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UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Distr.
LIMITED

UNIDO/ICIS.84
3 October 1978
English

FIFTH
INDUSTRIAL DEVELOPMENT CONFERENCE
FOR ARAB STATES

Algiers, Algeria

**LONG-TERM PROSPECTS
OF
INDUSTRIAL
DEVELOPMENT
IN THE
PEOPLE'S DEMOCRATIC
REPUBLIC OF YEMEN**

prepared by
the Secretariat of UNIDO

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EXCHANGE RATE, PDRY

Year	Dollar value
1966	0.3571
1967	0.3671
1968	0.4167
1969	0.4167
1970	
1971	0.4154
1972	0.3838
1973	0.3497
1974	0.3454
1975	0.3454
1976	0.3454

Chapter I

THE ECONOMY OF THE PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

Introduction

1. The People's Democratic Republic of Yemen (PDRY) is situated in the south-west portion of the Arabian Peninsula, between 12° and 17° north latitude, with a total land area of 290,000 square kilometers and with long shores overlooking the Indian Ocean from the south and a relatively narrow shore span overlooking the Red Sea from the west. It has common borders with the Yemen Arab Republic, Saudi Arabia and the Sultanate of Oman. The country's natural resource base is narrow. The climate is arid, with a mean annual rainfall ranging from only 50mm on the coast to about 400 mm in the high-lying areas. More than 50 per cent of the country's land is completely barren. Less than 1 per cent of the total area is arable and the soil tends to be saline. The insufficient and erratic rainfall causes agriculture to be almost entirely dependent on irrigation, presently based on spate water and some underground aquifers.^{1/}

2. The economic setting in which the PDRY operated since its independence in 1967 has been affected, to a large extent, by the struggle for independence which began in 1963. New economic and social ideologies have been formulated as a reaction to the long occupation of the country, during which all efforts were directed towards protecting and expanding the activities of the port of Aden. Consequently, development in the rest of the country was lagging. The newly formed national government inherited in 1967 a country which, with the exception of the port of Aden, had virtually no economic base. In view of this, economic growth was very difficult because of physical and manpower constraints.

^{1/} "The External Sector of the People's Democratic Republic of Yemen". A draft preliminary report prepared by an Exploratory Mission on Foreign Trade Policy and Planning in the Least Developed Countries, a UNDP financed UNCTAD Project INT/33/013 dated March 1977.

3. Having gone through a period of economic instability, the country needed a period of readjustment which lasted until the fiscal year 1971/1972, when the Three-Year Plan for Economic Development was launched.

Economic Development 1967-1971

4. Prior to independence, Aden and its neighbouring areas, benefited from favourable conditions created by the port of Aden with thriving trading, bunkering and servicing activities, the provision of physical infrastructure, access to moderately developed social services, and some Government supported rural developments in the nearby Lahej and Abyan areas where the standard of living had been in sharp contrast to those prevailing in the hinterland.

5. However, conditions in the Aden area changed radically with the withdrawal of the British in 1967, and the closure of the Suez Canal in the same year. Regional income in the predominantly service-oriented Aden area dropped by approximately 30 - 35 per cent between 1966 and 1968, leaving roughly 20 - 25 thousand people without employment. Budgetary receipts were cut down by more than one-half. The changed economic conditions and economic developments through the 1968-71 period can be visualized through the severe measures that were taken to reduce expenditures which dropped from YD 20.08 million in 1967/68 to YD 15.24 million in 1968/69.

Table I-1 SUMMARY OF GOVERNMENT FINANCE 1967/68 - 1971/72
(in YD million)

	1967/68	1968/69	1969/70	1970/71	1971/72
Domestic Revenue	8.94	8.96	11.12	13.22	15.99
Current Expenditure	<u>20.08</u>	<u>15.24</u>	<u>15.16</u>	<u>17.24</u>	<u>20.22</u>
Deficit	-11.14	-6.28	-4.04	-4.02	-4.23
Expenditure on:					
Defense and Security	11.87	7.97	8.16	8.06	9.18
Development*	8.52	1.32	5.95	12.96	3.65

Source: Several domestic and international reports and publications

* including extra-budgetary spending (foreign aid)

6. Total GDP dropped by perhaps 20 per cent between 1966-1968, almost stagnated during 1968 - 1970, reached YD 60.7 million in 1969, YD 63.5 million in 1970 and YD 65.5 million in 1971, despite the fact that the refinery reduced operations to undertake major maintenance works in 1971. However, agriculture, the subsistence mainstay for over two-thirds of PDRY's estimated population of 1.5 million (1971), was little affected as its share in GDP was YD 11.5* million in 1969, YD 11.6* million in 1970, and YD 12.3* million in 1971. Per capita GNP was probably not much higher than US\$ 100 in 1971.^{1/}

7. In the face of these difficulties, fiscal performance had been remarkable (see Table I-1). Budgetary policies were conservative and effective. Revenue increased from YD 9 million in 1968/69 to YD 16 million in 1971/72, following the imposition of new taxes. The need for expanding education, health and social services and government administration outside Aden, had absorbed most of the rise in revenues. The Government had, nevertheless, kept the budgetary deficit at the same level during the 1969-1971 period.

8. Termination of the British budgetary support and withdrawal of the British troops immediately following independence in 1967, put the balance of payments under severe pressure. Although this pressure had been subsequently reduced by the substantial inflow of transfers from the Yemeni nationals working abroad, some foreign aid, stringent import control measures and the establishment of small import substitution industries, it was anticipated that it might persist for some time to come.

9. PDRY lacked adequate statistics, in general, and data relative to national accounts, in particular. Any attempt at quantifying economic growth for the period 1967 - 1971 may contain the danger of having a considerable margin of error. Such indicators as were available suggested that the PDRY's GDP dropped roughly by 20 per cent between 1966 and 1968. The two sectors that were most affected were the services and construction sectors. Petroleum refining, the only major

* excluding fishing

^{1/} For numerical estimates of GNP (1969-1975) see UNDP Mission's preliminary report on "The External Sector of PDRY", 1977

industrial activity at that period, and agriculture, which includes a very large subsistence element, maintained more or less their levels of output.

10. During the 1968 - 1971 period there was a significant expansion in the Public Sector. Law No. 37, which came into effect in November 1969, nationalized all foreign banks, insurance companies, trading companies, port services and petroleum distribution companies, with the exception of the Aviation Fuel Company "BP (Aden) Company for bunkering" and the BP Oil Refinery. In August 1972 commercial and residential buildings were also nationalized.*

11. Mainly as a result of the build-up of a new administrative structure, which had to be expanded into the areas outside Aden, the services sector accounted for roughly half the GDP in 1971, which compares with the situation which existed before independence.

12. In industry, activities other than petroleum refining were declining in importance, mainly because construction dwindled to a negligible volume and manufacturing was adversely affected by a fall in domestic demand. Much of the agricultural output was produced in the subsistence sector, indicating that agriculture was at a very early stage of development.

13. With little prospects for Aden to regain its former importance as a bunkering, trading and servicing center, the PDRY followed the realistic course of concentrating on developing its limited known natural resources in the commodity producing sectors. Agriculture, including fisheries, offered promising opportunities. Improvement of existing irrigation systems was expected to lead to a significant increase in output, while supplemental well-irrigation was anticipated to permit full crop cycles, with the introduction of new cash crops and fodder for animal husbandry. Industrial prospects appeared less promising due to the narrowness of the domestic market, the scarcity of industrial raw materials and the absence of qualified skilled manpower. Fish processing for export represented

* Owner-occupied dwelling, foreign companies and buildings which belong to foreign countries were not nationalized.

an important exception. With this trend of thought the PDRY embarked on the Three-Year Plan for Economic and Social Development, 1971/72 - 1973/74.

The Three-Year Plan for Economic and Social Development, 1971/72 - 1973/74

14. Despite the difficulties that faced planners in preparing the Three-Year Plan for Economic and Social Development, which were mainly due to the lack of statistical data, shortages in financial and skilled manpower resources, PDRY launched its first Plan.

15. The Plan was formulated on the basis of assigning absolute priority to the transformation of the economy from a "services oriented" one to an economy where material production will become increasingly important.

16. The goals of the Plan were:

- a) Raising the standard of living through accelerated increments in the real per capita income.
- b) Creation of job opportunities so as to overcome prevailing unemployment and catering for the natural increase in the labour force through the establishment of labour intensive projects.
- c) Rearrangement of the economic structure so as to concentrate on the realization of the greatest development possible in commodity production.
- d) Equitable distribution of national product.
- e) Support and expansion of public ownership and cooperative societies and encouragement and the granting of incentives to domestic capital investments.
- f) Expansion of the educational, cultural and health services.
- g) Establishment of a healthy balance of payment.
- h) Realization of economic coordination between the two Yemens.

17. To realize these aims, the Three-Year Plan for Economic Development envisaged the following:

i) In the field of industry

18. The construction of over thirty new factories, of which twenty eight were to be completed during the Plan period. In addition, eight of the already existing industrial concerns were to be renovated and developed. Consequently, industrial production was anticipated to grow, by the end of 1973/74, by 22 per cent. Aside from petroleum refining, growth in industrial production was estimated at something like 150 per cent. The anticipated growth was to depend on the introduction of modern techniques.

19. New industries, such as shoes manufacturing, tanning, plastic utensils, tomato paste, fishmeal, matches, cigarettes and others, were to be established. Work was also anticipated on the construction of a cement factory in the Third Governorate and a second textile factory in the First Governorate.

20. Major steps were to be taken to effect transformation in the industrial structure. The public sector's share in gross industrial production was anticipated to increase from 9.8 per cent in 1969 to 17.2 per cent in 1973/74, while that of the private sector was to rise from 3.9 per cent to 8.6 per cent during the same period. Consequently, the share of petroleum refining was planned to fall to 72 per cent in 1973/1974 from its 1969 level of 86.2 per cent. The Plan stressed the importance of geological exploration for petroleum and other minerals and allocated a sum of YD 2,319,900 for this purpose. It envisaged an investment of YD 267,800 for developing marketing avenues for the National Refinery products.

21. Total capital investment allocated for developing industry during the Plan period was estimated at YD 9,725,200 in addition to the sum of YD 2,587,200 allocated for the development of geological exploration and petroleum products.

ii) In the field of agriculture

22. The realization of irrigation projects aimed at expanding the cultivable area by about 18,650 acres, or by 8 per cent of the total cultivated area. The Plan also called for the adoption of various measures aimed at land improvement through the use of crop rotation, application of fertilizers, introduction of new varieties and strains of agricultural crops and of breeds into cattle and poultry raising, development of existing irrigation networks, dams and streams, and the introduction of various other measures aimed at reducing soil corrosion. These measures, if taken properly, would have resulted in developing 76,841 acres of irrigated land. The Plan also envisaged the development of fishing resources. These measures were expected to lead to an increase in agricultural and animal production of about 19 per cent at the end of the plan period, as compared with average production in the 1965/66 - 1968/69 period. The breakdown of this growth was as follows: field crops, 26 per cent; animal husbandry, 20 per cent; grains, 10 per cent; vegetables, 28 per cent; squash, 41 per cent; fruits (Bananas, Papaya, dates), 6 per cent; cotton, 39 per cent; meat, 13 per cent; dairy products, 14 per cent; eggs 500 per cent and fish 36 per cent.

23. The increase in the production of various crops was expected to almost meet the demand emanating from industry based on agricultural production and eventually realize a better level of development in the nutritional standard of the population.

24. The agricultural development plan emphasized the development of the public, cooperative and mixed sectors, so as to attain an increase in the productive capacities of these sectors by 10 per cent by 1973/1974.

25. Total allocations for agricultural development amounted to YD 10,505,600.

iii) In the field of transport and communication

26. The Plan envisaged the paving of 192 miles of new roads that were to connect important and strategic areas. These asphalted roads were designed to help in developing the economic and social levels among the population in various areas of the Republic; they were also expected to strengthen the economic and commercial ties between the two Yemens.

27. The Plan gave special importance to the construction of secondary roads in the different areas of the Third, Fifth and Sixth Governorate; it also incorporated measures for improving the land, air and sea transport network, as well as the development of the existing postal and telecommunication network.

28. Total allocations for all these projects amounted to YD 12,758,800.

iv) In the commodity sectors

29. The high rate of growth which was anticipated by the Plan was assumed to effect important changes in the composition and structure of the GNP. The share of commodity production was anticipated to grow from 48 per cent in 1969 to 54 per cent in the fiscal year 1973/1974.

30. Goods that were anticipated to be available for direct consumption in the local markets in 1973/1974 were expected to be 12.6 per cent higher than in 1969. Meanwhile the expected growth in food and other commodities amounted to 13.9 and 11.1 per cent respectively. These growth rates, if attained, would have exceeded the growth in the population's average rate of consumption.

31. As a result of the change in the origin of consumers goods that were supplied to the local market, the share of locally produced commodities was expected to increase substantially, from 29.3 per cent in 1969 to 38.2 per cent in 1973/1974. Consequently, imports were planned to decline.

v) In the field of external trade

32. The Plan anticipated a change in external trade. Emphasis was placed on the imports of equipment and machinery, industrial raw materials, and certain food and other consumption goods. With the growth of some of the domestically produced goods, it was anticipated that the share of locally produced goods in total exports would increase from 9 per cent in 1969 to 23.3 per cent in 1973/1974, and that imports of certain commodities that were expected to be produced locally to decline.

33. The measures indicated above were expected to reduce the deficit in the balance of goods and services from YD 21,800,000 in 1969 to YD 15,600,000 in 1973/1974. The balance on current account was expected to remain positive at around YD 400,000 in 1973/1974.

vi) In the field of education

34. In this field plans were made so as to cater for 182,000 students. During the Plan period 58 new schools were to be built (36 elementary, 18 preparatory and 4 secondary) together with a teacher's training center. Allocations for the construction of these schools amounted to YD 1,561,000.

35. These measures aimed at reaching within ten years the stage where elementary education becomes obligatory for male students, and as near that goal as possible for female students.

36. In addition, other steps were taken to ensure meeting the country's demand for specialized technical cadres in the fields of industry, agriculture, and social services.

37. The planned allocation for educational purposes amounted to YD 1,667,000.

Capital Investments

38. Execution of the projects enumerated in the Plan required large investments, estimated at YD 40,295,700. This unprecedented level of investment called for the mobilization of all efforts and resources, and for the proper use of all assistance and grants received from Arab and friendly countries and international organizations.

39. Four different sources of finance were anticipated in the Plan:

- Government	YD	15,893,500
- Publicly owned and joint companies	YD	3,317,000
- International loans and foreign assistance	YD	18,457,500
- Private	YD	2,627,700

40. The projects incorporated in the Plan were expected to create new job opportunities in the range of 10-12 per cent of total potential manpower (see tables I-2 and I-3).

Table I-2 PLANNED INVESTMENT OUTLAYS IN THE THREE-YEAR PLAN AND PLANNED CHANGES IN EMPLOYMENT IN VARIOUS SECTORS

Sector	Planned Share Investment		Share in Employment (per cent)	
	YD million	Percent	1969	1973/74
Agriculture	10.5	26.1	9.4	14.2
Manufacturing and other industries	12.3	30.5	16.9	19.0
Construction	-	-	5.8	-
Transport and communication	12.8	31.7	13.4	8.7
Trade	-	-	-	-
Other activities	4.7	11.7	54.5	53.1
Total	40.3	100.0	100.0	100.0

Source: The Three-Year Plan PDRY, 1971

Table I-5 PRIMARY INDICATORS TO THE THREE YEAR PLAN FOR ECONOMIC DEVELOPMENT
IN THE PDRY, 1971/1972 - 1973/1974 (in YD 000)

Details	1969	1971/72	1972/73	1973/74	Total
Industrial production	50,793	51,836	54,206	62,101	168,143
of which public sector	(2,756)	(2,980)	(3,565)	(7,982)	(14,527)
Agricultural production	30,833	32,574	34,222	36,813	103,409
of which public sector	(294)	(412)	(574)	(802)	(1,788)

Source: Planning Board, The People's Democratic Republic of Yemen

The Five Year Plan for Economic and Social Development (1974/75 - 1978/79)

41. The Five Year Plan for Economic and Social Development represented an important phase in the economic and social development of the PDRY. Its aims and goals were derived from the general strategy for development, adopted in that period, namely, the transformation of the country's economy from one which was overwhelmingly dependent on services to an economy where the agricultural, industrial and the construction sectors would have a major share in GDP. The rise in the contribution of the commodity producing sectors' was expected to help in raising the country's standard of living. The Plan also aimed at combating many of the social problems such as unemployment through the creation of new job opportunities.

42. The essential tools for combating these problems were available, but the natural resources and productive capacities of the country were not fully utilized. The level of utilization of irrigated lands and of cultivation and animal raising remained low. Growth in the volume of agricultural production was, therefore, at its lowest level due to the existence of the non-monetized sector in the rural areas and to the meagerness of national savings needed for development. Unemployment, in both disguised and undisguised forms, remained high.

43. The Plan included the following important indicators for economic development:

- a) The value of industrial production at the end of the Plan period, 1978/79, was to rise to YD 24,57 million, as compared with YD 9,317 million in the base year (1972/73) by 164 per cent (see table I-4 below).
- b) The value of agricultural production was planned to rise to YD 48,241 million by the end of the Plan period, compared with YD 31,217 million in the base year (1972/73), or by about 54.1 per cent.
- c) During the Plan period, priority was to be given to industrial projects that depended on locally produced raw materials and that were expected to produce import substitution goods. Special attention was also given to electricity generating projects.

In the agricultural sector, a substantial increase was expected to take place in agricultural products that could be used as raw materials for industrial production. Besides, land reclamation projects were to be executed during the Plan period for extending the area of cultivable land and for raising its productivity.

Table I-4 PLANNED RISE IN THE VALUE OF INDUSTRIAL AND AGRICULTURAL PRODUCTION, AT 1969 PRICES (Thousand YD; per cent)

Details	Base Year		Growth
	1972/73	1978/79	
1. Industrial production	9,317	24,570	164.0
2. Agricultural production, including fishing	31,217	48,241	54.1

Source: The Five Year Plan, 1974/1975 - 1978/79

- d) Developments in the fishing fleet and exploitation of fish resources were among the basic aims of the Plan. Extensive work for the establishment of a material and technical base for fishing operations and for the extension of already existing projects and establishment of new ones was to be undertaken.

44. The Plan took into consideration that investment was to be concentrated on few important projects so that these can be executed in the least possible time.

45. Special importance was given to the public sector and it was expected that this sector would take the leading role in economic development in the country. Table I-5 below shows the development of the public sector's production in industry and agriculture during the period 1972/73 - 1978/79.

Table I-5 PLANNED RISE IN THE PUBLIC SECTOR'S PRODUCTION
(YD million)

Sector	1972/73	1978/79	Growth (per cent)
Industry	4.0	15.2	280
Agriculture	1.6	10.5	556

Source: The Five-Year Plan, 1974/75 - 1978/79

46. Another important goal of the Five Year Plan was to raise the standard of living of people by combating poverty, sickness and illiteracy. The Five Year Plan, 1974/75 - 1978/79 aimed therefore at increasing investments in the social fields, namely, health, education and housing.

47. The new Plan envisaged investments totalling YD 75,358 million, as compared with YD 40,295 million in the preceding Three-Year Plan. A sum of YD 2,456 million, (3.3 per cent) was allocated for studies and designs; YD 25,982 million for machinery and equipment (34.5 per cent) and YD 46.92 million for construction and installment of machinery (62.2 per cent). Table I-6 shows investments according to sectors as allocated in the Five Year Plan.

Table I-6 **SECTORAL ALLOCATION OF INVESTMENTS IN THE FIVE-YEAR PLAN**
 (in thousand YD)

Sector	Total allocations	Per cent of total allocation	Studies and design	Machinery and equipment	Construction and installment
Industry	13,596.8	18.0	572.3	7,987.6	4,986.9
Agriculture	27,711.2	37.0	923.6	12,588.0	14,199.6
Transport and communications	19,159.0	25.0	240.0	2,441.4	16,477.6
Education	6,060.0	8.0	-	894.0	5,166.0
Culture and social affairs	1,119.5	1.5	0.3	692.2	427.0
Health	3,410.0	4.5	72.9	771.1	2,566.0
Housing and municipalities	3,563.0	4.7	43.0	512.0	3,008.0
Geological research	379.0	1.3	604.0	181.2	93.8
Total	75,448.5	100.0	2,456.1	26,067.5	46,924.9

Source: The Five-Year Plan, 1974/75 - 1978/79

48. Of the total plan investment of YD 75.4 million about YD 41 million (54 per cent) were to be financed from bilateral and multilateral sources, thus covering more than the estimated YD 30 million import content of the planned outlays.

49. Table I-8 below sets out the major investment activities to be carried out during the Five-Year Plan by the various agencies concerned, as well as their principal sources of finance. Just over one-half of the domestically financed planned expenditures was expected to come out of the National Development Fund, whose resources are mainly derived from profits of public corporations, personal voluntary tax contributions and cash grants. A further 20 per cent was to be financed by public sector enterprises and 25 per cent by local banks. For the whole five year period a mere 1 per cent (YD 326,000) was earmarked for private investment.

50. During the first three years of the Five Year Plan, 1974/75 - 1978/79, actual investment has been building up at an impressive rate and is said to have already exceeded the global target level. Public investment for the year 1976, which had been revised from YD 17 million to YD 45 million, was reported to have been attained. The sights were set for another jump in investment during 1977 to an annual level of over YD 70 million. If realized, such an investment would constitute a truly remarkable achievement in a country plagued by manpower shortages and organizational weaknesses and where capital formation already constituted 20 per cent of GNP in 1975.

51. While public sector's investment and consumption have risen rapidly during recent years, private consumption has been contained by severe austerity measures. Average per capita consumption is believed to have declined in real terms as a result of increased taxation and reductions in Government employees' salaries, on the one hand, and rising domestic prices, resulting largely from increases in the prices of imports, on the other. With average per capita income, estimated at about US\$ 200, and a tax effort representing about 17 per cent of GNP in 1975, further mobilization of domestic resources in the PDRY will be ever more dependent on public and para-statal sector's savings.

52. All ministries, regional administrations and public enterprises now have operational planning units. Their activities are supervised and coordinated by the Ministry of Planning whose other responsibilities include the establishment of priorities, securing external financial and technical assistance and monitoring overall plan implementation.

Table I-7 MAIN SOURCES OF FINANCE OF PLANNED INVESTMENT, 1974/75 - 1978/79

Executing body	Total investment (YD thousand)	Main sources of financing (per cent shares)
Minerals and petroleum Corporation	879.0	57 Czechoslovakia; 31 self-financing; 12 USSR
Ministry of Housing	3,320.0	100 self-financing
Local administration	436.5	88 PDRY; 10 UNDP; 2 Arab League
Ministry of Culture	65.0	100 PDRY
Ministry of Information	861.0	59 PDRY; 41 Czechoslovakia
Ministry of Health	3,410.0	73 USSR; 26 PDRY
Ministry of Education	6,060.0	100 PDRY
Ministry of Communications	3,103.0	43 self-financing; 19 Arab Fund; 12 PDRY; 12 USSR; 10 Bank Credit; 4 Czechoslovakia
Public Corporation for Water	1,519.0	56 PDRY; 43 self-financing; 1 UNICEF
Public Corporation for Electric Power	5,298.0	46 Bank Credit; 37 USSR; 12 self-financing; 4 Arab Fund; 1 IBRD
Ministry of Public Works	16,285.0	49 China; 29 Kuwait Fund + IBRD; 15 PDRY; 5 WFP; 2 IBRD
Public Corporation for Fish Wealth	9,447.0	34 Bank Credit; 26 Arab Fund; 19 USSR; 8 IBRD; 7 Denmark; 5 self-financing; 1 Poland
Ministry of Agriculture and Agrarian Reform	20,797.0	32 PDRY; 25 USSR; 24 Kuwait Fund; 12 Bank Credit; 3 UNDP; 2 GDR; 1 Hungary; 1 self
Ministry of Economy and Industry	3,877.8	51 China; 15 GDR; 10 PDRY; 9 private; 9 Bulgaria

Source: The Five-Year Plan

Chapter II

HUMAN RESOURCES

General Information

53. Prior to independence, demographic information was lacking in the PDRY. Only two censuses were conducted for Aden colony (which comprised the City of Aden and its suburbs) in 1946 and 1955. The data derived from these two censuses provide a limited demographic picture of the population of Aden Colony.

54. Among the primary objectives of the Three-Year Plan, 1971/72 - 1973/74, was to conduct a population and a housing census. The first census was eventually taken in May 1973 and its preliminary results have been used extensively for developmental planning purposes. With the exception of certain mountainous regions, the coverage is considered by the PDRY government to be reasonably complete. The registration of vital events in PDRY is extremely incomplete. Outside of Aden which began its registration system in 1955, the registration of births and deaths is virtually non-existent. In addition, within the city of Aden it is believed that only a small proportion of births and deaths occurring outside hospitals are actually registered.

55. In an attempt to improve its civil registration system, the Government had submitted a project request to the United Nations Population Fund.

Population

Size, Distribution and Structure

56. In the census of May 1973, the enumerated population of the PDRY was 1,590,275. In 1977, the population was estimated to be approximately 1,796,800. The average densities among the six governorates and the district of Thamud range from 54 to less than one inhabitant per square kilometer.

57. There are 88 localities in the country with 59 having 10,000 or more inhabitants and containing 88 per cent of the population. However, according to Government definition, 33 per cent of the population live in urban areas, 57 per cent in rural areas, and 10 per cent are nomadic. The capital city of Aden and its

surrounding urban agglomeration (which includes the areas of Sheikh Othman, Mansoura, Dar Saad and little Aden) accounts for about 15 per cent of the total population. The second largest city, Mukalla, contains nearly 3 per cent of the population.

58. As is the case in most countries in the region, the population of PDRY is a relatively young one. According to the 1973 figures, nearly one out of every five persons is under five years of age and roughly half of the population is under 15 years old (see Table II-1). In contrast, one out of 25 persons is 65 years old and above.

59. The male/female (sex) ratio of the total population in 1973 was 0.98, indicating slightly greater number of females than males. However, the sex ratio vary considerably across the age groups. Up to the age 15, there are substantially more males than females with the greatest difference occurring in the age category 10-14 where there were 95,000 males and 93,000 females or about 100 males for every 98 females. From age 15 onwards, except for the age group 55-59, females outnumber males by considerable margins. The differences are pronounced in the age categories 20-34 years old where there are reportedly 6,000 more females than males.

60. There are a number of possible explanations which could account for the large differences between the reported pattern of sex ratios by age and the expected pattern based on stable population models. With respect to the excess of males prior to age 15, this is likely to be due to the under-reporting of females as well as age misreporting among young females. After age 15, the relative deficit of males is no doubt largely due to their out-migration; in addition, between the ages of 15-30 the extreme relative deficit of males is probably the result of the inflated ages of many of the young females.

Table II-1 DISTRIBUTION OF POPULATION BY AGE AND SEX IN 1973

Age group	No. of males	Per cent of male population	No. of female population	Per cent of female population	Total	Per cent of total population
0-4	157,000	19.95	153,000	19.05	310,000	19.49
5-9	145,000	18.42	142,000	17.68	287,000	18.05
10-14	95,000	12.07	93,000	11.58	188,000	11.82
15-19	68,000	8.64	66,000	8.22	134,000	8.43
20-24	55,000	6.99	56,000	6.97	111,000	6.98
25-29	48,000	6.10	51,000	6.35	99,000	6.23
30-34	44,000	5.59	46,000	5.73	90,000	5.66
35-39	39,000	4.96	41,000	5.10	80,000	5.03
40-44	33,000	4.19	36,000	4.48	69,000	4.34
45-49	28,000	3.56	30,000	3.73	58,000	3.65
50-54	23,000	2.92	24,000	2.99	47,000	2.95
55-59	17,000	2.16	19,000	2.36	36,000	2.26
60-64	11,000	1.40	13,000	1.62	24,000	1.51
65-69	6,000	0.76	8,000	1.00	14,000	0.88
70+	18,017	2.29	25,258	3.14	43,275	2.72
Total	787,017	100.00	803,258	100.00	1,590,275	100.00

Source: Central Organization of Statistics

Based on a sample of returns of the 1973 census

Fertility

61. Other than the 1973 census, quantitative information on the levels of fertility in the PDRY are extremely scarce. The census, however, does permit the computation of the child-woman ratio (that is, the ratio of children under 5 years old to women 15-49 years old) which was 850 per thousand women. In

comparison, the child-woman ratio was 991 in Jordan in 1973, 725 in Bahrain in 1971, 646 in Lebanon in 1970, 802 in the Yemen Arab Republic in 1970; 342 in Great Britain in 1973; 276 in Hungary in 1973, and 325 in the USA in 1973.^{1/}

62. The latest United Nations estimates (medium variant) for the period 1970-1975 put crude birth rate close to 50 per thousand and the total fertility rate at 7.2 per woman. The net reproduction rate is also estimated to be 2.3 per woman. The estimates seem reasonable given the relatively high child-woman ratio and the social and economic conditions in the PDRY.

Mortality

63. Statistical Information on the level of mortality in the PDRY is virtually non-existent. The only estimates available are those of the United Nations which estimate the crude death rate to be near 21 per thousand and the average life expectancy at birth to be about 45 years.

64. The provision of health services is quite limited. For example in 1972 - 1973 it was estimated that there were not more than 150 doctors, or about one per 11,000 inhabitants, with nearly all physicians practicing in Aden. Although the Government has given high priority to the expansion of health services (i.e., number of physicians is anticipated to reach 310 by 1978/79), it is unlikely, because of the acute lack of qualified personnel, that such services will reach the remote areas in the near future despite the planned health services for rural areas as envisaged by the Five Year Plan.

Migration

65. Data on internal migration are also not available. The Government believes, however, that the previously large number of migrants from the rural areas to the major urban centers has been reduced substantially due to the shortage of employment opportunities in urban areas, the significant achievements which have been made in the levels of living in many of the rural areas, and emigration from the least developed rural regions.

^{1/} Country Profile (PDRY) prepared by the Regional Population and Employment Team, The Middle East and Mediterranean, ILO, Beirut, November, 1977.

66. As mentioned earlier, the largest urban center in the PDRY is the capital agglomeration of Aden which contains 240,370 inhabitants, or 15.1 per cent of the total population. The primacy of Aden is even more evident when one realizes that it is 5.4 times as big as the second largest city and 3.1 times as big as the combined population of the second, third and fourth largest cities (Mukalla, 44,000; Sayoon, 19,000; and Hotta, 14,000). These primary city indexes are relatively high in comparison to those in the region. For example, the four city indexes for Saudi Arabia, Syria, Egypt, Iraq and Lebanon are approximately 0.6, 0.9, 1.6, 2.2 and 2.5 respectively.^{1/}

Growth

67. According to the various demographic estimates, the growth rate for the period 1970-1973 was approximately 2.9 per cent per annum, while the official population growth rate used by PDRY officials is 3.1 per cent per annum. The 1970 - 1973 period is not long enough to establish the actual trend of population growth. However, relying on what rough statistics are available on birth and death rates, it may be possible to give an estimate for the present rate of population growth to range between 3.0 per cent and 3.3 per cent annually.

Employment

68. Despite the lack of adequate data, it is believed that unemployment has not been reduced, though official statistics registered in the First Governorate indicates a relative decline in unemployment (see Table II-2).

69. The public sector has been the predominant source of employment as shown in Table II-3.

^{1/} Country Profile PDRY, prepared by Regional Population and Employment Team, ILO, Beirut, November, 1977.

Table II-2 REGISTRATION OF EMPLOYMENT IN THE FIRST GOVERNMENT FOR THE PERIOD MARCH 9, 1967 - DECEMBER 31, 1976

Years	Registered		Employed		Unemployed	
	Males	Females	Males	Females	Males	Females
March 1967- Dec. 1967	7,067	604	1,569	81	5,507	523
1968	6,426	652	1,657	125	4,769	527
1969	2,647	479	1,306	122	1,341	357
1970	3,882	564	1,559	123	2,323	441
1971	4,935	1,263	2,334	256	2,601	1,007
1972	3,964	780	1,938	227	2,026	553
1973	7,798	1,984	1,845	121	5,953	1,863
1974	6,033	2,866	3,660	356	2,373	2,510
1975	4,855	2,048	4,736	963	119	1,085
1976	4,751	1,553	4,751	1,241	-	312

Source: Labour Force Bulletin, 1976, Central Organization of Statistics, Department of Social and Population Statistics

Table II-3 EMPLOYMENT IN THE MINISTRIES AND RELATED DEPARTMENTS

	Base year 1969 (thousand)	Final year 1973/74 (thousand)	Ratio of 1973 to 1969
Employment	21.6	33.3	53.6

Source: Quarterly Economic Review, The Arabian Peninsula, Annual Supplement, 1975

70. However, the public sector is not confined only to the government ministries and related departments, but also includes the main manufacturing enterprises, foreign trade services, agricultural farming, financial institutions, etc. Data on industrial employment for the period 1973-1975 (see Table II-4 below) indicates that the public sector has played a relatively leading role in providing job opportunities during this period.

Table II-4 INDUSTRIAL EMPLOYMENT BY SECTORS 1973-1975*

Years	Sectors	No. of employees	Per cent of total	Employees Wages	Per cent of total
1973	Public	4,275	74.49	1,199	81.70
	Mixed	261	4.55	70	4.78
	Private	1,203	20.96	198	13.52
	<u>Total</u>	<u>5,739</u>	<u>100.00</u>	<u>1,467</u>	<u>100.00</u>
1974	Public	4,988	80.23	1,334	81.46
	Mixed	295	4.75	82	5.01
	Private	934	15.02	221	13.53
	<u>Total</u>	<u>6,217</u>	<u>100.00</u>	<u>1,637</u>	<u>100.00</u>
1975	Public	4,411	74.69	1,332	78.24
	Mixed	390	6.60	196	11.53
	Private	1,019	17.25	156	9.18
	Cooperative	86	1.46	18	1.05
	<u>Total</u>	<u>5,906</u>	<u>100.00</u>	<u>1,702</u>	<u>100.00</u>

Source: Ministry of Planning, Central Statistical Organization, Industrial Bulletin 1969 - 1975

* BP Refinery data are not included

71. Manpower shortages are said to be appearing mainly, though not exclusively, in regard to highly skilled personnel. In order to deal with this problem, foreign nationals are recruited whenever qualified local staff is not available. Considerable attention is also paid to manpower training. Technical education facilities are being rapidly developed with assistance from international organizations. Moreover, several hundred Yemeni nationals are being trained abroad in various fields, such as agriculture, fisheries and engineering. The government is also encouraging the repatriation of skilled Yemeni nationals working abroad.

72. Substantial economy recovery and employment expansion came with the reopening of the Suez Canal in 1975, and restoration of port and bunkering trade. However, generating sufficient additional employment opportunities remains a difficult task, at least in the short run.

73. Latest data pertaining to the estimated total population of PDRY for the year 1976, distributed by sex and industry is shown in Table II-5 below.

74. The Government is applying an extremely tough policy on wages and salaries. In 1972 they were reduced substantially. Up to March 1975 there was no increase in wages and salaries despite the increase in the cost of living. In March 1975, the Government granted an increase of 5 per cent in the take-home pay of public sector's employees and authorized allowances for highly specialized people.

75. The employment situation is grave because each year more than 10,000 persons enter the labour market, thus contributing to the unemployment pool. Although a large number of jobless people have been absorbed by the public sector, unemployment has not declined and is still believed to be over 15 per cent of the total labour force.^{1/}

^{1/} ILO Regional Population and Employment Team, The Middle Eastern and Mediterranean Country Profile of the PDRY - Beirut, November, 1977.

Table 1-3 ESTIMATED POPULATION IN 1976, DISTRIBUTED BY SEX AND INDUSTRY

Industry	Per cent of total		Per cent of total	
	Males	Male population	Females	Female population
Agriculture, hunting and fishing	109,916	1.1	50,150	0.9
Mining and quarrying	2,232	0.00	-	-
Manufacturing	13,685	1.57	6,139	0.94
Electricity, gas and water	3,111	0.36	24	negligible
Construction	16,797	1.95	-	-
Wholesale and retail trade and restaurants and hotels	27,712	3.21	237	0.02
Transport, storage and communication	14,508	1.67	67	negligible
Financing, insurance, real estate and business services	435	0.05	46	negligible
Community, social and personal services	22,115	2.52	5,107	0.32
Activities not ade- quately described	14,491	1.67	5,320	0.60
Individuals with no activity	328,637	32.11	592,995	67.35
Individuals less than 7 years of age	223,756	26.52	221,706	25.13
Total	362,502	100.00	880,301	100.00

Source: Central Organization of Statistics, Labour Force Bulletin 1976
(provisional estimates)

Table II-6 LABOUR FORCE: ESTIMATES AND ANNUAL RATES OF GROWTH, 1950-1980

Year	Total	Males	Females
A. Labour Force (in thousands)			
1950	266	256	10
1955	286	275	11
1960	313	300	13
1965	347	332	15
1970	393	374	19
1975	441	419	22
1980	497	471	27
B. Annual Rates of Growth (in per cent)			
1950-1955	1.49	1.47	2.10
1955-1960	1.79	1.77	2.29
1960-1965	2.08	2.00	3.79
1965-1970	2.51	2.44	4.07
1970-1975	2.34	2.28	3.52
1975-1980	2.44	2.38	3.58

Source: ILO Labour Force estimates and projections 1950 - 2000,
Vol. 1, Asia, 1977

Table II-7 LABOUR FORCE: ESTIMATES AND PROJECTIONS BY SEX AND AGE GROUP, 1965 - 1980

Age	Total					Males					Females				
	1965	1970	1975	1980	1985	1970	1975	1980	1985	1990	1970	1975	1980	1985	1990
10-14	22	23	23	22	21	22	21	21	21	21	1	1	1	1	1
15-19	46	51	55	60	44	49	52	57	44	57	2	3	3	3	4
20-24	52	59	67	76	50	56	63	72	50	72	3	3	3	3	5
25-44	150	172	197	226	144	164	188	215	144	215	6	8	8	10	12
55-64	24	27	31	35	23	26	30	34	23	34	1	1	1	1	2
65 +	11	12	13	14	10	11	12	13	10	13	-	-	-	-	-
Total	347	393	441	497	332	374	419	471	332	471	15	19	22	27	27

Source: ILO, Labour Force Estimates and Projections 1950 - 2000, Vol. 1, Asia 1977

Chapter III

SECTORAL DEVELOPMENT

76. Table III-1 shows the relative importance of sectors in GDP at current prices.

Table III-1 GROSS DOMESTIC PRODUCT BY INDUSTRY AT CURRENT PRICES
(million YD)^{1/}

Sector	1969	1970	1971	1972	1973	1974	1975
Agriculture	11.5	11.6	12.3	14.3	15.3	16.3	17.3
Fishing	3.1	3.5	3.8	4.4	5.1	6.4	7.5
Manufacturing and mining	3.1	3.0	3.8	4.2	5.2	6.5	8.0
Construction	1.0	0.9	1.6	2.6	4.1	6.1	7.2
Electricity, gas and water	1.9	1.9	1.9	2.0	1.9	1.9	2.0
Transport, storage and communication	4.0	4.4	4.3	4.6	5.3	7.0	9.1
Wholesale and retail trade	12.8	13.3	10.8	11.6	14.2	20.7	19.4
Finance, insurance and real estate	0.5	0.5	0.5	0.5	0.6	0.6	0.8
Ownership of dwellings	4.9	5.1	5.2	5.4	5.5	5.7	6.2
Public administration and defence	9.7	10.6	12.1	12.9	13.1	15.4	19.4
Services	8.2	8.7	9.2	9.5	10.1	10.6	11.3
Total	60.7	63.5	65.5	72.0	80.4	97.2	108.2

Source: Tentative World Bank Mission Estimates

^{1/} Excludes the BP Refinery

Table III-2 GROSS DOMESTIC PRODUCT BY INDUSTRY
(at current prices, per cent)^{1/}

Sector	1969	1970	1971	1972	1973	1974	1975
Agriculture	18.95	18.27	18.78	19.86	19.03	16.77	15.99
Fishing	5.11	5.51	5.81	6.11	6.34	6.58	6.93
Manufacturing and mining	5.11	4.72	5.81	5.83	6.47	6.69	7.39
Construction	1.65	1.42	2.44	3.61	5.10	6.28	6.65
Electricity, gas and water	3.13	2.99	2.90	2.78	2.36	1.95	1.85
Transport, storage and communication	6.59	6.93	6.56	6.39	6.59	7.20	8.41
Wholesale and re- tail trade	21.09	20.95	16.49	16.11	17.66	21.30	17.93
Finance, insurance and real estate	0.81	0.79	0.76	0.69	0.75	0.62	0.74
Ownership of dwellings	8.07	8.03	7.93	7.50	6.84	5.86	5.73
Public administra- tion and defence	15.98	16.69	18.47	17.92	16.30	15.84	17.93
Services	13.51	13.70	14.05	13.20	12.56	10.91	10.45
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Tentative World Bank Mission Estimates

^{1/} Excludes the BP Refinery

Note: The official estimates of GDP differ from those made by the World Bank Mission.

The official estimates shall be utilized later on in this report.

77. Agriculture showed fluctuating rates during the period 1969-1975 because this sector depends, to a large extent, on rainfall. The volume of agricultural production is still short of satisfying domestic demand. Agricultural exports are confined to cotton and hides and skins. The contribution of agriculture to GDP ranged during the period (1969-1975) between 15.99 per cent and 19.86 per cent.

78. The contribution of fishing to GDP ranged between 5.11 per cent and 6.93 per cent and was rising slowly throughout the 1969/1975 period.

79. The manufacturing and mining sector is still at its embryonic stage and its contribution to GDP during the 1969-1975 period ranged between 4.72 per cent and 7.39 per cent (excluding the British Petroleum Refinery).

80. Industrial growth has been concentrated on few industries that produce import substituting commodities, or that utilize local raw materials, namely, cotton ginning and spinning and fish canning and processing industries. The industry sector suffers from many inherent constraints, the most important of which are:

- a) Lack of trained manpower
- b) Shortage of capital
- c) Lack of a stable policy and comprehensive regulations necessary for the erection of a solid industrial base.
- d) Lack of inter-dependence and infrastructural facilities.
- e) Importation of most raw materials and intermediates for import substituting industries.
- f) Public or cooperative ownership of most large and medium sized industrial concerns.
- g) Almost complete absence of entrepreneurship as a result of (f) above.

81. The mining sector is also at its embryonic stage as minerals which are supposedly present have not been proven to be commercially exploitable. So far, the discovered and exploited natural resources are limited in quantity and the available reserves have not been firmly determined.

82. With the exception of 1970, the construction sector showed steady improvement. Its contribution to the GDP ranged between 1.42 per cent and 6.65 per cent.

83. The contribution of the electricity, gas and water sector to GDP declined from 3.13 per cent in 1969 to 1.85 per cent in 1975. This does not mean that the absolute contribution of this sector has actually fallen, but rather it did not grow at the same rate as that of GDP, or, at most, it was nearly stagnant during the 1969-1975 period.

84. The share of dwellings in GDP has also declined during the 1969-1975 period from 8.18 per cent to 5.73 per cent although in absolute value it had risen from YD 4.9 million to YD 6.2 million.

Sectoral Development

1. Agriculture

85. Although agriculture is the main activity of most of the population living outside Aden town, arable land, estimated at 405,000 ha (of which only 121,000 ha under cultivation), represents only just over one per cent of the total land area, and the agricultural sectors' contribution to GDP ranged between 15.99 and 19.86 per cent. In the fertile areas (in the Western and Eastern Protectorates) a highly developed water conservation system permits crops of sorghum, wheat, barley, millet, sesame and cotton. In 1971/72, 32,000 bales of cotton were produced, most of which was exported. The Western Protectorate is self-supporting in fruits in most seasons. Dates are grown extensively in the Hadhramaut and Wadi Hajr. The Abyan scheme, covering 32,000 ha, closely resembles the Sudan Gezira scheme and involves extensive irrigation and controlled production mainly of cotton and sorghum. Lahaj is now also an important irrigation area, and there are several cotton producers' associations and producer cooperatives

in the Western Protectorate. The government is giving priority to several agricultural projects and an Agricultural Fund provides economic assistance to farmers. Considerable foreign assistance (mainly from the Socialist countries, the Arab countries, the United Nations and the Kuwait Fund for Economic and Social Development) is given in the form of financial and technical aid for projects, such as irrigation, and the introduction of new farming methods and equipment. Under agrarian reform laws of 1968 and 1970, ownership was limited to 20 feddans.^{1/}

86. The Five-Year Plan, (1974/75-1978/79) considered the agricultural and fishing sectors as the most important among all sectors of the economy. A large portion of total investment was allocated for agriculture and fisheries. The basic developmental task was to decrease the importation of food stuff and to supply local industries with the required domestic raw materials. The accomplishment of such a task depended mostly on expansion of irrigated areas and of livestock production and on the application of the best and most modern techniques in agriculture, livestock and fishing.

87. Publicly owned farms were to form the basic and most essential producers of agricultural crops and were intended to serve as a model for the rest of the farms outside the public domain.

88. Based on 1969 prices, the value of total agricultural and livestock production at the last year of the plan is estimated at about YD 36.5 million. This would be around YD 13.5 million, or 56.5 per cent, more than the total value of agricultural and livestock production of the base year 1972/1973. The average total value of annual agricultural and livestock production during the Plan period was estimated to be YD 31.4 million, approximately YD 7.6 million (32 per cent) over and above the average of the Three-Year Plan. Total investment allocated for the agricultural sector alone (excluding fishing) during the Plan period was YD 20.8 million, of which YD 9.4 million to be financed from local sources and YD 11.4 million from outside sources.

^{1/} Quarterly Economic Review, The Arabian Peninsula, Annual Supplement, 1975

Table III-3 PLANNED AGRICULTURAL PRODUCTION
(in thousands of dinars/thousands of tons)

Agricultural Produce	Base Year of Plan 1972/73		Final Year of Plan 1978/79	
	Quantity	Value	Quantity	Value
Cereals	88.2	6,276	130.0	9,306
of which:				
Indian corn	57.7	4,240	73.5	5,402
Maize	10.0	525	16.0	830
Grain	16.8	1,344	36.0	2,880
Barley	2.0	90	2.8	126
Other cereals	1.7	77	1.5	68
Cereal left-overs	0.0	798	195.0	1,170
Raw cotton	11.7	918	25.0	1,962
Sesame	3.5	280	4.0	320
Coffee	0.81	446	0.81	446
Tobacco	1.35	270	1.7	340
Qat	-	80	-	80
Vegetables	30.7	658	100.0	2,144
Gourds	21.0	229	90.0	981
Potatoes	0.9	47	1.4	73
Vegetable and gourd left-overs	5.2	46	19.0	171
Fodder	244.0	2,318	460.0	4,370
Bananas	10.7	116	21.6	233
Papaya	2.2	31	6.0	85
Dates	40.0	1,080	40.0	1,080
Total		13,593		22,761

Source: Five Year Plan, 1974/75 - 1978/79

Table III-4
CULTIVATED AREA
(in thousand of feddans)

Agricultural produce by name	Actual 1972/73	First year of plan, 1974/75	Final year of plan, 1978/79	Increase in area in 1978/79 against 1972/73 thousands of per cent feddans	
Cereals	137.0	146.0	175.0	38.0	27.7
of which:					
grain	24.0	28.8	45.0	21.0	87.5
maiso and millet	108.0	112.0	124.0	16.0	15.0
barley	3.0	3.2	4.0	1.0	33.0
other cereals	2.0	2.0	2.0	2.0	0.0
Cash crops	31.2	33.5	51.7	20.5	66.0
of which:					
cotton	29.7	32.0	50.0	20.3	68.0
tobacco	1.5	1.5	1.7	0.2	13.0
Potatoes	0.5	0.5	0.7	0.2	40.0
Vegetables	8.0	9.5	14.0	6.0	75.0
Gourds	1.4	2.2	4.5	3.1	220.0
Fodder	17.5	18.3	23.0	5.5	32.0
of which:					
indian corn	-	14.2	12.5	-	-
clover	-	4.0	8.0	-	-
other fodder	-	0.1	2.5	-	-
Sesame	10.2	10.2	10.5	0.3	3.0
Aged plantatin	13.8	13.8	14.3	0.5	3.5
of which:					
coffee	1.5	1.5	1.5	-	0.0
bananas	1.6	1.6	1.8	0.2	12.5
papaya	0.7	0.7	1.0	0.3	43.0
dates	10.0	10.0	10.0	-	0.0
Other agricultural produce	7.8	10.0	10.0	2.2	28.0
Total	227.4	244.0	303.7	76.3	33.6

Source: The Five Year Plan, 1974/75-1978/79

Table III-5 PUBLIC SCHOOLS AND ENROLLMENTS
(Primary, Intermediate and Secondary)

Year	No. of schools	No. of students (thousand)	No. of teachers
1969/1969	677	110.8	3,554
1969/1970	694	117.0	4,172
1970/1971	913	151.2	5,085
1971/1972	983	166.9	5,629
1972/1973	1,036	184.1	6,612
1973/1974	1,156	213.9	7,724
1974/1975	1,143	234.8	8,124
1975/1976	1,174	247.7	8,696

Source: Central Statistical Organization: Education Statistics 1968/1969 - 1975/1976, November 1976

89. To ensure the achievement of projected agricultural production it was necessary to provide the required water supply needed for irrigation. Consequently, 80 per cent of the investments allocated to agriculture were channeled towards the accomplishment of this goal, i.e. the development of a system in the Delta area which incorporates 45 thousand acres. It was also expected that this project would enable an expansion of 4,500 acres of new land to be irrigated from underground water resources and 8,000 acres from streams. New canals were to be opened and levelling works were to be started to prepare for the construction of eight dams which were expected to supply the necessary water to irrigate 16,250 acres and to add another 4,500 acres that are irrigated from streams. 350 artesian wells were expected to be dug for the irrigation of 15,000 acres. There were plans to execute other irrigation projects in Hadramout, Maife'ah, Tibn and Jaafoulah.

These projects were anticipated to irrigate an area of about 2,500 acres of new land with underground water. Maife'ah Hajer development project was anticipated to add 4,000 acres of stream irrigated new land. Other auxilliary irrigation projects were to irrigate an area of about 1,500 acres from streams. The total area of newly reclaimed land was anticipated to be around 40 thousand acres, of which 22 thousand were to be irrigated from underground water. The remaining 18 thousand were to be irrigated from surface water.

90. The development of the irrigation system was to allow for supplying some lands that were not considered cultivable area with water. The area of these lands was estimated at between 10-15 thousand acres, of which 5 - 6 thousand acres to be supplied from the Delta Albin Project, 4.3 - 4.6 thousand acres from the eight-dams Project and 1.4 - 1.6 thousand acres from other valley projects.

91. The Plan also gave special attention to the exploitation of undiscovered water resources through incorporating a number of studies for exploring other water resources and preparing designs and specifications for irrigation schemes. Among these were general studies for Wadi Mainfaa'h and the Middle Muderiat of the Fourth Governorate and North and East Muderiat of the Third Governorate, and the completion of studies for Wadi Tibin and Wadi Hadramout. It was anticipated that 30 exploration wells in the valleys (wadies) will be dug during the Plan period.

92. The establishment of a new training center for irrigation engineering capable to cater for 80 students was envisaged. This center will train technical cadres for irrigation schemes.

93. To realize the agricultural goals of the Five-Year Plan, the sum of YD 20,797 thousand was allocated and distributed as follows:

<u>Investment purposes</u>	<u>Thousand YD</u>
Irrigation	16,756.8
Animal husbandry	1,673.5
Training and research	948.9
Public farms	1,257.8
Cotton ginning	160.0
	<hr/>
	20,797.0

2. Fishing

94. Fish wealth in PDRY is a valuable resource of high potential. The quantity of fish caught has been increasing in the last decade. Table III-6 gives the quantity of fish caught for the period 1966-1976.

Table III-6 QUANTITY OF FISH CAUGHT IN PDRY

<u>Year</u>	<u>Quantity in thousand tons</u>
1966	55.0
1967	43.8
1968	49.9
1969	119.3
1970	115.0
1971	118.2
1972	122.6
1973	133.5
1974	144.2
1975	143.8
1976	154.6

Source: 1966-1971 Figures from a report by the International Bank, No. 189a - YDR, 1973; 1972-1976 from the October 14 Magazine, Aden, November 30, 1977.

95. Traditional fishing techniques and lack of appropriate and sufficient shore facilities are among the factors hindering a more substantial expansion in fishing activity. To promote production, processing and marketing of fish and other marine products, the PDRY Government established in 1970 the Public Corporation of Fish wealth (PCFW) which is now actively engaged in Fishing operations.

96. An important task which had to be executed during the Five-Year Plan, 1974/1975-1978/79, in the fishing sector was the development of fish processing, storage facilities and marketing techniques.

97. Since this sector has been thought of as being one that could be expanded at a relatively high rate of return, it was given priority in the development allocations made in the Five-Year Plan.

98. The volume of fish caught at the end of the Five-Year period was anticipated to reach 216.8 thousand tons of various kinds of fish, or an increase of 75 per cent (92.9 thousand tons) over the base year, 1972/73. The anticipated value of fish in 1978/79 is YD 11.7 million, compared to YD 8.2 million in 1972/73.

99. To realize the anticipated increase in the volume of fish caught, it was envisaged that 15 fishing boats would have to be added to the fishing fleet. Two of which to carry 100 tons each, three of a load capacity of 250 tons, two of a load capacity of 500 tons, and six of a load capacity of 200 tons of sardines for fishmeal processing at Al-Mukalla Plant. Meanwhile, the traditional fishing system had to be supported by 180 improved boats supplied with modern fishing equipment.

100. To accomplish the goals of the Plan for the development of the fishing industry, a total sum of YD 9,447.2 thousand has been allocated, of which YD 3,756.2 thousand to be procured from local sources and YD 5,691 thousand from foreign sources.

3. Transport and Communication

101. PDRY transport and communications system had been developed mainly in Aden and its adjacent areas. Connexions with the central and eastern regions were sparse. Independence made the extension and improvement of the transport and communication network a foremost task of the government so as to strengthen the political and economic integration of PDRY.^{1/}

102. In 1969 only 476 km of roads were available in the country, 59 per cent of which was asphalted. Both, the Three-Year Plan, 1971-1974, and the Five-Year Plan, 1974-1979, aimed at increasing the asphalted roads to 1,965 km. By the end of 1973 about 535 km of asphalted roads were available and work on several other main roads, connecting the major population centers, was going ahead.

103. The Five-Year Plan for Economic and Social Development, 1974/75 - 1978/79, included the following projects:

- a) An increase in asphalted roads network by 766 kilometers, renovation of 320 kilometer of asphalted roads, and opening up of 980 kilometers of gravel roads.
- b) Establishment and expansion of maintenance workshops for Government owned vehicles in the capitals of all Governorates.
- c) Expansion of bus services in the capital city to a capacity of 100,000 passengers daily and the initiation of new lines between the First and each of the Second, Third and Fifth Governorates.
- d) Construction of the Port of Khalaf for unloading over 400,000 tons of goods annually.
- e) Reconditioning equipment in the Port of Aden.
- f) Purchasing two ships for the transportation of goods so as to increase shipping capacity to 48,000, or by 40,000 tons over the base-year level.

^{1/} World Bank report on current economic position and prospect of PDRY, 1973

- g) Extension of Aden's airport runway to 10,000 feet and equipping it with the necessary lighting fixtures.
- h) Conducting a feasibility study for the construction of a dry dock maintenance facilities for ships with a loading capacity ranging between 10 - 20 thousand tons.
- i) Extension of post office services to include 90 thousand people in the rural areas.
- j) Development and reconditioning of the telephone network in the capital city.

104. Investments in this sector were estimated at around YD 19,159 thousand to be financed from the following sources:

	<u>Thousand YD</u>
Government	2,687
Corporations	1,254
Bank Loans	307
External loans	14,176
FAO	735
Total	<u>19,159</u>

4. Education and Health

105. The government of PDRY attached a high priority to education and modern health services. Consequently, rapid expansion of public education took place in recent years, particularly in primary education. Participation rates have greatly increased as has the number of educational facilities and teachers. Furthermore, educational opportunities have been extended into rural areas, where basic education was formerly lacking.

106. Female student participation has been steadily increasing in the last ten years at all levels of education. At the primary level, the number of female students increased from 14,600 in the academic year 1968/1969 to 67,964 in 1975/1976.

107. The Five-Year Plan envisaged a programme aiming at eradicating illiteracy by absorbing all seven-year old children in the school system. The Plan envisaged also a similar programme for the preparatory stage so as to cater for 100 per cent of the students who graduate from elementary schools, both male or female students, and 60 per cent of graduates from the preparatory schools in the secondary stage.

108. These aims, if and when realized, will no doubt, contribute, to a great extent, to filling the gap between the level of education extended to the female portion of the population and that of the male portion, and will equalize the opportunities open to women with those open to men. They also envisage a sizable expansion in education throughout the Plan period, with the number of students in all stages of general education envisaged to reach 342 thousand in 1978/1979, as compared to 184 thousand in 1972/73. The number of female students was expected to reach 106 thousand in 1978/79, or 31 per cent of total school enrolment as compared to 24 per cent in the base year 1972/73.

109. To realize such an expansion, an investment of YD 5,796 thousand was appropriated from government sources.

110. As a result of the expected increase in demand for qualified teachers, technicians and professionals, several programmes were planned in areas of teachers rehabilitation, technical training, commercial education, agricultural training and scholarships.

111. Health services underwent rapid expansion during the period 1968-1976. The number of hospital beds increased from less than 1,300 in 1967 to over 2000 in 1974, and the number of physicians more than doubled in the same period. The Five Year Plan, 1974-1979, included the construction of several new health centers and called for an increase in the number of hospital beds from 1950 in 1972/1973 to 3,150 in 1978/1979. The plan allocated a sum of YD 3,410 thousand for the development of health services.

5. Foreign Trade

112. No consistent series of foreign trade figures are available for PDRY. Imports of the refinery, exports and imports through the north borders and imports of foreign companies disturb the time series of foreign trade estimates. One should, therefore, expect several estimates to be given for the same variable.

113. One basic characteristic of PDRY foreign trade is the widening trade deficit. A Central Statistical office publication on foreign trade statistics (1975) showed that the trade deficit has risen from YD 20.9 million in 1971 to YD 64.2 million in 1975.^{1/} A paper published by the PDRY National Bank indicated that the trade deficit was YD 31.8 million in 1971, YD 56.2 million in 1975 and YD 78 million in 1976. In 1977, UNCTAD estimated the 1975 trade deficit at US\$ 162 million (YD 47 million).^{2/} However conflicting, these figures indicate the magnitude of trade deficit in PDRY (see Table III-7).

^{1/} Ministry of Planning, Central Statistical Office, Analytic Bulletin of Foreign Trade Statistics for 1975, Table 9. Table 13 of the same bulletin gives different figures).

^{2/} UNCTAD, Draft Preliminary Report, The External Sector of PDRY, Geneva, March 1977.

Table III-7 PDRY EXTERNAL TRADE
(YD million)

Year	Exports and re-exports	Imports	Balance
1967	40.5	75.8	-35.3
1968	43.1	84.4	-41.3
1969	55.9	90.9	-35.0
1970	56.5	83.3	-26.8
1971	40.0	64.9	-24.9
1972	37.6	57.2	-16.6
1973	35.5	59.8	-24.3
1974	4.4	61.7	-57.3
1975	3.9	59.4	-55.5
1976	15.5	84.9	-69.4

Source: Ministry of Planning Central Statistical Organization,
Bulletin of Foreign Trade statistics for 1976.

114. The composition of domestic exports has not changed significantly in recent years, although the relative share of individual products differs considerably from one year to another. Marine products, cotton, skins, salt and raw tobacco, constitute the bulk of PDRY exports.

115. The volume of retained imports, i.e., total imports minus re-exports, appears to have only grown marginally in real terms, inspite of increased purchases of machinery and equipment. However, consumer items still account for more than half of total imports, which, according to an UNCTAD mission estimate, represents nearly half of the GNP.^{1/}

^{1/} UNCTAD, The External Sector of PDRY, ibid.

116. Import and export operations are carried out by the National Company for Foreign Trade or by specialized importers and exporters. In some cases, public sector organizations or ministries import their own requirements directly.

117. The National Company for Foreign Trade is a parastatal organization charged with the general importation of goods required by the PDRY. The company also acts as an agent for foreign exporters and manufacturers. Although detailed figures are not made available, it is roughly estimated that the company handles not less than 80 per cent of total imports. On the export side, the company is currently dealing with a limited number of products namely cotton, coffee, raw tobacco, raw skins, dried lime, cuttlefish bones, henna and a few other products. The National Company for Foreign Trade is gradually widening the scope of its activities and will probably take over the totality of the import and export operations.^{1/}

118. The internal distribution of imported goods (including customs clearance) is left to the National Company for Home Trade. Al-Nasr Company for Free Trade, specialises in duty free trade with a current annual turnover of about YD 1.6 million.

6. Industry

119. Industry still plays a small role in the national economy of the country. There is little industrial activity in the PDRY other than petroleum refining. The scope of industrial operations is limited by the narrow domestic market and the scarcity of industrial raw materials. Prior to 1967 there were a few small industrial enterprises apart from the Aden refinery. Some were engaged in traditional activities such as solar production of salt, building and repairing of wooden vessels, furniture,

^{1/} UNCTAD, The External Sector of PDRY, op.cit.

soft drink bottling, ginneries and some seed crushing plants.

120. A 1969 survey of industrial establishments employing 10 or more persons indicated that their total number was 33 with a total output of YD 5.7 millions (excluding oil refining). This number increased to 137 in 1973 and to about 142 in 1975 while the value of output increased to more than YD 14 millions in 1975.

121. Available information show that several new industrial enterprises were completed in recent years, most of them by the government or with government participation. These new enterprises include small plants for apparel and plastic footwear, a match and a paint factory. During the period 1972 - 1974 more industrial enterprises were established including a cigarettes factory, a project of rehabilitating the tannery at Sheikh Othman near Aden. The tannery has been established in 1960 by local merchants but was abandoned after one year because of technical difficulties. The plant, operated now as a government enterprise, processes 6,000 hides and 300,000 skins a year. Reoperation of the tannery and establishment of a leather footwear factory, a foam factory, etc., have paved the way for more industrial activities, though on a limited scale (see Table III-8).

122. The value of industrial production showed a steady growth between 1969 and 1975; it increased at current prices, by 286 per cent during that period, i.e. from YD 4.5 million to YD 13.0 million, excluding oil refining, electricity, gas and water. The average annual rate of increase was 47 per cent. Some industries realized remarkable growth rates, namely, vegetable oil (417 per cent), tanning (1145 per cent), aluminium tins (835 per cent) and wooden ship repairs (213 per cent). See Table III-9a and III-9b.

123. The number of workers engaged in industry (excluding oil refinery, electricity, gas and water) also rose by 204 per cent during the period 1968-1975. This growth was reflected mainly in aluminium (284 per cent) and vegetable oils (1475 per cent). See Table 10.

Table III-8 INDUSTRIAL ESTABLISHMENTS IN PDRY, 1969 - 1975

Industrial group	1969	1970	1971	1972*	1973	1974	1975
<u>Extraction industry</u>	1	1	1	1	1	1	1
Salt mining	1	1	1	1	1	1	1
<u>Manufacturing</u>	30	33	45	78	554	556	559
Dairy products	1	1	1	1	1	1	1
Ice-cream	...	...	1	1	1	1	1
Vegetable oils	1	2	3	3	475	475	475
Cereals milling	-	-	-	-	-	-	1
Babog products	...	...	...	34	34	34	34
Ice-blocks and condensed water	3	3	3	4	4	4	4
Spices and grains	...	...	...	1	1	1	1
Soft drinks	3	3	3	1	1	1	1
Cigarettes	-	-	-	-	1	1	1
Linting	2	2	2	2	2	2	2
Tailoring	...	2	2	3	4	4	4
Tannery	-	-	-	-	1	1	1
Bag suit	-	-	-	-	1	1	1
Leather shoes	-	-	-	-	-	-	1
Furniture and fixture	2	...	5	4	4	4	4
Paper bags and printing	2	5	5	4	3	4	4
Chemicals	1	1	3	3	3	3	3
Perfumes	-	-	-	-	-	-	1
Petroleum refining	1	1	1	1	1	1	1
Plastic industry	-	-	-	2	2	2	2
Tile and cement blocks	8	7	5	4	3	3	3
Aluminium and kerosine tins	1	1	3	3	2	2	2
Nails	-	-	1	1	1	1	1
Ship-repairs and welding	5	5	7	6	9	9	9
Foams industry	-	-	-	-	-	1	1
<u>Electricity and water</u>	2	2	2	2	2	2	2
Electricity	1	1	1	1	1	1	1
Water	1	1	1	1	1	1	1
Total	33	36	48	81	557	559	562

Source: Ministry of Planning, Central Statistical Organisation, Industrial Bulletin 1969-1975, Table 9

* 1969-1972 establishments engaging 10 persons or more
1973-1975 all establishments

Table III-9a VALUE OF GROSS INDUSTRIAL OUTPUT, 1969 - 1975
(in thousand YD)

Industrial group	1969	1970	1971	1972	1973	1974	1975
Extraction industry							
Salt	103	147	160	81	133	141	25
Manufacturing dairy products	45	41	44	49	55	122	356
Ice-cream	-	-	8	2	1	3	5
Vegetable oil	56	158	311	315	2,184	3,331	2,336
Cereals milling	-	-	-	-	-	-	402
Bakery projects	-	36	-	367	426	641	-
Ice	35	26	31	52	48	73	74
Spices grain	-	-	-	12	8	5	9
Soft drink	434	482	345	304	312	454	352
Cigarette	-	-	-	-	706	2,005	3,215
Linting	2,402	1,473	1,560	1,475	1,533	1,254	2,182
Tailoring	4	29	58	158	387	417	458
Tennary	-	-	-	-	69	68	88
Bags industry	-	-	-	8	51	97	169
Leather shoes making	-	-	-	-	-	-	13
Furniture and fixture	114	-	79	78	64	130	291
Paper bags and printing	46	56	86	90	89	107	83
Chemical industry	32	35	32	21	30	42	44
Paint	-	-	28	106	93	186	342
Perfumes	-	-	-	-	-	-	85
Matches	-	-	38	142	126	171	129
Plastic industry	-	-	-	25	40	89	176
Mirrors frames industry	-	-	-	-	-	-	19

Table 9a continued VALUE OF GROSS INDUSTRIAL OUTPUT, 1969 - 1975
(in thousand YD)

Industrial group	1969	1970	1971	1972	1973	1974	1975
Tiles and cement block	32	38	29	15	18	18	58
Aluminium and kerosen tins	66	73	525	340	380	537	551
Nails	-	-	19	11	21	22	28
Ship repairs	353	459	463	409	425	555	753
Turnery, welding and spare parts making	-	-	29	34	68	88	90
Foam industry	-	-	-	-	-	65	216
Electricity and water							
Electricity	1,047	1,112	1,368	1,365	1,574	2,568	2,313
Water	906	938	970	1,031	953	895	937
Total	5,675	5,103	6,183	6,490	9,794	14,084	15,799
B.P. Refinery	49,200	49,457	32,393	31,576	29,669	84,234	40,997
Total	54,875	54,560	38,576	38,066	39,463	98,318	56,796

Source: PDRY, Central Statistical Organization
Industrial Bulletin, 1969 - 1975

Table III-9b MAIN INDUSTRIAL PRODUCTION DURING 1969 - 1976

Product	Unit	1969	1970	1971	1972	1973	1974	1975	1976
1. Salt	Ton	60,647	75,475	66,168	71,128	42,815	34,270	6,876	36,502
2. Dairy products (000)liters		494	452.6	438.8	492.2	655.7	787	2,961.5	4,455.8
3. Cotton seed oil	Ton	263	733	895	849	1,249	725	1,045	-
4. Soft drinks	Million bottles	22.03	13.5	13.5	13.9	14.8	17.9	19.3	24.19
5. Cigarettes	Million cigarettes	-	-	-	-	137	318.3	486.6	678.2
6. Preserved skins	(000)skins	-	-	-	-	98.1	92.1	98.9	23.3
7. Suit cases	(000)cases	-	-	-	7.2	37.0	26.7	84.2	75.7
8. Cotton and woollen belts	(000)belts	-	-	-	-	35.9	100	88.6	100.8
9. Paper bags	Ton	309	411	453	469	407	301	217	259
10. Oxygen gas	Cylinder	-	2,025	1,951	1,935	3,363	4,652	5,647	3,875
11. Acetylene gas	Cylinder	-	798	776	938	1,226	1,329	1,962	1,760
12. Carbon dioxide	Ton	83.8	72.9	12.5	50.6	44.7	56.8	64.4	76.4
13. Paint	(000)liter	-	-	67.8	265.5	228.7	398.3	460.7	422.4
14. Matches	(00)gross	-	-	97	222.5	190.7	231.1	192.3	358.2
15. Plastic shoes	(000)pairs	-	-	-	113.1	201.9	357.5	590.1	822.8
16. Plastic household utensils	Ton	-	-	-	12.0	19.0	33.0	58.0	76.4
17. Metallic household utensils	Ton	12.0	118.0	133.0	111.0	127.0	139.0	250.0	370.0
18. Nails	Ton	-	-	161.0	92.0	119.0	91.0	111.0	216.0
19. Plastic foam products	Ton	-	-	-	-	-	35.0	162.0	-
20. Electric generation	Million kilowatt	103	115	127	138	136	134	141	-

Source: An article written by H.E. Abd-El Aziz Abd El-Waly, Minister of Industry in the PDRY and Acting Minister of Planning, published in Althawri Newspaper entitled "Industrial Achievements during Ten Years".

Table III-10 AVERAGE NUMBER OF WORKERS IN INDUSTRIAL ESTABLISHMENTS,
1969 - 1975

<u>Industrial group</u>	1969	1970	1971	1972*	1973	1974	1975
<u>Description</u>							
<u>Extraction industry</u>							
Salt mining	221	240	259	264	250	244	148
<u>Manufacturing</u>							
Dairy products	29	26	24	27	27	20	23
Ice-cream	...	...	9	5	3	4	3
Vegetable oil	57	95	110	102	819	819	841
Cereals milling	-	-	-	-	-	-	124
Bakery products	...	...	...	238	237	270	...
Ice-blocks and con- densed water	20	17	10	43	41	38	38
Spices and grains	...	...	...	7	7	3	3
Soft drinks	241	266	246	282	253	259	208
Cigarettes	-	-	-	-	36	53	105
Linting	1,024	734	770	771	771	771	952
Tailoring	...	104	54	77	361	356	268
Tannery	...	-	-	-	116	75	70
Bag suit	-	-	-	13	22	34	27
Shoes	-	-	-	-	-	-	362
Furniture and fixture	...	...	58	67	87	314	274
Paper and printing	14	39	40	32	30	32	29
Chemicals	...	...	10	11	10	16	20
Perfumes	-	-	-	-	-	-	34
Paints	-	-	27	31	34	39	42
Matches	-	-	41	75	91	104	95
Plastic industry	-	-	-	44	34	31	48
Mirrors and frames	-	-	-	-	-	-	10
Tiles and cement blocks	56	61	46	22	20	30	34
Aluminium and kerosine tins	61	64	143	152	162	154	173
Nails	-	-	7	7	7	7	7
Ship-repairs	303	349	321	302	318	334	347
Turnery welding and spare parts making	-	-	70	67	166	186	171
Other foam	-	-	-	-	-	20	28
<u>Electricity and water</u>	1,200	1,305	1,614	1,707	1,837	2,004	1,767
Electricity	670	722	984	1,011	1,130	1,203	1,150
Water	530	583	630	696	707	801	617
Total	3,226	3,300	3,859	4,341	5,739	6,217	6,271
B.P. Refinery	1,809	1,815	1,793	1,759	1,753	1,730	1,655
Total	5,035	5,115	5,652	6,100	7,492	7,947	7,926

Source: Central Statistical Organisation, Industrial Bulletin, 1969-1975

* 1969 - 1972 covers workers in establishments engaging 10 or more persons

1973 - 1975 covers all establishments

Industrialization before Independence

124. As a result of the economic strategy that was adopted in the pre-independence period, the economy of South Yemen was concentrated on the services sector, with the share of these sectors in GDP as high as 70 per cent in 1968. Manufacturing has a negligible role and most industrial activities were concentrated on some small industrial enterprises which were suffering from low maintenance standards and old machinery. The total value of industrial production averaged around YD 3 million annually with a total capital investment of YD 1.2 million. Per capita income did not exceed 35 sterling pounds in 1967 and GNP 53 million sterling pounds (see Table III-11).

Problems that faced industrial development in the Years 1967 - 1971

125. The following are the main problems that faced industrial development following independence and up to 1971/72 which formed the first year of the Three-Year Plan:

- Lack of technical and material base in the various sectors of the economic structure, in general, and in the industrial sector, in particular, and weakness in infrastructure on which economic development, as a whole, depends.
- Scarcity of financial resources.
- Limitation and smallness of the local market.
- Shortage of technicians and qualified personnel in all economic fields.
- Absence of coordination and integration between the industrial and agricultural sectors.
- Prevailing levels of unemployment, illiteracy and poverty.
- Absence of economic planning.

Table III-11 INDUSTRIAL INDICATORS, 1967 - 1968

Type of industrial product	Unit	Quantity		Value in sterling pounds		Number of workers		Invested capital in sterling pounds
		1967	1968	1967	1968	1967	1968	
1. Areated water	Million bottles	44.34	30.86	630,904	437,340	259	248	390,000
2. Dairy products	Liter (000)	128,316	20,615	101,654	16,332	29	29	70,000
3. Salt	Long tons	47,620	84,820	47,620	84,820	125	125	150,000
4. Soap	Pounds (000)	-	-	112,500	52,500	-	14	30,000
5. Aluminium ware	Lb (000)	13,180	17,380	32,950	47,795	21	21	-
6. Marble tiles	Pieces (000)	103,220	86,350	21,960	19,620	89	32	27,000
7. Cement bricks	Pieces (000)	22,800	33,700	8,176	11,788	29	23	8,500
8. Sesame oil	Tons	922	985	256,603	264,751	119	122	16,550
9. Grain milling	Tons	415	448	25,069	27,094	22	21	4,725

Source: An article written by Abd El-Aziz Abd El-Haly, Minister of Industry in the PDRY, published in "Althawry Newspaper".

126. The problems and constraints which faced the economy as a whole, and the industrial sector, in particular, were almost unsurmountable. It was not until June 22, 1969 when radical reforms were introduced, that measures have been taken to introduce changes in the economic and social structure of the country and to lay down the basis for industrial development. Full support had been given to agriculture and industry and to coordination between the two sectors. As a result, the public sector had taken over the leading role in economic development (see Table III-12). At the same time various laws and regulations have been enacted. These include:

- a) Nationalization of the foreign trade sector and other related activities (law 37, 1969)
- b) Encouragement and control of industry (law 23, 1969)
- c) Establishment of the General Organization for National Planning (law 37, 1969)
- d) Currency control (law 25)
- e) Foreign Trade Regulation (law 21, 1971)
- f) Tariff and free zone law
- g) Planning Board Law, 1971

Table III-12 THE VALUE OF INDUSTRIAL PRODUCTION DISTRIBUTED BY SECTOR
AT 1969 PRICES
(thousand YD)

Type of ownership	Base year 1969	1973/1974
1. Public sector	2,757	4,598
2. Mixed sector	-	798
3. Cooperative sector	2,238	1,580
4. Private sector	1,998	3,270
Total	6,993	10,246

Source: An article by Abd El-Azis Abd El-Waly, Minister of Industry in the PDRY, published in "Al-Thawry Newspaper".

127. These laws and regulations adopted paved the way for the creation of the public sector which was to be the foundation on which the country's economy was to be built. Mobilization of all national resources was conducted through the public sector. Capital investment in various sectors of the economy were also mobilized for the achievement of that purpose.

128. Despite all the constraints that faced the country, PDRY started preparing its Three-Year Development Plan.

129. Evaluation of several industrial projects were carried out through bilateral and UNDP assistance. Some existing industrial establishments had to be re-organized and new engineering techniques and managerial practices were to be introduced with a view to upgrading the quality of output in existing and newly established industrial projects.

The Three-Year Economic and Social Development Plan and the initiation of industrialization in PDRY

130. The share of the Industrial Sector in the Three-Year Development Plan, 1971/72 - 73/74, including allocations for geological exploration amounted to YD 12.3 million, out of the total envisaged Plan investment of YD 40.3 million, or 30.5 per cent of total plan investment. These allocations were later amended and the share of industry was reduced to around YD 10 million, out of a total investment of YD 32.5 million, or around 30.8 per cent.

131. Actual investments in industry amounted to only YD 5.4 million.

132. Table III-13 lists the industrial projects that were completed during the Three-Year Plan period. The increase in industrial production during this period amounted to about YD 3.3 million. This was achieved mainly as a result of the establishment of new industrial projects completed during the plan period.

133. Table III-12 illustrates the important role which the public sector began to play in industry. The volume of industrial production had almost doubled between 1969 and 1973/74, from YD 2.7 million to YD 4.6 million, or at a compound rate of growth of about 15 per cent per annum.

134. The share of the private sector grew from about YD 2 million in 1969 to about YD 3.3 million in 1973/74, or at a compound rate of growth of about 14 per cent per annum. Meanwhile the cooperative sector's industrial production declined from YD 2.24 million in 1969 to YD 1.58 million in 1973/74.

Industrial development during the first four years of the Five-Year Plan,
1974/75 - 1978/79

135. In preparing the Five-Year Plan, efforts were made for benefitting from the experience gained during implementation of the Three-Year Plan, particularly in the area of integration between industry and agriculture so as to enable local industry to depend on a continuous supply of agricultural raw materials. The Plan also aimed at realizing additional foreign currency earnings, raising the level of national income, rationalizing the industrial structure and developing small scale industries and handicrafts.

136. Originally 32.2 per cent of total plan investments, which amounted to YD 75.4 million, was allocated for industry. However, because of major revisions introduced into the plan, total industrial investments were reduced to YD 13.2 million. The actual investments that were implemented by the Ministry of Industry up to the fourth year of the plan amounted to YD 7.3 million (excluding petroleum and metals). This level of implementation represents twice the allocations made in the Five-Year plan, namely, YD 3.6 million for the first three years of the plan.

Table III-13 MANUFACTURING PROJECTS ESTABLISHED DURING THE THREE-YEAR PLAN PERIOD, 1971/72 - 1973/74

Name of industry	Commencing date of operations
Plastics	June 1972
Tanning	February 1973
Spare parts	June 1972
Paints and emulsion	August 1972
Matches	June 1971
Cigarettes	June 1973
Plastic shoes	October 1971
Ready-made clothes	
- Al-Aidarous Clothing Factory	May 1971
- Sabaa' Clothing Factory	September 1972
- Women Cooperative tailoring factory	January 1972
Cement mosaics	-
Nails	-
Packaging cases	1973
Mirrors and frames	1972
Re-operation of the aluminium factory	1971
Fishmeal	-

Source: An article written by Abd El-Aziz Abd El-Waly, Minister of Industry, PDRY, published in Althawry Newspaper.

137. Fifteen new factories in the following areas were established since the beginning of the Five-Year Plan, among which are: spinning and weaving, agricultural tools, grain milling, bakery, tomato paste, vegetable ghee, cigarettes, salt, wet batteries, leather shoes, plastic sandals, woollen and semi-woollen clothing.

138. The salient features of industrial development in PDRY are summarized below:

- a) establishment of new industrial enterprises, and achievement of higher levels of production and employment.
- b) Emergence of new industries, such as food processing, metallurgical and engineering, leather and leather products, weaving and ready-made clothing, and chemicals.
- c) Increased involvement of the public sector in the process of industrialization and emergence of public and mixed sector industries.
- d) Relative increase in the numbers of trained technicians and skilled labour and adoption of certain measures for increasing the supply of technicians.
- e) Adoption of planning in the development of industrial activity and application of modern management techniques.
- f) Adoption of an import substitution policy as the main approach to industrialization, while giving attention to export-oriented industries.

139. The major constraints which impeded industrial development in PDRY are:

Lack of know-how in industrial planning and preparation of feasibility studies.

Shortage of man-power in all ranks of industrial personnel such as skilled and semi-skilled workers, as well as in technological, managerial and administrative personnel.

Shortage of financial resources.

Scarcity of industrial raw materials and a small domestic market.

140. Efforts are being mobilised through friendly countries and international organisations for overcoming these constraints. Despite all these efforts, these constraints are becoming more prominent as industry grows.

141. In order to meet the growing need for skilled and semi-skilled workers and qualified technicians, the government had adopted a policy for enrolling a substantial number of students in technical education immediately after the preparatory (middle) stage education training, United Nations assistance was obtained for upgrading and strengthening the existing Maalla Technical Institute. This institute provides training at middle and secondary education levels, including the training of technicians, and assistant engineers.

142. Since 1974, the United Nations has been helping the Ministry of Industry in carrying out industrial studies and planning through an "Industrial Advisory Unit", which is also serving as a consultancy body. This Unit identifies industrial investment opportunities, prepares techno-economic feasibility studies for new industrial projects, formulates industrial development plans, evaluates studies and develops proper accounting systems for industrial enterprises.

143. Financial aid to implement various industrial projects has been sought from different sources, mostly from Arab States and other friendly countries. Consequently, the plan for industrial development, depended heavily on grants, loans and aid.

Chapter IV

INDUSTRIALIZATION POLICIES PURSUED AND RELEVANT INSTRUMENTS APPLIED

Introduction

144. Industrialization policies pursued and relevant instruments applied by the Government of the PDRY were not explicitly enumerated in any of the publications that were collected. Therefore, most, if not all, of the policies and instruments applied are deducted from the scarce literature that was available.

145. As a matter of convenience, it has been decided to categorise the period extending from 1950-1976 into four distinct time phases: 1950-1966 (pre-independence period), 1967/68 - 1970/71, 1971/72 - 1973/74, 1974/75 - 1978/79.

Phase One 1950-1966 (Pre-independence period)

146. Prior to independence in 1967, all development efforts were concentrated on the city of Aden and its neighbouring areas. It is believed, therefore, that the industrial policies adopted at that time with respect to Aden and the nearby Lahaj and Abyan areas followed the lines of a free enterprise system where industrial development depended mostly on private initiative. The British Petroleum refinery accounted for 80 - 90 per cent of total industrial value added. Built in 1954 for a processing capacity of 8.5 million tons of crude, the refinery processed, on average, less than 6 million tons a year during this period. Other than petroleum refining, there was little industrial activity in the country. The scope for industrial operations was limited by the narrow domestic market and the scarcity of industrial raw materials.

147. Despite the relative social development in Aden and the nearby area, in comparison with the rest of the country, the industrial sector was in its

early stage of development and was restricted to small family-owned industrial concerns of servicing nature such as grain milling, bakeries, food processing, maintenance workshop, etc. However, later in this period some traditional activities emerged in Aden. These included solar production of salt, building and repairing of wooden vessels, manufacture of construction materials, aluminium ware and furniture, a bottling plant for soft drinks and a small dairy plant. There were cotton ginneries and some seed-crushing plants at Abyan and Lahej.

Phase Two: 1967/68 - 1970/71

148. Following independence in 1967, economic policies changed radically and a socialistic regime was established. The Government began to prepare for a centrally planned economy where the public sector was to play the major role. A number of legislations were enacted, most important of which were a) Law 36, which came into effect in November 1969, and which nationalized all foreign banks, insurance and trading companies, port services and petroleum distribution, except for the Aviation Fuel Company "BP (Aden) Company for Bunkering" and the BP Oil Refinery, b) Law 37 of 1969, which established the Public Organization for National Planning, c) Foreign Trade Regulations 21, of 1971, and d) the Planning Board Law of 1971.

149. The enactment of these laws and the adoption of the measures that followed them aimed at giving the public sector the leading role in economic development, thus introducing changes in the economic and social structure of the country and formulating the basis for industrial development by according priorities for the development and coordination of the agricultural and industrial sectors. The establishment of public corporations, such as the Public Corporation for Electric Power (PCEP) which is responsible for virtually all power generation and distribution in the country, became the main characteristics of PDRY's centrally controlled economy.

150. Historically, efforts to set up a centrally planning system in the PDRY started in August 1968; when a High Council for National Planning was established to determine development strategies and to prepare a comprehensive economic and social development plan. In 1969 a Planning Board was established within the structure of the Economic Organization for the Public Sector. The tasks of the Technical Bureau which was created in October 1969 and which was attached to the Prime Minister's Office and those of the Development Section in the Ministry of Finance were moved to the Planning Board in January, 1971. In September 1971, the Planning Board was replaced by a Central Planning Commission (CPC) and was attached to the Council of Ministers, with the Prime Minister, since May 1972, as its Chairman. The functions assigned to the CPC comprise project preparation and the drawing up of short and long-term development plans, including supervision of the implementation of these plans. Other functions include the conclusion of bilateral aid agreements and the preparation and coordination of United Nations aid programmes. The CPC reports to the Council of Ministers through the High Council for National Planning.

Phase Three: 1971/72 - 1973/74 (The Three Year Plan Period)

151. Considering the numerous difficulties in setting up a planning machinery, it was not surprising that PDRY's first Development Plan (1971/72 - 1973/74) was drawn up with substantial external technical assistance. The Three-Year Plan stated a basic long-term objective of promoting growth in the commodity-producing sectors by increasing productivity in existing industrial and agricultural activities and by diversifying production. To reduce unemployment, manpower absorbing projects were given highest priority. Higher per capita incomes and equitable income distribution were to be achieved over time. It was also hoped that the strategy of the Plan would lead to a lessening of dependence on import, particularly in food, and the creation of export surpluses.

152. The Plan contained a comprehensive list of on-going projects calling for an investment in both the public and private sectors of YD 40.3 million over the years 1971/72 - 1973/74. Emphasis was principally placed on three sectors: Transport and communications (32 per cent of total Plan investments), agriculture, including fisheries (26 per cent) and industry (24 per cent). While these three sectors absorb together about 82 per cent of total Plan investments, only 9 per cent was allocated for education and other social services. Specific sectoral policies to be followed were not formulated.

153. Actual spending for the first year of the Plan (1971/72) was only about YD 4.2 million, compared with a planned outlay of YD 9.9 million. The short-fall resulted mainly from lack of domestic financial resources, although administrative difficulties, especially lack of skills for project execution, and the slow pace of commitment of credit from some bilateral sources were also responsible for the slowdown. Achievements were particularly low in industry, health, education and transport and communication. Government efforts to cope with some of these constraints in subsequent years helped to raise the level of disbursement.

Phase Four: 1974/75 - 1978/79 (The Five Year Plan Period)

154. Preparation of the second plan, covering the five years 1974/75 - 1978/79 began with considerable assistance from friendly countries but with substantially enlarged participation of Yemeni counterparts. The Ministry of Industry and Economy also received United Nations assistance in connexion with the preparation of the industrial development plan which was included in the Five Year Plan. These, together with improvements affecting the statistical system, including the undertaking of the first general census, brought about important improvements in both plan preparation and execution.

155. The Five Year Plan had one main general strategy, namely, achieving an advanced and a dynamic economy. It paid special attention to the problems of infrastructural deficiencies and low standard of living prevailing in the country. Its main aim was to eventually transform the economy from one which was overwhelmingly dependent on services to one where agriculture, industry and the construction sector would have a major share in GDP. The envisaged contribution of the commodity producing sectors was expected to help in raising the standard of living of the population. This achievement of these targets call for the mobilization of all available resources. The Plan also aimed at combating many of the social problems, such as the problem of unemployment. Consequently, labour intensive industrial projects were given the highest priority. Available natural resources were meager and did not warrant exploitation on commercial basis. However, a thorough search for mineral deposits was to be carried out.

Chapter V

PROJECTIONS OF FUTURE DEVELOPMENTS

Projections of Future Developments

Human Resources

156. In 1977 the population of PDRY was estimated at 1,797,000. The last population census was conducted in 1973 and all other figures for the period 1970-1977 have been estimates made by the Central Statistical Organization, Aden. It is believed that the present estimates of population growth of 3.2 per cent may rise to about 3.5 per cent annually as a result of improved health care and more efficient collection and compilation of vital statistics.

157. Since, no official fertility figures are available, projections of future population figures are based on two assumptions, constant and decreasing fertility as demonstrated in the following table.

Table V-1 CRUDE BIRTH RATE PER 100

Year	Constant fertility	Decreasing fertility	Death rate	Net growth		Population estimates	
				High	Low	High	Low
1980	50	50	20	30	30	1,964	1,964
1985	50	47	18	32	29	2,298	2,264
1990	50	45	16	34	29	2,714	2,611
1995	50	43	14	36	29	3,237	3,010
2000	50	40	12	38	28	3,898	3,456

158. The percentage distribution of the 1973 population according to age group shows that 49.36 per cent of total population are within the age bracket of 0 - 14 years and 32.33 per cent are within the 15 - 39 years. These figures indicate that a remarkable increase in the economically active population is anticipated during the next 25 years, since these will be economically active at one period or another within the different time phases of the projection period. The total 1973 population in PDRY was 1.590 million, 1.796 million in 1977, and is expected to be 3.456 million in the year 2000. It is also anticipated that a gradual shift will take place among the age groups 0 - 14 and 15 - 39 years and this is expected to affect the structure of the labour force in an upward manner (see Table V-2).

159. Of course, not all of the age group 15 - 64 years will participate in the labour force, since a large portion of this group will be attending school, in addition to the low participation of women in the labour force. These two factors will tend to reduce the size of the country's labour force.

160. The intensive efforts which are being exerted for developing various activities in the country, and the encouragement of women participation in the execution of development activities may lead to high rates of growth in the labour force in the future as indicated in table V-3.

161. The manufacturing and trade sectors are expected to provide a relatively large number of job opportunities in the future, estimated at 49,000 in 1980 to 112,000 in 2000, or at a compound rate of growth of around 4.2 per cent annually. The number of workers in the social and personal services may also increase from 82,000 in 1980 to 280,000 in the year 2000, or at an annual compound rate of growth of about 5.9 per cent.

162. The total labour force is anticipated to increase from 377 thousand in 1980 to 449, 537, 647, 783 thousand in 1985, 1990, 1995 and the year 2000, respectively, or at compound rates of growth varying between 3.6 and 3.9

per cent. The unemployment rate is expected to be around 8 per cent in 1980 and to range between 6 - 7 per cent between 1985 and 2000, as shown in table V-4.

Table V-4 PROJECTED LABOUR FORCE BY ACTIVITY 1980 - 2000

(in thousand)

Activity	1980	1985	1990	1995	2000
Agriculture, hunting and fishing	182	217	259	270	260
Mining and quarrying	3	5	6	7	8
Manufacturing	21	25	30	35	42
Electricity, gas and water	3	4	5	6	6
Construction	14	17	20	30	35
Whole sale and retail trade and restaurants and hotels	28	33	40	60	70
Transport, storage and communication	13	16	19	23	27
Finance, insurance, real estate and business services	2	3	4	5	6
Social and personal services	82	97	116	166	280
Total employed	<u>347</u>	<u>417</u>	<u>499</u>	<u>602</u>	<u>734</u>
Total unemployed	30	32	38	45	49
Total labour force	377	449	537	647	783

Economic Development

163. Because of the lack of adequate statistics, in general, in PDRY, any attempt at quantifying economic growth, for the period preceeding independence, and for few years following independence in 1967, may result in a considerable margin of error. Whatever data were available before independence did not cover the whole country as these were limited to the city of Aden and its agglomeration.

164. After independence, the newly formed national government was mainly occupied in extending social services to various areas in the country and in establishing infrastructure necessary for economic and social development. It was not, therefore, in a position to give priority to the collection of the minimum data required.

165. In the case that some data may be available for certain economic indicators, as is the case for the years 1969/1971, the length of time for which such data are available, and the coverage of such data, irrespective of their consistency and accuracy, do not reflect a trend.

Economic Development 1967 - 1971

166. Prior to independence (1967), Aden and its neighbouring areas, benefitted from the favourable conditions created by the port of Aden with its thriving trading, bunkering and servicing activities, the existence of physical infrastructure, access to moderately developed social services, and by some of the British supported rural development in the nearby Lehej and Abyan areas. The standard of living in this area had been in sharp contrast with those prevailing in the hinterland.

167. However, conditions in the Aden area changed radically with the withdrawal of the British in 1967, and the closure of the Suez Canal in the same year. Regional income in the predominantly service-oriented area of Aden dropped by approximately 30 - 35 per cent between 1966 - 1968, leaving roughly 20 - 25 thousand people without employment. Budgetary receipts were cut down by more than one-half, largely because of the termination of British budgetary support. The changed economic conditions and the requirements of economic development during the 1967 - 1971 period resulted in the adoption of severe measures. Expenditures declined from YD 20.08 million in 1967/68 to YD 15.24 million in 1968/69 and to YD 15.16 million in 1969/70.

168. Total GDP dropped by perhaps 20 per cent between 1966-1968 and almost stagnated during 1968 - 1970. In 1969, GDP stood at ^{1/} YD 60.7 million, rose to YD 63.5 million in 1970 and to YD 65.5 million in 1971. Consequently, the balance of payments was put under severe pressure, but was subsequently reduced by the substantial inflow of transfers from Yemeni nationals working abroad.^{2/}

169. During this period (1967/71) there was a significant expansion in the Public sector's activities. As a result of the building up of a new administrative structure, which had to be expanded into areas outside Aden, the service sectors accounted for roughly one-half the GDP in 1971.

170. Industrial activities, other than petroleum refining, declined in importance, mainly because construction dwindled to a negligible volume and manufacturing was adversely affected by a slack in domestic demand. Much of the agricultural output was produced in the subsistence sector.

^{1/} Figures relating to GDP have been taken from the Preliminary Report of a UN Mission on "The External Sector of PDRY", March 1977. Official estimates give lower GDP.

^{2/} According to the Yemen National Bank figures, these remittances were estimated to be around YD 18.2 million in 1971. UNCTAD estimates based on information obtained from the Bank of Yemen, the Ministry of Planning and the IMF country reports, were YD 23.8 million in 1969, YD 24.0 million in 1970 and YD 18.16 million in 1971.

171. With little prospects for Aden to regain its former importance as a bunkering, trading and servicing center, PDRY concentrated on developing her limited known natural resources in the commodity producing sectors. Fisheries offered promising opportunities, while other agricultural products, such as ginned cotton and tobacco leaves, formed a potential source of foreign exchange earnings. The only commodity from the extractive sub-sector whose value accounts for a substantial percentage of total exports is salt. Other industrial activities had no promising prospects.

Economic Development during the 1971/72-1978/79

172. Although some attempts were made to evaluate the Three-Year Plan achievements, these attempts were not, however, officially accepted mainly because of the lack of sufficient data to enable the measurement of such accomplishments. Nevertheless, economic conditions at the end of the Plan were comparable to those which prevailed in the preceding period.

173. Planned investments during the Five-Year Plan period, 1974/75-1978/79, amounted to YD 75.3585 million, at 1969 prices. These were distributed among sectors as shown in Table V-5.

Table V-5 INVESTMENTS ALLOCATED IN THE FIVE YEAR PLAN DISTRIBUTED BY SECTORS AND USES AT 1969 PRICES (in YD thousand)

Sector	Total planned investment	Per cent of total	Studies and designs	Equip-ment and machinery	Construction and instalment
Industry	13,456.8	17.9	572.3	7,987.6	4,986.9
Agriculture	27,711.2	36.8	923.6	12,588.0	14,199.6
Transport and communication	19,159.0	25.4	240.0	2,441.4	16,477.6
Education	6,060.0	8.0	-	894.0	5,166.0
Information, culture and social welfare	1,119.5	1.5	0.3	692.2	427.0
Health	3,410.0	4.5	72.9	771.1	2,566.0
Housing and municipalities	3,563.0	4.7	43.0	512.0	3,008.0
Geological research	879.0	1.2	604.0	181.2	93.8
Total planned investment	75,358.5	100.0	2,456.1	25,982.5	46,919.9

Source: The Five Year Plan, Central Planning Organization, PDRY

174. Table V-5 shows that the industrial sector's share in total planned investment amounted to YD 13.4568 million, or to 17.9 per cent. These allocations were to be utilized as follows: YD 572.3 thousand for studies and designs, YD 7.97 million for building construction and installment of machinery and equipment. The annual distribution of these investments is shown in Table V-6.

175. The value of industrial output at 1969 prices is anticipated to increase from YD 9.317 million in 1972 to YD 24.57 million at the end of the Plan (1978/1979), or at the rate of 14.7 per cent per annum (see Table V-7).

176. Table V-7 indicates, among other things, that:

- a) Industries that belong to the public sector are anticipated to develop quite rapidly, with their output expected to increase from YD 3.9836 million in 1972 to YD 15.176 million in 1978/79. Several new industrial plants were anticipated to be established, in addition to the improvements planned to be introduced to existing factories.
- b) The anticipated rate of growth in public sector industries was around 21 per cent per annum.
- c) The value of industrial production in industrial establishments belonging to the Mixed Sector was anticipated to grow from YD 238.2 thousand in 1972 to YD 3.0894 million in 1978/79, or at a real compound rate of growth of 44.3 per cent per annum. This anticipated high rate of growth was to be achieved mainly as a result of the establishment in 1975 of the cigarette plant whose output value was expected to reach YD 2.63 million by the end of 1978/79.
- d) The value of industrial production in the private sector was anticipated to decline from YD 3.37 million in 1972 to YD 2.77 million in 1978/79, or at an annual rate of 2.8 per cent. The expected decline in the private sector's industrial output is directly related to the anticipated decline in private investment and the aging of machinery in privately owned industrial concerns.

Table V-6 PLANNED INDUSTRIAL INVESTMENT DURING 1974/75 - 1978/79 DISTRIBUTED ACCORDING TO EXECUTING AGENCY AND YEARS,
AT 1969 PRICES (thousand YD)

Executing agency	1974/75	1975/76	1976/77	1977/78	1978/79	Total
Ministry of Industry and Economy						
Studies and designs	1,664.5 (29.8)	1,324.0 (20.0)	582.3 (20.0)	297.0 (-)	10.0 (-)	3,877.8 (69.8)
Machinery and equipment	(927.3)	(755.3)	(354.8)	(129.0)	(8.0)	(2,174.4)
Construction and installment	(717.4)	(548.7)	(207.5)	(168.0)	(2.0)	(1,633.6)
Ministry of Public Works						
Studies and designs	2,449.7 (61.5)	1,019.8 (184.0)	1,207.5 (59.5)	960.0 (11.5)	1,340.0 (9.0)	6,977.0 (325.5)
Machinery and equipment	(186.2)	(319.5)	(369.5)	(320.0)	(1,034.0)	(3,093.2)
Construction and installment	(528.0)	(516.3)	(778.5)	(628.5)	(297.0)	(2,748.3)
Ministry of Agriculture and Agricultural Reform						
Studies and designs	152.0 (125.0)	267.0 (42.0)	1,041.0 (-)	1,031.0 (-)	42.0 (-)	2,533.0 (167.0)
Machinery and equipment	(15.0)	(15.0)	(780.0)	(930.0)	(28.0)	(1,768.0)
Construction and installment	(12.0)	(210.0)	(261.0)	(101.0)	(14.0)	(598.0)
Ministry of Communications						
Studies and designs	3.0 (-)	23.0 (10.0)	15.0 (-)	13.0 (-)	15.0 (-)	69.0 (10.0)
Machinery and equipment	(3.0)	(13.0)	(15.0)	(12.0)	(14.0)	(57.0)
Construction and installment	(-)	(-)	(-)	(1.0)	(1.0)	(2.0)
Grand total of planned investments in the industrial sector	4,269.2	2,633.8	2,845.8	2,301.0	1,407.0	13,456.8

Source: PDPRY, Central Planning Organization, Five Year Plan

Table V-7 ANTICIPATED INCREASE IN THE VALUE OF INDUSTRIAL OUTPUT
DURING 1972-1979, AT 1969 CONSTANT PRICES
(thousand YD)

Industry	Actual 1972	Anticipated 1978/1979
Public sector (total)	<u>3,983.6</u>	<u>15,176.0</u>
Development of salt extraction	138.0	279.0
Table salt project	30.0	30.0
Grain milling	-	1,785.0
Spinning and weaving plant	-	1,250.0
Shoes manufacturing	-	325.0
Oxygen and acetylene plant	-	41.0
Plastic utensils factory	6.6	160.0
Vegetable ghee factory	-	452.0
Animal fodder plant	-	302.0
Automatic slaughter house	-	2,154.0
Dates packing factory	-	48.0
Public beverage factory	369.0	456.0
The tannery	-	100.0
The martyrs furniture plant	40.1	50.0
The martyrs tailoring factory	71.0	190.0
Fish processing industry	-	3,213.0
Cotton-seed oil plant "Mualla"	216.7	-
Electric power generation	1,372.0	2,136.0
Water	1,227.0	1,625.0
Building and repairing of ships	452.0	580.0
Mixed sector (total)	<u>238.2</u>	<u>3,089.1</u>
Paint factory	105.7	110.0
Canning factory	9.4	10.0
Matches factory	123.1	172.4
Cigarettes factory	-	2,630.0
Aluminium factory	-	167.0
The private sector (total)	<u>3,374.0</u>	<u>2,768.1</u>
Rubber sandals factory	-	156.0
Other industries (furniture, tailoring, sesame oil extraction ... etc.)	3,374.0	2,612.1
The cooperative sector (total)	<u>1,721.2</u>	<u>3,536.0</u>
Two cotton ginning factories	1,721.2	3,536.0
Total industrial output ^{*/}	<u>9,317.0</u>	<u>24,570.0</u>

Source: PDRY's Five Year Plan, Central Planning Organization
*/ Excluding petroleum refining

- e) The value of industrial output in the cooperative sector is to grow from YD 1.72 million in 1972 to YD 3.54 million in 1978/79, or at a real rate of 10.8 per cent per annum.

177. The anticipated high rate of growth in the value of industrial output at 1969 constant prices indicates that the PDRY is determined to exploit all available domestic raw materials in the short run and to allocate relatively large investments, despite the existing shortages of capital and technical know-how. Efforts were also made to uncover mineral resources that might be commercially exploitable in the future. Table V-8 shows the size of investments that were to be carried out on exploration by the Oil and Mineral Resources Bureau.

178. PDRY plans to continue conducting prospecting and exploration studies for mineral resources during the 1980 - 1985 period. The prospects of finding oil and mineral deposits (other than copper) are promising but cannot yet be confirmed and it is anticipated that the period 1980 - 1985 may witness developments in this area. Consequently, projections of future industrial development takes into consideration the possibility of exploiting mineral resources during the period 1985 - 2000.

179. There are promising prospects for exploiting fish resources and for establishing fishing industries, both in the form of building fishing boats and in fish processing. It is, therefore, assumed that further future development will be witnessed especially in the period 1980 - 1985.

180. A higher level of development is also anticipated in the agro-industries sub-sector as efforts of PDRY are concentrated on expanding the cultivable land area. The rate of increase in agricultural output is expected to exceed domestic consumption demand and to eventually provide raw materials for export-oriented and import-substitution industries. Cotton and tobacco seem to be the most promising agricultural crops and extension of land areas suitable for their production will certainly help in developing and establishing industrial enterprises capable of utilizing the additional outputs.

Table V-8 PLANNED NATURAL RESOURCES INVESTMENTS DURING THE PERIOD 1974/75 - 1978/79 AT 1969 CONSTANT PRICES
(thousand YD)

Name, site and structure of the project	Commencing date of execution and completion	Prepaid costs during 3-Year Plan	Total cost	74/75	75/76	76/77	77/78	78/79
Studies and research in the 3rd. Governorate	74/75 77/78	-	500.0	60.0	110.0	150.0	180.0	-
Studies and research in the 2nd and 3rd. Governorates	74/75 75/76	296	400.0	40.0	14.0	-	-	-
Construction of 49 under ground storage tanks in various Governorates	74/75 78/79	-	93.8	17.7	17.8	17.8	19.7	20.8
Purchase of machinery, pumps and vehicles	74/75 • 75/76	-	181.2	170.0	11.2	-	-	-
Grand Total Investment		-	874.0	287.7	203.0	167.8	199.7	20.8
Studies and designs		-	604.0	100.0	174.0	150.0	180.0	-
Machinery and equipment		-	181.2	170.0	11.2	-	-	-
Construction and installment		-	93.8	17.7	17.8	17.8	19.7	20.8

Source: PDNY, The Five-Year Plan, Central Planning Organisation

181. The efforts that are being exerted in the area of technical training designed to provide the required staff capable of coping with anticipated economic development, in general, and industrial growth, in particular, are bound to eventually lead to the execution and implementation of sophisticated industrial projects and to upgrading existing ones.

182. On the basis of the assumptions made above, it may be safe to forecast the following conserving rates of long term industrial growth:

- a) It is anticipated that PDHY may achieve in the 1978-1985 period a higher rate of growth in gross industrial output than that which prevailed in the preceding period. However, the pace of this rise may be moderate in the earlier part of the next decade and accelerate in the later part. The low rate that is likely to be achieved in the earlier part may be attributed mainly to the anticipated stagnation in petroleum refining.
- b) Due to anticipations related to the exploitation of mineral resources the growth rate expected to be achieved between the period 1985 and 1990 may exceed that attained in the previous five-year period. It is assumed, therefore, that the rate of growth that may be achieved during this period is around 14.1 per cent per annum. This means that the value of industrial output in this period is anticipated to grow from about YD 56 million in 1985 to about YD 108 million in 1990.
- c) Between 1990 and 2000, the value of industrial output anticipated to grow at a slower rate, averaging 7.2 per cent per annum in 1990-1995 and 7.5 per cent in 1995-2000. On the basis of these assumed rates the value of industrial output (at 1969 prices) is expected to rise to YD 153 million in 1995, and to YD 219.33 million in the year 2000.

183. The British Petroleum Refinery in Aden was taken over by the Aden Refinery Company in May 1977. In one sense the British Petroleum Company may have been relieved to relinquish responsibility for operating a plant with

an annual capacity of six million tons. The Refinery's position had changed since it was built in 1952. The closure of the Suez Canal and the quadrupling of oil prices in 1973 adversely affected BP's Aden operations. It is even doubtful if the Aden Refinery Company is presently operating at efficient levels of capacity. The refinery was to be supplied with crude oil on the basis of lucrative processing agreements. Some of these agreements are held in abeyance, and it would be optimistic to assume that the refinery was working at even one-third capacity.

184. Statistical data published by the Central Statistical Organization entitled "Industrial Bulletin 1969-1975" show that the value of gross refining production, at presumably current prices, amounted to YD 31,376 thousand in 1972, YD 29,660 thousand in 1973, YD 34,234 thousand in 1974 and YD 40,997 thousand in 1975.

185. In view of the remarks made above, the gross value of the refinery output (at constant 1969 prices) may fluctuate within a limited range during the period 1978-1985, mainly because of possible fluctuations in demand for domestic consumption and for bunkering activities. The level of production is likely to continue at a little more than one-third of the refining capacity unless the agreements concluded with countries supplying crude oil for processing are put into effect.

186. Table V-9 gives the value and quantities produced by the oil refining industry in the PDRY for the period 1969-1975. The table reveals that while imported crude oil had declined from 6.5 million tons in 1969 to 1.5 million tons in 1975, the value of refined products had fluctuated considerably during the same period.

187. In view of the difficulties that might face PDRY in marketing its refined petroleum products and the anticipated time required for implementing the contemplated renovations, it is assumed that output of the refinery would remain almost stagnant during the 1980-85 period. After 1985 when renovations have been completed, output of the refinery is assumed to rise again (see Table V-10).

Table V-9 THE PETROLEUM REFINING INDUSTRY: PRODUCTION, IMPORTS AND EXPORTS - AT CURRENT PRICES 1/
(Value in million ID; Quantity in million tons)

Details	1969	1970	1971	1972	1973	1974	1975
Production							
Butane	Quantity 0.02 Value 1.10	Quantity 0.01 Value 0.60	Quantity 0.01 Value 0.60	Quantity 0.00 ^{2/} Value 0.60	Quantity 0.01 Value 0.10	Quantity 0.00 ^{2/} Value 0.04	Quantity 0.00 ^{2/} Value 0.10
Benzine	Quantity 0.60 Value 7.50	Quantity 0.70 Value 8.30	Quantity 0.40 Value 4.70	Quantity 0.30 Value 4.00	Quantity 0.40 Value 5.30	Quantity 0.30 Value 13.50	Quantity 0.20 Value 7.80
Kerosine	Quantity 0.90 Value 11.30	Quantity 0.90 Value 11.90	Quantity 0.60 Value 8.70	Quantity 0.60 Value 8.30	Quantity 0.40 Value 6.10	Quantity 0.40 Value 14.60	Quantity 0.20 Value 7.00
Fuel Oil	Quantity 4.60 Value 29.30	Quantity 4.60 Value 28.20	Quantity 2.40 Value 18.20	Quantity 2.40 Value 19.00	Quantity 2.00 Value 17.80	Quantity 1.90 Value 56.00	Quantity 0.80 Value 26.10
Total	Quantity 6.10 Value 49.20	Quantity 6.20 Value 49.50	Quantity 3.40 Value 32.20	Quantity 3.30 Value 31.40	Quantity 2.80 Value 29.30	Quantity 2.60 Value 84.20	Quantity 1.20 Value 41.00
Imports							
a) Crude oil	Quantity 6.50 Value 33.30	Quantity 6.40 Value 33.20	Quantity 3.70 Value 23.80	Quantity 3.30 Value 22.90	Quantity 3.00 Value 24.00	Quantity 2.70 Value 73.60	Quantity 1.50 Value 44.30
b) Petroleum Products	Quantity 0.20 Value 1.50	Quantity 0.10 Value 0.70	Quantity 0.20 Value 1.90	Quantity 0.20 Value 2.10	Quantity 0.30 Value 2.40	Quantity 0.20 Value 7.70	Quantity 0.10 Value 4.90
Exports and Bunkering							
a) Export	Quantity 5.60 Value 44.50	Quantity 5.60 Value 45.50	Quantity 3.10 Value 29.20	Quantity 3.00 Value 30.10	Quantity 2.70 Value 9.00	Quantity 2.10 Value 75.50	Quantity 1.50 Value 55.40
b) Bunkering	Quantity 0.49 Value 3.20	Quantity 0.48 Value 3.10	Quantity 0.32 Value 2.20	Quantity 0.30 Value 2.20	Quantity 0.27 Value 1.90	Quantity 0.22 Value 7.90	Quantity 0.17 Value 6.10

Source: Industrial Bulletin 1969/75, Central Statistical Organization, PDNY.

1/ Imports and bunkering data apply only to B.P. Refinery. The table does not include data on sales of the National Oil Company. Values are at current prices.

2/ The quantity produced is negligible.

Table V-10 ANTICIPATED GROWTH IN THE VALUE OF GROSS INDUSTRIAL OUTPUT - 1972/2000, AT 1969 CONSTANT PRICES
(thousand ID)

	Actual 1972	Anticipated in 1976/1979 by the Five- Year Plan	1980	per cent	1985	per cent	1990	per cent	1995	per cent	2000
Extraction	168	309	337	25.0	1,028	20.0	2,559	20.0	6,367	20.0	15,841
Food	595	7,970	8,767	10.0	14,115	8.0	20,735	7.0	27,183	6.0	36,371
Beverage	-	456	502	10.0	808	8.0	1,187	7.0	1,665	5.0	2,125
Tobacco	-	2,630	2,761	5.0	3,523	5.0	4,495	5.0	5,736	5.0	7,319
Textiles	1,721	4,786	5,265	10.0	8,477	8.0	12,452	6.0	16,661	6.0	22,292
Clothing	71	190	205	7.0	288	6.0	385	6.0	514	6.0	689
Footwear	-	481	506	6.0	677	7.0	950	7.0	1,333	8.0	1,958
Furniture	40	50	53	5.0	68	5.0	86	6.0	115	6.0	155
Leather	-	100	104	4.0	126	4.0	154	4.0	187	4.0	228
Paper and printing	82	180	198	10.0	318	10.0	513	7.0	720	6.0	963
Petroleum refinery	27,544	16,130	16,130	-	16,130	25.0	49,229	7.0	69,068	7.0	96,902
Chemical	255	483	531	10.0	855	10.0	1,376	8.0	2,022	8.0	2,970
Non-metal	15	45	54	20.0	134	50.0	1,018	20.0	2,533	10.0	4,078
Metal	-	167	175	5.0	223	5.0	285	10.0	459	10.0	739
Others	3,887	3,192	3,320	4.0	4,040	4.0	4,917	4.0	5,984	4.0	7,283
Electricity and water	2,599	3,761	3,987	6.0	5,335	8.0	7,837	10.0	12,617	9.0	19,417
Total	35,549	40,930	42,895	5.5	56,145	14.1	108,178	7.2	153,164	7.5	219,330

188. The industrialization policy of PDRY explicitly states that it aims at utilizing as much as possible the available raw materials in the country. The food processing subsector is, therefore, anticipated to grow at a relatively fast pace. This assumption is based on the fact that large investments are being planned in the agricultural sector, including fisheries, with a view to extending the cultivable land area, renovating existing and installing new irrigation schemes and training farmers in the use of fertilizers and insecticides. Food processing industries are assumed, therefore, to grow at an annual rate of 10 per cent between 1980 and 1985, at 7 per cent up to 1995 and at 7 and 6 per cent in the following two five-year periods, respectively. (See Table 7-10).

189. The official figures given for the extractive industry pertain only to salt extraction, and exclude quarrying activities, such as stone and marble quarrying, necessary for the construction industry. Also, PDRY has embarked only recently on mineral prospecting and oil explorations. Since the studies that have been carried out in this area have provided limited information, and since these operations are costly and time consuming, it can be assumed that most of the geophysical and geochemical studies would be completed by 1985. Consequently, it is assumed that the value of gross output in the extractive and quarrying sub-sector will grow during 1980-1985 at an annual rate of 3 per cent. However, because of the anticipated increased activity in stone and marble quarrying after 1985, and the contemplated rise in salt production, the rate of growth for this sub-sector is likely to be as high as 25 per cent during 1980-1985 and 20 per cent during the remaining period of projection.

190. The textile sub-sector is also anticipated to grow at relatively high rates throughout the period of projection. This assumption is based on previously attained rates of growth covering the period 1972-1978/79, when the average rate was around 15.5 per cent per annum, and also on anticipated growth in the spinning and weaving industry resulting from likely increases in cotton production, per capita income and domestic demand. Hence, it is assumed that the annual growth rates to be attained in the value of production of the textile sub-sector are 10 per cent during the period 1980-1985, 8 per cent during 1985-2000, 7 per cent during 1990-1995 and 5 per cent during the remaining years of the projection period.

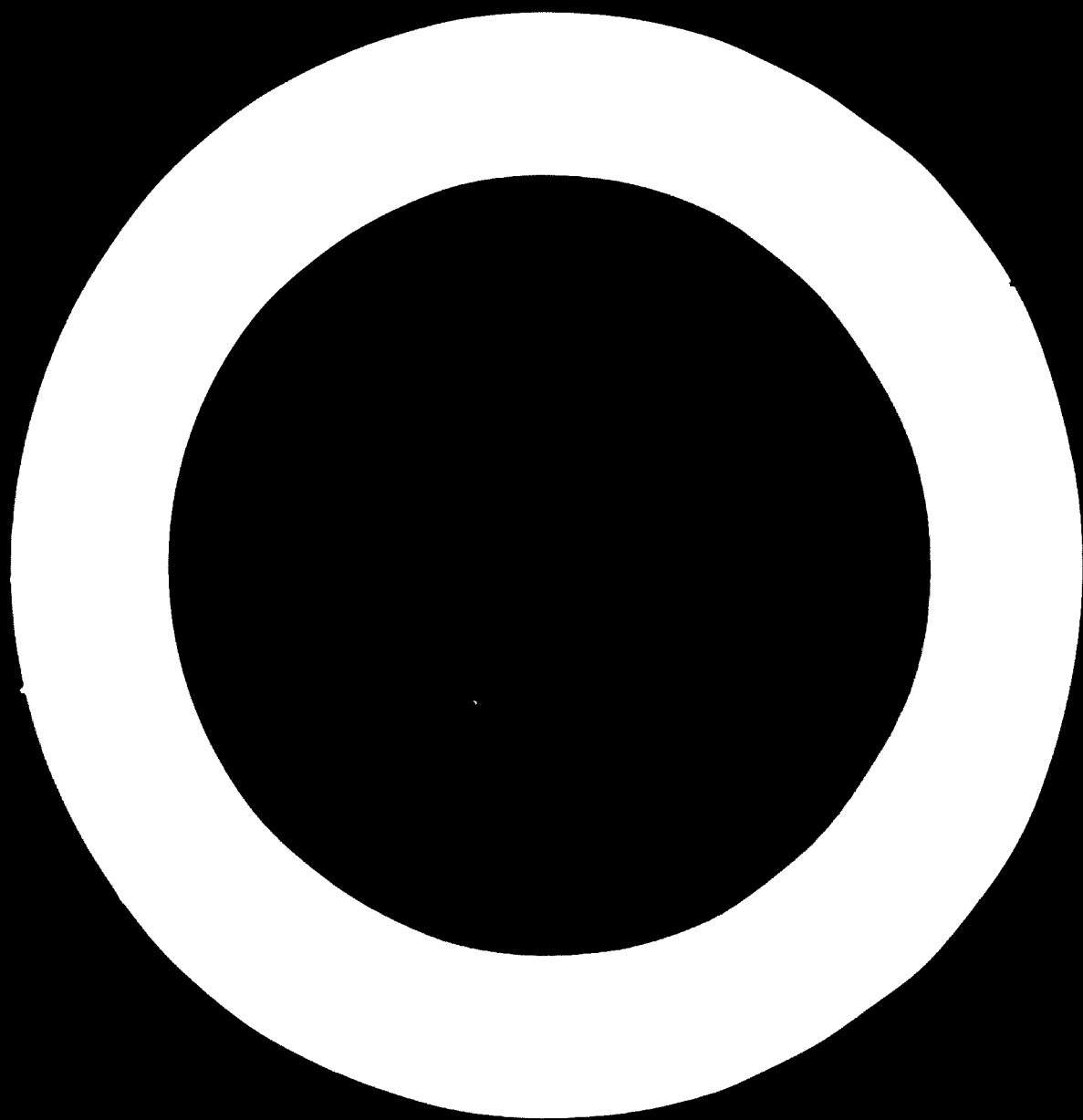
191. The gross output of the paper and printing industry is anticipated to increase during the period 1980-1990 at an annual rate of 10 per cent. This assumption is based on the fact that production in this sub-sector is considerably lower than that required for meeting local demand. Consequently, investment in this industry is expected to be high in the short run, especially since the absorption capacity of the school system, at all levels, is expanding at high rates.

192. The gross output of the non-metallic minerals industries is also anticipated to grow at a relatively high rate as building materials are expected to be in high demand for both housing and industrial construction. It is also anticipated that a small cement plant might be established in the latter part of the projections period.

193. The chemical industries sub-sector is also anticipated to increase at a relatively high rate, as it incorporates many prospective industries and expansion of existing ones. Output in this sub-sector is assumed to grow at 10 per cent per annum during the 1980-1990 period, and at 8 per cent per annum between 1990 and 2000.

194. Electricity and water has been projected to cope with anticipated industrial growth.

195. Output in the other sub-sectors has been projected on the basis of natural growth in population and subsequent rise in domestic demand.



STATISTICAL APPENDIX

Table 1. POPULATION GROWTH, 1970 - 1976

Year	Crude birth rate per 1000 inhabitants	Crude death rate per 1000 inhabitants	Natural rate of increase in population per 1000
1970	49.8	21.6	28.2
1971	49.7	21.3	28.4
1972	49.6	20.9	28.7
1973	49.6	20.6	29.0
1974	50.0	20.2	29.8
1975	49.9	19.7	30.2
1976	50.5	19.5	31.0

Source: PDRY, Central Statistical Organization

Table 2. POPULATION STRUCTURE, 1970 - 1977
(thousand; per cent)

Year	Total	Urban	Rural	Urban population as a percentage of total
1970	1,438	478	960	33
1971	1,490	496	994	33
1972	1,541	513	1,028	33
1973	1,590	529	1,095	33
1975	1,690	562	1,128	33
1976	1,743	580	1,163	33
1977	1,797	598	1,199	33

Source: PDRY, Central Statistical Organization

Table 3. LABOUR FORCE AND EMPLOYMENT, 1973 - 1976
(thousand; per cent)

Year	Total labour force	Employed	Unemployed	Unemployed as a percentage of total labour force
1973	393	318	75	19.0
1974	409	328	81	19.8
1975	431	353	78	18.0
1976	450	371	79	17.6

Source: PDRY, Central Statistical Organization

Table 4. ECONOMICALLY ACTIVE POPULATION BY SECTOR OF ACTIVITY ACCORDING TO ISIC
(in thousand)

Activity	1973 ^{1/}	1974 ^{2/}	1975 ^{2/}	1976 ^{2/}
Agriculture, hunting and fishing	165	169	182	182
Mining and quarrying	2	2	2	2
Manufacturing	13	13	14	16
Electricity, gas and water	3	3	3	3
Construction	13	15	16	17
Whole sale and retail trade restaurants and hotels	22	23	25	28
Transport, storage and communications	9	10	11	15
Financing, insurance real estate	1	1	1	1
Community, social services	73	75	81	87
Activities not adequately described	17	17	18	20
Total	318	328	353	371

Source: 1/ PDRY, Central Statistical Organization;

2/ extrapolated

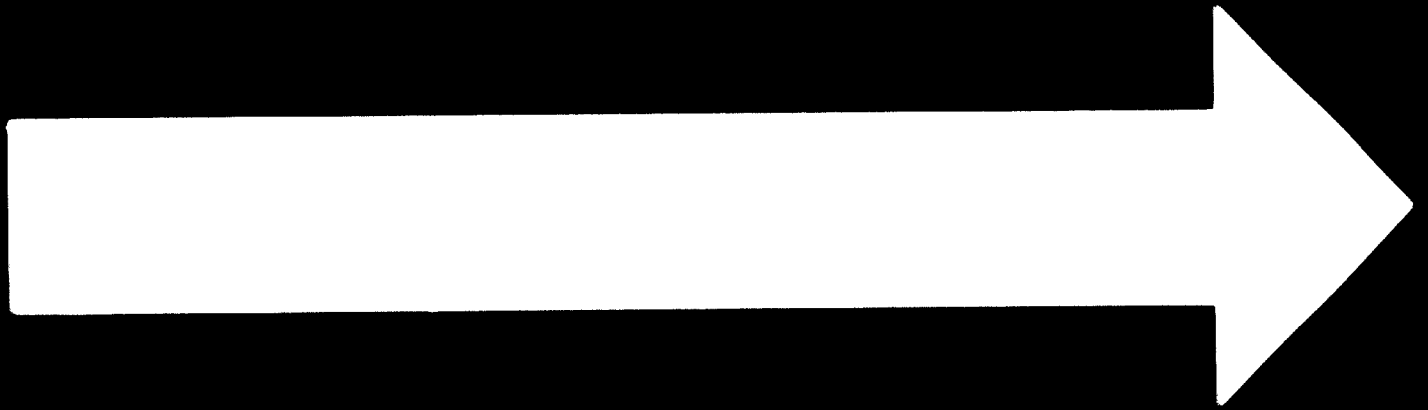
Table 5. SECTORAL DISTRIBUTION OF GROSS DOMESTIC PRODUCT, 1964-1975,
AT CURRENT PRICES
(YD million)

Sector	1969	1970	1971	1972	1973	1974	1975
Agriculture	11.5	11.6	12.3	14.3	15.3	16.3	17.3
Fishing	3.1	3.5	3.8	4.4	5.1	6.4	7.5
Manufacturing and mining ^{1/}	3.1	3.0	3.8	4.2	5.2	6.5	8.0
Construction	1.0	0.9	1.6	2.6	4.1	6.1	7.2
Electricity, gas and water	1.9	1.9	1.9	2.0	1.9	1.9	2.0
Transport, storage and communi- cation	4.0	4.4	4.3	4.6	5.3	7.0	9.1
Wholesale and retail trade	12.8	13.3	10.8	11.6	14.2	20.7	19.4
Finance, insurance and real estate	0.5	0.5	0.5	0.5	0.6	0.6	0.8
Ownership of dwellings	4.9	5.1	5.2	5.4	5.5	5.7	6.2
Public administration and defence	9.7	10.6	12.1	12.9	13.1	15.4	19.4
Services	8.2	8.7	9.2	9.5	10.1	10.6	11.3
Total	60.7	63.5	65.5	72.1	80.4	97.2	108.2

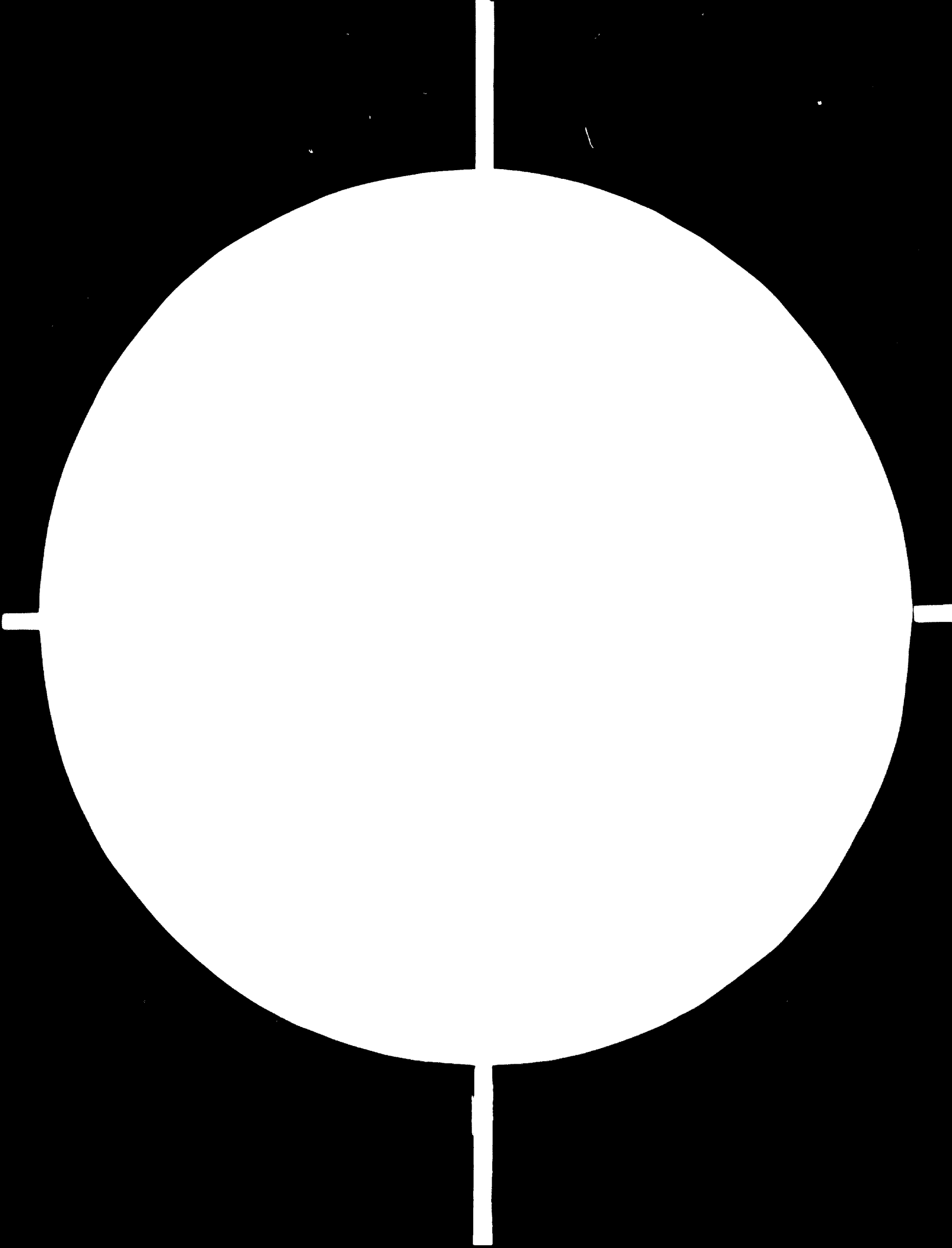
Source: UNCTAD, The External Sector of the PDRY, March 1977

^{1/} Excludes the BP Refinery

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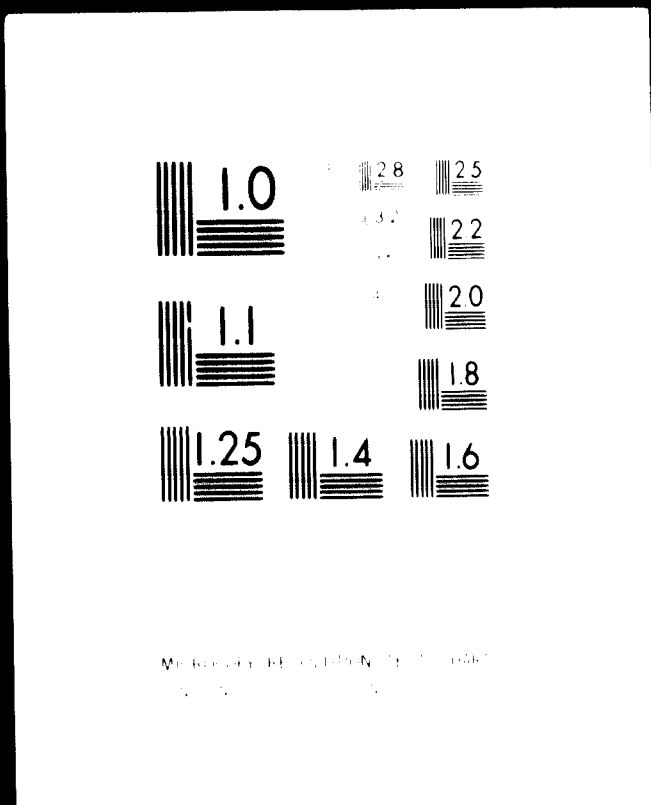


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Table 6. NATIONAL PRODUCT BY ECONOMIC ACTIVITY, 1969 - 1974,
AT CURRENT PRICES
(thousand dinars)

Kind of economic activity	1969	1970	1971	1972	1973 ^{*/}	1974 ^{*/}
Agriculture, hunting and fishing	13,444	13,165	14,590	15,264	16,100	16,500
Mining and quarrying	32	47	48	55	54	50
Manufacturing	5,453	5,034	4,992	5,098	4,797	5,252
Electricity, gas and water	1,021	1,097	1,122	998	729	800
Construction	550	680	1,475	3,163	3,400	3,600
Wholesale and retail trade and restaurant and hotels	16,024	14,158	13,114	11,726	12,620	13,320
Transport, storage and communi- cation	4,423	4,534	4,338	4,387	4,787	4,668
Finance, insurance, real estate and business services	2,651	2,882	2,717	2,652	2,648	2,752
Community, social and personal services	11,779	13,478	13,929	14,613	13,830	15,608
Net product (at factor cost)	<u>55,377</u>	<u>55,075</u>	<u>56,325</u>	<u>57,956</u>	<u>58,965</u>	<u>62,550</u>
Consumption of fixed capital	2,339	2,334	2,482	2,468	2,480	2,500
Gross Product (at factor cost)	<u>57,716</u>	<u>57,409</u>	<u>58,807</u>	<u>60,424</u>	<u>61,445</u>	<u>65,050</u>
Indirect taxes	909	1,064	1,201	1,400	1,400	1,400
Net product (at market price) = A + D	56,286	56,139	57,526	59,356	60,365	63,950
Gross Product (at market price) = C + D	58,625	58,473	60,008	61,824	62,845	66,450

Source: PDRY, Central Statistical Organization

^{*/} Rough estimation

Table 7. DOMESTIC OUTPUT, IMPORTS, EXPORTS AND APPARENT CONSUMPTION
OF INDUSTRIAL PRODUCTS, 1975, AT CURRENT PRICES

(Thousand YD)

Products	1975			Apparent consumption
	Domestic output	Imports	Exports	
Salt	25	-	-	25
Dairy products	356	1,306	-	1,662
Ice-cream	5	-	-	5
Vegetable oil	2,336	2,120	-	4,456
Cereals milling	402	503	-	905
Ice-block and condense	74	-	-	74
Spices grain	9	280	-	289
Soft drink	352	-	-	352
Cigarette	3,215	-	-	3,215
Linting	2,182	653	1,950	885
Tailoring	458	710	5	1,163
Tannery	88	-	-	88
Bags industry	169	-	6	163
Leather shoes	13	245	-	258
Furniture and fixture	291	-	14	277
Paper bags	83	125	10	198
Chemical industry	44	822	-	866
Paint	342	49	53	338
Perfumes	85	-	-	85
Matches	129	-	-	129
Plastic industry	176	-	4	172
Mirror frames	19	-	-	19
Tiles and cement block	58	280	-	338
Aluminum	551	-	45	506
Nails	28	-	1	27
Turnery and spare parts	90	-	-	90
Foam industry	216	-	-	216
Total	11,796	7,093	2,088	16,801

Source: PDRI, Central Statistical Organisation, Bulletin of Foreign Trade
1976, Industrial Bulletin 1969-1975.

Table 9. CIF VALUE OF IMPORTS CLASSIFIED ACCORDING TO SITC,
1969 - 1975 AT CURRENT PRICES

(million US dollars)

Category	1969	1970	1971	1972	1973	1974	1975	1976
Food and live animals	44.4	46.6	29.8	33.9	48.5	73.4	63.8	64.4
Beverage and tobacco	3.3	2.8	2.9	3.1	3.2	3.2	2.8	3.6
Crude materials	6.7	6.1	6.2	3.7	4.0	7.5	5.7	7.3
Petroleum products	4.0	4.2	6.0	6.3	9.1	30.3	25.9	6.4
Animal and vegetable oils	1.5	0.8	0.7	0.8	1.0	2.6	2.0	2.1
Chemicals	7.3	7.3	6.4	4.8	4.4	7.1	8.1	9.3
Manufactured goods	37.1	27.8	23.8	16.0	17.2	25.0	30.7	33.0
Machinery and transport equipment	13.2	10.5	9.0	11.6	8.4	23.9	29.9	58.3
Miscellaneous manufactures	16.3	12.1	10.7	6.7	7.5	5.7	3.5	6.9
Unclassified articles	3.5	3.1	2.3	0.6	0.1	0.1	0.2	0.3
Total	137.4	121.3	97.8	87.4	103.4	178.9	172.3	192.0

Source: UNCTAD, The external sector, March 1977. 1976 figures are estimates made by the consultant

Table 9. VALUE OF IMPORTS OF SELECTED MINING AND MANUFACTURING
COMMODITIES, 1974-1976, AT CURRENT PRICES
(Thousand YD)

Commodity	1974	1975	1976
Refined sugar	4,291	4,757	2,350
Powder milk	914	1,304	2,009
Vegetable ghee	1,734	1,836	1,512
Beer	123	196	207
Wood, worked simply	914	861	978
Cotton fabrics	851	653	677
Textile fabrics	2,165	710	1,433
Cement	1,424	959	974
Iron and steel	860	1,814	1,149
Equipments for distributing elect.	293	384	438
Motor spirit	1,343	1,296	650
Lampoil and white spirit	1,392	1,532	1,351
Distillated fuels	575	686	11,740
Lubricating oil and greases	810	1,649	866
Agricultural machinery	983	660	898
Machines for special industries	168	325	570
Elect.power mach. and switch gear	142	743	294
Passenger motor cars	340	273	1,064
Buses	66	26	83
Lorries	1,182	1,324	2,623
Rubber tyres and tubes	553	2,071	1,028
Internal combustion engines	287	843	557
Radios	119	12	400
Watches	105	39	3
Outer garments not knitted	282	109	276
Under garments not knitted	156	126	76
Footwear	200	161	372
Tobacco manufactured	909	737	975
Soap	238	174	220
Medicaments	534	687	926
Total	23,953	26,947	36,699

Source: PDRY, Central Statistical Organization, Bulletin of Foreign Trade,
1974 - 1976

Table 10. VALUE OF EXPORTS OF SELECTED INDUSTRIAL COMMODITIES,
AT CURRENT PRICES

(Thousand YD)

Commodity	1974	1975	1976
Macaroni, spaghetti	1	1	1
Cotton linter	231	472	3,565
Salt	181	52	99
Cotton fabrics	-	-	-
Clothing	24	22	-
Oils of fish	-	-	34
Paints	-	-	23
Paper bags	-	-	4
Domestic utensils of aluminium	-	-	23
Wood furniture	-	-	8
Travel goods	-	-	6
Outer garments	-	-	1
Head gear	-	-	2
Matches	-	-	35

Source: PDNY, Central Statistical Organisation, Bulletin of Foreign Trade,
1975-1976

- Notes: (1) The data includes both exports and re-exports
(2) Excluding exports and re-exports by land
(3) Excluding ships bunker, stores and supplying of water to ships
(4) The foreign companies have been excluded and the export by land
of National Oil Co. have been included
(5) Excluding data of Japanese company, NISHIRO

Table 11. DIRECTION OF TRADE, TOTAL IMPORTS,
AT CURRENT PRICES
(Thousand YD)

Region of Origin	1970	1972	1974	1975	1976
Latin America					
Argentina, Brazil, Mexico					
Other Latin America	83	-	-	53	-
Asia					
Semi-industrialised Asia	18,163	13,663	12,212	9,212	5,131
Centrally-planned economies	3,499	5,031	6,044	5,111	4,435
Rest of Asia, excluding Japan	-	-	-	-	2,154
Japan	14,747	7,260	4,502	5,349	9,390
Australia, New Zealand and Pacific Countries	4,582	1,315	62	118	3,179
Middle East OPEC Countries and North Africa	8,415	5,316	3,762	3,447	22,178
Africa south of Sahara, excluding South Africa	5,832	4,630	5,057	4,457	3,367
North America	2,333	400	4,811	1,426	325
W. Europe	21,828	17,436	17,578	23,653	23,778
European centrally planned economies	4,832	2,115	7,586	6,131	7,679

Source: PDNY, Central Statistical Organisation

Table 12. DIRECTION OF TRADE, TOTAL EXPORTS AND RE-EXPORTS,
1970-1976, AT CURRENT PRICES
(Thousand YD)

Destination	1970	1972	1974	1975	1976
Latin America					
Argentina, Brazil, Mexico					
Other Latin America					
Asia					
Semi-industrialized Asia	6,548	8,496	794	945	2,145
Asian centrally planned economies	113	5,264	-	-	473
Rest of non-industr. Asia	1,348	75	-	32	-
Japan	6,097	5,864	1,404	1,296	3,042
Australia, New Zealand, Pacific Countries	-	-	-	-	-
Middle East OPEC Countries and North Africa	24,444	8,270	820	496	6,106
Africa south of Sahara, excluding South Africa	4,403	2,105	562	243	204
North America	2,270	902	101	59	139
W. Europe	8,919	5,451	377	562	2,658
European centrally planned economies	-	-	228	215	182

Source: PDRY, Central Statistical Organization

Table 13. DIRECTION OF TRADE, TOTAL EXPORTS AND RE-EXPORTS, 1967 - 1976, AT CURRENT PRICES
(Thousand YD)

Region of destination	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Arab countries ^{*/}	5,648	5,971	6,138	7,317	8,133	7,229	6,384	936	649	6,094
Centrally planned economies	157	1	13	24	666	1,105	1,459	995	214	1,815
Advanced countries	25,575	22,158	30,483	34,216	22,112	16,649	16,634	2,007	2,011	6,329
Developing countries	9,072	14,957	19,241	14,394	9,087	12,581	11,029	1,147	1,031	7,359
Total	40,452	43,087	55,875	56,451	40,043	37,594	35,466	4,387	3,905	15,697

Source: PDNY, Central Statistical Organization, Bulletin of Foreign Trade, 1976

Notes: 1) Excluding ship bunkers, air-crafts, gasolene-ship stores

2) Excluding export and re-export by land, except for export from freezone by land

3) Centrally planned economies include USSR, China, Eastern European Countries and Cuba

4) Advanced countries include common market countries, free trade area countries, the other European countries, USA, Canada, New Zealand, Japan and South Africa, Australia

5) Developing countries: Asian countries, African countries, Latin American and Cyprus excluding Arab countries

^{*/} Including Republic of Somalia and Djibuti (starting from 1970)

Table 14. DIRECTION OF TRADE, TOTAL IMPORTS, 1967 - 1976 CURRENT PRICES
(Thousand YD)

Region of origin	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976
Arab countries ^{e/}	20,653	20,310	25,020	23,875	21,322	22,332	18,872	8,311	6,362	21,104
Centrally planned economies	2,458	4,292	4,281	4,503	4,163	3,943	7,012	11,531	9,844	12,114
Advanced countries	29,424	33,006	29,954	26,307	19,893	14,503	14,833	26,977	30,701	39,842
Developing countries	23,233	26,841	31,671	28,631	19,495	16,389	19,047	14,859	12,524	11,846
Total	75,768	84,449	90,926	83,316	64,873	57,167	59,764	61,678	59,431	84,906

Source: FIMF, Central Statistical Organisation, Bulletin of Foreign Trade, 1976

Notes: 1) Excluding imports by land, government imports and commodity loans

2) Advanced countries include European common market countries, free market countries, other European countries, USA, Canada, New Zealand, Australia, Japan and South Africa

3) Centrally planned economies include USSR, European eastern countries, China and Cuba

4) Developing countries include Asian countries, African, Latin American countries, Cyprus, excluding Arab countries

5) Starting 1972, special trade system is followed in recording foreign statistics

6) As of 1974 includes data of imports by land, and commodity loans

7) As of 1972 includes data of government sector

^{e/} including Republic of Somalia and Djibuti, starting from 1970

Table 15. EXPORT BY SITC CATEGORY AT CURRENT PRICES
(Million US Dollars)

Category	1974	1975	1976
0 - Food and live animals	11.3	7.3	16.3
1 - Beverage and tobacco	0.1	0.2	0.3
2 - Crude materials	2.7	2.5	12.5
3 - Petroleum products	0.2	0.1	15.3
4 - Animal and vegetable oils	-	-	0.1
5 - Chemicals	-	-	0.1
6 - Manufactured goods	0.4	0.1	0.1
7 - Machinery and transport equipment	-	-	-
8 - Miscellaneous manufactures	1.4	0.9	0.2
9 - Unclassified articles	-	-	-
Total	16.1	11.1	44.9

Source: PDNY, Central Statistical Organisation, Quarterly Trade Bulletin, 1976

Table 16. BALANCE OF PAYMENTS, 1971 - 1976^{1/}
(Million YD)

Item	1971	1972	1973	1974	1975	1976
A. Current Account	-4.3	-10.9	-17.3	-32.0	-36.5	-18.0
1- Trade Account ^{2/}	-31.8	-29.3	-37.5	-56.2	-56.2	-78.0
Exports	11.5	11.7	8.6	6.0	6.8	12.0
Imports	43.3	40.0	45.1	64.9	63.0	90.0
2- Services: Net	8.9	8.0	7.5	9.7	6.9	10.0
Transport, insurance	1.1	1.3	1.8	0.9	1.2	1.6
Travel	1.9	-(0.2)	0.1	0.7	1.4	1.4
Investment revenues	-(1.4)	1.1	1.4	2.4	1.0	1.4
Government services	1.2	0.7	-(0.2)	2.3	-(0.5)	0.6
Other services	6.1	5.1	4.4	3.4	3.8	5.0
3-Transfers	18.6	10.4	11.7	14.5	22.8	50.0
Private	18.2	10.4	11.5	14.2	19.3	30.0
Government	0.4	-	0.2	0.3	3.5	20.0
B. Capital Account	1.0	5.5	16.6	23.6	14.6	15.0
C. Errors and omissions	1.9	3.4	0.5	0.5	3.5	0.1
D. SDR	1.3	1.3	-	-	-	-
E. Monetary movement	0.1	0.7	1.2	11.6	8.4	2.9

Source: PDRY, National Bank (Arabic) provisional

^{1/} on the basis that the foreign oil companies are not resident

^{2/} the trade account figures have been adjusted. They, therefore, differ from the foreign trade figures

Table 17. INSTALLED CAPACITY AND GROSS PRODUCTION OF ELECTRIC ENERGY

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Installed capacity (000 kw)											
Industrial	26.7	26.7	26.7	26.7	26.2	26.2	26.2	26.2	26.2	26.2	26.2
Public util.	46	59	55	44	38	38	38	38	32	32	57
Total	72.7	85.7	81.7	70.7	64.2	64.2	64.2	64.2	58.2	58.2	83.2
Production* (Mln.kwt)											
Industrial	110.82	116.33	99.27	73.42	77.46	77.19	66.64	66.64	66.64	52.71	52.68
Public util.	116.28	135.05	137.28	104.53	102.46	115.07	118.53	119.82	106.89	118.10	127.97
Total	227.10	251.38	236.55	177.95	179.92	192.26	185.17	186.46	173.53	170.81	180.65

Source: PDNY, Central Statistical Organization, Industrial Bulletin, 1969 - 1975

* / excluding hinterland governorates installations except for provinces in the second governorate

Table 18. ELECTRIC GENERATORS: THEIR INSTALLED POWER AND ACTIVE AND GENERATED ENERGY UP TO JUNE 1976

Type of generators	No.	Generators' power	Active energy	Generated energy
Steam	3	15,000	13,000	13,000
Gas turbines	2	13,000	12,000	-
Diesel	78	43,984	41,857	35,145
Total	83	71,984	66,857	48,145

Source: PDRY, Central Statistical Organization, Industrial Bulletin, 1969-1975

Notes: a - Power Energy is the generator's maximum installed power. Active energy is the power generated after considerable service, and the generated energy is the power presently produced.

b - Lahaj area is directly covered by Aden Electric Power.

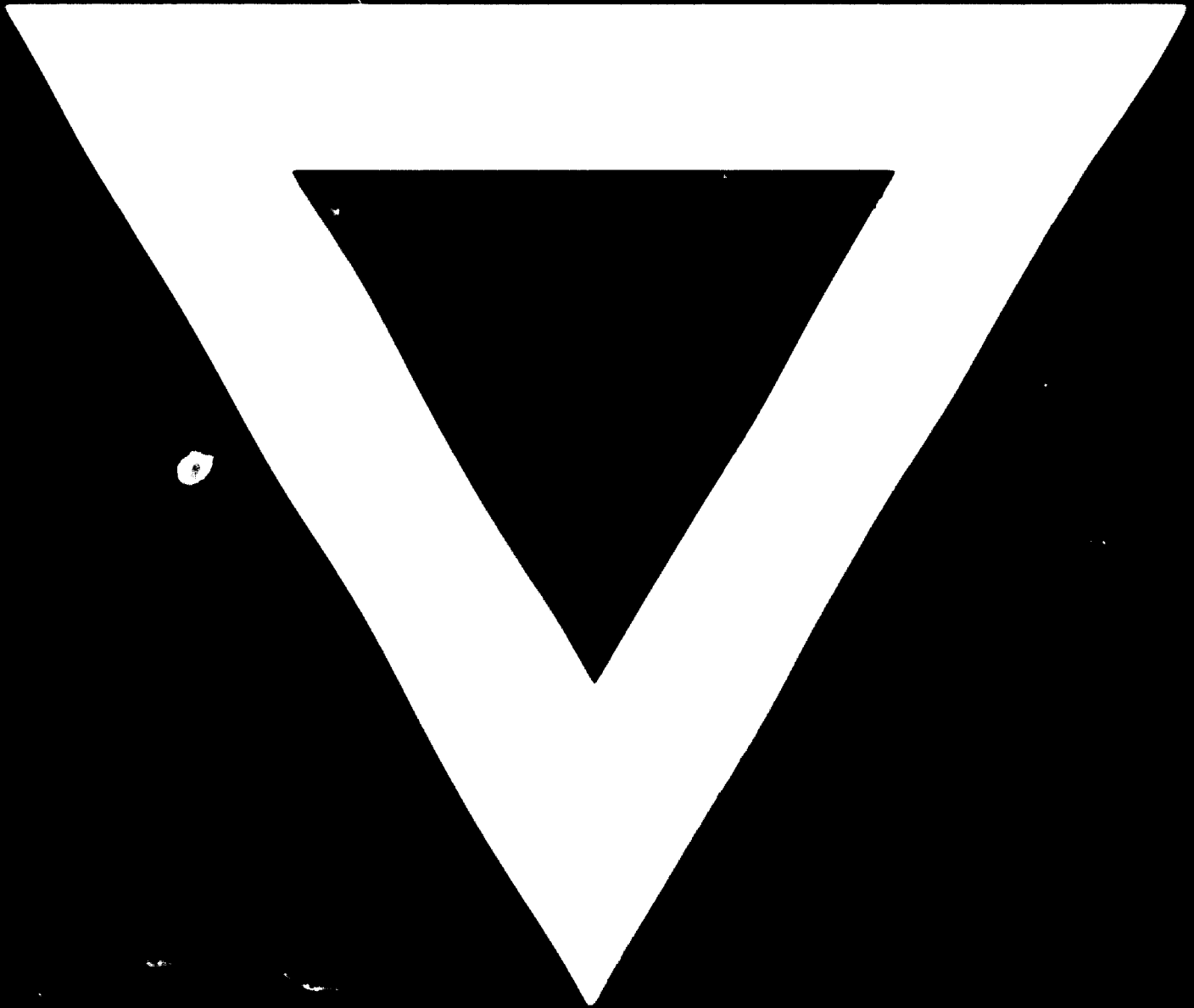
c - Generators operated by gases put into action on culmination points only.

Table 19. DATA ON PRICE MOVEMENTS, 1970-1976
(1969 = 100)

Series	1970	1971	1972	1973	1974	1975	1976
Cost of living index in Aden	105	111	116	135	167	187	194
Whole Sale Index, in Aden	106	117	120	163	229	271	287

Source: PDRY, Central Statistical Organization, Prices and Price Index Bulletin, 1976

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