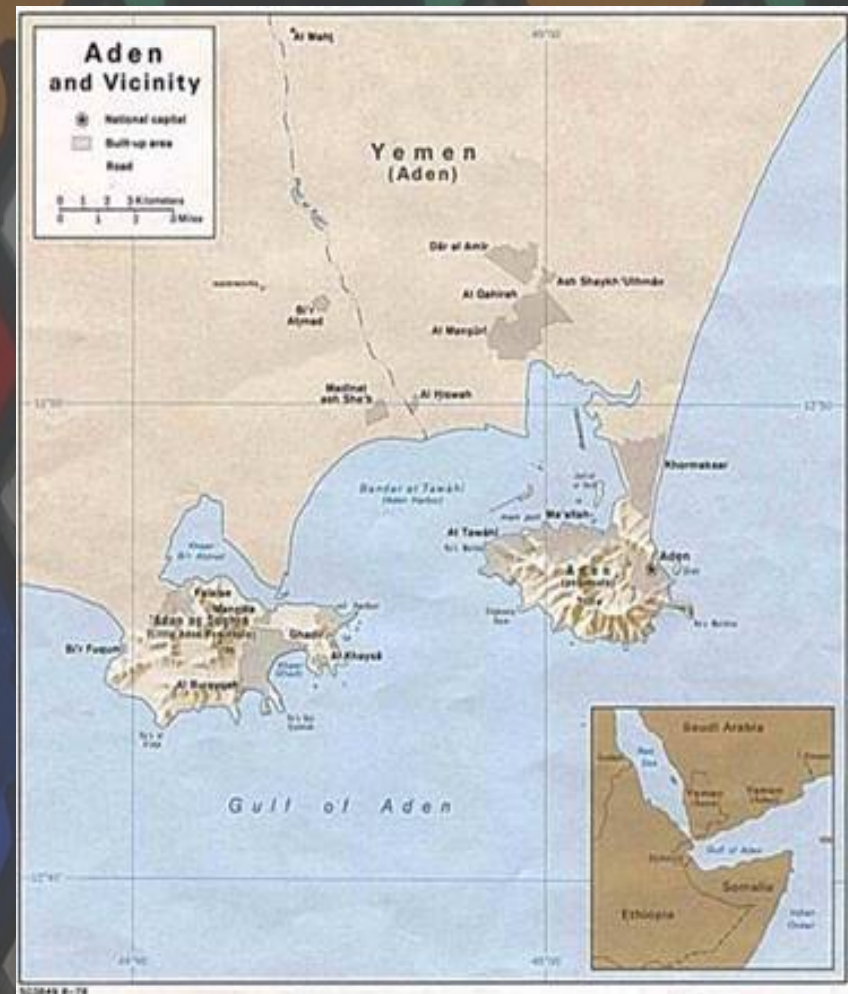
Al Tawilah Cisterns, Aden

- The Aden Free Zone and Port.
 - The port of Aden is one of the worlds largest natural harbors located at the crossroads of the Red and the Arabian Sea with direct access to the Indian Ocean.
 - One of the most modern and well-equipped container terminals in the region.
 - Ample space for container storage and handling operations.
 - Post-panamax quay cranes
 - 16m depth alongside (with provision for 18m draughts).



Investment environment *(...continued)*

- The Port utilizes the Computer Integrated Terminal Operation System (CITOS).
 - The system features the most advance features for berth, ship and yard planning.
 - Also supporting automation for document submission based on industry EDI standards such as Baplie.
- Situated 4 miles from the main East-West shipping route with deep natural harbor.
- 9 days steaming from Europe and 7 days from Singapore.



Investment opportunities

- Yemen's most obvious investment opportunities lie in:
 - Energy (oil and natural gas), e.g.
 - the total capacity of the country's two **oil refineries** is 130.000 bpd when domestic demand is three times more.
 - There is currently no **natural gas** production when the proven reserves exceed 13 trillion cubic feet.
 - Only 2/5 of the country's households have electricity and **power generation** required must be at least tripled.
 - Agriculture and fishery, e.g.
 - Manufacturing of **fertilizers** for farming.
 - Production of **fodder** for animals from protein-rich fish byproducts available from fish canneries in Abyan and Hadramout.
 - Manufacturing of concentrated orange juice and tomato paste from raw materials abundantly available through agricultural production.
 - **Fishing and exporting fish** and other marine life through the use of modern fishing boats, which are available in abundant quantities along the 2,500km coastline.
 - Establishment of **poultry farms** for raising chickens and furnishing them with hatcheries.
 - Raising livestock on modern farms for the production of **meat and dairy products** in the Tihama province.



Investment opportunities *(...continued)*

□ Minerals, e.g.

- Establishment of a **smelter** for melting scrap iron and imported alloys for manufacturing purposes
- Manufacturing of **glass**, in which raw materials, such as limestone, sandstone and sodium carbonates, are available in large quantities in the Shabwa, Al-Baidha, Abyan, Hodeidah and Sana'a provinces.
- Extraction, breaking and burnishing of **granite** for the making of granite tiles. Granite is available in large quantities in the Shabwa, Al-Baidha and Abyan provinces.
- Manufacturing of **rock wool** for insulation purposes. Basalt can be extracted in the Sana'a, Dhamar, Hodeidah and Taiz provinces.
- Production of **limestone** available in the Sana'a and Dhamar provinces.

□ Hospitality and tourism, e.g.

- Construction of **hotels and tourist villages** in (a) the provinces of Sana'a, Ibb, Taiz and Hadramout and (b) in the picturesque Al-Khokha on the Red Sea and on Yemeni islands with their unique morphological characteristics.



Investment opportunities *(...continued)*



Sabean temple 1000 BC, Marib



Great Dam ruins 800 BC, Marib

- Banking, e.g.
 - A sector imminent for consolidation and in need of financial institutions able to absorb the requirements of medium- to larger-size projects.
- Water management, e.g.
 - **Desalination plants** and water management projects. Given Yemen's heavy dependence on rainfall capture and diversion of floods for irrigation, the protection of watersheds is a major priority. Groundwater management has created a new emphasis on joint urban and rural planning. king



Investment opportunities (...continued)

- Other
 - Education
 - Health
 - Real Estate Development
 - Transportation
 - Waste Management
 - Textile

For receiving a complete list and description of investment opportunities in Yemen or for any other investment related query contact:

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Yemen youth



Yemen Laws – Selection of,



At the ancient city of Sana'a

- [The Income Tax Law](#) (PDF document)
- [The Investment Law](#) (PDF document)
- [The Free Zone Law](#) (PDF document)
- [The Foreign Trade Law](#) (PDF document)
- [The Trade Law](#) (PDF document)
- [The Commercial Companies Law](#) (PDF document)
- [The Central Bank Law](#) (PDF document)
- [The Banking Law](#) (PDF document)



Contact us



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Sources

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- Ministry of Economy, Republic of Yemen
- Ministry of Oil & Mineral Resources, Republic of Yemen
- Ministry of Electricity & Water, Republic of Yemen
- Ministry of Industry & Trade, Republic of Yemen





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