

THE BROOKINGS DOHA CENTER

YEMEN ON THE BRINK:
THE REGIONAL RESPONSE TO
SECURITY AND STABILITY

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P R O C E E D I N G S

MR. AMR: (in progress) -- read, as you'll read in his bio, he is founder of a number of publications in Yemen. He started his career with the Arab Democratic Institute, worked on voter awareness, election monitoring. He's published dozens of books and articles. He has the Yemen Report, the Yemen Observer, and has commented on CNN and a number of programs.

To his left, to my immediate right, Ambassador Stephen Seche served as Ambassador of Yemen -- Ambassador of the United States to Yemen -- since September 2007. He has a long career serving in the U.S. Diplomatic Corps in countries as varied as Guatemala, Peru, Canada, and India. And in the multipolar world we're living in today, we're seeing that even countries as far away as Brazil are playing a role in our region. Ambassador Seche has also worked as a journalist for years before joining the Foreign Service.

To my left is Barak Barfi, an American scholar. He's a visiting fellow here at the Brookings Doha Center. Before joining us, he did a fantastic report for the Washington-based think tank, The New America Foundation, on Yemen and has previously worked with ABC News. His writings have appeared in the Washington Post, the Lebanese Daily Star, the Seattle Times. And he lived, I believe, for a full year in Yemen, just in the last few years, doing research all over the country.

So what we have here are three really different diverse

perspectives on the situation in Yemen. We're really glad you're all here to join us for this. We've got it looks like more than a full house and we apologize. It might be possible to get a few more chairs for those of you who have just arrived.

My name is Hady Amr. I'm the director of the Brookings Doha Center, a fellow at the Saban Center for Middle East Policy. This workshop this evening -- this event this evening follows a wonderful workshop that we held today in partnership with Chatham House, and I want to -- the renowned British think tank, and I'm really pleased to be here with my colleagues from Chatham House who really helped make this event possible, helped pull it together. We had a wonderful workshop on Yemen in the other room just today. The title of today's event is, as you have in your handouts -- what is the title of today's event? I want to get it right since I referenced it.

SPEAKER: Yemen on the Brink.

MR. AMR: Yemen: Regional Responses to Security and Stability. And I'm really pleased to have you all here today. What I'm going to do is turn over the comments to Faris, then Ambassador Seche, and then Barak. They'll each speak for about 10 minutes and after that we'll go to a question-and-answer period.

Just a word about Brookings. Brookings is America's oldest and largest think tank. It's now getting to be 100 years old soon and it was founded as a place to bring together business, government, media, and academia to discuss and debate pressing

issues of the day.

Yemen is clearly -- the future of Yemen, the prosperity of Yemen is clearly an important issue for a range of reasons: for its young, large, and growing population; for its important strategic hub; in the Arabian Sea, the Indian Ocean, the Red Sea where there are piracy issues today and it's a tremendous shipping lane to one of its biggest exports, which is its population. So it's an important event.

We're really glad you're all here and I'll just turn over the parole to my new friend, Faris Al-Sanabani, and also remind you that simultaneous translation is available in -- to Arabic. Our panel will be speaking in English.

Thank you.

MR. AL-SANABANI: Thank you, Hady. Good evening, ladies and gentlemen. On the way over here, I was in a car with the wife of His Excellency, the Ambassador, and she mentioned to me about how gutsy we are speaking in public in front of people, and I find it a good opportunity to share with you my biggest fear in public speaking. It's the fear of putting people to sleep. But I've learned throughout the years that when you say stories, people tend to be awake, they relate to them and they remember them. And that's why I'm going to start my evening talk with two stories: one of them is short and the other one is even shorter.

A few days ago, I invited an American -- an American researcher -- a young American researcher to dinner in Yemen. And

since he was young, I chose to take him to the old city, where we sat on the floor and had some food, which is beans. There was a lot of young and old Yemenis around us and every once in a while they'll peak a look at him, an American, blonde hair, eating with his hand. That got their attention.

And then one of the old men look at him and he says, (Arabic), which means where are you from?

And he said, America.

I looked at him and I smiled and I said, aren't you afraid to say to the people that you're American?

He said, not in Yemen. I love Yemen and I love the people of Yemen. He went further to say to me that prior to coming to Yemen, he imagined that it was a scary place. He said, before I came to Yemen, I imagined as the plane lands that they'll be big trees and there will be people with guns in the trees pointing at me. That was from what I've read about the country.

The other story is about somebody that you all are familiar with and that Doha is familiar with. It's the famous New York columnist, Thomas Friedman. He came to Yemen two months and a half ago, and we were having dinner and he said to me, Faris, I feel safe in Yemen. Yemen is not Afghanistan. Yemen is not Pakistan or even Iraq. And he shared with me that upon his arrival, he imagined, from what he has read, that he would be met by Osama bin Laden himself at the stairs of the plane, with the trunk of the car open saying welcome, Mr. Friedman, shove him in the trunk, close the

door and drive away.

My friends, Yemen has a problem -- a big problem -- problem with image. What people know from far about Yemen is scary. But once they visit Yemen, once they see the potentials, the tourism, the beaches, the fisheries; once they see the skyscrapers in Manhattan of the desert and the 1,001 lights in the old city, the wealth, the weather, the food, and the music; once they meet the people of Yemen, they fall in love with this country.

So am I here to tell you that Yemen is perfect and the sky is blue? Definitely not. If it was, I probably would not be here, nor would be the guest panelists. Or maybe they could be here speaking about Iraq or Afghanistan. When I first looked at the letter and the invitation for the Brookings Doha Center listing the problem facing Yemen, I looked at them and I said hmm, the first one, that's correct. The second one is correct. The third one -- true, we have economical problem. True, we have problem with Al-Qaeda and et cetera, et cetera. I recognized and acknowledged every one of them.

I even have a few more to add. We have a problem with population growth -- 3.02. That's one of the highest in the world. In numbers, that translates into 700,000 Yemeni people per year. That number is bigger than countries -- many, many countries.

We have a problem with oil revenues. We know that 70 percent of the government budget comes from oil revenues and its depleting.

We have a problem with piracy. It's not in Yemen, but Yemen is affected in every aspect.

We have a problem with water shortage.

And last, but not least, a problem with gas. And I see a few people smiling who know what gas is. It's a -- one of the Yemen problems and something that Yemenis are addicted to.

Prior to coming here, I was asked by an institute -- by the organizers to look into whether Yemeni's government and officials know the problem that they are facing. And I did. I spent a few hours with Yemeni people and with government officials. When I (inaudible) with government officials, they listed the problems. One of the ministers listed them in the same order that the Brookings Institute listed them. So they do feel and understand these problems. They expressed to me that they are willing partners and they need help. They have problems in solving them. They really want to. They want to move from willing into able partners, and that's why they count on the GCC and on the Friends of Yemen to help them through that transition.

Now, when I asked the people of Yemen, the answer was different, and I did talk to people from Aden and from Sana'a and from different (inaudible). Their answers were not a list that the Brookings had. They spoke about jobs. They cared about jobs. The young people had hope from the neighbors and from the Friends of Yemen to help them -- to attract investment in and to create jobs. They spoke about services. They wanted services. They spoke about

Rule of Law. These are the three things that they cared about.

When I asked them if the government is delivering, you can guess their answer as was not enough. And when you speak to the government officials, they say we're doing our best and we are delivering. The truth lies somewhere in between.

What is the Yemeni government doing to handle this problem? A few years back, they came up with a five-year plan. So every five years they look at how much money the government has and then they divide it. We do it to deal with security, to deal with health, to deal with education, et cetera, et cetera. And then at the end of the five years, if things are not implemented, they shift them to the next year and so on.

Then they spoke about Vision 2025, which is to try to see where Yemen is by the year 2025. It's ambitious and I'm going to be sarcastic here. It's very ambitious and it's far and long term.

Then comes the National Reform Agenda in which the government worked at facing problems and challenges that it has such as corruption, such as image and et cetera. And they did move forward and it was recognized -- the reforms in -- when they started them, and then it slowed down. The problem things are slowing down and the problem that Yemen is facing a number of challenges is because of capabilities. Yemen and Yemenis lack capabilities.

A lot of times when the decision comes from the top or the ministers and they want to move forward, and they want to do things, then the report moves down and that is when you have problems. They

don't know the language. They cannot read news reports. And that's when the challenges happen and starts.

The latest initiatives that I want to talk to you about -- and it's an ambitious one -- and it came from young Yemenis, smart Yemenis, well-educated, and it had the support of the top leadership, which is the president of Yemen, and also the international community. And it's being implemented as we talk right now. It is the top 10 priorities. And I brought with me a magazine. See that (inaudible) in the corner? It explains what they are in details. I'm going to touch about -- I'm going to touch on them briefly.

The number one of these priorities that we need implement that we're working on is to attract top 100 talented Yemenis into the civil service. When you have qualified people, when you have people who can get things done, people who can read a report and ready to discuss it in the morning, then you know that the country can move forward. And the idea here is to bring them in, given them the incentives and let them lead the way. We're talking about allowing Yemeni labors into the GCC market. In the past, we have seen it. We have felt it -- prior to 20 years ago. The impact of it was felt in every single household and every single family in Yemen, when Yemenis -- when more than a million Yemeni was in the Gulf. So it is one of the answers and we're moving toward that.

Lifting subsidies without raising prices, fast-track oil exploration. As you understand, in Yemen we have big oil companies.

We have YLNG, which is -- we have Total. We have Canadian Nexen, Canadian Oxy. There is big companies that are in the country right now. And what has happened -- we have 12 oil basins. Only two basins has been explored. Ten needs to be explored. We need to work on speeding the process and attracting these oil companies into the country.

And then other things that we need to work on in order to attract investors, like the land problems, we need to involve the hierarchy, the presidential office, in the reform program to keep it on track. We need an action plan for Aden. We know where Aden was in the '50s. It was the second biggest, largest port in the world. So there is hope in there.

Rule of Law, an urgent solution to water crisis and last, but not least, what I started with, which is improve Yemen's image. And that's what we need to work on.

Will this plan work? Since the plan was launched, we've hired one of the best companies and advisory in the world, which is MacKenzie. We have appointed -- or the government has appointed young, smart, sharp Yemenis to work with them and become a part and to learn from them. We have paid top dollars when it comes to Yemeni -- money from the Yemeni government -- to move this initiative forward and these -- all these are good signs, are positive signs. Let's give them the support they need, because the stability of Yemen benefits Yemenis, benefits the region and the world.

Thank you very much.

MR. AMR: Thank you, Faris, for that model presentation and for being right on the 10-minute mark. Before I turn to the Ambassador, I wanted to ask a follow-up question. Unless I missed it and I may have, you didn't list population growth. Did you list population growth as a top 10 issue or not?

MR. AL-SANABANI: Well, yeah. I listed it as one of the problems that we have to deal with.

MR. AMR: And how do you want to -- what's the way to deal with that? What's -- what's your -- what's the solution on that?

MR. AL-SANABANI: To the what? To the population growth?

MR. AMR: Population growth.

MR. AL-SANABANI: Well, there is -- it has to be both. Number one, it has to be involved with awareness, big massive awareness has to be done. Jobs creation, involving the religious sector to educate the people about it, and informing the families how to control the families. It's just a number of issues that has to be dealt with.

MR. AMR: And, I mean, just to put that in perspective, right, when the population growth is 3 percent, that means the population will double in --

SPEAKER: (inaudible)

MR. AMR: 3.02, so 3 is a pretty close approximation. When the population is that high, that means the population will double in 22 years. So that's a lot of young people coming on

(inaudible).

MR. AL-SANABANI: I agree with you. That means the challenge is big and we have to work and we have to get working quite fast and right at it. And in handling these problems, again you have to prioritize. What is needed to be done right away, we move for it. And then what needs to be done, we have to look at the immediate term, middle term and long term. And that's what we're -- the government is doing and moving right now.

MR. AMR: Thank you, Faris. Your Excellency, Ambassador Seche, please. The floor is yours.

AMBASSADOR SECHE: Thank you very much, Hady. Good evening, everybody. It's a pleasure to be here. I think judging from my wife's remarks to Faris in the car coming over, she's the more cautious diplomat in the family, because she's sitting there and I'm sitting here and I have the microphone in front of me. But in any event, I will forge ahead because I think the subject is of such importance to my country, my government, each of you and your countries and your governments and the region that it does require a certain analysis in an environment such as the Brookings Institute that invites this kind of inquiry.

So, I'm very pleased to be here. I think as an American observer, it's very tempting to begin any analysis of Yemen at this moment with a look at the events of Christmas Day 2009, when a young Nigerian tried to take an explosive device -- or did take an explosive device onto an aircraft and tried to detonate it over the

city of Detroit. A device, I might add, that was manufactured and given to him in Yemen.

As I say, it would be tempting to do that, but perhaps not as helpful as I might think because it would tend, I believe, to focus very sharply our attention on an admittedly very serious expression of Yemeni instability, but by no means the only serious expression of Yemeni instability, and would tend to distract us, perhaps, from the entirety of the problems that Yemen presents. It would be, I think, somewhat akin to sailing past an iceberg and fixing our attention on the 10 percent we can see and ignoring the 90 percent that lies beneath the surface. And in Yemen, that 90 percent is the profound lack of economic and political development, the lack of human development in the country. This is one of the reasons why violent extremist messaging has taken root in Yemen.

There is a search on the part of many Yemenis young -- younger and younger -- to have some meaning, some purpose, some mooring, if you will, in their lives. And that does create a space in which Al-Qaeda and other violent organizations can deliver their message of intolerance and violence.

But by the same token, we are reminded that the event of December 25 points out that this violent, extremist mentality can affect American lives and American interests quite easily half a world away. So the dangers do radiate outward from Yemen. It is not a self-contained phenomenon.

It is also, I think, somewhat tempting to think that we

can address this requirement -- we can address this threat of terrorism through force alone. I think this would be a mistake. I think it also would eventually be counterproductive. We have to find a broader based, a more comprehensive view of Yemen, of the reasons for extremism, that allows us to take it at its root causes, understand the dynamic socially, economically, religiously for why this kind of -- this kind of philosophy and ideology can find a home in a country like Yemen. And that suggests to me that for the United States, and all of the countries in the region and the world interested in Yemen, that we need to address this problem with a variety of means and methods. This is a particular challenge for the United States as we have established very clearly in Yemen a strong and, I believe at the moment, productive counterterrorism relationship with the government of Yemen. But we have to find the proper balance in doing so. We cannot focus ourselves purely on the counterterrorism and security requirements without also addressing the significant political, economic and human development challenges in the country.

And at the moment, there is a perception in Yemen that the United States is much more interested in pursuing the former -- that is the security elements -- and far less interested in addressing the other -- that is the economic, the political, the human development challenges. I can understand this perspective even as I disagree with it. I believe it is essential, in the immediate short term, for America and other countries interested Yemen's stability

to make a substantial investment in the security and the counterterrorism fight. We have to create in Yemen space. We have to find room where development initiatives, where countries can go to work in the most restive and the most sensitive areas of Yemen, the areas where Al-Qaeda at the moment enjoys safe haven. We have to find a way to allow our people to go there without fear of kidnapping, of attack. We have to make sure that we can successfully, and over a long-term sustained project, create a positive engagement, a positive presence in the entire country. Otherwise we will be hamstrung. We will be tied in knots trying to conduct these initiatives from a long distance. It simply can't be done.

It is, however, my fervent hope that this stage of our involvement in Yemen can be short lived -- sufficient to create this space and expand immediately into development initiatives and the other human requirements that Yemen has in such pronounced fashion. This includes education, health care and economic opportunity. If we are successful, we will not only deprive extremists of the operating space they have, but also of the popular support they may enjoy by reestablishing the compact between the government of Yemen and its citizens by reestablishing some sense of expectation on the part of the citizens of Yemen. They can expect their government to provide infrastructure and services -- the kind of relationship that we enjoy in America and you enjoy perhaps in your countries with your government. This is an essential, fundamental building block

of that governance to citizen compact.

I don't underestimate the difficulty that this approach is going to require, especially as Yemen is asked to make some difficult decisions. And it will be asked to make difficult decisions. I can think of two questions that arise in this case. The first is, is the government of Yemen prepared to take the tough decisions? And secondly, what can the United States -- and more broadly speaking, the international community -- do to help encourage it to do so should it prove reluctant?

Well, I will duck the first question because, frankly, my point would be it's too early to tell. We have seen some very welcome resolve on the part of the Yemeni government in recent months to address the counterterrorism threat through very direct operations against Al-Qaeda operatives in the country. I don't know if this resolve is going to extend naturally to other areas of governance and reform where the decisions may be even more difficult for it to take.

In terms of the second question, what can we, the international community, do to encourage Yemen's instincts in this case? I can perhaps give a better answer there, because at least we have a place to start. And when I say that, I look to this Friends of Yemen process, which was inaugurated in London in January and which basically creates a framework for a coordinated international response to the root causes of Yemen instability by identifying needs and committing sufficient resources over a sustained period of

time. It also supposes a commitment on the part of the Yemeni government to take the difficult steps needed in terms of political and economic reforms. This mutual commitment is absolutely essential to the success of the Friends of Yemen process. Whether this ambitious initiative succeeds is also in my judgment very much dependent on which the Friends of Yemen deliver a coherent, cohesive and coordinated message to the government of Yemen. If there is a multiplicity of messages that go out -- if we are saying one thing publicly, another thing privately -- if some are insistent on the need for reform, while others are saying we are tolerant of little to no progress on reform, the entire process is undermined. The government of Yemen gets to skate by and we are left wondering how we failed when the moment and the opportunity presented itself. This would be a pity in my judgment, because I think the Friends of Yemen process has already had some small successes since it was started in London in January.

And I would point -- and give it partial credit anyway -- to the fact that in February, a ceasefire was declared between the government of Yemen and the Houthi rebels in the north. And then, subsequently, there have been some incipient, perhaps fitfully, but nonetheless beginning steps taken by the government of Yemen to incrementally reduce subsidies on petroleum products, which is one of the huge distortions in the Yemeni economy.

The other substantial value of the Friends of Yemen process is that it empowers reformers by providing a menu of

tangible initiatives that it will undertake and expectations of actions that the Yemeni government is expected to undertake itself. Of course, like any large international effort, the Friends of Yemen is going to need time to really begin to produce results and there are those who would say that Yemen is running out of time. If true, this is just one more commodity that Yemen appears to be running out of -- along with oil and water and many other things, foreign investment and jobs.

So to get back to the question that I tried to answer and failed a few moments ago, it has to go down to the question of political will. Is that also in short supply in Yemen? My candid answer is we're probably going to see less from the government of Yemen than we would like or perhaps think necessary. There's at least one reason for this and that has to do with the very, very precarious balance that the president of Yemen has established over the years as he juggles and maintains a balance between a number of centers of gravity in Yemen, all of which are quite challenging: tribes, political opposition, secessionists in the south, violent extremism, and increasingly a very conservative religious base on the country. And while I suspect even the president himself understands the challenges he faces today are different and perhaps more pronounced than ever before in Yemen's history, I don't think for him it's a cause for despair. I don't think for me it's a cause for despair.

So, to get to the question of this evening's session, if

Yemen is on the brink, what is it on the brink of? A couple of options come to mind: immediate success, stability, prosperity. Not likely. Barring some unexpected miracle politically or economically, one suspects that's not going to be the first option we're going to have in front of us.

Secondly, state collapse, failure, a complete breakdown. Well, given the litany of difficulties and challenges, one can't discount a negative outcome. But, frankly, on balance, I don't think that's any more likely. I think Yemen is a remarkably resilient country. In many ways, Yemen seems to defy gravity. I don't know how a country that is being dragged down by as many difficult challenges as Yemen, manages to survive every day. The fact that it has done so leads me to what I believe is probably the option we're going to see and it's the likely one, but I don't think it's particularly appetizing to any of us, and that would be a continuation of this slow downward spiral. It would be a state of affairs characterized by internal conflict, a debilitated economy, political stasis, and more depravation for the long suffering Yemeni people. It is not a particularly attractive option, but it is an option, it is a way of life which Yemen has demonstrated while it works towards a better future, it can sustain this kind of burden in itself.

Is there anything that we, the U.S. or the international community at large, can do to help Yemen at this moment? Certainly there is, but we can't do it alone. We do need to do this in a

concerted international fashion. The Friends of Yemen, as I said, presents one option, one framework that we hope will be successful. It also certainly includes and requires the active involvement of Yemen's immediate neighbors from the Gulf Cooperation Council. They are the countries that have the greatest risk at the moment as the neighbors, the greatest investment as the neighbors, and I believe there is a very strong effort underway now to involve them fully in this international effort.

Once again, this points to the need for consensus and coordination. We need to demonstrate convincingly to the government of Yemen that the only way it can survive these current challenges is by administering serious and sustained remedies to the political and economic challenges it faces. Self-preservation is a great motivator and I believe in many respects we have seen, in the counterterrorism issues in Yemen, a government undertake these steps because it understands its self-preservation is at stake.

So as the Yemeni government does address these issues, it needs to know that it can depend on us, its friends -- the United States, its neighbors, the European Union, others -- to provide the support needed to ease the burden on this most vulnerable population, to build institutional capacity, and to help it address longstanding grievances that fuel internal conflict. If we fail this time to address the underlying causes of Yemen's instability -- that 90 percent of the problem we don't always pay attention to -- I don't know when we'll be able to mobilize resources and effort and

international will to this extent to be able to come back at the problem in a more successful fashion. And the cost of failure in the future will not be measured simply in terms of more hardships for the Yemeni people, but in greater risk for the United States, for the region and for the world.

Thank you very much.

MR. AMR: Thank you, Mr. Ambassador. As a follow-up question, I thought -- I was thinking of since you're the Ambassador of the United States, would you be able to describe for our audience a little more the U.S. aid program with Yemen, what its priorities are or what its -- any directions it may be shifting in? Or if that's something you'd rather pass on, that's fine as well.

AMBASSADOR SECHE: No, not at all. And it does speak to our sense that is an immediate, short-term need to stabilize Yemen. We have, for years in Yemen, functioned in a more traditional development fashion, looking at education and health care, the long-term fixes. I think we have now shifted the focus and we have signed -- last October, we signed a \$120 million, 3-year program of assistance to Yemen that focuses more immediately on stabilization in the country -- livelihoods, jobs, a shift in governance to a more responsive system perhaps -- that will address the immediate needs of the Yemeni population in an effort to create a more stable framework within which the longer term efforts that we will not ignore, but will put back in place, can succeed.

MR. AMR: Thank you, Mr. Ambassador.

Barack, pass the parole to you.

MR. BARFI: Thank you, Hady, and thank you for the great presentations of our other panelists. The situation in Yemen is often depicted as very dire by the pundits, but I believe the country is chugging along as it always has. I'm a historian by training, so when I look at Yemen, I look through the prism of its history and how it historically responded to its problems.

Despite its name of Arabia Felix, it's always been plagued by a number of problems. It's characterized by boom and bust cycles throughout its history. I can just see the headline through the dawn of the Christian era, when the country's lucrative incense trade dried up -- Yemen incense exports dry up. Economists predict disaster. But the country chugged along and it endured.

In the 17th and 18th century, Yemen was the capital of the world's coffee trade with European ships from all over the world coming to dock in Mocha, which gave its name to a coffee blend. It brought a lot of foreign currency and the economy prospered. But cheaper South American coffee blends supplanted Yemen as the capital of coffee, leading to a crisis in the economy. But again the country endured.

During the 19th and 20th century, the Port of Aden became the second busiest port in the world after New York. It was a British calling station and a stopping point on the way to India. And there was -- it was great investment and an influx of people and capital. Yet, with the British withdrawal in 1967 and the rise of

the Marxist government, it put an end to Aden's role as a great port city. Again, another boom and bust cycle.

In the last generation, the country has been besieged by similar problems. A very respected academic, who spent a lot of time in Yemen, wrote in 1984 that the country "remains poised on that razor's edge of disintegration." But the country did not disintegrate.

In the 1990s, Yemen supported Iraq in the Gulf War against Kuwait, leading to the expulsion of about a million Yemeni migrant workers in the GCC countries. Again, economists predicted disaster. But Yemen was able to offset these losses by -- buffeted by the discovery of oil, which today accounts for about three-quarters of the country's foreign currency.

And today, again, economists and pundits are predicting disaster -- that the country's oil will run out in about 10 to 15 years. What emerges from my very brief overview of Yemeni history is it's been plagued by these boom and bust cycles, yet every time it's emerged from these crises that afflict the land. Its civilizations never collapse leaving the country a wasteland. It's not only the country that's short-changed, it's the President as well. In 1978, the CIA station chief predicted that Saleh -- President Ali Abdullah Saleh would not last six months in power. He's managed to rule another 22 years. Yemen's perseverance is due in part to a vitality of its people, who have endured traditional spartan conditions but refused to break. Its current survival is

also due in large part to the shrewd political astuteness of its president. He's been able to unify and modernize the country like none of his predecessors, while bringing a modicum of stability.

Saleh, today, is still in control. Today there are those who say that he's reached the end of the road, he's out of touch with society and can't pull any more rabbits out of his magic hat. But people in the know say much the opposite. Government officials and western diplomats that I speak to say that he's still in touch with society and still knows what's going on on the ground and that, as such, he can still juggle the many balls that he faces.

Yemen today faces three threats, but they're not as serious as they're portrayed to be. The southern secession movement is one of these threats. However, it's not organized. There's nothing that unifies the despaired groups. It has no charismatic leader. It has very little funding and it has no Arab support. And as people who started the Middle East know, there has never really been a true Arab revolution along the lines of the Russian or Iranian models and we probably won't see one in Yemen as well.

The Houthi movement. This is a classic guerilla movement that attacks military targets. It's confined geographically to the northern provinces and people in the capital really do not feel its effect. A hundred years ago, a Zaidi such as this would have probably overthrown the government. But today, the Houthis lack political -- Zaidi political and religious backing -- only their few with the Houthi family. And without their support, the Houthis

can't overthrow the regime.

The last, and one of the biggest known problems, is Al-Qaeda in the Arabian Peninsula. It holds the great -- the bugaboo brand name of Al-Qaeda, but it's actually a very small organization. It carries out sporadic attacks and does not target senior officials, this week's attack withstanding. Of all the Al-Qaeda affiliates, its attacks revert the weakest in society, whereas in Algeria, Al-Qaeda and the Maghreb killed 45 people on August 19, 2008. Al-Qaeda in the Arabian Peninsula's bloodiest attack, killed no more than 10 people. It also does not show the military (inaudible) that the other affiliates do. It doesn't ambush Army convoys. It doesn't -- there is no IEDs like we see in North Africa -- improvised explosive devices or roadside bombs like we see in North Africa and in Iraq. And it doesn't kidnap foreign citizens which really generates a lot of negative public press. As such, its effects are quite mild and it's more of a nuisance than a threat.

The country is also suffering some economic problems, chief among them, as we said, oil is expected to run out in a decade or so. The major foreign oil companies are expected to drill about 40 new oil wells in the next year and the oil company people I speak to believe that there is more oil to be found, especially in some of these basins, as Faris mentioned, that haven't been explored. So they're optimistic that more Yemen -- more oil will be discovered.

Liquefied natural gas is expected to partially offset oil revenues. It's expected to generate between 30- and \$50 billion

over the next 20 to 25 years. And that will offset some of the loss of these oil revenues that people are predicting.

Real GDP (inaudible) Yemen is said to be on the point of disaster, that it's economy is going to collapse. But if you look at the economic statistics, they'd be (inaudible). Real GDP growth grew by 3.5 percent in 2007, 3.2 percent in 2008, and around 5 percent for 2009. Also, the government has not spent the excess windfall revenues that it gained when oil prices were very high in 2004 to 2008.

Now the question is what is the way forward in Yemen? How do we address the problems that Yemen is facing? Yemen's problems need to be solved by the Arabs as opposed to the Western powers and the international community. The key is the Gulf Cooperation Council. It needs to step in with investment projects. There's a lot it can do. For one thing, the Yemenis want to connect to the GCC electricity grid. That's a starting point.

It doesn't need to worry about security risks and effects of this. It -- that's a very manageable project. The Saudis need to really step up and strengthen their regime. They need to view Yemen not as a threat, but a strategic step. They need to strengthen the country rather than undermine it.

Yemen has historically exported its people on the 7th and 8th century and the (inaudible) capital in Damascus and the Baathist capital of Baghdad, we saw (inaudible) corridors named after Yemeni tribes. Hadhramis, from the province of Hadramaut, traveled to East

Asia and made fortunes. Today, we need to see a re-export of Yemen's population. The land is just too poor to sustain population. It needs to export these or pursue the GCC. This is a very important aspect that we need to address.

The biggest problem I see that Yemen faces is a post-Saleh successor. As I said, Saleh is very politically astute and he's really held the country together. Our biggest fear is the various power circles may take their struggles to the streets, and these are our fears. Until Saleh steps down from power, I think that Yemen will be stable and that is the big problem that Yemen faces.

MR. AMR: Thanks, Barak. If I could, I wanted to follow up on a couple -- a question, then maybe another question, and then I'll broaden out to the panel. You talked about Al-Qaeda in the Arabian Peninsula in Yemen. How does that compare? You're here at Brookings looking at responses to different Al-Qaeda groups around the Arab world. How does Al-Qaeda in Yemen compare to Al-Qaeda in other parts of the Arab world?

MR. BARFI: It's an excellent question, Hady. I'm looking at Al-Qaeda affiliates in the Arab world as part of my research. Al-Qaeda in the Arabian Peninsula is probably efficient Al-Qaeda affiliate. It doesn't really attack civilians. It doesn't (inaudible) people or excommunicate them and considering them non-Muslims. It has a very good relationship with Osama bin Laden and the Al-Qaeda leadership in Pakistan because all of its leaders spent time with bin Laden -- chief among them Nasir al-Wahishi, who is the

leader of AQAP -- Al-Qaeda in the Arabian Peninsula. He was bin Laden's personal secretary. He knows exactly what bin Laden wants. Bin Laden -- the affiliates in North Africa and Iraq did not have the same relationship with bin Laden and Al-Qaeda central in Pakistan. Bin Laden never trusted Zarqawi in Iraq. But most of all Zarqawi, he was always trying to one up him, Zarqawi was. In the Maghreb, we see that Al-Qaeda has always had an ambivalent relationship with these Algerian groups. It's had a long-term relationship with these groups, but he's never really trusted them. He wants attacks against Europe and he's really not seeing that. They're really not doing that and they're more engaged in criminal activity and not ideological activity. So that's how we look at the three affiliates.

MR. AMR: Barak, in your -- and actually a number of our speakers allude in their presentation to the importance of cooperation with the GCC. I think I'll start with you and then work around the panel. What forms of cooperation? You mentioned the electricity grid. What other forms of cooperation do you think would be useful?

MR. BARFI: One thing that I would like to see and this could actually bring in the EU. Maybe it's a little naïve and romantic, but Yemeni honey is considered some of the best honey in the world in Hadramaut, and I think that the GCC and maybe the EU can get on this to export the honey to Europe and really, really promote it. I mean, Saudis, as Faris will tell you, love Hadramaut

honey. That's one thing.

I think also we really need to work on investment. I mean, there's areas of trade that can really be upgraded in Yemen and that's something that the GCC should focus on.

MR. AMR: Mr. Sanabani, Your Excellency, Mr. Ambassador, tell us more about GCC cooperation and what practical steps could move us forward in that regard. Either one of you.

AMBASSADOR SECHE: Well, again I think from my perspective the most important element of GCC cooperation is an increase in transparency. It's an increase in consensus with the other -- the rest of the donor community as to what exactly Yemen can receive, should receive, in what form, quantity, and how it's delivered. There is a history, especially between Yemen and Saudi Arabia, of assistance being delivered as cash transfers. There's no accountability to this. There is no trace of this. It goes -- for purposes of the regime, the government of President Saleh decides are in its interest without the ability to track and make sure it's being used for a greater, more stabilizing good. So if you asked me what is most important, it is that the GCC countries will step up to the donor coordination table and join the rest of the international community in a concerted, comprehensive and coherent effort.

MR. AMR: Faris?

MR. AL-SANABANI: (inaudible) three years ago, when the London conference was held and \$5 billion was announced to help Yemen, the magazines and the newspapers -- or the headline was Yemen

saved tons of money coming in, et cetera, et cetera. Two and a half years later, almost three years later, very little of that money was disbursed. Most of it was allocated, but it's not disbursed and the fear that we transfer to the next phase, hopefully. We need it to be disbursed in big projects or bringing some people from the Gulf to come and show us how to disburse it. That's welcome as well by the people of Yemen.

Another thing is labor market, and we've shed some lights on that. There's a lot of hopes there.

A third one is attracting investment or directing of investment in the country. If there is fear of security from the Yemenis, let's create manufacturing and industries, industrial zones in Yemen, as well as create jobs for Yemenis, and let's bring incentives, in term of tariffs of in terms of taxation, into the Gulf. Allocate a certain percentage of the Yemeni products to be sold there or waive out the taxes. Rather than negotiating right now between the Gulf and Yemen, that both should take the tariffs or the taxes out, it should be for a few years, let's do it one way when it comes from Yemen to the Gulf, with no taxes, with no tariffs. And then a few years later, we can mark it out from both. This movement by itself will bring investors into the country. We know that investors are -- they fear security. But when they see dollar signs, big money, they will go anywhere in the world.

Thank you.

MR. AMR: Thank you, Faris, and thank you to all the

panelists.

So this concludes the presentation part of the session. So -- and now we'll turn to the audience for questions. So let -- great. So now that we have a show of hands, let me -- this is going to be fun. Hold your hands up high -- those of you who want to ask questions. So there's one, two, three, four, five, six, seven. Okay. Let's take -- great. Let's take these four questions in this section starting with the young lady here and then going across the front, and then the gentlemen in the back.

And if I could also ask all of the presenters to, if they feel comfortable, hopefully, state their name and affiliation for the benefit of the audience and the panel.

MS. PIERCE: Hello. Hello. Hello. Okay. Hi. My name is Almartin Pierce. I'm from Qatar University. I'm a student in International Affairs. My question is for Mr. Faris Al-Sanabani or Mr. Barak Barfi.

Well, you have mentioned oil revenues and remittances from Yemenis working abroad as the solution to the economic problems of Yemen. Well, there has been an IMF study, according to which every year that the oil sector is improved or grows, it sets back the private sector by one and a half years. And so what is the Yemen government doing in order to improve or to grow the private sector actually?

MR. AMR: Do you know what they mean by that? When the oil goes up, the private sector goes down. Can you elaborate a

little bit on what that means because I'm not clear on it?

MS. PIERCE: Well, it means that every year that the oil sector actually grows, the private sector is set back.

MR. AMR: Shrinking, okay.

MS. PIERCE: Yeah, shrinking.

MR. AMR: Okay. Great. Across the front here. We'll take two more questions and then in the back, please.

SPEAKER: (inaudible) for Mr. Al-Sanabani. Okay.

You mentioned about 10 problems about Yemen. There may be others you didn't mention: illegal immigration, something like this. But you shrug off the main problem (inaudible) and corruption. This is the main problem encountering Yemen.

The second problem is the veto of Gulf states not to develop Yemen. They don't want a powerful Yemen, so this is the second problem.

The third, I am asking you, if the Al-Qaeda suddenly appeared in Yemen -- infiltrated or leaked or it was pushed from within Yemen -- how did they discover billions and hundreds suddenly? I think this is something must be studied also. Al-Qaeda was arranged to enter Yemen -- to be a pretext for interference.

Thank you.

MR. AMR: Thank you. And then the gentlemen in the front as well. And just as a reminder, if you could please identify yourself and your affiliation for the panel. Thank you.

MS. ABDMELIC: Thank you. My name is Ahmed Abdmelic and

I'm a journalist and academic.

First of all, I would like to thank the panel and I do agree with Mr. Faris that they have a problem with an image, but even if you go to Yemen and live for 10 days, the image will be much distorted again. The problem you mentioned -- I don't want to repeat them -- but what do you expect from a nation that they spend one-third of their time chewing gat and the other third is making children? So this is one of the problems facing Yemen.

Again, I sat down with parliamentist in Yemen and we had lot of discussion about the situation. I told them you don't (inaudible) with the president, change the system. You have (inaudible), you have to work towards having a real civil society.

During this short period of time, I didn't hear democracy at all during our discussion. I believe democracy is very important to solve Yemen problem. We have verses in Koran says, (Arabic). That's God wouldn't change people unless they change themselves from inside their body and their soul. So the problem is if we stayed 22 years or more in this mess situation, we need a miracle.

I don't want to compare the skilled laborers from Asia to this country, but this is one of the problems facing GCC: to import Yemeni or tax it, Yemeni labor here. They like -- it's a lot of problem, but I don't want to say it here.

Going back to the -- what (inaudible) said there about the nations to Yemen. I'm asking what -- where are the billions has been sent from GCC countries before 1990? We don't see anything now

in the infrastructure of Yemen.

I will tell a story to end it with a story; also, it's very short. I was in (inaudible) Yemen and then I came to understand and see when Kuwaiti guy, he said that he stayed three days here. We are having a new project in Yemen. I said, oh, that's great. But, he said, every day we go to the concerned ministry and they say, oh, come tomorrow, come -- so he stayed three days. After a while, we understood that the son of the president needs 25 percent of the project. They left the country. So that's answering how we -- the Arab investor is reluctant to go to Yemen.

I have one question to His Excellency the Ambassador. Do you feel that military -- American military intervention in Yemen will solve the problem?

Thank you.

MR. AMR: Before we go to the fourth question, which we'll go to in the next round, why don't we get answer to these three -- from these three questioners? And Faris, we'll start with you. And feel free to answer any of the questions you like and as we go down the panel, hopefully, all of the questions will get a response.

MR. AL-SANABANI: Maybe you should have had our journalist friend in the panel as well. I'm going to start with gat. I agree with you. It's a problem. But I've learned that when people are working and they're asked not to chew, they don't chew. So there is a number of organizations that have Yemeni people working on it, and if the instruction says do not chew -- for example, in my

organization, in my publishing, nobody chews. A lot of times (inaudible) there is no time, there is nothing to do, there is desperation, so they sit and chew. I agree with you. It's something that we need to get rid of.

Second, investment in Yemen. Remember what I talked to you about -- what we spoke earlier about -- image and reality. The image is what you just mentioned now, about 25 percent. I challenge -- and I know what I'm talking about. Let me tell you about the General Investment Authority in Yemen and what Yemen has done to attract investment into the country.

One, they have hired one of the brightest Yemenis, multilingual, sharp, and quick. They brought him all the way from Switzerland -- they gave him a good post, a good car, and a good job -- to lead it. The guy came and changed the whole organization. When you go in, you will feel as if you are in another country.

Now some so-called investors -- they come in said with this sheikh or with this tribe or with this person or that person, investment is loud and clear in Yemen. It's one window shop that has been created, the General Investment Authority. And I am responsible to -- on my words. When you come there, everything is clear. Everything is defined by time and the people are multilingual. If so-called Kuwaiti investor went to a sheikh or to a gat chew and talked about investment, that is the problem. And that is of the past.

I'll give you an example. There's one project. It's a

\$600 million project. It's called (Arabic). Have you heard about it?

SPEAKER: (inaudible)

MR. AL-SANABANI: (Arabic.) They came to Yemen to invest. They're doing a huge complex: hotel, commercial compound, and villas. And do you know what the people said to them? When you come to Yemen, they will take the land from you. So the (inaudible) says wait. Before we invest, we need to make a wall around it. So they went -- and you can go and see the wall. It still exists as of today. They put some poles and some metal around it and waited.

Did anybody jump and says this is my land? No. Why? Because that's the new Yemen. That is the Yemen that is not 25 percent -- or 5 percent for that matter. And now this (Arabic) is being implemented. It's one of three in the world. There are 35 projects, 3 are being implemented and the fastest one is in Yemen, uninterrupted and without any trouble. Now, this -- could I jump into the second question or should we --

MR. AMR: Yes.

MR. AL-SANABANI: The lady spoke about the private sector. It is true that in Yemen, we're having difficulty in engaging private sector. Private sector is very important in creating jobs, in attracting other investors. A lot of times in third world countries, when they see a private sector benefits and makes money, they go why not the government? Why not create a government company to bring money into the nation? But right now we are under the

directions to move -- to engage the private sector.

And the oil, the fact that the oil companies produce more money, is a positive thing. Because when an oil company comes in, they make money. They need subcontractors. They create companies and they create jobs. So the success of the oil sector contributes into the creating the private sector. It contributes toward building schools. It contributes toward building hospitals, et cetera, et cetera, and upraising and upgrading the country.

The third question, it is about -- it's very -- it's about corruption.

SPEAKER: (inaudible)

MR. AL-SANABANI: And also, yes. And also the Gulf don't want powerful Yemen. I think I agree with you that a powerful Yemen is good for the Gulf. Now whether they don't want it or not, that's a different story. But a troubled Yemen is a nightmare for the Gulf. We've noticed that -- my colleague, the American Ambassador, says on December 25, it was a nightmare. And it's so far -- Yemen is so far from the states. And yet there was a problem that could have devastated a city that I grew up in and that I studied in, which is Detroit, okay. So definitely, it's to the benefit of the Gulf that Yemen is strong. Definitely, Yemen has to be stable because the impact of stabilized Yemen will empower the region and the stabilizing Yemen will affect the Gulf more than it will affect the world.

Thank you.

MR. AMR: Mr. Ambassador.

AMBASSADOR SECHE: Well, just to address quickly the question that was posed to me which was will military intervention alone solve the problem? Actually, I really tried my best to answer that question in my remarks because the answer is clearly no, it will not. And we do need to address the comprehensive set of issues which underlie extremism and terrorism in any country, not just Yemen. But since we're talking about Yemen here tonight, we have to be mindful and cognizant of the root causes and really go to work on addressing those. So military, as I said, is only the 10 percent of the problem we can see. It doesn't address the 90 percent of the underlying cause.

In terms of corruption, this is one of the most bedeviling problems in Yemen. There is a culture of corruption in Yemen that citizens of the country confront every day -- from their first interaction with a police officer, a government clerk -- whomever it happens to be, there is a corruption to that and a corrosive effect to that relationship, which undermines authority, undermines confidence in government and makes people look for alternative ways to do business, which just further encourages corruption and just makes the problem more expanded and more difficult to solve. As of yet, the Yemeni government has not fully addressed it, but it has made some real strides. The fact that there isn't in Yemen a Supreme National Council to address corruption is almost unique in the Arab world. I don't think it's fully empowered. I think it's a

work in progress, but it has to encourage us that there is a recognition and a civil institution which is authorized to look into issues of corruption. That is, for me anyway, a testament to a recognition and a realization and, as I say, it has to be at least mildly encouraging to us.

MR. AMR: Thank you, Mr. Ambassador.

Barak.

MR. BARFI: Yeah. A couple points on corruption. There definitely is corruption in Yemen. It's a problem. I mean to just give one example, when you want to release cargo, you need 10 to 15 people to sign a form, just to scribble their name, which in other Arab countries, you don't really need. And that gives rise to corruption. But at the same time, the lack of a pervasive state means that it doesn't have its tentacles on everything as a state such as Egypt. I mean, so there are areas where there -- where you can have some type of private industry outside the purview of the government and there won't be so much corruption.

The gentlemen had a question about Al-Qaeda. There's basically push and pull factors in Al-Qaeda. You did have Saudi Arabia push out -- first they destinated Al-Qaeda by 2004-2005, and then they pushed them out. They pushed them out of Saudi Arabia into Yemen, certain leaders. But at the same time, there were people in Yemen that were Yemenis that were part of the organization. Specifically, the January 2006 prison break of 23 people. But, again, if you look at them, 11 or 23 of them were

Yemenis. I mean, excuse me, they were Yemenis of Saudi, who lived in Saudi Arabia. So a lot of this comes from outside of Yemen and all of these people had trained in Afghanistan. So a lot of this whole Islamist problem of Yemen, it's not a homegrown (inaudible) problem. It's been imported from outside. It's just Yemen has just incubated it. And that is what the problem is. If you can just extirpate these roots, hopefully, there won't be new ways and successions of the Islamic (inaudible).

MR. AMR: Thank you. Let's see a show of hands again. I know there's one back here, which I promised. And then we'll go to this section right here. Please, sir. And please identify yourself for the benefit of the panel.

MR. REDALIA: Okay. My name is Mohammed Redalia. I'm a journalist from Morocco.

My first question is just on my way coming here, I heard on one of the radios -- I heard the radio talking about two hostages being freed on the border with Yemen. And, of course, they were saying it's thanks to the cooperation between the two countries. Maybe you can just elaborate on that. And I think this cooperation is starting getting some truth in other words. That's what -- that's my question. If you can elaborate on that.

Secondly, please let me come back to the problem of gat, Mr. Faris, because you're the one who touched on the problem actually, the gat problem. It affects everybody knows -- both social and economic life -- but not only in Yemen. I think it's

original problem (inaudible). I remember myself once I left Addis Ababa long ago in a plane to Djibouti, and in the stopover in Dire Dowa, the -- all the empty seats in the cabin with (inaudible) were filled of gat -- to direction to Djibouti and saying all that thing will finish being sold in Yemen.

But, anyway, my question is do you think that problem is really dealt with in -- both in your country and in the other countries? Do you think it can be solved without the kind of regional cooperation as well? Both as (inaudible) concerned, as producer, Somalia, Djibouti, as the consumer, Yemen. It's a quite interesting problem and it does not seem really -- I haven't seen any kind of improvement.

Thank you.

MR. AMR: Thank you, sir. Before we turn to the next question, gentlemen, do you -- you are aware of the hostage issue that the question was asking about? Great. Over here, there are a couple of questions in the front row.

MR. DOBASHI: Mohamed Dobashi from Carnegie Mellon University. I teach international trade and ethics. I have two quick questions.

One is how much does interference from the outside world -- we hear a lot of times that Yemen is influenced or things that happen in Yemen are influenced by countries within the region or outside the region. How much of that is a real problem in Yemen?

The other question, you mentioned the top 10 programs that

you have in Yemen. Number 10 was actually the image, which I think should be number 1. How much of that is to the lack of capability for Yemen to control the spins? I mean, I remember with the plane crash that happened, the Yemeni flight that was going to the Kamaran Islands I guess. A lot of -- a lot was made of that flight and Yemen's position was very weak as I understood it. A lot of times if you've got the right people handling the story, things could be made differently. So how did Yemen work on its capability of developing people who can manage the spin on stories?

I mean, coming to this lecture, it was called Yemen on the Brink. People want to hear all the bad stories, but we want to see some of the good stories that happen in Yemen as well.

MR. AMR: Thank you, sir. Also in the front row.

SPEAKER: (Arabic.)

MR. AMR: Yes. You guys are comfortable in your Arabic?
(Arabic.)

SPEAKER: (Arabic.)

MR. AMR: (inaudible). Thank you. I just -- I wanted -- Faris, maybe -- it was a lot for me to digest. Maybe for the benefit of the audience, could you help me translate that? I'm not sure I could get most of it. Or just the main points.

SPEAKER: (inaudible)

MR. AMR: No, but -- or are you? No, that's okay. I'm just saying -- that's okay. Why don't we answer the questions. It was lot. I was trying, but it was (inaudible).

MR. AL-SANABANI: Let me start with -- I'm going to touch on two points, first one by Mr. Dobashi and when spoke about Yemen's image. I do agree with you, as a media person, that it should be number one. Definitely. It's my passion and I do feel that if the image improves then a lot of good will come to the country. I know and you know what the campaign of Malaysia through Laysia did to tourism sector in Malaysia, and the campaign of Incredible India. For God's sake, before I go to sleep, I hear it in my ears (inaudible) and that is important. That is important to improve images and to attract tourists, et cetera.

In a country like Yemen, when you talk about image, you're talking about money. When you talk about money, a lot of officials say do we need this money to build a school or image? It would go to school. Do we need it to improve a hospital or image? They say hospital. Because we are in dire need of different priorities. They have not, it's not number one. It's number 10. But I do agree with you that we need to put some light on it and it needs to be raised up the priority list.

I'm going to touch on Mohammed's comment about the gat. In Africa and Djibouti, it is true that the gat came to Yemen from Africa, so it's not originally grown in Yemen. It came from Africa. And it's true that the whole region is almost mesmerized by it. Things that should be done -- maybe, maybe we should develop something out of gat like diet pills, for example. We know that when you chew gat, you don't feel -- you do lose your appetite.

Maybe if we develop it, we could create an industry that could spread to the world.

SPEAKER: (inaudible) religious factor.

MR. AL-SANABANI: There is a religious factor as well, but maybe that's we look at alternative, what to do with it. But in the meanwhile, it's important to deal with it in term of awareness -- creating options for people, encouraging sports, encouraging kids to go sports. Right now, what's more important is to slow the consumption of gat as you're -- as we are talking, it's spreading throughout women in the region. When it started, it started gat for men. Now it's moving to women. It's moving to young children. We need to work on that. Create options for them, sports, competition, awareness, and then deal with it.

Thank you.

MR. AMR: Thanks, Faris.

Your Excellency.

AMBASSADOR SECHE: Thank you very much. Let me just have my word about image if I may for a moment, because, frankly, my sense of the image question is that the image will resolve itself. If the reality on the ground in Yemen improves, so will the image. You can't put lipstick on a pig and make it look beautiful. People are still going to see it for what it really is. You've got to fix the reality on the ground. You cannot have attacks on tourists in Marib, in (inaudible), embassies attacked, ambassadors attacked, and still think it's only an image problem. It's a reality problem.

Yemen has got to fix the reality on the ground.

Is \$130 million enough to do that? No, it's not. And we really have to -- we, the United States, the international community has to increase our aid to Yemen to help get the reality back on an even keel. But we've got to tackle the realities. We've got to see where the rooted causes are of the violence, the extremism and root those out so that we can then begin to build a Yemen that looks at the future in a very mature, very calm, very collected fashion and I think that's possible. I don't -- again, I don't despair about this problem. But to say in terms of the Friends of Yemen, we do need to have solutions. Otherwise, the process becomes nothing more than a process. We have to have some evidence that the world can step up and create a new beginning for Yemen by putting together resources, commitment, intention and making something happen on the ground.

Let me stop there.

MR. AMR: Thanks. Barak.

MR. BARFI: Okay. Maybe just a few words in Arabic for him. (Arabic) I move now to English.

The -- well, basically what I just said was that I think that -- I spoke to a bunch of analysts when I wrote my paper and people in Yemen and they told me that less than 10 percent of Yemeni support the organization. You can speak to average Yemenis and they won't know the names of the leaders. More people in America, after December 25, knew the names of the leaders of Al-Qaeda in the Arabian Peninsula than Yemenis themselves because we had this big

fascination of Yemen. We, in America -- I don't know, I can't say in the West because I don't ask people in Spain and France what their opinions -- but we, in America, think that Yemen is this great big Al-Qaeda stronghold and that everybody supports Al-Qaeda and they don't -- they hate us. It's not true. Yemen has its own problems. And Yemen faces -- Yemen violence is not always Islamist in nature. A lot of it is tribal in nature and if you look at the kidnappings -- especially in the '90s. When I started reading about Yemen, it was a response to the deficiencies of the regime and we -- and to move forward, to cleanse Yemen's name, we need to move on all fronts at the same time and that's what's very important that has to be done.

So to cleanse -- to make a Malaysia through Laysia -- and Faris, that slogan is in my head all the time. I don't know where I hear it. It's CNN International or what not. It's always in my head. To get a Yemen, you know -- Yemen think that's the (inaudible), some type of slogan like that.

It's going to take a long time. It's going to take a long time to change opinions. But I will say this, that to be optimistic about Yemen. Before 9-11 -- actually before the Cole attack, Yemen was most famous in America as being a butt of a joke in the Friends episode where Chandler said something about Yemen and people who know will remember this. This is what Yemen was before this and, unfortunately, some events took place and Yemen's reputation has been tarnished in the West. But -- and it will take time to return.

MR. AL-SANABANI: Hady, if I may. I knew that disagreement in the panel will come sooner or later, so here it comes. I disagree with you, Your Excellency, that putting lipstick on a pig will not make it look better. Otherwise, cigarette companies will not spend millions of dollars on campaign nor would soft drink companies. If you look at the history of Yemen and the terrorist attacks in Yemen and compare it -- I'm not going to say with the world, but regionally -- it's much, much, much lower than other Arab countries that has been struck by Al-Qaeda. And Barfi has rightly so pointed that out.

So definitely Yemen's image is important that we need to work on. It's not as bad as it is. And unfortunately, because it's made scary, it scares investors and that is the last thing that a country like Yemen needs. We need a true image. We don't want Yemen to be the beautiful or beautiful country, et cetera, et cetera. And we don't want it to be the scary that it is. We want Yemen for what it is for now because that by itself will bring investment in, will encourage people to come in and that will contribute to the stability and to fighting terrorism and to stabilize and creating jobs and move the country forward.

Thank you.

MR. AMR: Thank you, Faris. More questions. Let's see some hands. One, two. Great. Let's do -- three. Great. One, two, three. The gentlemen in the center.

ATIFF: Good evening. My name is Atiff. I'm a student in

the College of North Atlantic. I have three questions for each of the speakers.

The first one to Mr. Faris. Your -- the government's plans are very futuristic, but how do you -- how are you going to get the support of a country where the citizens themselves are against the government, where they are desperately poor, half illiterate, and armed to the teeth?

Secondly, don't you believe that with this government's failings, this gives the Al-Qaeda the upper hand?

And finally, how do you expect to make get an investment where -- when it uses 40 percent of the nation's dwindling water supply for its cultivation?

To Mr. Stephen, how are -- how does the U.S. expect to reconcile several decades of bad U.S. and Yemenis relations and to the brink that even Yemenis and America are actually sympathetic towards Al-Qaeda and its movements in Yemen?

My final question to Mr. Barak. Given your example of Al-Qaeda not attacking any Yemenis, don't you believe that that's going to actually make Yemen a safe haven for them based on the fact that Yemen is known as the world's least governed spaces?

Thank you.

MR. AMR: The lady in the second row. Thank you. Thank you for identifying yourself.

MS. ESTRADDEEN: Hello. I'm Maholland Estradeen. It's just a couple of comments that really that I think that are also

important to raise is the fact that where the terrorist activities are and the major challenging problems facing the people and the government are in remote geographical (inaudible) of Yemen due to its geographical nature and landscape. And what I think needs to be done is a lot of work has to be done to get information to those remote areas, maybe like a mobile information center should be going and talking to those people, educating them about what the government is trying to do for them, what they can do for themselves, creating activity in those areas. Like Mr. Barak said, it's important to move at all fronts at the same time, not neglect certain areas of the country and it's also important, due to its tribal characteristics, to try and do campaigns where the people feel that it's a country that belongs to everybody and not to particular tribes. And the most important challenge I think for Yemen is its mindset.

But what's also important that even though you're working on the image of Yemen, it's also important to preserve the image of Yemen because what's happening with the rest of the world, we're too busy trying to get developed according to western or whatever impressions or ideologies, but we forget about the indigenous characteristics and culture of those particular nations. What makes Yemen special and unique? It is its own indigenous characteristics, traditions, and the fact that it stayed -- the time has stopped in Yemen. It's still -- it's kind of a beautiful area for me. What makes it special is that it's underdeveloped and that's beautiful.

What we need to work on is developing its mindset, not the country.

I think that's the priority.

MR. AMR: Thank you. And in the front row here.

SPEAKER: (Arabic.)

MR. AMR: The panel -- we'll start again with Faris if you like.

MR. AL-SANABANI: Sure. I should have sat at the center. Okay, I'd like to touch on the -- the point that you raised, the first one about the Yemeni people. I have to tell you about Yemen, a bit about Yemen, for those of you have not been there or who do not know a lot about it. It's very complicated. It's even complicated for Yemenis. When you take one field -- for example, tribalism. It's an easy term. But when you dig inside, you will find there is three tribes in Yemen (inaudible). And then if you go to (inaudible), you'll discover that it has dissolved. And that (inaudible) has this family in control, but this brother studied them. This one is not. And this one -- so as you open one door, you find 20 doors. And before you discover them, you open another door, you find another hundred doors. And that is Yemen.

When you talk about the people of Yemen throughout history, somehow they always stick together. The tougher the situation is, the tougher the Yemenis are. I'll give you an example. In 1993, when we had a civil war -- I want you to imagine scud missiles. Have you heard about them? Okay. It's this big rockets that was hid inside the capital city and I was there. I was

probably your age now. And it breaks all the windows of the neighborhood and it shakes the whole city. Fighter jets flying over the cities. So people thought the country would collapse. But what happened? The people pulled together and they went for the unity. They stick together the Army and the people they made (inaudible) and cakes and delivered them to the sides and to abide by law and order. So in -- in (inaudible) circumstances, throughout the history, they always stick together. When the tough gets tough, the tough Yemeni gets going.

The second about gat and investment. I know the investment just popped in my head right now when I talked about it, but I do agree, it is not a good idea. Gat is not a good thing for the country. But we need alternatives. We need jobs to be created. And by all means, if it's something can be developed out of it, why not? That's why I raised that point.

Thank you for the question.

MR. AMR: Mr. Ambassador.

AMBASSADOR SECHE: If I would just go back to the question about U.S.-Yemeni relations and how we can either reconcile a bad history or improve upon where we are now, I would say there is work to be done. I don't doubt that for a minute. I think the work can be done. I think the work needs to be focused on our relationship with the people of Yemen and let them know that's where our interests lie -- that we are not purely in Yemen for the benefit of a regime or a government, but that we are there for a relationship

with the people of the nation. This goes back to what I have tried to express earlier, the need for an equilibrium -- a balance, if you will -- between both our security assistance and our development assistance. We cannot ignore one and to the exclusion of the other because then we end up in a situation where there's a perception that we only care about a government and not about individual Yemeni. So that has to be corrected.

If I just could say -- there's another point I wanted to make and I think Faris touched upon it. It is, and I said earlier, that somehow Yemen seems to defy gravity. It seems to persist in the face of tremendous challenges. Partly it's because of what Faris has alluded to. The people of Yemen seem to function in many respects without need for a government. They have lived a long time without being able to depend upon a government to provide fundamental services and infrastructure. Therefore, they have created a life for themselves that in many ways persists. Whether government shows up at the beginning of the day or not, Yemenis go to work. Yemenis send their children to school. They go open up their shops. They get the job done. This is a tremendous inner strength on a part of nation.

MR. AMR: Barak.

MR. BARFI: I just want to finish up on the ambassador's comments and then I'm going to move on and Faris' and then I'll address some of the questions. Yemenis are actually distasteful of central government historically. They -- the Zaidi rulers always

had troubles collecting taxes in these areas. They didn't want to have anything to do with these people. If you look at a place like Marib, which is now the Al-Qaeda stronghold and is supposed to be considered the wild west of Yemen, government rule in the province only dates back to like in the late '20s, early 1930s. In fact, the (inaudible) at that time, that's when he was able to extend most of his rule throughout the country with the recession of the Ottomans after the withdrawal of the Ottomans after World War I. That's the only time that we really see that movement. So there really is a problem between center and periphery, citizen and state in Yemen. And what we need to do as Americans is strengthen the bond between the citizen and state in Yemen and restore hope in the citizen that he can rely on the government to -- on the regime or the authority -- to solve its problems. That's the biggest thing that the United States needs to focus on.

Unfortunately, the problem with the United States-Yemeni relationship is that the United States is only interested in Yemen when it poses a security threat. But it poses a security threat because the U.S. has neglected. It's a vicious circle. And the United States needs to be in Yemen for the long run and not dilly-daddle, like it did after 9-11. Go in, took out a couple Al-Qaeda leaders, and then it disappeared in cut and run and leaving the state as it is.

We see the same problems in Pakistan and Afghanistan. The United States is only interested in Pakistan when there is a threat

in Afghanistan. In the late '80s, early '90s, Pakistan was the third largest recipient of foreign aid -- of the U.S. foreign aid. And then in the mid-'90s, we cut and run. And that's the same problem in Yemen and we need to be there for the long run.

I want to say the students have the greatest questions here. Your question was excellent. I didn't catch your question for me exactly. You said something about that -- the area where Al-Qaeda is the least governed spaces and it doesn't target the Yemeni. I didn't really understand what you wanted.

SPEAKER: (inaudible) you just said that Al-Qaeda is not attacking (inaudible) that this is actually going to lead to Yemen being (inaudible) Yemen is not (inaudible) Don't you expect that Al-Qaeda will take this an advantage and --

MR. BARFI: Well, we know that -- we know that Al-Qaeda is in the provinces of Marve and Sharva, which are the most unruly provinces and the least governable and the most alienated from the central regime. That's where it's established its stronghold. It's trying to move into some more southern provinces as well and take advantage of (inaudible) citizens. It doesn't -- it has targeted GCC countries. It has targeted Saudi Arabia other than a couple thwarted attacks and they actually tried to assassinate Prince Mohammed bin Nayef. So we do see that.

This is the areas where they are and there's a number of reasons that converge to create this fertile territory. The tribes are alienated from the government and they don't support Al-Qaeda

for ideological reasons. They support them because they want to use a stick against the regime. They don't agree with Al-Qaeda's philosophy. And this is where Al-Qaeda in the Arabian Peninsula has been very sagacious and wise. It did not seek to impose its ideology on the tribes as Zargawi and Al-Qaeda in Iraq did in Yemen -- in Iraq. They don't tuck fear people. They don't use medieval Islamic concepts such as (inaudible) or human shields to justify killing Muslim civilians. Still the organization has proved itself to be wise and this is why it's able to -- been able to establish these ties with the tribes. However, if the United States can create some type of aid programs where -- to facilitate growth and progress in these areas, I'm confident that these tribes will turn against Al-Qaeda in the long run. Because there is no ideological ties that bind these people. It's purely political interests.

MR. AMR: Thank you, Barak. It's been a long evening, but it's been an informative one at least for me. So I hope you all join me in thanking each of our three panelists who came a long way to be with us: Faris, from Yemen; Barak, from the U.S.; and Ambassador Seche, both from Yemen and the U.S. in a certain sense, representing the U.S. in Yemen and also being in the U.S. for the last few days.

I'd also like to thank the audience for such great questions and I'd like to thank our colleagues from Chatham House for inspiring this event and helping make it happen and partnering with us to hold a day-long workshop here today.

And finally, and equally importantly, I want to thank, especially today, the staff of the Brookings Doha Center, who worked very hard in a very long day, both with the workshop this morning and the panel this evening and some logistical issues this afternoon.

So thank you all and I believe we have refreshments in the other room. I hope you'll please join us for some refreshments and snacks. So thank you very much.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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