

**G8 UK**

UNITED KINGDOM 2013

# Deauville Partnership Investment Conference with Arab Countries in Transition

## Development & Growth in Yemen: Opportunities, Prospects and Challenges

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Friends Of  
Yemen

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# First

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Political Development

# Political Transition

- The 2011 political transition had a strong and negative impact on the Yemeni economy and led to steep decline in foreign investment from USD 189 million to USD -518 million between 2010 and 2011.
- Future prospects in terms of foreign investment may be affected by <sup>National Dialogue Conference</sup> political instability as well as by security issues which remain a major concern for investors.
- Despite a challenging environment, the Yemeni authorities made progress towards achieving macroeconomic stability and advancing political transition (Source: Page 21, 2013 International Monetary Fund Report No. 13/246)
- Successful GCC transition plan towards implementing the first and second phase of the GCC political initiative and its implementation mechanism, signed on 23 Nov, 2011 in addition to UN Security Council resolution 2014 shows signs of economic revival were encouraging in 2012 with FDI reaching USD 349 million.
- Launch of the results and recommendations (first phase) of the national dialogue conference on 8 July 2013:
  - Engagement of all political and social partners in this conference.
  - Formation of Nine working groups including the state building working group.
  - Visit of more than 200 observers from Yemen and abroad to the working groups and general sessions.
  - More than 100 local and international experts highlighted their best practices.
- As a results of this, Yemen is moving forward to tackle the challenges to restore political, security and economic stability and enhancing state building.

# Second

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## Socio-Economic Developments

# Socio-Economic Indicators

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As a result of the progress of implementation of the Mutual Accountability Framework MAF6:

- Economic growth (3.5%) in 2012, and expected to be (6.7%) in 2013.
- Reducing unemployment: The government employed about 70 thousand person in the last few years.
- Providing public goods and services and oil derivatives.
- Controlling budget deficit in 2012 within safe limits 4.8 %.
- Stabilize Exchange rate at 215YR/\$.
- Decreasing inflation rate from 19.3% in 2011 to 5.5% in 2012.



# Third

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Investment Legislation

# Investment Legislation

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- The Yemen investment legal framework has been simplified by Law No. 15 of 2010, which nullified the previous investment Law No. 22 of 2002.
- The Law aims to attracting, promoting, facilitating and developing local and foreign investment.
- It retains a broad definition of the investment concept and provides fundamental guarantees to investors national treatment, guarantees against expropriation, guarantee of convertibility and repatriation of capital, as well as alternative dispute resolution mechanisms.
- It also addresses tax incentives and exemptions, provided by the Custom Law and income tax Law.
- The Law also establishes the GIA as governmental body responsible for promoting and facilitating investments and of the One-Stop-Shop System for investors.
- Revisions to the 2010 investment Law were proposed by the GIA which presented amendments to the Cabinet in early 2013. The amendments seek to simplify investment procedures by allowing the GIA to grant tax and customs exemptions as well as to extend tax incentives to investors in remote areas.
- Yemen's accession to the WTO is under negotiation with the latest accession meeting being held in July 2012.

# Fourth

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GIA as an Investment Promotion Agency

**GIA Vision**

To be a **catalyst** in transforming Yemen into a diversified economy, with a step change in employment **opportunities** and higher living standard.

**GIA Mission**

To be the lead agency for the proactive attraction and ongoing facilitation of quality investments across Yemen.

We will achieve this in genuine partnership with the private sector and other stakeholders.

**Shared Values**

The GIA way of doing business is driven by a set of basic beliefs and shared values which are:

**GIA People**

We value our staff and develop them through training.

We have a strong knowledge-sharing and team-based approach.

The GIA operates with a high degree of professionalism and integrity.

**GIA Client**

Every GIA employee serves a client whether internal or external.

The GIA provides excellent information and superior client services.

The GIA facilitates the clients in their decision making and acts as problem solver and consultant to the client.

**GIA Culture**

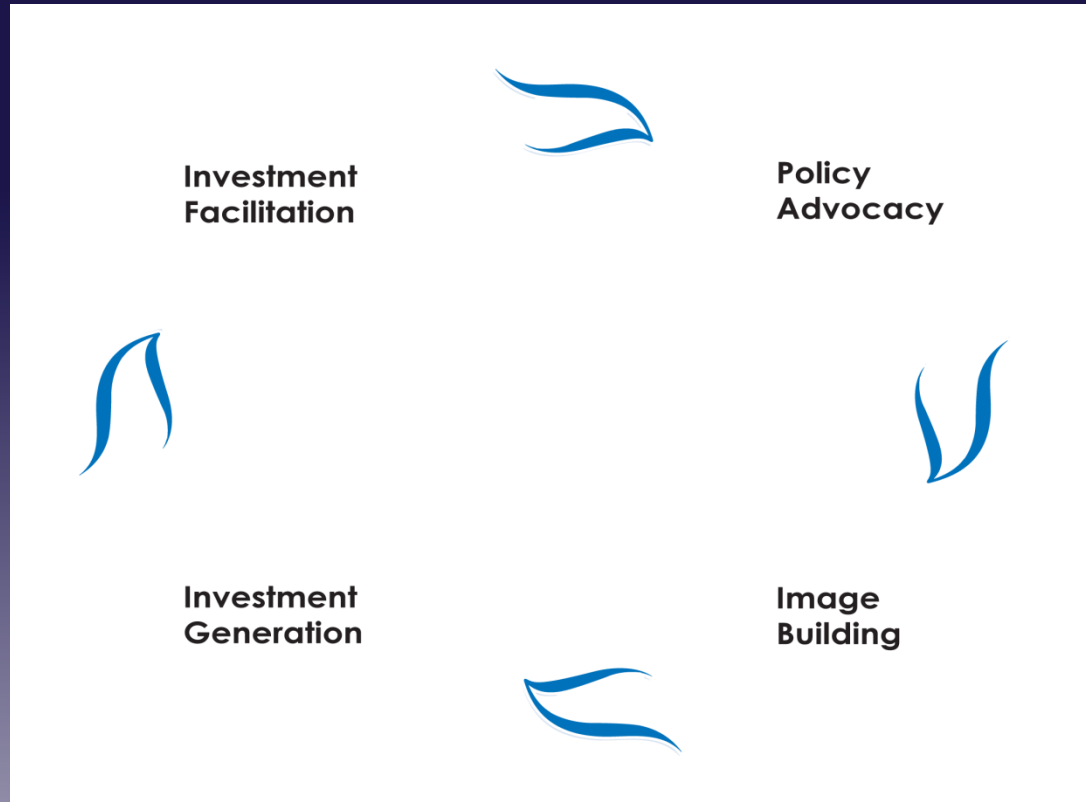
The GIA is committed to making a valuable contribution to Yemen's future economic development.

The GIA has a delivery-driven "get it done" approach.

The GIA has a highly developed network of contacts with relevant ministries, agencies and private businesses.

# Key GIA Functions

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# Fifth

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Ongoing Reforms



# Investment Environment

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## Principles

To restore confidence and trust, improving the business environment is crucial.

The Yemeni government is committed to:

- Ensuring the physical security of foreign investors throughout the country;
- Ensuring legal security and contract enforcement;
- Ensuring enforcement of legislation;
- Ensuring standards of due process and fairness especially in cases of expropriation and nationalization;
- Improving administrative procedures for investors;
- Encouraging infrastructure projects and SME's projects;
- Focus on specific reforms across the MAF6, especially pillars 2 & 4;
- Providing efficient investment facilitation;

# Investment Reform Priorities

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In light of these principles, Yemen could undertake, with the support of the Deauville Partners, a series of measures to improve the investment climate:

- Improve the predictability, coherence and stability of the investment environment.
- Improve capacity to handle investor-state disputes.
- Strengthen the role of GIA as an investment promotion agency to be a key player in improving the investment environment.
- Increase investment in infrastructure and SMEs Projects.
- Improve land registration.
- Strengthen regional investment frameworks.
- Improve business integrity.
- Improve the image building of Yemen.
- Establishing the national promotion investment network (NPIN).

# Sixth

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Why invest in Yemen

# Competitive Advantages

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- Availability of local natural resources (Oil, Gas, Minerals, Lime stones and Fisheries... etc)
- Diversified terrains and climate
- Diverse touristic destination (cradle of ancient civilization, 2200 km of coastal line and an archipelago of over 150 Islands)
- Large local market (26 million inhabitants)
- A Market oriented economy
- Attractive Investment Legislations
- Low production cost (Skilled labor)
- Excellent GIA online investor facilitation (CRM and IIS)
- Concluding 44 Bilateral Investment Treaties

**Industrial**

**Tourism**

**Fishery**

**Real Estate**

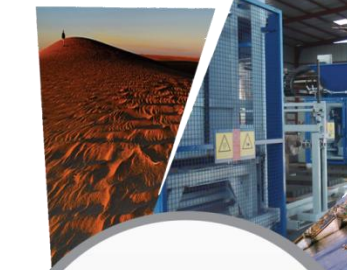
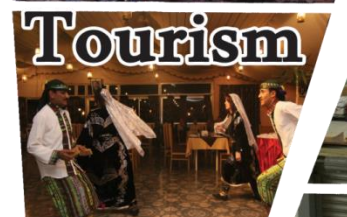
**Services**

**Agriculture**

Investment Opportunities



المهتة العامة للإستثمار  
General Investment Authority

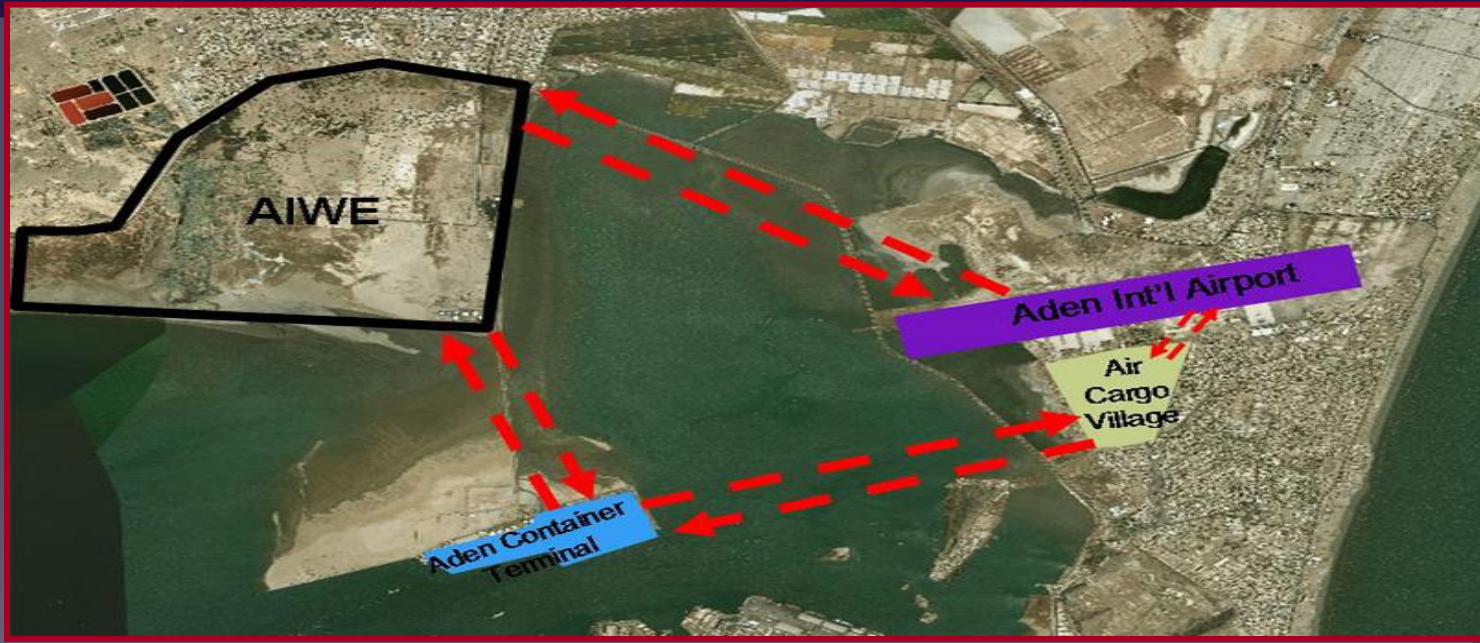


# Large potential markets

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- Relatively wide local markets
- Close to:
  - GCC markets
  - Growing East African markets
  - Indian sub-continent markets
- Easy Access to all necessary services (power, raw material resources and close to the consumer markets).
- Low cost of local labor force.
- A wide range of investment opportunities: fully serviced and semi serviced land sites, pre-built premises & offices for rent.
- Modern road network to Saudi Arabia and Oman.





To develop City of Aden into an integrated hub

- ▶ To facilitate regional and international sea-air transportation.
- ▶ To attract Yemeni and foreign investments.
- ▶ To provide world class business facilities.

# Industrial Zones

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- Aden = 250 hectare
- Hadramout = 3000 hectares in 3 location
- Al-Hodeidah = 315 hectares
- Lahj = 2800 hectares
- Haradh = 400 hectares
- Other zones in Sana'a, Al Gaitha, Abyan, Mareb, Al Jawf, Belhaf, Nashtoun, etc...

Thank You !

Yemen **فرص واعدة** اليمن  
rising opportunities

For further Information, you are kindly advised to visit the GIA website:

[www.investinyemen.gov.ye](http://www.investinyemen.gov.ye)