



An Initiative to Address Commercial Transportation Challenges in Yemen



Preface:

The transport sector, in its various parts and activities, is an instrumental of the infrastructure of the national economy and an essential pillar of a country's overall economic and social development; and there is a strong correlation between a country's economic and social development and the level of growth of the transport sector. Economic growth is directly affected by the efficiency and resilience of the transport sector. Yemen's total road network is estimated at 58,200 km, %70 of which (approximately 40,870 km) are unpaved. And paved highways and brigades have been battered due to the war. As officials estimated, in June 2019, that more than 6 thousand kilometers of paved roads in urban areas, linking governorates, and more than 100 bridges were destroyed by war. Besides closing of major highways between cities that are essential for people and goods transport, such as: Aden – Al Dhalea – Sana'a, Taiz – Ibb – Sana'a, Sana'a – Marib roads. As a result, citizens and truck motorists have been forced to drive through alternative, remote, unpaved roads that brought commodities costs to soar.

And despite the temporary truce and the situation of no war no peace, the transportation sector in Yemen is still facing significant challenges. And even the partially reopening, of the Sana'a Airport to operate some flights to the Jordanian capital of Amman and vice versa, and reoperating of the seaport of Hodeidah to receive merchant ship; the land transportation barriers are still unsettled. Since 2016, many major roads are still closed. Customs and checkpoint levies at city entrances are still imposed and have even increased to %100 on goods imported from the port of Aden or internationally recognized Government-controlled outlets delivered to the Houthis held- areas.

It seems nothing has been changed thus far, and whilst the reopening of Hodeidah seaport, the challenges have gone largely. And the goods flow between governorates is still restricted as vehicle and truck's drivers are forced to drive through costly and unsafe alternative sub roads. Hence, endangering the lives of the passengers, and bringing the goods' prices to soar. And current transportation costs are five times higher than pre-war ones.

On December 2023 ,28, it was announced, by the ministry of transportation, to transfer the imposed inspection process, to the coming merchant ships to Yemen, to Aden seaport instead of Jeddah and Djibouti ports.

Unfortunately, the land transport barrier has not been discussed broadly, among the relevant actors, despite its critical importance. Considering the problems of transport must be all integrated and indivisible, whether air, maritime or land transport, the latter being most important for its direct link to society's life and its impact on the flow of goods and products.

The Economic Reform Group (ERT) has set transport policies and associated challenges as a top priority because of the importance they represent for strengthening economic activity and for mitigating the economic and humanitarian repercussions suffered by Yemeni citizens. One of the most significant challenges facing by Yemeni companies, as well as consumers, is the impediments to the movement of goods to the market, as the private sector faced difficulty to provide commodities and goods under these war conditions.

This Initiative aims to discuss Yemen's most important transport challenges and propose solutions to address their root causes. The ERT seeks to facilitate the arrival of goods and products to the Yemeni people and reduce commodities prices in a country where %80 of the population currently lives below the poverty line. Also, the Team calls for measures and solutions to help mitigate high transport costs through this Initiative by providing insights and polices into how to address such problems.

■ Implications of transport problems:

The transport sector is closely linked to all economic sectors, especially the industrial, commercial, security, energy, and agriculture sectors, as well as the delivery of humanitarian aid, goods, and people's movement. And despite recent understandings led to the return of some flights to Sana'a International Airport and allowing commercial vessels to unload and ship their commercial cargo at the port of Hodeida, but the inland road transport sector continues to face significant problems. Road transport is by far the most important form of transportation, due to the lack of other transport means in Yemen. As the air flights between the Yemeni governorates are almost non-existent except for some flights between Aden and Hadramaut and Sayoun. And there is no maritime transport between the Yemeni governorates.

Given the war adverse consequences, the transport sector has faced multiple challenges, the most important of which can be summarized as follows:

① **The multiplicity of customs and levy points:**

The commercial sector is still forced to pay dual customs and levies at cities entrances, and roads checkpoints. The customs fees, imposed at the inland outlets of the Houthi-held areas, raised by %100 on the imported goods from the seaports of IRG of Yemen. The merchants are also forced to sign a commitment to not import other goods through Aden seaport.

② **The inspection mechanism:**

Recently, the inspection process, of the coming ships to Yemen, has been transferred to Aden port instead of Jeddah and Djibouti ports. And the prohibition goods list has been abolished. The ERT has been instrumental in shaping such measures by communicating and discussing the above-mentioned barriers with all relevant stakeholders. It is expected that such measures will alleviate the imposed restrictions on goods import to Yemen and reduce the time access and costs of the goods.

③ Unequal opportunities:

Despite the positive implemented steps such as allowing Sana'a airport to operate some flights, and reopening of Hodeidah seaport, but, the uneven tariffs and procedures, in Hodeidah and Aden, posed unequal opportunities between importers, not to mention the existence of different requirements and fees of each party.

④ Closure of main roads and degradation of alternative sub-roads:

The inland road transport sector continues to face a significant challenge to the smooth movement of both individuals and goods due to the continued closure of major roads and using of long and rugged alternative roads. Those in question roads are outdated and inadequate for heavy vehicles. Thus, the transport costs from ports to governorates have gone much higher than pre-war phase. For example, in 2013, the transport cost of -40foot container, from Aden to Sana'a, was 350 thousand Yemeni Rials, but now, it could cost 4-3 million Yemeni Rials, 10 times higher.

⑤ High commodity prices:

which exacerbated by multiple issues of high inflation and devaluation of the Yemeni currency, and high cost of land transportation, which incurred by traders, and multiple collection points along the roads.

⑥ **Direct loss of life and property due to unsafe road conditions:**

For example, in Taiz, reports indicate that the number of traffic accidents during the period of January to December 2021 was 224, resulting in 51 deaths, 290 injuries, while property losses amounted to YER 46 million.

⑦ **Ports Levies:**

According to some traders, there are collecting points during the transfer of containers from the wharf to the gate out, as well as higher fees of groundage and delays.

Proposed Steps required to address transportation barriers:

The Economic Reform Team is keen to work with Yemeni policy makers and the international community to meet the challenges of commercial transport, by proposing the following solutions in this Initiative:

- ① **Addressing the land transport barriers** by opening all main and sub roads between Yemen's cities to facilitate the movement of goods and commodities between cities and to rebuild those roads damaged by war.
- ② **Opening Yemen's airports and seaports** by allowing importing of goods and commodities in accordance with the pre-war phase applicable laws and regulations in Yemen.
- ③ **Abolishing all restrictions** in city entrances such as double tariffs, extortion, levies, restriction of passenger traffic and impeding the flow of goods and services between governorates.
- ④ **Retaining of security and confidence** by restoring the trust of international maritime carriers in Yemen's ports, of Aden and Hodeidah seaports, through explicit provisions to be included in

- ⑤ **Handling the transport barriers** of all sectors (maritime, air and land) as an integrated dossier, by all parties, to reduce the Yemenis and commercial sector suffering, and contribute to the smooth flow of goods and services and the movement of passengers between
- ⑥ **Halting procedures** restricting the movement of goods between governorates. For example, customs duties at the port of Hodeidah are %25 higher than those at the port of Aden, and the costs of shipping goods from Aden to the Houthi controlled areas are also
- ⑦ **Allowing all banks** operating in Yemen to issue letters of guarantee and bank cheques according to applicable laws to facilitate customs clearance procedures for traders.

References:

- 1 https://devchampions.org/uploads/publications/files/Rethinking_Yemens_Economy_No11_Ar1-.pdf

- 2 [http://www.yemenembassy.ca/doc/ARABIC_Yemen_DNA_Phase_-3final_\(Informal_Arabic_Translation\)_2-.pdf](http://www.yemenembassy.ca/doc/ARABIC_Yemen_DNA_Phase_-3final_(Informal_Arabic_Translation)_2-.pdf)

- 3 <https://economicmedia.net/?p=3965>



The Economic Reform Team (ERT) represents a pioneering voluntary initiative, assembling an elite cadre of Yemeni businessmen, businesswomen, and economic experts. The ERT is dedicated to empowering the private sector's unified and impactful participation in decision-making processes, as well as the formulation of visions, strategies, and policies aimed at advancing economic reforms and growth across Yemen.



Studies and Economic Media Center (SEMC) is one of the Civil society organizations that works on economic field, awareness and promote the economic issues transparency, good governance and participated citizens in decision-making. Also, It works to find a professional media

<https://economicmedia.net/>

ALDAHI - TAIZ - YEMEN



٢٤٩٣٠٦_٤_٠٠٩٦٧



www.economicmedia.net



economicmedia@gmail.com



@Economicmedia



Economicmedia

Since 1983 CIPE has been working with local partners to craft business-driven solutions to social-economic problems that affect millions of people. We at CIPE believe that democracy is at its strongest when the private sector is flourishing. Working with our local partners that include business associations, chambers of commerce, think tanks, universities and advocacy organizations, CIPE is helping create the enabling environment for business to thrive. This can only happen when the core institutions of democracy are strong and transparent. CIPE currently has more than 200 projects on the ground, including grants with local partners, in over 80 countries to help build those institutions.



Center for International Private Enterprise
1211 Connecticut Ave NW Suite 700
Washington, DC 20036
USA

Ph: (202) 721- 9200

www.cipe.org

www.cipe-arabia.org