Yemen and the EU

Relations between the European Union and Yemen

Political relations

The EU enjoys longstanding relations with Yemen, which date back to July 1998, when the relationship was formalised with the entry into force of a cooperation agreement focused on commercial, development and economic issues, setting the basis for a long-term commitment between the EU and Yemen.

The start of the crisis in 2015 had a strong impact on the previous cooperation. The EU Delegation was evacuated and is operating from Amman, Jordan since 2017.

The EU is now focused on the UN-led efforts to resume negotiations supporting the ongoing negotiations to end the conflict and return to a peaceful transitional process. This would be the only way to bring peace and stability and respond to the legitimate demands of the Yemenis to establish a democratic, modern and civil state that respects and protects the rights of all its citizens.

The latest Council Conclusions on Yemen were adopted on 25 June 2018.

Trade

Export of crude oil used to account for around 90% of Yemen's total export. Yemen’s non-oil exports were primarily agricultural products, mainly fish and fish products, vegetables, fruits, coffee and honey. Oil exports were already decreasing before the conflict, due to depleting resources in the different oil blocks. There is no certain estimation on proven oil reserves in Yemen. The turbulent security situation furthermore hinders investments aimed at discovering new sites for the exploitation of petroleum. Therefore, Yemen is in urgent need to diversify its production and exports portfolio. Yemen is a net importer of all major categories of products. In 2017, EU exports to Yemen stood at €555 million, while imports from Yemen were worth €33 million.

Since 2015 there has been a considerable destruction of Yemen’s infrastructure. Current estimates assume that Yemeni GDP has contracted between 30% – 40% and that fiscal revenue has collapsed due to the halt of oil and gas exports. Public finances are under strain and foreign reserves barely can finance essential imports.
Until the beginning of the conflict the EU has been an important partner in Yemen’s economic development, providing inter alia direct assistance to speed up Yemen’s accession to the World Trade Organisation (WTO) and its integration into the world economy. Yemen also benefitted from the EU’s duty- and quota-free access to the EU for all products originating in the country, except arms – the "Everything but Arms" (EBA) initiative under the Generalized System of Preferences (GSP). With this trade arrangement the EU provides developing countries with preferential access to the EU market in the form of reduced tariffs on goods.

Since July 2016, Yemen has become part of the list of third countries with strategic deficiencies in their anti-money laundering and counter-terrorist financing frameworks (Directive (EU) 2018/843). The EU, together with the international community, remains supportive of the ongoing efforts undertaken in the Financial Action Task Force (FATF) framework in order to reinforce the institutional capacity of the Central Bank of Yemen and other financial institutions notably for supervisory tasks. For more information, check the Commission factsheet on anti-money laundering.

**Development and cooperation**

The conflict in Yemen has resulted in a near-total collapse of basic services delivery. The needs in the country are huge and complex. The EU is pursuing a joined-up approach of humanitarian and development assistance, focusing on health, resilience and food security, working at rural level, with local authorities and communities to respond to the crisis. This approach allows a direct impact on the populations in need and contributes to stabilise regions of the country, where conflict has had profound destructive effects on infrastructure and on the social fabric. The presence of development partners on the ground, such as the UN family, European development agencies and international NGOs, enables the EU to have an increased impact through development cooperation in the fields of resilience building, health and food security.

Yemen is one of the poorest countries in the Arab region. The Yemeni economy has been heavily dependent on oil production and oil exports, troubled by political turmoil and instability, which has led to business closures and job losses. Yemen has one of the highest population growth rates in the world, placing pressure on educational and health services, access to drinking water, and employment opportunities. The EU has been supporting projects aiming at developing a competitive, diversified and sustainable economic environment that favours an inclusive and diversified private sector based on small and medium-sized enterprises (SME). For example, the EU-Yemen Economic Support Programme (YESP) focused on private sector development and in particular facilitating access to finance for SMEs with a specific focus on women and youth.

The current situation in Yemen calls for increased humanitarian assistance but also for ensuring development aid in strategic areas that can contribute meaningfully to improved livelihoods, pave the ground for dialogue and reconciliation and promote stability. The allocation for Yemen in the period 2018-2020 under the Development Cooperation Instrument amounts to €150 million. With such allocation the EU plans to focus on the provision of basic needs in the areas of resilience and food security, the health sector (rehabilitation and basic healthcare), and support to internally displaced people (IDPs).

Due to the conflict and the evacuation of the EU Delegation, a significant part of the EU projects in Yemen have, however, been suspended. The EU has designed several new projects directed at supporting resilience of the rural population, providing essential services to vulnerable people and sustaining community based job creation schemes. In April 2018, the EU pledged €66 million to...
support resilience and early recovery initiatives.

With an aim to support the transition to a stable economy, EU interventions have promoted agricultural development and food security at both community and institutional level. The EU also provided support to the fisheries sector. With a coastline of around 2,230 km, the sector is a major part of the rural Yemeni economy and ensures livelihoods for thousands of fishermen. For example, the EU-Yemen Fisheries Support Programme (YFSP) promoted the sustainable development of coastal communities and supports the private sector in providing opportunities for growth, local jobs and export.

The current situation will make Yemen even more dependent on international development assistance and the success of a future peaceful political transition will be greatly determined by the capacity of the future government to provide basic social services and job opportunities. The role of the international community will be the key in supporting Yemen in peace building and economic recovery.

Governance & justice

A vibrant civil society is crucial in developing a democratic Yemen and can contribute to equitable development and inclusive economic growth. CSOs not only represent, but also empower, defend and reach out to vulnerable and socially excluded groups. That is why the EU has also supported the work of Civil Society Organisations (CSOs) in Yemen.

For the EU, civil society includes all non-state, not-for-profit, non-violent and non-partisan structures in which citizens organize to achieve common goals and objectives, whether political, economic, social or cultural. Since 2005 an increasing part of the EU’s assistance to Yemen has been channelled through CSOs, with a significant amount of all EU funds in Yemen implemented through CSOs. CSO projects typically focused on issues related to human rights, conflict prevention, development of small & medium enterprises, promoting social equity and decentralised service delivery in the health sector.

Humanitarian aid

Before the escalation of the conflict, nearly 50% of the Yemeni population was living below the poverty line and the country had one of the highest rates of malnutrition in the world. The current conflict has exacerbated the existing humanitarian crisis. With an estimated 22.2 million people – 80% of the population – in need of humanitarian assistance, including 11.3 million in acute need, over 3 million Yemenis internally displaced and 17.8 million people food insecure, Yemen is facing a humanitarian disaster.

From 2015 until now, the EU has contributed more than €234 million in humanitarian funding to Yemen. Such commitment has been further reinforced at the High Level Pledging Event for the Humanitarian Crisis in Yemen held in Geneva in April 2018, where the EU pledged another €107.5 million in new funding for 2018 to help civilians most in need across the country.

The EU has urged all parties to the conflict to ensure sustained and sufficient access for both humanitarian and commercial commodities into Yemen through all the country’s ports. The delivery of life-saving supplies through all access points in Yemen remains critical for the Yemeni population
and must be facilitated by all parties. Due to the massive scale of humanitarian needs - Yemen is classified by the UN as a Level 3 emergency - international efforts and mobilisations have not been able to fully cover the huge needs that the country faces.

The EU has also been monitoring the rapidly evolving humanitarian situation and security, as well as coordinating among humanitarian actors and donors to promote advocacy work and the disseminate information about the principles of humanitarian aid: neutrality, impartiality and independence.

In this regard, EU funds are channelled through partner organizations (international NGOs, specialized UN agencies and the Red Cross / Red Crescent movement) who ensure that the aid reaches populations most in need regardless of their political affiliation, religious beliefs or ethnic origin.

In a move to ease the humanitarian crisis, the UN has established a Verification and Inspection mechanism for Yemen (UNVIM) so as to impartially verify and inspect incoming commercial goods. The EU, which has been co-funding UNVIM, remains supportive of its mandate and its unhindered implementation.

See also

EU-Yemen relations, factsheet
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