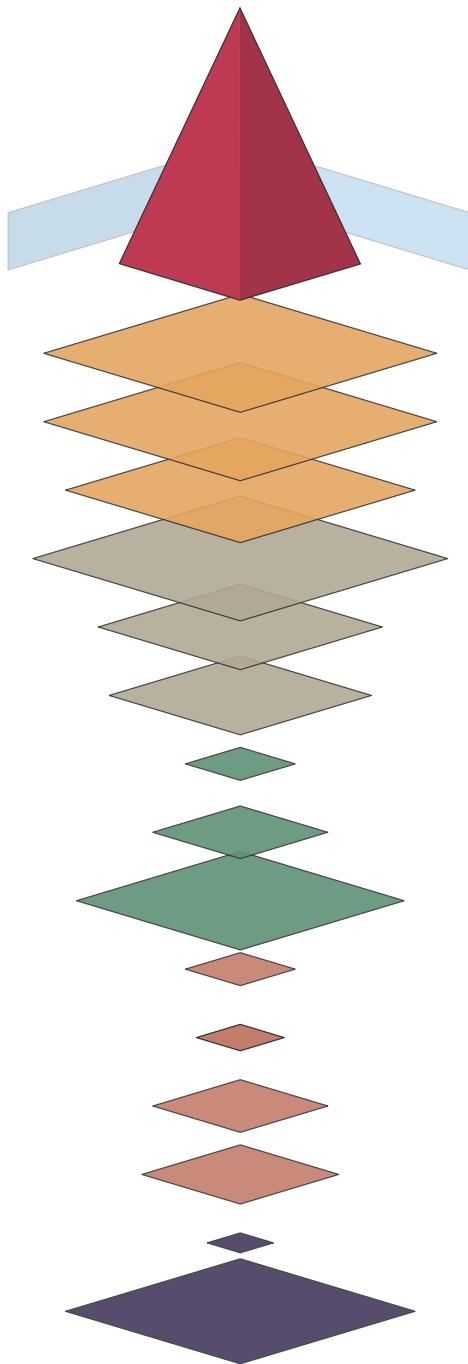




YEMEN



6.57

CRIMINALITY SCORE

27th of 193 countries

11th of 46 Asian countries

6th of 14 Western Asian countries



CRIMINAL MARKETS

5.63

HUMAN TRAFFICKING	9.00
HUMAN SMUGGLING	9.00
EXTORTION & PROTECTION RACKETEERING	8.00
ARMS TRAFFICKING	9.50
TRADE IN COUNTERFEIT GOODS	6.50
ILLICIT TRADE IN EXCISABLE GOODS	6.00
FLORA CRIMES	2.50
FAUNA CRIMES	4.00
NON-RENEWABLE RESOURCE CRIMES	7.50
HEROIN TRADE	2.50
COCAINE TRADE	2.00
CANNABIS TRADE	4.00
SYNTHETIC DRUG TRADE	4.50
CYBER-DEPENDENT CRIMES	1.50
FINANCIAL CRIMES	8.00



CRIMINAL ACTORS

7.50

MAFIA-STYLE GROUPS	7.00
CRIMINAL NETWORKS	8.00
STATE-EMBEDDED ACTORS	8.00
FOREIGN ACTORS	8.50
PRIVATE SECTOR ACTORS	6.00



1.75

RESILIENCE SCORE



Funding provided by the United States Government.

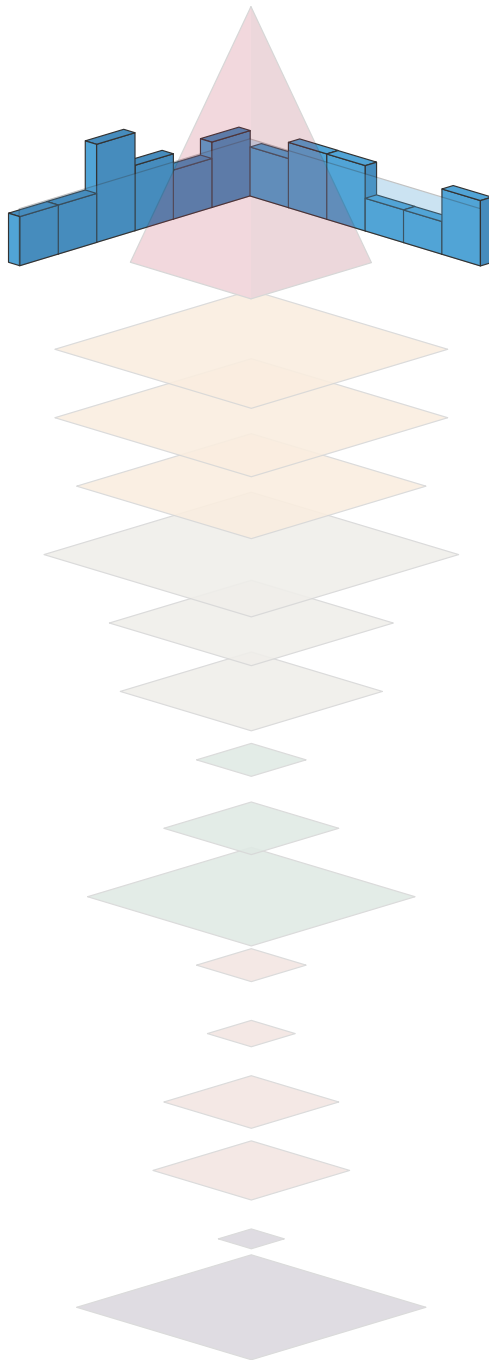


Funded by the European Union

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YEMEN



1.75

RESILIENCE SCORE

190th of 193 countries

44th of 46 Asian countries

14th of 14 Western Asian countries

<u>POLITICAL LEADERSHIP AND GOVERNANCE</u>	1.50
<u>GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY</u>	1.50
<u>INTERNATIONAL COOPERATION</u>	3.00
<u>NATIONAL POLICIES AND LAWS</u>	2.00
<u>JUDICIAL SYSTEM AND DETENTION</u>	1.50
<u>LAW ENFORCEMENT</u>	2.00
<u>TERRITORIAL INTEGRITY</u>	1.50
<u>ANTI-MONEY LAUNDERING</u>	2.00
<u>ECONOMIC REGULATORY CAPACITY</u>	2.00
<u>VICTIM AND WITNESS SUPPORT</u>	1.00
<u>PREVENTION</u>	1.00
<u>NON-STATE ACTORS</u>	2.00



6.57

CRIMINALITY SCORE



CRIMINAL MARKETS **5.63**



CRIMINAL ACTORS **7.50**



CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Human trafficking is one of the most prevalent organized-crime activities in Yemen, and has been exacerbated by high levels of instability and poverty, weakening law enforcement and social disintegration, as well as widespread corruption. Refugees and asylum seekers mostly coming from Somalia and Ethiopia have created a pool of people in the country who are vulnerable to human trafficking, facing abuse and exploitation, including forced labour. Human trafficking is mostly run by transnational criminal networks based in the Horn of Africa, specifically Ethiopia and Somalia, with branches in Yemen. These groups work closely with local partners and state-embedded actors to carry out trafficking activities. Southern actors, including tribes, recognized government of Yemen (ROYG) members and Southern Transitional Council (STC) officials, continue to prevent transit via the north, and victims are often subject to further extortion in ROYG or STC detention camps. Yemeni children continue to be vulnerable to forced marriages, commercial sex tourism domestically and in Saudi Arabia, and being forced into becoming child soldiers. Children recruited by Saudi gangs are thought to be sent to the Gulf under military escort and subjected to involuntary domestic servitude, begging or drug smuggling into Saudi Arabia. There are also reports of foreign men being deceived by false job prospects in the United Arab Emirates (UAE) and subsequently being coerced into deployment as mercenaries in Yemen. Further, Yemen continues to be a source country for organ trafficking to Egypt, a phenomenon which is further exacerbated by poverty and extortion. Profits are shared by hospitals, networks and mediators, and some Yemeni hospitals secretly conduct organ transplants.

Yemen continues to be a source and transit country for human smuggling. Irregular migrants from countries such as Ethiopia and Somalia continue to enter the country due to the persistent underlying factors driving migration in those countries. Their aim is typically to continue their journey towards the Gulf countries. At the same time the conflict in Yemen pushes Yemenis to seek safety and economic security in these same countries. Yemen's proximity to Africa and Saudi Arabia, coupled with its porous borders and weak law enforcement, makes the country an ideal transit point for smugglers. Smugglers are bound by strong social links, and Yemeni networks include Somali and Ethiopian facilitators. Smugglers are paid twofold when contracted by Yemen to return individuals to Africa, due to the increased risk in the country. Profits from smuggling are not accrued to Yemeni groups alone, but rather to multinational groups which operate in multiple countries along the smuggling route.

Migrants who seek the services of smugglers subsequently often face unsafe conditions, intimidation, threats, physical violence and extortion. There are also reports indicating the involvement of military actors taking part in smuggling activities to raise funds for military initiatives.

Extortion and protection racketeering are pervasive in the country, with members of armed groups and tribesmen targeting individuals, truck drivers and corporations to gain profits under the guise of 'taxation'. In addition to residents and businesses, prisoners and migrants are also regularly extorted in the country. Extortion practices are also linked to human smuggling and trafficking, as both money and labour are extorted from families.

TRADE

Yemen has among the most pervasive arms trafficking market worldwide, which is driven by ongoing conflicts and the demand they create for weaponry, coupled with the broader culture of gun ownership within the country. The country has historically been an arms-trafficking hub, both for weapons passing in and out of East Africa and for weapons moving in and out of the Gulf. Despite the country's historical role within the international arms-trafficking market, armed groups currently active in the country are the main customer base, as the market has been flooded with weaponry since the beginning of the conflict. Small-arms sales, including coalition weaponry, are booming on social media, and the military, security forces, navy and coast guard are accused of illegal-arms shipments and facilitating black-market smuggling. The Houthis (an Islamic armed political movement), STC and ROYG have historically collaborated on arms trafficking, and battlefield exchanges or sales between factions have occurred. Ongoing conflict has resulted in an increase of light and medium weapons such as Turkish pistols and silencers, but tanks, ammunition, grenades, machine guns and light armoured vehicles are also sold in open-air arms markets. Recent seizures also indicate irregular transportation of Iranian weapons into Yemen to arm proxy groups, as well as to be further distributed towards Somalia and Ethiopia, posing a severe security threat in the region.

Given its ongoing instability and lack of governance, Yemen has become a destination and transit point for different kinds of illicit counterfeit goods, predominantly counterfeit pharmaceutical products, electronics and foodstuffs. Egypt, China, the UAE and Turkey constitute the main origin countries of counterfeits arriving in Yemeni territories. One of the problems linked to the trade in counterfeit products relates to the presence of expired goods, including food and medicine, which further threatens Yemenis' health.

Similarly, Yemen also constitutes a destination and transit point for the illicit trade of tobacco products, which has been gradually increasing since the eruption of the conflict. Smuggling of these products is allegedly controlled by Houthis but relies on a network that includes officials with different rankings from various governing entities in Yemen, as well as loosely organized smuggling groups in the region. This activity has been listed among the sources of revenue for terrorist groups, such as al-Qaeda, that are active in Yemen. The flows of illicit trade in tobacco allegedly originate from Gulf countries such as Qatar, Kuwait, Saudi Arabia, UAE, Bahrain and Oman. Counterfeit alcohol, which mainly originates from Ethiopia and Djibouti, is also easily accessible in the black market, despite it being prohibited.

ENVIRONMENT

Although flora crime is very limited in the country, alleged smuggling of the Socotra Island's endemic dragon tree by UAE-linked actors is a source of tension. As for the fauna market, Yemen continues to be a transit point for wildlife from the Horn of Africa and neighbouring countries destined for the Arabian Peninsula. Cheetah cubs are among the most trafficked wildlife in the country, and are usually sold as pets in the Gulf states. The country also remains a transit point for the trafficking of illicit wildlife and wildlife products, including rhino horns, pangolins and larger cats destined for Asia. Local animals such as falcons, Arabian leopards, Arabian golden sparrows, blue baboon tarantulas and Yemen veiled chameleons are captured and smuggled to different locations. Exotic animal breeding, mostly of large cats, has also emerged within Yemen to cater to the markets in the Gulf. The ongoing conflict has been exploited by wildlife traffickers. Additionally, illegal, unreported and unregulated (IUU) fishing continues to pose a threat to the Yemeni maritime environment by depleting fish stocks. IUU fishing also overlaps with other lucrative criminal activities such as arms trafficking in the region.

The division of fuel production and storage facilities between the warring factions as well as the consequent fuel shortages have created a growing black market for petroleum products in the country. In this respect, smuggling and extrajudicial sales are now rampant in the market, largely with the complicity or active facilitation of government officials (both the Houthi and the ROYG). In addition, military officials, both in the ROYG and in the Houthi, exchange services and benefit from the trade of crude oil. Gangs use ground tanks and oil tankers to store and transport oil from government to Houthi areas, resulting in systematic crude-oil looting from state-owned company fields. Governorates under Houthi control are also experiencing a fuel crisis due to the militia's black-market trading and selling of petroleum products.

DRUGS

Yemen serves primarily as a transit country for drugs coming from source countries such as Pakistan, Afghanistan, Iran and the Gulf states. Following the beginning of the conflict, drug trafficking has been exacerbated due to the porosity of borders and the fragmentation of the Yemeni security apparatus. Smugglers in Yemen are not usually market-specific and will opportunistically move items if profitable. Although reports indicate that the Houthi militia oversees the lucrative heroin trade, several major smuggling routes run exclusively through ROYG-controlled territory, which suggests their involvement in heroin trafficking as well. Heroin smuggling also takes place through the Aden International Airport into Egypt and other countries. Meanwhile, cocaine trade is also conducted on a regular basis with imports and exports from and to the Gulf and other Arab countries, which is facilitated by the geographical position of Yemen and the expansion of its unmarked seaports.

Yemen is also a transit country for cannabis from Afghanistan and the Horn of Africa, with unprecedented cannabis and hashish related activities continuing in Sana'a since the beginning of the conflict. The Houthi continue to control the cannabis trade as a source of funding and a recruitment tool, by increasing their role in drug smuggling between Afghanistan, Iran and Pakistan through Yemen to the Gulf countries. However, cannabis has been largely side-lined by khat produced in Yemen which, although legal, invites organized-crime activities and may utilize forced labour. The same networks facilitate khat and small-arms smuggling into Saudi Arabia, and Yemen exports khat to countries with Somali or Yemeni diaspora members, the proceeds subsequently being laundered into Yemen through the hawala (money broker) system. Even though the synthetic-drug market is mostly limited to prescription drugs, there are reports suggesting the introduction of other types of drugs such as Captagon and amphetamines smuggled from the Horn of Africa and some Arab and foreign countries. Drugs are dispensed to youth in an attempt to exercise control over them as well as to facilitate their polarisation and entice them, pushing them to the front-lines of the conflict.

CYBER-DEPENDENT CRIMES

The ongoing conflict in Yemen has also been characterized as cyber-warfare due to the use of surveillance and cryptocurrency as strategic tools. As the Houthis control most telecommunication companies providing services in the country, they are able to engage in intelligence gathering, spying and surveillance by adding eavesdropping systems to the networks, allowing them to target government leaders and journalists. Houthis also blocked internet and mobile phone networks for their military advantage. However, even though technology is not absent in Yemeni territories, its use as a weapon is limited because of the limited reach of both electricity and internet infrastructure in the country. Yemen also allegedly hosts a hacker group, the Yemen Cyber Army, which carries out cyber-dependent attacks against

Saudi corporations and government as well as other states. However, there are allegations suggesting that the group serves as a front for Iranian hackers.

FINANCIAL CRIMES

Despite the underdeveloped financial sector in the country, financial crimes including fraud, tax evasion and the embezzlement of public funds and humanitarian aid, as well as corruption, are prevalent in Yemen. Members of both ROYG and the Houthis are all accused of embezzlement of public funds and/or humanitarian aid to fund their activities, which resulted in temporary suspension of some financial assistance to Yemen. Private-sector actors are also involved in financial crimes, such as the misappropriation of funds and running Ponzi schemes.

CRIMINAL ACTORS

Foreign actors continue to play a major role in the numerous criminal markets of the country, including human trafficking and smuggling, transnational arms trafficking, drug trafficking, and environmental crime, to varying degrees and with the nature of their involvement depending on the criminal market. For instance, while members of certain diaspora communities in the country act as facilitators and brokers in human trafficking and smuggling markets, some foreign actors have a certain level of control, together with their Yemeni counterparts, over markets such as arms trafficking and drug trafficking. The fractionalization of foreign-actor support of the combatant parties, both for the purposes of conflict and for those of profit, play a significant role in the war economy and incentivize the fighting to continue.

Parallel governance structures in Yemen, such as tribal, government and security apparatus, make it difficult for any authority to combat criminal actors operating in the country, in turn worsened by widespread corruption and political collusion. Many political actors are believed to be key players in the country's criminal markets. Due to extensive corruption within Yemen and the fragmented security environment, state actors, most notably security

actors, are thought to be complicit in organized-crime activities, but the overlapping membership makes it difficult to surmise the extent to which there is collusion between the tribes and the state.

Numerous criminal networks continue to carry out their activities within both Houthi-controlled areas and ROYG-controlled areas, and have possible ties to mafia-style groups active in the country. They are involved in a range of activities, from arms trafficking to human trafficking and human smuggling. Due to the dire economic situation in the country, the black market has been gradually expanding with everyday items under the control of criminal networks as well as state-embedded actors. Criminal networks active in human trafficking and smuggling as well as arms trafficking extend beyond domestic territory, with connections in both source and destination countries. Yemeni networks with ties to militia and the Horn of Africa collaborate with Saudi traffickers, and these networks are often formed to carry out terrorist activities.

Although Yemen does not have mafia-style groups in the traditional sense, large tribes such as the Houthis that are active in the country have mafia-like characteristics and are heavily involved in a variety of criminal markets. For instance, the Houthis are mostly involved in human trafficking, drug trafficking, arms trafficking and oil smuggling through the use of violence. Other actors displaying similar characteristics to mafia-style groups are oil-smuggling and arms-smuggling networks collaborating with the Houthis and the ROYG, as well as the STC.

Private-sector actors are also characterized by fragmentation of authority and are mostly controlled by political groups, militant Islamist organizations and militias. Although it is not clear whether or not there are areas in the private sector specifically controlled by organized-crime groups, these actors are heavily influenced by corruption and extortion. Some private-sector actors are also known to have connections with criminal groups. For instance, the Houthis are reported to legitimize looted funds through the use of newly established exchange companies.

RESILIENCE

LEADERSHIP AND GOVERNANCE

The ongoing conflict in Yemen has not only led to the widespread destruction of governmental infrastructure, preventing effective governance in the country, but also has brought the country into a very fragile situation together with the emergence of a variety of organized-crime markets,

which were not successfully addressed even before the conflict. In addition to the fragmentation of power into two competing forces – one being a fragile and weakened but legitimate government, ROYG, and the other being the armed rebellion, the Houthis – the political leadership within the ROYG has been further fragmented into factions, comprising the northern political actors and the leaders belonging to

the STC, which further undermines the government. State institutions continue to be plagued by corruption, bribery and cronyism, and the influence of tribal sheikhs, senior leaders of the administrative apparatus, and military and security leaders. The existing institutions and systems to ensure governmental transparency and accountability have been functioning with limited capacity and have been relying on international funding. Both the Houthis and the ROYG continue to be accused of corruption, money laundering and diverting funds, leading to a lack of trust and accountability. The security sector has also been plagued by widespread corruption, including preferential treatment in the military and the distribution of military commands for political gain.

At the international level, Yemen is party to most of the international and regional treaties regarding organized crime and corruption. Despite expressing reservations regarding arbitration and extradition, Yemen has an extradition agreement with Egypt and a judicial cooperation agreement and protocol with Tunisia. External actors have been supporting different factions throughout the country's conflict, with various actors responsible for the training, direction and smuggling of weapons and drones to local warring groups. The international community is engaged in Yemen, but the primary focus is on bringing an end to the fighting and providing humanitarian assistance. Despite the reliance on international cooperation, some of the international tools, such as international means of investigating human-rights and humanitarian-law violations, have ceased in recent years. At the national level, there is a legal framework pertaining to organized crime, although with certain limitations. However, a legitimate law-making body has not been operating in the country, and no entity is capable of enforcing laws or policies across the territory.

CRIMINAL JUSTICE AND SECURITY

Yemen continues to lack a comprehensive justice system due to the inadequate number of courts, judges and staff as well as judicial units dedicated to organized crime. The government has lost control of the court and prison systems and hence the judicial system has had limited reach nationally. Political polarization, corruption and exertion of power on judges and prosecutors have progressively undermined the trust in judicial integrity and independence. As there is also a fragmentation within the judicial system, the parties to the conflict have resorted to courts to prosecute political opponents which has resulted in an increase in the number of political detainees in the country. Due to the existence of both formal and informal justice mechanisms, criminal activities organized by tribesmen are unlikely to be met with local justice, as the informal tribal dispute resolution mechanism is preferred. As for the penitentiary system, pre-trial detainees continue to comprise most of the prison population. In general, difficult conditions are prevalent within the prison system, with security and health concerns being the most serious. There are reports of torture, sexual

exploitation, solitary confinement and violation of due process in prisons operated by the Houthis.

Law-enforcement authorities in the country have been inefficient. Due to their focus on providing informal security, they have had conflicting priorities and lacked coordination in addressing criminality in the country. As the war continues, Yemen's formal state structure has been increasingly fragmented, hindering the coordination between prosecutors, law enforcement agencies and courts. The ongoing conflict has resulted in a shift of resources away from law enforcement to the military conflict. Polarization and multiple loyalties continue to exist, based on party, sectarian, regional and tribal affiliations.

Yemen's territorial integrity has worsened in recent years, exemplified by intensified confrontations between the warring parties, ongoing counterterrorism campaigns against al-Qaeda in the Arab Peninsula, and increased tribal issues domestically. The country experiences several distinct security crises, which means that the official government has minimal administrative control over its territory. Yemen's eastern governorate continues to face destabilization due to the geopolitical struggle between the UAE, Saudi Arabia and Oman, and Yemen's proximity to Africa makes maritime routes vulnerable to organized crime. The interior of the country is difficult to police, but as a result of a Yemeni-US-Saudi initiative, the border guard situation has improved, particularly regarding checkpoints, patrols, advanced methods of inspection and confiscation. Yemen is also vulnerable to cyber-infiltration due to the widespread use of cyber-attacks as part of the ongoing war, as well as the lack of capacity to prevent such infiltration.

ECONOMIC AND FINANCIAL ENVIRONMENT

Yemen continues to be one of the most at-risk countries for money laundering and terrorist financing. While Yemen has, to a certain degree, a regulatory framework on money laundering and terrorist financing, these have been ignored due to the ongoing conflict. Yemen lacks a sophisticated financial system but is, nevertheless, vulnerable to money laundering because of the ongoing conflict and lack of oversight or relevant information. The conflict has also resulted in the increased use of informal channels, such as the hawala system, which is widely used for both legitimate and illegitimate transactions, making it more challenging to monitor financial transactions within the country and to assess its compliance with anti-money laundering laws. Control of the Yemeni central bank has changed hands between the warring parties throughout the conflict, making it challenging to take steps against money laundering.

Although Yemen has major resources such as oil and industrial mineral ores, the country continues to depend heavily on aid, as the conflict continues to adversely impact legitimate trade, resulting in a struggling economy

and growing informal market. The struggling economic situation has been further exacerbated by the socio-economic consequences of the COVID-19 pandemic and recent civil unrest. Doing business in Yemen continues to be extremely difficult not only due to security concerns and entrenched corruption, but also as a result of illicit taxes and fees imposed on private entities and individuals outside of the legal framework.

CIVIL SOCIETY AND SOCIAL PROTECTION

Yemen continues to lack the ability to identify and protect trafficking victims. It also lacks specialized centres for drug-addiction treatment. Similarly, the country does not have meaningful organized-crime prevention measures.

Although civil-society organizations continue to work in Yemen, mainly focusing on humanitarian assistance and shedding light on organized crime in the country, their reach and resources have become progressively limited due to violent retaliation, extortion and intimidation. In addition to civil-society organizations, there are also tribes that are involved in security provision and upholding the rule of law and justice, but their role in countering rather than enabling organized crime remains ambiguous. As for the media environment, extreme difficulties prevail in obtaining neutral reporting on the war due to media control exerted by warring parties. Killing and the arbitrary detention of journalists, as well as censorship and information manipulation, continue to be widespread in Yemen.

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