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INDUSTRIAL DEVELOPMENT CONFERENCE  
FOR ARAB STATES

Algiers, Algeria

**LONG-TERM PROSPECTS  
OF  
INDUSTRIAL  
DEVELOPMENT  
IN THE  
YEMEN ARAB REPUBLIC**

prepared by  
the Secretariat of UNIDO

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Exchange Rate Yemeni Rials per U.S. \$

<u>Year</u>	<u>Rate</u>
1969	4.44
1970	5.50
1971	4.69
1972	4.69
1973	4.57
1974	4.57
1975	4.56
1976	4.56

Source: IMF, International Financial Statistics, Volume XXIX, No. 11,  
November 1976.

## Chapter I

### THE ECONOMY OF THE ARAB REPUBLIC OF YEMEN

#### Introduction

##### Location and Area

1. The Arab Republic of Yemen (ARY) is located on the south west edge of the Arabian Peninsula. The country is bordered by Saudi Arabia in the north, the People's Democratic Republic of Yemen in the south and south east, and the Red Sea in the west. East of Yemen is the great Arabian desert, the Yemen quarter of Rub-al Khali. The country extends over approximately 200,000 km<sup>2</sup>.

##### Natural Regions

2. The mountains of Yemen have been formed as a result of block faulting along a north south axis parallel to the Red Sea and along east-west axis parallel to the Gulf of Aden. The resultant uplift has formed the central mountain range starting from around Taiz. This central ridge drainage to the Red Sea is carried by seven major wadis, namely Wadi Mawr, Sordud, Siham, Rima, Zabid, Risyan and Mawsa.
3. There are several other minor wadis running down steep mountain slopes forming deep gorges which eventually open to the coastal plain known as the Tihama. The east flowing drainage to the Rub-Al-Khali passes over more gentle slopes. The main wadis in the area are wadi Al-Jouf, Abidah and Harib.
4. Drainage south and east of Damar and Ibb-Taiz line flow to the Gulf of Aden. Here again gradients are very steep, wadis deep and narrow. The main wadis of this region are Wadi Bana and Tuban.

5. On the basis of this particular topographic structure, the country could be conveniently divided into four natural regions, each having its distinct climatic and vegetational characteristics. These are the coastal lowlands of Tihama along the Red Sea in the east, the foothills and middle heights of the central mountains of the central mountains range, the central highlands and the eastern semi desert plateau.

- a) The coastal lowlands of Tihama: This region covers an area 30-60 km wide stretching along the Red Sea from Bab-el Mandeb in the south, far into Saudi Arabia in the north. The elevation ranges from sea level to about 200 m at foothills. It is plain or slightly undulating, and intersected by dispersed, wide shallow wadis draining from the central mountain range into the Red Sea.
- b) The Foothills and Middle Heights: The foothill and middle heights of the central mountain region are situated between the Tihama and central highlands within the elevation range of 200 m to 1,500 m above sea level. The landscape is very rugged, cut by deep wadis running through narrow gorges which have very steep and long slopes. Most of these wadis drain to the west on the Tihama, while the wadis to the south and east of Taiz drain to the south into the Gulf of Aden.
- c) The Central Highlands: This region comprises the central mountain range exceeding 1,500 m elevation above sea level which extends from Ibb in the south into Saudi Arabia in the north. A chain of highest land is found between Ibb and Sana'a where mountain peaks frequently exceed 3,000 m, including Yemen's highest mountain, Nabi Shu'ayb (3760 m). The topography to the west is again very rugged, the eastern slopes are gentle and terminate at the high table lands of Sana'a, Mabar, Damar and Yerim. These high plateaus are all above 2,000 m elevation.



- d) The Eastern Semi-Desert Plateau: The eastern semi-desert plateau gently slopes eastwards and forms rolling country dropping to an elevation of 1,000 m where it finally borders the Empty Quarter (Rub-el Khali).

Climate

6. Yemen is located in the northern stretches of the tropical climatic zone with two rainfall maxima, following overhead sun, one in April-May, the other in July-September and a long dry, almost rainless period, of four to five months during the late autumn and winter. Rain bearing winds blow from southeast and southwest. The amount of annual rainfall depends mainly on altitude varying from desert condition on the coastal plains up to 1,000 mm at 1,500 m and higher elevations on western and southern facing mountains of the Ibb district. The rainfall steadily decreases from the south to north. This decrease is very sharp and rapid from the central mountains range to the east. Considerable variations also occur in short distances in the same regions as one moves from exposed mountains to the sheltered wadis. Rains are always nearly in heavy showers, frequently with hail.

An Introduction to the Economy of the ARY

7. The revolution of 1962 inherited a social structure which was devoid of modern policies and procedures. From the outset it was necessary for the Yemeni people to come out of their isolation from the rest of the world, and to try to create an infrastructure which was adequate for coping with the requirements of social and economic development.

8. The civil war which had erupted in Yemen after the revolution and the lack of resources made the creation of such a society a very difficult

task. The first ten years of the revolution drained all the resources of North Yemen until peace was again established. The government realized that planning was needed to achieve the aims and development. The first plan, the Three-Year Development Programme, was formulated in 1972.

9. The economy of ARY is an under-developed one which suffers from the ills characterising other developing countries, in addition to some special features which may not be found in other developing countries.

10. The following are the main aspects of backwardness shared with other developing countries as described in the official report of the Prime Minister's Office entitled "Analysis of the Status Quo, Volume II, The First Five Year Plan".

- a) A low level of per capita income, and a weak saving and investing capacity. Table I-1 compares per capita income in ARY in 1969 with selected countries.

Table I-1 PER CAPITA INCOME IN SELECTED COUNTRIES, 1969

Country	Per capita income (US dollars)
North Yemen	76
Indonesia	100
Sudan	110
Uganda	110
Syria	260
Jordan	280
Australia	2,300
France	2,460
Canada	2,650
Switzerland	2,700
Sweden	2,920
USA	4,240

Source: YAR, Central Planning Organisation, Three-Year Programme

b) Predominance of agriculture in economic activity despite that ARY economy have witnessed during the past years a noticeable improvement in the participation of other sectors, such as construction, industry, transport, trade and services. This phenomenon may dominate ARY's economy for sometime to come. The problem does not lie in the high proportion of agriculture in production, as much as in the low levels of productivity. Table I-2 shows participation of the agriculture in Net Domestic Income during the 1969-1971 period.

Table I-2 PARTICIPATION OF THE AGRICULTURE IN NET DOMESTIC INCOME,  
1969 - 1971  
(Million YR, Per cent)

	1969	1970	1971
Agriculture	1,586	1,703	2,045
All other sectors	<u>548</u>	<u>622</u>	<u>723</u>
Total	2,134	2,321	2,768
Share of agriculture	74.3	73.4	73.9
Share of all other sectors	<u>25.7</u>	<u>26.6</u>	<u>26.1</u>
Total	100.0	100.0	100.0

Source: ARY, Central Planning Organisation, Statistical Yearbook 1974/1975

c) Insignificant participation of industry in economic activity and absence of an industrial base. Industry in ARY is a new activity and limited in size of production. Although it witnessed during the seventies a slight improvement and expansion, its share in net domestic income and employment remains small. It needs considerable support, encouragement and protection in order for ARY

to create an industrial base. Table I-3 shows the extent to which industry contributed to net domestic income during the period 1969-1971.

Table I-3 PARTICIPATION OF THE INDUSTRIAL SECTOR IN GROSS DOMESTIC INCOME,  
1969-1971  
(Million YD; per cent)

	1969	1970	1971
Gross Domestic Income	2,134	2,321	2,768
Industry	45	59	74
Share of industry in total	2.1	2.5	2.7

Source: YAR, Central Planning Organization, Statistical Yearbook, 1974/1975

d) Low rates of capital formation, a problem derived primarily from the country's poor capacity to save. The absolute and relative share of capital formation in gross domestic income during the period 1969-1971 is shown in table I-4.

Table I-4 SHARE OF CAPITAL FORMATION IN GROSS DOMESTIC INCOME,  
1969-1971  
(Million YR )

	1969	1970	1971
Gross Domestic Income	2,134	2,321	2,768
Gross Domestic Investment	169	176	228
Investment in machinery and transport means and others	27	14	37
Investment in building and construction	142	162	191

Source: YAR, Central Planning Organization, Statistical Yearbook 1972

- e) Low proportion of taxes in domestic product due to weaknesses in tax legislation and in the organization of taxation and tax collection. The average tax burden in ARY for the period 1969-1971 is given in table I-5.

Table I-5 AVERAGE TAX BURDEN IN ARY, 1969 - 1971  
(Million YR; per cent)

	1969	1970	1971
Gross Domestic Income	2,134	2,321	2,768
Tax revenues	38	56	74
Percentage of tax burden	1.8	2.4	2.7

Source: ARY, Central Planning Organization,  
Statistical Yearbook 1972

- f) Low productivity due to the absence of technological methods and of intensive and concentrated production requisites in production. Although the country has, in general, witnessed a somewhat satisfactory development in the field of productivity, mainly because Yemeni workers, craftsmen and peasants are assiduous and serious, and this is a promising asset for the future, the other fact remains that the level of technology used is a decisive factor in development.
- g) Lack of training in the use of modern means of production. In fact, the presence of modern means of production is not, in itself, sufficient for development. The ability to use these means must also be created. Recent years have witnessed a noticeable progress in the use of mechanical means of production in the various sectors, it remains, nevertheless, necessary to exert great effort in the field of training, including attracting and keeping national experiences in the country.

h) High rate of illiteracy, estimated at about 87 per cent.<sup>1/</sup>

11. The problems and constraints which are particular to ARY include:

- a) Successive adverse climatic conditions where shortages of rain constitute the prime factor in hindering agricultural development. The successive drought years of the late sixties made Yemen one of the famine stricken countries in the world.
- b) Tribal nature of Yemeni society. The problem here is not that of tribal belonging, but tribal sensibilities and contradictions. The climate which is needed for socio-economic development is incompatible with such contradictions.
- c) Geographic dispersion and difficult communications. The Arab Republic of Yemen consists of a large number of agglomerations, dispersed, isolated and small in sizes. This fact, together with the lack of communication and a broad road network retards the formation of a sufficiently developed domestic market. It also makes it difficult to provide these agglomerations, which were selected by the inhabitants for security reasons, with the necessary utilities.
- d) The economic effect of "Qat" chewing on the working power of the population is a factor that adversely influences development. Furthermore, the allocation of agricultural land for growing this crop delays potential schemes for increased cultivation of food and other crops. The spreading of this habit and the consequent rise in the prices of "Qat" is bound to lead to increases in the prices of all other products.

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<sup>1/</sup> ARY, Central Planning Organisation, The First Five-Year Plan, 1976-1981

- e) Major bottlenecks caused by weaknesses in existing economic and social infrastructure, i.e., roads, bridges, ports and means of communication, and, in particular, inadequacy of the port of Hodeida, and other ports, to handle the volume of imports needed for development purposes.
- f) Weakness of the construction and building sector.
- g) Budgetary and foreign trade deficits. These two constraints limit the ability of the Government to carry out development projects.
- h) Persisting shortages of technical skills.
- i) Structural and organizational weakness of institutions.
- j) Lack of a concise picture of ARY's development potentials, due to insufficient information and data with regard to underground water basins, possibilities for irrigation and extent and content of mineral wealth.

Chapter II

HUMAN RESOURCES

Population

12. The Central Planning Organisation in ARY has completed in February 1975 the execution of a housing and population census which was the first demographic and economic survey of human resources undertaken in the country. With the exception of only a limited area, the survey covered the whole country. This census, supported by the United Nations Fund for Population Activities (UNFPA), coincided with the World Population Year.

13. According to this census the total population in February 1975 was 4,526 million<sup>1/</sup> of whom 2,155 million were males and 2,371 million were females.

14. Table II-1 gives total population by sex in the various governorates in February 1975. It will be noticed that Taiz is the most populated governorate in ARY, followed by Sana'a and Ibb.

Table II-1 POPULATION BY SEX IN VARIOUS GOVERNORATES, FEBRUARY 1975

Governorate	Total Population			Percent of total population
	Total	Females	Males	
Sana'a	807,269	413,463	393,806	17.8
Damar	455,132	242,934	212,198	10.0
Ibb	789,518	419,176	370,342	17.4
Taiz	873,876	476,075	397,801	19.3
Hodeida	676,693	334,654	342,039	15.0
Mahweet	174,639	94,038	80,601	3.9
Hajja	396,578	202,583	193,995	8.7
Se'ada	154,361	81,050	73,311	3.4
Ma'areb	40,896	20,619	20,277	1.0
Al-Beida	157,764	86,900	70,864	3.5
Total	4,526,326	2,371,092	2,155,234	100.0

Source: ARY, Central Planning Organization

<sup>1/</sup> This number reflects only the resident population in the Arab Republic of Yemen; it does not include emigrants working temporarily in the neighbouring Arab countries.



15. Population in ARY is characterised by the high rate of infants below the age of 15. This group represents 46.8 per cent of total population. On the other hand, the ratio of inhabitants in the age group 65 years or more was 3.6 per cent of total population. The following schedule shows the age structures of population in ARY in 1975:

(Per cent of total population)

Sex	Age group		
	(0-14)	(15-64)	(65 and over)
Males	50.6	45.6 <sup>1/</sup>	3.8
Females	43.2	53.4	3.4
Total	46.8	49.6	3.6

Source: ARY, CPD

16. Table II-2 gives in detail the breakdown of ARY population by age group and sex.

Table II-2 POPULATION BY AGE GROUP AND SEX, FEBRUARY 1975  
(Per cent)

Age Groups	Total	Females	Males
0-4	17.06	16.24	17.96
5-9	17.82	16.40	19.38
10-14	11.88	10.61	13.27
15-19	7.90	8.41	7.34
20-24	6.54	7.59	5.39
25-29	6.25	7.04	5.38
30-34	5.96	6.50	5.36
35-39	5.64	5.91	5.34
40-44	5.02	5.19	4.83
45-49	4.20	4.39	4.00
50-54	3.40	3.54	3.25
55-59	2.70	2.74	2.65
60-64	2.05	2.02	2.09
65-69	1.50	1.48	1.53
70-74	1.02	0.97	1.07
75-79	0.60	0.55	0.65
80+	0.46	0.42	0.51
Total	100.00	100.00	100.00

Source: ARY, CPD

<sup>1/</sup> The low ratio of males (15-64 years) in total population is caused by emigration of nationals to neighbouring countries.

17. Table II-3 gives a breakdown of the 1975 population in terms of number and average size of households in the various governorates and capitals.

Table III-3 NUMBER AND AVERAGE SIZE OF HOUSEHOLDS IN THE VARIOUS GOVERNORATES, FEBRUARY 1975

Name of governorate	Average size of households in the		Number of households in the	
	capital	governorate	capital	governorate
Sana'a	5.3	5.2	25,292	155,060
Damar	5.5	4.7	3,481	96,621
Ibb	5.5	4.9	3,478	161,245
Taiz	6.2	4.9	12,712	179,846
Hodeida	5.5	4.7	14,539	143,725
Mahweet	5.2	5.1	469	34,420
Hajja	5.4	5.1	1,072	76,918
Sa'ada	5.0	5.0	855	30,861
Ma'areb	6.1	5.1	48	7,964
Al-Bieda	<u>5.5</u>	<u>5.3</u>	<u>1,090</u>	<u>30,099</u>
Total	5.6	5.0	63,036	906,185

Source: ARY, CPO

18. The number of illiterate population in ARY is around 2,564 thousand, of which 1,003 thousand are males. The rate of illiteracy of population 10 years of age and over is around 87.4 per cent, which is one of the highest in the world. The overall illiteracy rate for males is 74.6 per cent, while for females it is more than 98 per cent (see tables II-4 and II-5).

Table II-4 DISTRIBUTION OF POPULATION 10 YEARS OF AGE AND  
OVER BY EDUCATIONAL STATUS AND SEX, 1975  
(Number, per cent)

Governorate	Sex	Population (10 years and above)	Literate			Illiterate		
			Total	With certifi- cate	Can Read and write	Total	Can read only	Unable to read and write
Sana'a	M	255,082	31.5	3.5	28.0	68.5	14.2	54.3
	F	276,267	2.5	0.4	2.1	97.5	0.9	96.6
	T	351,349	16.5	1.9	14.6	83.5	7.3	76.2
Damar	M	232,402	24.5	1.8	22.7	75.5	13.3	62.2
	F	284,562	0.6	0.1	0.5	99.4	0.2	99.2
	T	516,964	11.3	0.8	10.5	88.7	6.1	82.6
Ibb	M	135,682	20.7	0.9	19.8	79.3	16.2	63.1
	F	166,452	0.2	0.0	0.2	99.8	0.3	99.5
	T	302,134	9.4	0.4	9.0	90.6	7.5	83.1
Taiz	M	235,210	37.2	6.5	30.7	62.8	10.8	52.0
	F	321,003	4.6	1.1	3.5	95.4	2.0	93.4
	T	556,213	18.4	3.4	15.0	81.6	5.7	75.9
Hodeida	M	223,963	16.7	2.2	14.5	83.3	6.8	76.5
	F	225,341	1.6	0.4	1.2	98.4	1.6	96.8
	T	449,304	9.1	1.3	7.8	90.9	4.2	86.7
Mahweet	M	50,170	16.1	0.7	15.4	83.9	10.4	73.5
	F	63,666	0.5	-	0.5	99.5	-	99.5
	T	113,836	7.5	0.4	7.1	92.5	4.6	87.9
Hajja	M	119,048	17.9	1.1	16.8	82.1	11.0	71.1
	F	134,903	0.5	0.0	0.5	99.5	0.2	99.2
	T	253,951	8.7	0.5	8.2	91.3	5.3	86.0
Saada	M	47,483	20.4	0.6	19.8	79.6	9.0	70.6
	F	55,152	0.2	0.0	0.2	99.8	0.5	99.3
	T	102,635	9.5	0.3	9.2	90.5	4.4	86.1
Ma'reb	M	12,248	26.2	1.4	24.8	73.3	3.0	70.8
	F	12,803	0.6	0.0	0.6	99.4	0.3	99.1
	T	25,051	13.2	0.7	12.5	86.8	1.6	85.2
Al-Beida	M	40,167	28.6	1.7	26.9	71.4	6.7	64.7
	F	58,012	2.0	0.2	1.8	98.0	0.8	97.2
	T	98,179	12.8	0.8	12.0	87.2	3.2	84.0
Total	M	1,351,455	25.4	2.7	22.7	74.6	11.5	63.1
	F	1,598,161	1.9	0.4	1.5	98.1	0.9	97.2
	T	2,949,616	12.6	1.5	11.1	87.4	5.8	81.6

Source: ARY, CPO

Table III-5 POPULATION 10 YEARS OF AGE AND OVER AND ILLITERATE POPULATION BY AGE GROUPS AND SEX, 1975  
(Number, per cent)

Age Groups	Total		Females		Males	
	Total	Per cent	Total	Per cent	Total	Per cent
10 - 14	537,101	81.1	251,351	93.6	285,750	70.0
15 - 19	342,794	84.6	184,849	96.0	157,945	71.2
20 - 24	265,079	86.4	160,403	97.3	104,676	69.6
25 - 29	305,411	87.9	183,870	98.5	121,541	83.4
30 - 34	276,592	89.8	164,306	98.8	112,286	76.6
35 - 39	269,370	89.1	148,594	99.2	120,776	76.7
40 - 44	227,758	90.3	124,133	99.5	103,625	79.4
45 - 49	163,603	88.7	87,260	99.0	76,343	76.8
50 - 54	178,436	90.1	97,115	99.5	81,321	78.8
55 - 59	85,461	85.6	39,805	99.0	45,656	73.9
60 - 64	124,102	90.4	65,171	99.2	58,931	80.8
65 +	169,287	91.0	89,035	99.3	80,252	81.7
N.S.	4,622	...	2,269	...	2,353	...
Total	2,949,616	87.0	1,598,161	97.6	1,351,455	74.4

Source: ARY, CPO

Note: Persons able to read but not to write are included with illiterate population. Population of unknown literacy are not included.

Labour Force and Employment

19. The housing and population census which was conducted in the Arab Republic of Yemen in 1975 pointed out that the total manpower included all those who are 10 years of age and over, less all the disabled persons. Children in underdeveloped and poor countries like ARY enter the labour market at an early age, while older people continue to work beyond the age of 64 years.

20. According to the census the volume of manpower in ARY is around 2,853 thousand, or 63 per cent of total population of which 1,291 thousand are males (see table II-6).

Table II-6 POTENTIAL MANPOWER BY SEX, 1975  
(Number, per cent)

Sex	Potential manpower	Total population	Ratio of manpower to total population
Males	1,291,355	2,155,234	59.9
Females	1,561,483	2,371,092	65.9
Total	2,852,838	4,526,326	63.0

Source: ARY, CPO

21. The total labour force in the Arab Republic of Yemen was in 1975 around 1,136 thousand, of which 138 thousand were female. Participation rate in the labour force amounted to about 40 per cent of total manpower, but for males it rises to more than 77 per cent, while it decreases to less than 9 per cent for females (see table II-7).

Table II-7 POPULATION, MANPOWER AND LABOUR FORCE IN VARIOUS GOVERNORATES,  
BY SEX, 1975

Governorate	Sex	Manpower		Labour Force			
		Population	Per cent of population	Number	Per cent of manpower	Per cent of population	Number
Sana'a	M	393,806	61.9	243,740	77.2	47.8	188,117
	F	413,463	65.3	269,929	6.4	4.2	17,317
	T	807,269	63.6	513,669	40.0	25.5	205,434
Damar	M	212,198	61.1	129,647	79.1	48.2	102,543
	F	242,934	66.9	162,634	4.1	2.7	6,648
	T	455,132	64.2	292,281	37.4	24.0	109,191
Ibb	M	370,342	60.0	222,067	74.8	44.8	166,014
	F	419,176	66.3	278,033	2.6	1.7	7,128
	T	789,518	63.3	500,100	34.6	21.9	173,142
Taiz	M	397,801	56.5	224,749	69.7	39.4	156,644
	F	476,075	65.9	313,639	5.5	3.5	17,369
	T	873,876	61.6	538,388	32.3	19.9	174,013
Hodeida	M	342,039	62.6	214,003	81.0	50.7	173,292
	F	334,654	65.8	220,169	16.1	10.6	35,384
	T	676,693	64.2	434,172	48.1	30.8	208,676
Mahweet	M	80,601	59.5	47,940	84.0	50.0	40,271
	F	94,038	66.1	62,205	28.6	18.9	17,815
	T	174,639	63.1	110,145	52.7	33.3	58,086
Hajja	M	193,995	58.6	113,754	80.1	47.0	91,171
	F	202,183	65.2	131,808	6.8	4.4	8,925
	T	396,178	62.0	245,562	40.8	25.3	100,096
Saada	M	73,311	61.9	45,370	90.5	56.0	41,054
	F	81,050	66.5	53,885	42.4	28.2	22,824
	T	154,361	64.3	99,255	64.4	54.3	63,878
Ma'reb	M	20,277	57.7	11,704	73.8	42.6	8,635
	F	20,619	60.7	12,511	13.7	8.3	1,713
	T	40,896	59.2	24,215	42.7	25.3	10,348
Al-Beida	M	70,864	54.2	38,382	78.7	42.6	30,216
	F	86,900	65.2	56,681	4.7	3.1	2,649
	T	157,764	60.3	95,063	34.6	20.8	32,865
Total	M	2,155,234	59.9	1,291,356	77.3	46.3	997,957
	F	2,371,092	65.9	1,561,494	8.8	5.8	137,772
	T	4,526,326	63.0	2,852,850	39.8	25.1	1,135,729

Source: ARY, CPO

22. The total active labour force, amounting to 1,072 thousand, is distributed among the different professions.

23. Nearly three quarters of the active labour force are engaged in agriculture. The remaining active labour force is distributed among other professions in small proportions as can be seen from table II-8.

Table II-8 EMPLOYED AND PERCENTAGE DISTRIBUTION OF EMPLOYED BY INDUSTRY, 1975

Industry	Percent of total	Number of workers
Agriculture, forestry, hunting and fishing	73.26	785,462
Mining and quarrying	0.06	659
Manufacturing	3.48	37,260
Electricity, gas and water	0.11	1,149
Construction and building	4.35	46,656
Wholesale and retail trade and restaurants and hotels	6.73	72,146
Transport, storage and communication	2.40	25,766
Financing, insurance, real estate and business service	0.19	2,016
Community, social and personal service	<u>9.42</u>	<u>101,055</u>
Total	100.00	1,072,169

Sources: op.cit.

Unknown and not stated are prorated

Chapter III

SECTORAL DEVELOPMENT

24. The Arab Republic of Yemen may be considered a newly born state from the point of view of social and economic development. Prior to the revolution of 1962, ARY was socially and economically isolated from the rest of the world. During the first ten years of the revolution, ARY was engaged in civil war. Exposure to the outside world was only started when the first Three-Year Development Programme, 1972/73-1975/76, was formulated.

25. Table III-1 shows the relative importance of sectors in GDP at 1971/72 prices. It will be observed that agriculture dominated ARY's economy. It contributed about 50 per cent to GDP, but because agricultural production depends mainly on rainfall, its contribution fluctuated during the period 1969/70-1975/76 between 48.2 and 54.7 per cent.

Table III-1 RELATIVE IMPORTANCE OF SECTORS IN GDP, 1969/70 - 1975/76,  
AT 1971/72 PRICES  
(Per cent)

Sector	1969/70	70/71	71/72	72/73	73/74	74/75	75/76
Agriculture	50.3	54.7	53.2	53.1	48.7	53.5	48.2
Industry	5.2	4.9	5.2	5.6	6.6	5.8	6.1
Building and construction	5.2	4.7	4.8	5.0	6.1	4.4	5.0
Trade	19.4	16.9	17.2	16.9	17.6	15.7	18.9
Transportation	2.7	2.6	3.3	3.2	3.5	3.3	3.3
Finance	1.3	1.3	1.2	1.4	1.8	2.2	2.8
Government	8.8	8.5	8.9	8.8	9.4	9.4	10.0
Housing	4.7	4.1	4.0	3.8	3.9	3.5	3.5
Services	2.4	2.3	2.2	2.2	2.4	2.2	2.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ARY, Central Planning Organization, National Accounts Report, 1969/70-1975/76



26. Industrial growth was concentrated on few branches that produce import substituting commodities which enjoy protection in a domestic market. The industrial sector lacks infrastructural basis, and mining sector remains at an embryonic stage. So far, the discovered and actually exploited natural resources are limited. The contribution of industry and mining to GDP ranged between 4.9 and 6.6 per cent during the same period.

27. The building and construction sector is expanding vigorously and is financed from remittances of Yemeni nationals living abroad. The contribution of this sector to GDP was similar to that of industry and mining.

#### Agriculture

##### 1. General characteristics

28. Total area of the Arab Republic of Yemen is estimated to be 20 million hectares, or 200,000 km<sup>2</sup>, and the cultivated area is 1.5 million hectares. In addition, two million hectares are planted once in every 4 to 5 years, on average, depending on the amount of rainfall. These form the frontier between the fertile and the sterile areas (see table III-2).

29. Weather conditions in ARY differ widely from one area to another. Generally, there are two rainfall seasons. The first is secondary, between March and May, and the second is primary when rain falls between July to September. Usually, rainfall concentrates on the central mountains covering the area extending between the northern and southern parts of the country.

30. Because rain falls heavily within a short period of time, and because of the sharp structure of the mountains, inundations arise but for a very limited time (few hours). These inundations extend over the western, southern and eastern parts of the country where they irrigate the plains in these areas.

Table III-2 LAND USE BY GOVERNORATE  
(1000 hectares)

Governorate	Total area	Cultivable area	Marginal area	Forest and shrubs	Other uses
Sana'a	8,000	400	600	100	6,900
Hodsidah	3,500	235	500	450	2,315
Tais	1,200	250	100	500	350
Ibb	1,300	300	50	400	550
Hajjah	1,700	130	250	50	1,270
Sa'ada	1,800	60	200	-	1,540
Dhamar	1,000	100	200	100	600
Al Beidha	1,500	40	100	-	1,360
Total	20,000	1,515	2,000	1,600	14,885

Source: YAR Central Planning Organization, Statistical Yearbook, 1976/77

Notes: Al Mahweet and Mareb Governorates figures are included in the Governorates to which they were previously attached.

31. Of the annually cultivated areas, 1,277,000 hectares depend directly on rainfall, 120,000 hectares on seasonal floods, 73,000 hectares on perennial waters and around 45,000 hectares on artesian wells (see table III-3).

2. Labour force in agriculture

32. Over 70 per cent of the total labour force is engaged in agriculture. Yemeni farmers are, in general, active and expert in their field; they readily adapt themselves to new methods of cultivation that lead to increases in productivity. Females participate widely in agriculture.

Table III-3 CULTIVABLE AREA BY TYPE OF IRRIGATION  
(1,000 hectares)

Governorate	Total	Rainfed	Flood	Perennial	Wells
Sana's	400	374	-	20	6
Hodeidah	235	102	100	5	28
Tais	250	220	10	18	2
Ibb	300	278	-	20	2
Hajjah	130	115	10	5	-
Sa'ada	60	60	-	-	-
Dhamar	100	91	-	5	4
Al Beidha	40	37	-	-	3
Total	1,515	1,277	120	73	45

Source: ARY, Central Planning Organisation, Statistical Yearbook 1976/77.

Note: Al Mahweet and Mareb Governorates figures are included in the Governorates to which they were previously attached.

### 3. Land Tenure

33. The Government owns about one-fifth of the exploited area; the rest is owned privately. Small property is the widest form of ownership, whereby the small pieces of land are rented to partner-farmers under certain contractual relationships. Shares vary in the different regions, depending on the mode of irrigation, the inputs provided by the landlord, on whether the tax is paid by the tenant or landlord, and on the type of crop. In

general, share-croppers receive one third of the crop on irrigated land and one-half on rainfed land. In the case of cereals, the tenants' share ranges between  $1/3$  and  $1/2$ , depending on payment for inputs and other services; while in case of dates, coffee and qat the share of tenants ranges between  $1/4$  and  $1/2$  of the crop.

4. Agricultural Production

34. Maize, tobacco, wheat and barley occupy 90 per cent of the yearly cultivated area. Sorghum is the main product in any area as it represents the major quantity produced. Maize, wheat, and barley are cultivated where abundant water exists, either from rainfalls or rivers. Besides grains, the following are produced: sesame seed, dry vegetables, peas, potatoes, fruits, cotton, tobacco, coffee beans and qat. Due to farmers efforts, productivity is increasing and use of scientific means for production, such as fertilizers, are increasing. Tables III-4 to III-7 present figures on areas, yields and production of cereals, industrial crops, legumes, vegetables and fruits.

5. Livestock

35. Animal husbandry is very important in the Arab Republic of Yemen. Table III-8 gives the number of livestock for the period 1961-1976. In 1976, the number of cattle was estimated at about 800,000 heads, sheep at 11 million heads and camels at 110,000.

Table III-4 AREA, YIELD AND PRODUCTION OF CEREALS, 1969/70 - 1976/77<sup>1/</sup>

Year	Barley			Wheat			Maize			Millet and sorghum		
	Prod.	Yield	Area	Prod.	Yield	Area	Prod.	Yield	Area	Prod.	Yield	Area
1969/70	160	1.1	145	16	0.5	35	8	2.0	4	610	0.7	886
1970/71	154	1.1	140	33	1.1	30	30	1.9	16	730	0.8	973
1971/72	140	1.1	125	25	1.0	25	16	0.8	20	627	0.7	920
1972/73	120	1.1	110	50	1.0	50	70	1.4	50	809	0.7	1,080
1973/74	85	1.1	77	71	1.0	70	80	1.5	52	639	0.7	952
1974/75	80	1.1	73	56	1.1	50	79	1.6	50	1,008	0.8	1,215
1975/76	75	1.1	68	52	1.0	50	72	1.4	50	859	0.8	1,145
1976/77	54	0.9	60	51	0.9	55	111	1.7	67	660	0.8	786
<u>Governorate</u>												
Sana'a	24.0	0.8	30.0	17.6	0.8	22.0	3.0	1.5	2.0	114	0.6	190
Hodeidah	-	-	-	-	-	-	5.6	1.4	4.0	112	0.7	160
Taiz	4.0	1.0	4.0	2.4	0.8	3.0	46.8	1.8	26.0	140	1.2	117
Ibb	15.4	1.2	12.8	22.1	1.2	18.1	51.2	1.6	32.0	156	1.3	120
Hajjah	0.2	1.0	0.2	0.4	0.8	0.5	0.8	1.5	0.5	56	0.8	70
Dhamar	4.6	0.8	5.7	3.7	0.8	4.6	3.0	1.2	2.5	29	0.7	41
Others	5.8	0.8	7.3	4.8	0.7	6.8	0.2	1.2	0.2	53	0.6	88

Source: ARY, Central Planning Organization, Statistical Yearbook, 1976/77.

<sup>1/</sup> Area in 1,000 hectares; yield in kg/hectares; and production in 1,000 tons

Table III-5 AREA, YIELD AND PRODUCTION OF INDUSTRIAL CROPS,  
1969/70 - 1976/77

<u>Year</u>	Sesame			Tobacco			Cotton		
	Prod.	Yield	Area	Prod.	Yield	Area	Prod.	Yield	Area
1969/70	2.0	0.5	4.0	2.0	0.5	4.0	2.0	0.4	5.0
1970/71	4.0	0.5	8.0	3.0	0.8	4.0	10.0	1.0	10.0
1971/72	4.5	0.6	8.0	5.0	1.3	4.0	15.0	1.0	15.0
1972/73	4.0	0.5	8.0	5.0	1.2	4.2	18.5	0.9	20.0
1973/74	3.7	0.5	7.5	5.0	1.2	4.2	20.0	1.0	20.0
1974/75	5.0	0.6	9.0	5.0	1.2	4.2	27.2	1.0	28.0
1975/76	5.5	0.6	9.7	5.6	1.2	4.6	13.6	0.9	15.0
1976/77	6.4	0.6	10.2	6.4	1.2	5.3	5.1	1.0	5.2
<u>Governorate</u>									
Sana'a	0.1	0.5	0.2	-	-	-	-	-	-
Hodeidah	3.7	0.6	6.2	6.0	1.2	5.0	4.5	1.0	4.5
Tais	1.5	0.7	2.2	0.3	1.5	0.2	0.5	0.8	0.6
Ibb	0.8	0.7	1.1	-	-	-	-	-	-
Hajjah	0.1	0.5	0.1	0.1	1.2	0.1	0.1	0.6	0.3
Dhamar	-	-	-	-	-	-	-	-	-
Others	0.2	0.5	0.4	-	-	-	-	-	-

Source: ANY Central Planning Organisation, Statistical Yearbook, 1976/77  
Area in 1,000 hectares; yield in kg/hectares and production in 1,000 tons

Table III-6 AREA, YIELD AND PRODUCTION OF FRUIT TREES, 1969/70 - 1976/77

Year	Coffee			Date			Grapes		
	Prod.	Yield	Area	Prod.	Yield	No. of trees	Prod.	Yield	Area
1969/70	4.0	0.4	10.0	3.0	-	-	10.0	2.5	4.0
1970/71	4.0	0.4	10.0	5.0	-	-	30.0	4.3	7.0
1971/72	3.5	0.4	9.0	5.0	-	-	35.0	4.7	7.5
1972/73	3.5	0.4	9.0	5.0	-	-	35.0	4.7	7.5
1973/74	3.5	0.4	9.0	5.0	-	-	31.0	3.9	8.0
1974/75	3.0	0.4	8.0	5.0	-	-	40.0	4.7	8.5
1975/76	3.0	0.4	7.0	5.0	-	-	42.4	4.8	8.8
1976/77	3.4	0.4	7.5	6.3	5	1,250	47.1	4.7	10.0
<b>Governorate</b>									
Sana'a	1.0	0.5	2.0	-	-	-	37.6	4.7	8.0
Hodeidah	0.1	0.3	0.2	5.0	5	1,000	-	-	-
Tais	0.2	0.3	0.5	0.8	5	150	-	-	-
Ibb	0.9	0.5	1.7	-	-	-	-	-	-
Hajjah	0.4	0.4	1.0	0.5	5	100	4.8	4.8	1.0
Dhamar	0.3	0.4	0.8	-	-	-	-	-	-
Others	0.5	0.4	1.3	-	-	-	4.7	4.7	1.0

Source: ANY, Central Planning Organisation, Statistical Yearbook, 1976/77  
 Area in 1,000 hectares; yield in kg/hectare; and production in 1,000 tons

Table III-7 AREA, PRODUCTION AND YIELD OF LEGUMES, VEGETABLES AND FRUITS, 1969/70 - 1976/77

Year	Fruits			Potatoes			Vegetables			Legumes		
	Prod.	Yield	Area	Prod.	Yield	Area	Prod.	Yield	Area	Prod.	Yield	Area
1969/70	23	5.8	4.0	20	5.0	4.0	50	6.2	8.0	50	1.0	50
1970/71	25	5.6	4.5	55	9.2	6.0	100	10.0	10.0	60	1.2	50
1971/72	28	5.6	5.0	58	11.6	5.0	137	9.1	15.0	60	1.0	60
1972/73	60	6.0	10.0	64	11.6	5.5	150	9.1	16.5	56	0.9	60
1973/74	60	6.0	10.0	64	10.8	5.9	150	9.4	16.0	64	1.0	65
1974/75	60	5.0	12.0	71	10.9	6.5	168	9.3	18.0	71	1.0	71
1975/76	65	5.3	12.3	76	11.2	6.8	183	9.2	20.0	76	1.0	76
1976/77	84	5.6	15.0	124	11.5	10.8	239	9.6	25.0	82	1.1	72
<u>Governorate</u>												
Sana'a	6.5	5.0	1.3	4.0	8.0	0.5	40.0	8.0	5.0	16.0	0.8	20.0
Hodeidah	35.0	6.0	6.0	0.8	8.0	0.1	40.0	10.0	4.0	7.0	0.7	10.0
Tais	26.5	6.0	4.5	22.0	11.0	2.0	60.0	10.0	6.0	15.0	1.5	10.0
Ibb	15.0	5.0	3.0	96.0	12.0	8.0	93.0	10.0	9.3	40.5	1.5	27.0
Hajjah	-	-	-	0.8	8.0	0.1	1.6	8.0	0.2	0.8	0.8	1.0
Dhamar	0.5	5.0	0.1	0.8	8.0	0.1	2.7	9.0	0.3	0.7	0.7	1.0
Others	0.5	5.0	0.1	-	-	-	1.6	8.0	0.2	2.1	0.7	3.0

Source: APY, Central Planning Organisation, Statistical Yearbook, 1976/77  
 Area in 1,000 hectares; yield in kg/hectare; and production in 1,000 tons



Table III-8 NUMBER OF LIVESTOCK, 1961-1976  
(in thousand)

	Cattle	Sheep	Camels
<u>Year</u>			
1961	1,280	11,160	53
1962	1,270	11,270	53
1963	1,240	11,380	54
1964	1,250	11,500	55
1965	1,260	11,600	55
1966	1,200	10,572	75
1967	1,179	11,023	61
1968	962	10,510	53
1969	856	8,592	51
1970	813	8,767	52
1971	857	10,627	69
1972	900	9,561	117
1973	810	9,500	100
1974	900	10,000	100
1975	950	10,000	105
1976	800	11,000	110
<u>Governorate</u>			
Sana'a	40	3,000	5
Hodeidah	360	4,500	60
Tais	150	1,500	20
Ibb	170	500	5
Hajjah	30	300	5
Dhamar	10	500	2
Others	40	700	13

Source: ANP, Central Planning Organisation

36. Estimates of meat production for the period 1969/70 - 1975/76 is given in Table III-9. The number of slaughtered animals in the various governorates is found in table III-10.

Table III-9 ESTIMATES OF MEAT PRODUCTION, 1969/70 - 1975/76  
(in tons)

Year	Sheep	Cattle	Camels	Chickens
1969/70	37,330	12,932	280	1,250
1970/71	32,340	11,468	280	1,275
1971/72	22,800	10,919	280	1,300
1972/73	24,860	12,078	640	1,325
1973/74	24,700	10,858	560	1,350
1974/75	25,230	11,651	560	1,375
1975/76	25,510	12,383	490	1,400

Source: ARY, Central Planning Organisation, Statistical Yearbook 1976/77

Table III-10 SLAUGHTERED ANIMALS IN GOVERNORATE CENTRES, 1970 - 1976

Year	Camels	Calves	Cows	Goats	Sheep
1970*	-	-	100,476	117,663	105,450
1971*	-	-	99,636	101,986	122,207
1972*	-	-	93,000	173,478	113,468
1973	77	-	46,277	98,819	109,961
1974	169	-	29,990	65,996	111,898
1975	594	12,049	26,833	80,833	80,233
1976	485	11,971	26,575	87,164	81,743
<b>Governorate</b>					
Sana'a	-	2,642	11,591	8,874	31,897
Tais	-	4,696	2,997	30,951	2,891
Hodeidah	364	1,460	1,339	43,036	29,410
Ibb	-	1,735	2,168	1,899	1,735
Dhamar	121	274	2,340	1,833	2,930
Al Beidha*	-	352	2,388	183	4,952
Sa'ada*	-	288	1,052	146	3,836
Hajjah*	-	524	2,700	242	4,092

Source: ARY, Central Planning Organisation, Statistical Yearbook 1976/77  
\* Estimated figures

37. Table III-11 gives estimates of animal production, namely, skins, wool, eggs and milk, for the period 1969/70 - 1975/76.

Table III-11 ESTIMATES OF ANIMAL PRODUCTION, 1969/70 - 1975/76

Year	Sheep and goats skins (ton)	Cattle skins (ton)	Camel skins (ton)	Wool (ton)	Eggs million	Milk (ton)
1969/70	7,466	2,120	56	4,776	186	326.8
1970/71	6,468	1,880	56	4,340	190	298.0
1971/72	4,560	1,790	56	4,849	194	324.2
1972/73	4,972	1,980	126	5,047	198	338.7
1973/74	4,940	1,780	112	4,765	203	322.2
1974/75	5,046	1,910	112	4,801	206	322.5
1975/76	5,102	2,030	98	4,879	210	331.5

Source: ARY, Central Planning Organisation, Statistical Yearbook 1976/77.

#### 6. Fish Resources

38. Fish production in ARY is limited and mostly used for local consumption. The method used in fishing is still primitive. A small proportion of fish is dried and exported to neighbouring countries. Table III-12 presents figures on total production of fish for the period 1969/70-1975/76.

Table III-12 FISH PRODUCTION, 1969/70 - 1975/76  
(tons)

Years	Total	Dried fish for export	Fish for consumption
1969/70	5,360	325	5,035
1970/71	5,510	325	5,185
1971/72	5,660	320	5,340
1972/73	5,820	320	5,500
1973/74	5,980	315	5,665
1974/75	6,150	315	5,835
1975/76	6,320	320	6,000

Source: ANP, Central Planning Organisation, Statistical Yearbook 1976/77

7. Evaluation of investment in the Agricultural Sector  
of Gross Product During the Three-Year Development Programme,  
1972/73 - 1975/76

39. a) Investment. Table III-13 shows total investment executed in the agricultural sector during the period of the Three Year Programme at current and fixed prices.

40. It can be seen from Table III-13 that the size of agricultural investment doubled in the third year of the programme, compared to that of 1972/73. In the first year of the programme, investment declined because of a poor agricultural harvest. Participation of both the private and public sectors in these investments is given in Table III-14.

TABLE III-13 ACTUAL INVESTMENT IN THE AGRICULTURAL SECTOR AT FIXED AND CURRENT PRICES DURING THE PERIOD OF THE THREE-YEAR PROGRAMME, 1972/73 - 1975/76 (million Rials)

Years	Investment at current prices <sup>1/</sup>			Investment at fixed prices		
	Gross capital formation	Change in stocks	Gross investment	Gross capital formation	Change in stocks	Gross investment
1972/73	27.0	96.1	123.1	23.8	96.2	120.0
1973/74	26.9	62.7	89.6	22.7	39.1	61.8
1974/75	94.8	386.9	481.7	53.5	246.5	300.0
1975/76	106.4	207.2	313.6	54.2	168.0	222.2
Total	228.1	656.8	884.9	130.4	453.6	584.0

Source: ARY, Central Planning Organisation, Evaluation of the Three-Year Programme (Arabic)

<sup>1/</sup> Does not include other development expenditures by the State.

Table III-14 PUBLIC AND PRIVATE INVESTMENT IN AGRICULTURE DURING THE THREE-YEAR PROGRAMME, AT CURRENT PRICES

Years	Public sector investment		Private sector investment		Total	
	Million Rials	Percentage	Million Rials	Percentage	Million Rials	Percentage
1972/73	13.2	10.7	109.9	89.3	123.1	100.0
1973/74	22.8	25.4	66.8	74.6	89.6	100.0
1974/75	21.3	4.4	460.4	95.6	481.7	100.0
1975/76	28.3	9.0	285.3	91.0	313.6	100.0
Whole period	72.4	8.2	812.5	91.8	884.9	100.0

Source: ARY, CPO

41. The previous table shows that investment of the public sector in agriculture amounted to about 8.2 per cent during the period of the programme, while investment in the private sector amounted to about 91.8 per cent. These percentages varied slightly through the three-year period.

42. b) Gross Domestic Agricultural Product. Table III-15 illustrates the development of the gross domestic product in agriculture, at current and fixed prices, during the Three-Year Plan period.

Table III-15      DEVELOPMENT OF THE GROSS DOMESTIC AGRICULTURAL PRODUCT  
DURING THE YEARS OF THE PROGRAMME, AT CURRENT AND  
FIXED PRICES  
(million Rials)

Years	Gross domestic product at current prices	Gross domestic product at fixed prices
1972/73	1,263.0	1,208.0
1973/74	1,582.0	1,091.0
1974/75	2,335.0	1,401.0
1975/76	2,305.0	1,305.0
Average rate of growth per annum	22.2	2.6

Source: ARY, Central Planning Organisation

43. c) Capital Output Ratio in Agriculture. By relating the gross capital formation to the increases in gross domestic product it can be seen that the capital output ratio was 0.87 to 1.

44. The following is a summary of the most salient obstacles and bottle-necks in Yemeni agriculture:

- Shortage of equipment and lack of material support for agriculture.
- Shortage of water and absence of a comprehensive survey for water sources.
- Failure of the present road network to link various parts of the country.
- Lack of adequate data and statistics.
- Absence of a price and marketing policy.
- Insufficient agricultural credit system designed to meet the needs of agriculture.
- Absentee ownership of agricultural land - areas that are exploited directly by owners are estimated to be about 20 per cent of the total cultivated area - and absence of a system which organizes relations between land owners and tenant farmers.
- Insufficient use of fertilizers and insecticides. In this connexion, it should be emphasized that during the Three-Year Programme, use of fertilizers increased by three and one-half times and insecticide by about ten times over previous practice.
- Limited animal production due to the lack of pastures, fodder and prevalence of animal diseases.
- Low level of exploitation of fish resources.
- Increased cultivation of opium due to its relatively high returns per acre and to increased consumption.
- Shortage of agricultural engineers, veterinarians and extension workers, and emigration of farmers.

8. Objectives and Basic Strategies for the Agricultural Sector Under the New Five-Year Plan, 1976/77 - 1980/81

45. The basic objectives set for the agriculture sector may be summarized as follows:

- Achieving self-sufficiency in food products.
- Providing the necessary raw materials needed by planned and operating industrial projects.
- Reducing the foreign trade deficit in agriculture.
- Improving the quality of agricultural products.
- Increasing the cultivation of food crops.
- Supporting small producers.

The general strategy adopted include:

- Establishment of agricultural institutions for guidance and project implementation.
- Completing the studies underway and extending application of the principle of integrated rural development.
- Carrying out a comprehensive survey for soil and water resources.
- Linking the Plan for agricultural research to the needs of agricultural development.
- Developing agricultural extension services.
- Stability in the relations between the landowners and workers in agriculture.
- Rapid development in animal production and fishing.
- Building of roads and enlarging transport capacity.
- Providing storage capacity for agricultural products.
- Establishing a plan for agricultural credit designed to promote plant and animal production.
- Carrying out studies on prices, marketing and taxes in agriculture with a view to determining policies that may further the objectives of planning.
- Developing agricultural statistics.
- Coordinating agricultural planning with neighbouring countries.



The secondary objectives and strategies include:

- Raising efficiency in the production of corn, dukhin, maize, barley (by increasing yield and reducing areas planted) and wheat by improving quality and determining strains that are suitable for cultivation in different areas.
- Raising the levels of production and quality of cotton.
- Expanding areas planted with sesame and improving yield; spreading cultivation of sunflower, peanuts, and soya, and introducing the cultivation of castor oil, as well as industrializing all local seed production.
- Spreading the cultivation of improved varieties for dried legumes.
- Improving the quality of local tobacco, continue to undertake experiments in planting Virginia tobacco and implementing the result of these experiments.
- Concentrating on the planting of fodder crops.
- Developing the production of vegetables, potatoes, coffee, fruit trees, and protecting and developing forests and afforestation.
- Establishing an organization for agricultural research; providing it with trained local personnel and expanding and developing such research.
- Establishing new stations for agricultural research in all agricultural districts.
- Establishing a council for coordinating agricultural research and creating stronger ties between agricultural research and agricultural extension services.
- Establishing priorities for agricultural research and developing farm administration in research stations.
- Promoting horizontal and vertical expansion in agricultural extension.
- Supporting agricultural extension and establishing and supporting agricultural services in the muhafasat.
- Protecting plant production from insects, pests and diseases by providing an effective system for this purpose; developing awareness among farmers, and providing them with the necessary pesticides and tools.

- Determining the kind and amount of fertilizers that is appropriate for soil improvement; establishing an effective and integrated network for fertilizer distribution, and facilitating their delivery to farmers.
- Expanding experimentation with chemical fertilizers and controlling their importation; and establishing a special fund for fertilizers in the Agriculture Credit Bank.
- Cooperation with farmers for the building up of terraces and for providing machines for the rebuilding of small earth dams.
- Expanding mechanization of agriculture within the constraints of the given economic and social resources. Improving efficiency in the utilization of agricultural machines and tools, locally manufacturing some tools and importing three thousand tractors of the suitable kind.
- Supporting agricultural extension workers dealing with mechanization of agriculture, carrying out studies and experiments, and providing necessary guidance in this respect.
- Building small dams and irrigation canals. Using modern methods of irrigation and carrying out exploratory digging. Building artesian wells and guiding farmers in digging such wells and directing stream waters for irrigating land in Sana'a and Taiz.
- Reinforcing government departments responsible for irrigation and providing them with the necessary equipment. Issuing needed legislation for the utilization of surface and underground water, ownership and coordinating activities of the different agencies supervising water resources.
- Moving towards self-sufficiency in animal production by increasing and improving per head productivity.
- Expanding the scope of extension services for developing animal resources; establishing veterinary training centers, clinics and quarantine areas, and modern slaughterhouses.

- Developing natural pasture and raising the level of fodder use. Planting fodder crops, building fodder processing and storage facilities, spreading the use of dried and fermented fodder, and carrying out experiments for improving the quality of fodder produced.
- Eliminating animal epidemics, and expanding veterinary services and animal protection.
- Building of a modern fishing fleet and expanding and developing the existing one. Commercially exploiting fish resources and industrializing the shrimp industry.
- Building of berths and ports for fishing, organizing activities of fishermen in cooperative societies, and increasing credit availability. Facilitating the distribution and marketing of their catch, establishing a training center and a National Company for Fish Resources. Issuing the necessary legislation in support of this industry.

Tuhama Development Organisation

46. The objectives and strategies of this organisation are summarised as follows:

- Conducting studies and research and execution of projects assigned to it by the Three-Year Development Programme, especially preparation of feasibility studies and execution of the Wadi Zubaid, Wadi Siham, Wadi Rami and Wadi Moro projects, and the digging of 60 exploratory wells.
- Concluding contracts for the implementation of these projects, and preparing regulations for investment and for the distribution of water.

Mining and Quarrying

1. General Introduction

47. Prospecting activities undertaken prior to 1970 indicated the presence of the following minerals:

- Coal deposits in Wadi Rajam
- Iron ores in the areas of Omran and Hajjah
- Copper in the region of Radah - Baida
- Granite in the region of Sa'ada
- Cement ores in the region of Bajel
- Underground waters and other minerals in the south and southwest of the country.
- Copper in the region of Hamourah.
- Oil along the shoreline.

48. The second stage of geological prospecting in the Arab Republic of Yemen was started in 1965 for cement ores in the regions of Bajel (and in other regions) and for underground water and other minerals in the southwest and west.

49. Other geochemical, geological coring, and geophysical studies were carried out in the area of Hamourah and seismic studies for oil prospection were initiated along the shoreline.

50. During this long period of geological prospecting, no studies of economic assessment of the minerals were made, and researchers were not able to provide final conclusions on the mineral prospects in the region. Geophysical studies which were carried out in the shoreline region of Tuhama were restricted to oil prospecting. The coastal plain, both sea and land, has been geophysically studied through gravity, aeromagnetic and load survey, and the results of these studies are in the possession of the Mineral Resources Administration of ARY.

51. A joint work is being presently carried out by a team of geological engineers and an assessment of the existence of minerals and recommendations concerning measures to be taken are expected.

2. Objectives and Basic Strategies for the Mining, Quarrying and Mineral Resources Sector Under the Five-Year Plan

Objectives in the Five-Year Plan

52. - To continue exploration works in oil expectation areas.
- To estimate the preliminary reserves of copper in Hamra, and to start digging in areas determined by geochemical, geophysical and geological studies.
- To explore for iron ore around Sa'ada and Majas, and the spreading of original rocks towards the north.
- To draw geological maps and carry out geophysical studies.
- To prepare areas of studies and detailed works in the Rada'a-Al Beida region.
- To re-exploit the old copper mines east of Al-Beida, and Sa'ada iron mines.
- To explore the resources of underground thermal energy, east of Thamar and in the Allus mountains.
- To explore for coal.
- To study industrial materials, such as marble sediments, near Al Rahida and Shiban, in the Mukassab valley, promicire in East Thamar, coaline near Sa'ada and Gypsum.
- To execute a comprehensive programme for geographic and geological survey, and to analyse information on crystallised plain rocks covering an area of 120 thousand square kilometre.
- To prepare a photo geological map of 31/250,000 from air photographs.

The Strategy

53. -To support the department of mineral wealth by providing it with qualifications, equipment and other requirements.  
-To cooperate with international and foreign enterprises in exploration works and studies.  
-To invite foreign enterprises of good reputation to share in the exploitation of the country's mineral resources.

The General Organisation for Salt Industry

54. The long term objective of this Organisation is to set up an industrial combine, based on rocks of salt, for producing products containing salt, chlore and sodium base and related industries.

55. The determined objectives of the plan:

- To improve extracted salt, refine it as a food salt and arrange for its marketing.  
-To initiate production of certain salt derivatives.

Manufacturing Sector

1. Introduction

56. A quick look at the industry sector clearly shows that the national economy is still at the early stage of development.

57. Although a strong push is needed for the national economy as a whole, industry, power and metallurgy are priority sectors for ARY whose economy is mainly based on agriculture. Industrialisation of agriculture and the creation of a strong industrial sector are the main components of future development strategy.

58. Prior to 1962, modern industry did not exist in ARY. Whatever industrial activity existed was confined to weaving with hand-loom, hand leather works and other simple cottage industries whose products were consumed in a domestic market.<sup>1/</sup>

59. Data pertaining to industrial production did not exist before 1969. However, in that year an unreliable industrial census, completed in that year, revealed that there were 64 industrial units employing 4,571 workers. A large number of these workers were employed in public enterprises which included two textile factories, a salt production unit and a number of other such industries totalling 21 manufacturing enterprises and employing 3,619 workers. Private industry is mainly engaged in the manufacturing of consumer goods, such as soft drink bottling, cottonseed oil pressing, furniture-making, etc. The number of private enterprises in 1969 totalled 43 units (three of which were owned by the mixed sector), employing 1,292 persons, or at an average of 30 workers per unit.

60. The Ministry of Economy in collaboration with the Industrial Development Centre for Arab States (IDCAS) had undertaken during 1975/76 a field survey of industries employing more than five workers. The results of this survey showed those were 270 establishments, of which 99 were engaged in foodstuff, 72 in chemical and wood work, 21 in building materials and 38 in metal.<sup>2/</sup> Industries are concentrated in the three main cities of Sana'a, Hodeidah and Taiz. Table III-16 shows the number of industrial establishments by branches of industries and strata of employment taken from the new industrial census of 1975/76.

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<sup>1/</sup> ARY, Central Planning Organization, Three-Year Programme (Arabic)

<sup>2/</sup> In addition, 11,067 establishments employing between one and four workers whose activities cannot be classified according to international definitions also existed in ARY in the same year.

Table III-16 NUMBER OF INDUSTRIAL ESTABLISHMENTS BY BRANCHES OF INDUSTRIES AND STRATA OF EMPLOYMENT, 1975/76

Industrial activity	Number of establishments by strata of employment			
	Total	More than 10 workers	Between 5 - 9 workers	Between 1 - 4 workers
Food industries	6,884	22	77	6,785
Manufacture of non-metal building materials	527	8	13	506
Textile industries	2,601	7	33	2,561
Metal industries, repair and jewelery works	1,158	9	29	1,120
Chemical, wood works, printing and publishing industries	167	13	59	95
Total	11,337	59	211	11,067

Source: ARY, Central Planning Organization, Statistical Yearbook 1976/77

61. The number of workers engaged in industry and related activities amounted to 23,856 persons, of which 50.8 per cent were employed in food industries and tobacco, 25.4 per cent in textiles, 11.8 per cent in minerals, 7.6 per cent in building materials and 4.4 per cent in chemical products. Their total salaries and wages in money and kind amounted in 1975 to about 107 million Rials, or at an average of 4,497 Rials per worker per annum (see table III-17)<sup>1/</sup>. The value of production, at market prices, of existing

<sup>1/</sup> ARY, Central Planning Organization, the First Five-Year Plan, Vol. II, Analysis of the Status Quo, June 13, 1977



industrial installations in 1975 amounted to about 559 million Rials, and production per worker, according to the census of 1975, was 22,778 Rials.<sup>1/</sup> Production per worker in the chemicals, wood products and printing industries amounted to 3.4 times the general average.

Table III-17 NUMBER OF ESTABLISHMENTS, NUMBER OF WORKERS, TOTAL WAGES AND AVERAGE WAGES PER WORKER , 1975

Economic Activity	Average wages per worker (Rials)	Total wages (000)	Number of workers	Number of establishments
Food industries	3,972	48,093	12,109	6,884
Manufacture of non-metal building materials	5,728	10,373	1,811	527
Textile industries	4,487	27,239	6,070	2,601
Mineral industries repair and jewelery	5,362	15,110	2,818	1,158
Chemical, wood working, printing and publishing industries	6,158	6,454	1,048	167
Total	4,497	107,269	23,856	11,337

Source: IDCAS, Industrial Survey of ARY, 1975, Summary of Results and Recommendations, (Arabic)

a/ Including payments in cash and kind

<sup>1/</sup> IDCAS, Industrial Survey of ARY, 1975, Summary of Results and Recommendations (Arabic)

62. The value added in industrial establishments in 1975 amounted to about 305 million Rials (see Table III-18)<sup>1/</sup>, and its participation in GDP in 1975/76 accounted for 4.9 per cent. In addition, industrial production contributed 31 million Rials to exports in the same year or 62 per cent of the total exports of ARY.

Table III-18 VALUE ADDED IN MANUFACTURING SECTORS  
(Million YR)

Type of industry	1969/70	70/71	71/72	72/73	73/74	74/75	75/76
Transformation industries	11.3	15.3	16.2	17.3	22.6	25.1	32.5
Food industries	23.9	30.4	37.3	47.4	72.9	81.2	104.9
Textile industries	6.1	11.0	16.7	24.1	32.8	43.8	45.7
Wood industries	3.8	4.2	5.6	6.6	10.0	14.0	20.0
Building materials industries	4.3	6.0	13.1	13.1	21.1	24.5	28.0
Chemical materials	0.6	0.6	1.0	1.6	3.2	5.4	8.2
Leather materials	2.2	2.2	2.2	2.4	2.5	2.6	2.7
Metal materials	4.7	5.7	7.2	9.5	15.8	19.0	21.9
Jewelery materials	4.8	5.7	7.9	9.9	13.5	13.7	15.8
Paper materials	0.6	0.7	1.9	2.0	4.7	7.2	7.9
Water and electricity	3.9	4.7	6.0	6.9	9.5	12.8	14.5

Source: ARY, Central Planning Organisation, National Accounts. A report prepared with the assistance from ECWA.

<sup>1/</sup> The analysis of the First Five-Year Plan, issued by CPO, indicated that the value added in manufacturing amounted to about 255 million Rials. It should be noted that different figures for the same indicator are found in various publications of Ministries and Organisations in ARY.

63. The report analysing the Status Quo in ARY provided the following evaluation of industry:

Positive elements

- Entry of investors into the field of industry as a new economic activity after having relied for many years on trade and agriculture. Despite entry of the government, as a partner, in some industrial ventures, individual investment still represents the largest part of the total investment in industrial activity, with a value of about 221 million Riels at the end of 1975 (see table III-19).

Table III-19 INVESTED CAPITAL AND THE RATE OF RETURN IN MANUFACTURING INDUSTRIES, END OF 1975

Activity	Rate of return	Operating surplus	Invested capital
Food industries	43.7	45,212	103,404
Textile industries	29.9	10,633	35,605
Chemical, wood and printing industries	118.4	32,089	27,114
Non-metal building material industries	66.1	22,526	34,097
Metal, and jewelery industries	274.8	57,122	20,788
Total	75.8	167,582	221,008

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77.

-Employment of new technological processes in new industries.

-Engagement of women workers in industrial activities, such as in the plastic and textile industries.

-Enactment of Law No. 18 of 1975, encouraging and guaranteeing foreign investment, including the right of investors to transfer net profits and capital, in cases of liquidation, in the same units of imported currency. In addition, the Law provides customs exemptions on machines and spare parts.

Negative elements

- Very low participation of the industrial sector in national product, and low level of manpower absorption.

-Small size of industrial units and orientation to consumer products serving small and local communities.

-Utilization of labour intensive technology in most industries.

-Low quality of production in most industries, and lack of standards and specifications for products.

-Reliance on imports for providing raw materials and intermediate inputs to industry.

- Presence of idle capacity in factories, leading to high production costs and prices.

-Shortage of trained technical manpower and lack of scientific management.

-Lack of adequate maintenance leading to a high rate of wear and tear, and

-Shortage of the electric power.

2. Manufacturing Industries Sub-Sectors

Food, Beverages and Tobacco

64. Food, beverages and tobacco industries are concentrated in the three main cities of Sana'a, Hodeidah and Taiz. These industries can use semi mechanical means in processing production. According to the classification used in the survey of 1975, food industries consist of vegetable oil, grain mills, bakeries, confectionery, ice, soft drinks, tobacco and cigarettes.

65. The number of establishments engaged in food and related industries constituted 61 per cent of the total industrial establishments, distributed as shown in Table III-20.

66. Employment in the food industry comprises 50.8 per cent of total workers engaged in all industries in 1975; the share of wages and salaries, both in cash and kind, amounted to 44.8 per cent of total salaries paid by the industrial sector in the same year. The annual average pay per worker was, however, the lowest among other sectors, amounting to YR 3,972, compared to a range of YR 4,487 - 6,158 in other sectors of the industry. Table III-21 is constructed to show the number of establishments and workers and average wages per worker in sub-sectors of the food industry.

Table III-20 NUMBER OF ESTABLISHMENTS OF FOOD AND RELATED INDUSTRIES BY KIND OF ACTIVITY AND STRATA OF WORKERS, 1975

Industrial Activity	Number of establishments by strata of employment			
	Total	More than 10 workers	Between 5 and 9 workers	Between 1 and 4 workers
<u>Food industries</u>				
Vegetable and oil extracting	403	2	-	401
Grain grinding and coffee roasting	6,104	-	-	6,104
Bread and bakery products	224	12	54	158
Confectioneries	74	1	5	68
Ice	3	3	-	-
Soft drinks	6	3	-	-
Tobacco and cigarettes	70	1	18	3
Total	6,884	22	77	6,785

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976-1977

Table III-21 NUMBER OF ESTABLISHMENTS AND WORKERS, AVERAGE WAGE PER WORKER AND TOTAL WAGES IN FOOD MANUFACTURING INDUSTRIES, 1975

Economic Activity	Average wages per worker (YR)	Wages (1000 YR)	No. of workers	No. of establishments
<u>Food industries</u>				
Vegetable oil	3,118	396	528	403
Grain milling and coffee roasting	3,650	30,132	8,255	6,104
Bread and bakery products	5,230	12,201	2,333	224
Confectioneries	3,177	880	277	74
Ice	6,425	302	47	3
Soft drinks	5,348	1,107	207	6
Tobacco and cigarettes	<u>6,656</u>	<u>3,075</u>	<u>462</u>	<u>70</u>
Total	3,972	48,093	12,109	6,884

Source: ANZ, Central Planning Organisation, Statistical Yearbook, 1976-1977.

67. In 1975, food production which constituted 40.3 per cent of the total value of industrial production, was distributed among the various components of the food industry as follows: cotton seed oil, 1.0 per cent; sesame oil 2.6 per cent; flour 45.7 per cent; bread 26.7 per cent; biscuits 6.8 per cent; sweets 2.7 per cent; ice 0.5 per cent; soft drinks 5.6 per cent; concentrated soft drinks 0.1 per cent; cigarettes 6.8 per cent and tobacco 1.5 per cent. As stated above, grain milling and bread making comprised around 72.4 per cent of the total value of food production.

68. The following table shows values and quantities of food produced in 1975.

Table III-22 VALUE AND QUANTITY OF FOOD MANUFACTURED IN 1975

Type of industry	Unit	Value (1000 YR)	Quantity
Cotton seed oil	Tons	2,061	541
Sesame oil	Tons	5,858	1,230
Flour milling	Tons	103,064	582,921
Bread	Tons	60,106	31,578
Biscuits	Tons	15,425	2,771
Sweets	Tons	6,040	691
Ice	Tons	1,250	11,295
Soft drinks	1000 bottles	12,541	24,456
Concentrated soft drinks	1000 bottles	153	18
Cigarettes	million cigarettes	15,437	430
Tobacco	Tons	3,508	360
Total		225,443	

ARY, Central Planning Organisation, Statistical Yearbook, 1976-1977

67. The output of some food products increases significantly between 1973 and 1976, e.g., soft drinks by 250 per cent, sweets by 127 per cent and biscuits by 164 per cent. Table III-23 illustrates the development of output in major industries.

Table III-23 PRODUCTION OF FOOD, 1973-1976

Industry	Unit of quantity	1973	1974	1975	1976
Soft drinks	million bottles	19.6	19.6	24	49
Concentrated soft drinks	1000 bottles	-	-	18	23
Ice	tons	-	-	11,259	4,500
Sweets	tons	3,985	3,985	691	5,049
Biscuits	tons	3,247	3,247	2,771	5,338
Cigarettes	million cigarettes	-	-	371	430
Oil	tons	-	-	541	282
Oil cake	tons	-	-	2,150	4,338

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976-1977

#### Textile Industry

68. According to the industrial census of 1975, the number of establishments in the textile industry was 2,601, one dealing with cotton ginning, 55 with spinning, weaving and dyeing, two with knitting and 2,543 with clothing. Table III-24 shows the number of textile establishments, by branch and strata of employment.

69. The textile sub-sector employs 6,070 workers, distributed among the various lines of production as seen in Table III-25.



Table III-24 NUMBER OF TEXTILE ESTABLISHMENTS BY BRANCHES AND STRATA OF EMPLOYMENT, 1975

Economic activity	Number of establishments by strata of employment			
	Total	More than 10 workers	Between 5 and 9 workers	Between 1 and 4 workers
Cotton ginning	1	1	-	-
Spinning, weaving and dyeing	55	4	8	43
Knitting	2	2	-	-
Clothing	2,543	-	25	2,518
Total	2,601	7	33	2,561

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77.

Table III-25 NUMBER OF WORKERS, TOTAL WAGES AND AVERAGE ANNUAL WAGE PER WORKER IN THE TEXTILE INDUSTRY, 1975

Economic activity	Av.annual wage/worker (1,000 YR)	Total wages (1,000 YR)	No. of workers	No. of establishments
Cotton lints	3,793	2,086	550	1
Spinning and weaving	4,653	8,818	1,895	55
Wool	5,674	108	19	2
Clothing	4,500	16,227	3,606	2,543
Total	4,487	27,239	6,070	2,601

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77.

70. Table III-26 may give an idea about productivity in the textile industry. In 1975, the value of production per worker amounted to 13,514 Rial and the value of production per Rial of wage was 3. The highest value of production per Rial of wage was generated in the cotton ginning, followed by the knitting industry. On the other hand, the value added per worker was 6,975 Rials and the value added per Rial of wage was 2 Rials.

Table III-26 PRODUCTIVITY IN THE TEXTILE INDUSTRY, 1975

Type of manufacturing	Value added per Rial of wage	Value added per worker	Value of production per Rial of wage	Value of production per worker Rial	Number of establishment
Cotton ginning	3	9,713	13	50,916	1
Yarning, weaving and dyeing	1	6,607	3	14,372	55
Knitting	3	17,421	5	25,316	2
Cloth making	1	1,696	2	7,296	2,543
Total	2	6,975	3	13,514	2,601

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77

71. Table III-27 shows that the value added at factor cost in the textile industry amounted to YR 42.3 million in 1975. The highest value added at factor cost is generated in the clothing industry (YR 24.1 million) followed by spinning, weaving and dyeing (YR 12.5 million).

Table III-27 MAIN INDICATORS OF THE TEXTILE INDUSTRIES SUB-SECTOR, 1975  
(Thousand YR)

Economic activity	No. of establishments	Value of production (producers price)		Value of production at factor cost		Value of exports		Total wages		Surplus on current operations		Value added (producers price)		Value added at factor cost	
		YR	percent	YR	percent	YR	percent	YR	percent	YR	percent	YR	percent	YR	percent
Cotton ginning	1	28,104	34.0	28,004	34.1	28,104	98.0	2,086	7.7	3,049	28.7	5,442	12.7	5,342	12.6
Spinning, weaving and dyeing	55	27,761	33.6	27,235	33.2	565	2.0	8,818	32.4	1,565	14.7	13,046	30.3	12,520	29.6
Knitting works	2	490	0.6	481	0.6	-	-	108	0.4	201	1.9	340	0.8	331	0.8
Clothing industry	2,543	26,309	31.8	26,309	32.1	-	-	16,227	59.5	5,818	54.7	24,145	56.2	24,145	57.0
Total	2,601	82,664	100	82,029	100	28,669	100	27,239	100	10,633	100	42,973	100	42,338	100

Source: IDCAS, Industrial Survey in the ARY, (1975), Textile Industries Report (Arabic)

Chemical, Wood and Printing Industries

72. Basic production in the chemical, wood and printing subsector may be considered as the corner stone for constructing a wide infrastructural base for the national economy. These industries which supply intermediate and finished goods to most of the economic and social sectors, have not been given the attention that is compatible with their importance. Past development has been mainly confined to a limited number of chemical industries due to the narrow base of the intermediate and finished goods industries, on the one hand, and to dependence on imports, on the other. Further development and improvement of the chemical sub-sector is, therefore, of primary importance to ARY.

73. Within this group of industries, there are 167 establishments of which 18 are engaged in chemicals and the remaining 149, mostly small productive units, deal with a variety of industries such as leather tanning, wood works and printing and publishing (see table III-28).

Table III-28 CHEMICAL, WOOD, PRINTING AND PUBLISHING ESTABLISHMENTS  
AND STRATA OF EMPLOYMENT, 1975

Economic activity	Number of establishments by strata of employment			
	Total	More than 10 workers	Between 5 - 9 workers	Between 1 - 4 workers
Chemical, wood, printing and publishing works				
Leather tanning	6	-	-	6
Wood works	101	3	29	69
Printing and publishing	42	2	20	20
Paint making	1	1	-	-
Perfumery	12	2	10	-
Manufacturing of gas	1	1	-	-
Plastic products and plastic limbs	4	4	-	-
Total	167	13	59	95

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77

74. This sub-sector employs a total of 1,048 workers, distributed as seen in table III-29.

Table III-29 NUMBER OF WORKERS, TOTAL WAGES AND AVERAGE ANNUAL WAGE/WORKER BY TYPE OF MANUFACTURING IN THE CHEMICAL, WOOD AND PRINTING AND PUBLISHING INDUSTRY, 1975

Economic activity	Average annual wage/worker	Total wages (YR 1,000)	No. of workers	No. of establishments
Chemicals, wood, printing and publishing:				
Tanned leather	4,929	69	14	6
Wooden doors and windows	5,536	2,497	451	101
Printing and publishing	7,280	1,791	246	42
Paints production	4,875	78	16	1
Perfumery	4,953	426	86	12
Manufactured gas	4,857	34	7	1
Plastic production and industrial limbs	6,838	1,559	228	4
<b>Total</b>	<b>6,158</b>	<b>6,454</b>	<b>1,048</b>	<b>167</b>

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77

74. Table III-30 shows that the value of production per worker in these industries amounted in 1975 to YR 78,148 and the value of production per Rial of wage was 13. The highest value of production per Rial of wage was generated in the perfumes industry, followed by paints and the manufacturing of gases. The value added per worker and per Rial of wage amounted in the same year and for the same industries to YR 39,416 and six, respectively.

Table III-30 PRODUCTIVITY IN THE CHEMICAL, WOOD AND PRINTING AND PUBLISHING INDUSTRIES, 1975

Industry	Value added per rial	Value added per worker	Value of production per rial of wage	Value of production per worker rial	No. of establishments
Tanning and other preparations of hides and skins	2	12,143	5	24,214	6
Manufacturing of doors, windows and wooden furniture	4	22,038	12	65,082	101
Printing and publishing	4	30,699	7	50,407	42
Manufacturing of paints	8	42,188	24	114,313	1
Manufacturing of perfumes	31	153,384	43	210,721	12
Manufacturing of gases	9	42,429	16	35,143	1
Manufacturing of plastic limbs and other plastic products	<u>6</u>	<u>41,675</u>	<u>12</u>	<u>84,785</u>	<u>4</u>
Total	6	39,416	13	78,148	167

Source: IDCAS, Industrial Survey of ARY, 1975, Chemical Industries Report (Arabic)

75. The value added at factor cost in this group of industries can be calculated from tables III-29 and III-30. In 1975, it amounted to YR 41.3 million, of which YR 13.2 million was generated in the perfumes industry, and YR 9.9 million in the wood and wood products and furniture industry.

Manufacture of Non-Metallic Buildings Material

76. Manufacturing of non-metallic building materials has been placed among the most important industries in the economic development plans of ARY. A high portion of the envisaged investments is allocated for construction which depends on building materials. This industry is composed of stone quarrying, cement, pottery, bricks and other assorted industries.

77. The number of establishments in this sector amounted to 527 in 1975, of which 47 per cent were engaged in stone quarrying and 32 per cent in pottery. Except for cement, most of these establishments are characterized by limited production capacity.

78. Table III-31 shows that the value of production at producers price for this sub-sector amounted to YR 69.762 million in 1975, or to 12.5 per cent of total industrial production. This contribution is meagre when compared with the expected requirements of the building and construction sector. The building materials sub-sector does not play an active role in exports. In fact, the domestic market consumes more than the volume of local production.

Table III-31 NON-METALLIC BUILDING MATERIALS INDUSTRIES BY ECONOMIC ACTIVITY AND STRATA OF EMPLOYMENT, 1975

Industrial activity	Number of establishments by strata of employment			
	Total	More than 10 workers	Between 5 - 9 workers	Between 1 - 4 workers
<b>Non-metallic building materials:</b>				
Quarrying	250	-	-	250
Pottery	170	-	-	170
Red bricks	32	-	10	22
Cement	1	1	-	-
Gypsum	39	-	-	39
Cement bricks	19	-	3	16
Tiles and marble	13	7	-	6
Pipes of cement	3	-	-	-
<b>Total</b>	<b>527</b>	<b>8</b>	<b>13</b>	<b>506</b>

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77.

79. The building materials sub-sector realized in 1975 a surplus on current operations amounting to YR 22,526 million, or a rate of 13.4 per cent of the total surplus on current operations of all manufacturing industries. This indicates that industrial establishments in this sub-sector realized a relatively high profit margin compared to other industries. The value added at factor cost in this sub-sector amounted to YR 35.1 million in 1975, with the highest value generated in cement manufacturing (YR 12.6 million), followed by stone, quarrying (YR 9.3 million). At the same time, the industry employed 1,811 workers, or an average of 3.4 workers per establishment, and employment in this branch accounted for 7.6 per cent of the total number of manpower in manufacturing industries. Their wages amounted to YR 10.373 million (see tables III-32 and III-33).

80. The value of production per worker amounted to YR 38,187 in the building materials industry in 1975, and the value of production per Rial of wage amounted to 7. The highest value of production per Rial of wage was generated in cement bricks manufacturing, followed by cement and gypsum manufacturing. Table III-34 also shows that the value added per worker in the same industry was YR 19,371 and the value added per Rial of wage was 3 Riials.



Table III-32 MAIN INDICATORS OF NON-METALLIC BUILDING MATERIALS INDUSTRY, 1975  
(YR 1,000)

Economic activity	No. of establishments	Value of production at producers price		Value of production at factor cost		Value of total wages exports		Total wages current operations		Surplus on price		Value added at factor cost	
		YR	percent	YR	Per- cent	YR	percent	YR	per- cent	YR	percent	YR	per- cent
Stone quarrying	250	24,300	34.8	24,300	35.1	-	-	4,368	42.1	4,742	21.1	9,300	26.1
Pottery	170	4,479	6.4	4,479	6.5	-	-	1,174	11.3	2,116	9.4	3,316	9.3
Red bricks	32	2,965	4.3	2,965	4.3	-	-	688	6.6	1,699	7.5	2,415	6.8
Cement	1	22,588	32.4	21,983	31.8	-	-	2,693	26.0	8,193	36.4	13,212	37.0
Gypsum	39	1,835	2.6	1,835	2.7	-	-	417	4.0	382	1.7	827	2.3
Cement bricks	19	8,947	12.8	8,947	12.9	-	-	383	3.7	3,846	17.0	4,340	12.0
Files and marble	13	4,424	6.4	4,424	6.4	-	-	626	6.1	1,489	6.6	2,189	6.1
Cement pipes	3	224	0.3	224	0.3	-	-	24	0.2	59	0.3	86	0.2
Total	527	69,762	100	69,157	100	-	-	10,373	100	22,526	100	35,685	100

Source: IDCAS, Industrial Survey in ARY, 1975, Non-metallic Building Materials Report (Arabic)

Table III-33 NUMBER OF ESTABLISHMENTS, WORKERS, WAGES AND AVERAGE WAGE PER WORKER IN THE BUILDING MATERIALS INDUSTRY, 1975

Economic activity	Average wages per worker (YR)	Wages (1,000 YR)	No. of workers	No. of establishments
Building materials	5,600	4,368	780	250
Pottery	4,148	1,174	283	170
Red bricks	5,594	688	123	32
Cement	8,185	2,693	329	1
Gypsum	4,299	417	97	39
Cement bricks	5,319	383	72	19
Tiles and marble	5,131	626	122	13
Cement pipes	4,800	24	5	3
<b>Total</b>	<b>5,728</b>	<b>10,373</b>	<b>1,811</b>	<b>527</b>

Source: ARY, Central Planning Organization, Statistical Yearbook, 1976/77

Table III-34 PRODUCTIVITY IN THE BUILDING MATERIALS INDUSTRY (Yemeni Rials; number)

Type of manufacturing	Value added per rial	Value added per worker	Value of production per rial of wage	Value of production per worker rial	Number of establishment
Stone quarrying	2	11,923	6	31,154	250
Pottery	3	11,717	4	15,827	170
Red bricks	3	19,634	4	24,106	32
Cement	5	38,319	8	66,818	1
Gypsum	2	8,526	8	18,918	39
Cement bricks	11	60,278	23	124,264	19
Tiles and marble	4	17,943	7	36,262	13
Cement pipes	4	17,200	9	44,800	3
<b>Total</b>	<b>3</b>	<b>19,371</b>	<b>7</b>	<b>38,187</b>	<b>527</b>

Source: IDGAS, Industrial Survey in ARY, 1975, Non-metallic Building Materials Report, (Arabic)

Metals and Jewelry

81. ARY depends, to a large extent, on importing engineering and metallic goods, but most of the heavy or large size goods, such as metallic furnitures, suitcases or watertanks, are produced locally.

82. Engineering industries are generally characterized by:

- Large investments due to high costs of machinery, equipment and know how.
- Low returns on investment due to high operational costs, requiring the employment of highly skilled workers.
- High waste ratio during processing and limited plant size ultimately leading to high operational costs.
- Dependence on locally produced raw materials and
- Adoption of large scale production so as to lower costs of production, with the implication that larger markets for products would have to be found.

83. These basic characteristics of the engineering industry explain why this industry is weak in ARY and why, cautious and gradual steps should be taken for its establishment.

84. The jewelry industry, which is known in ARY since ancient times and which is characterized by skill and capital intensity, is composed of small-scale establishments, employing less than 10 labourers each.

85. The study made on the metallic industry in the ARY which was incorporated in the industrial survey indicated that it was a weak industry, mainly characterized by the prevalence of handicrafts. It comprised 1,158 establishments, of which 68 per cent were metallic workshops and 32 per cent engaged in jewelry work. (See table III-35).

Table III-35 METALLIC AND JEWELRY ESTABLISHMENTS AND STRATA OF EMPLOYMENT, 1975

Economic activity	Number of establishments by strata of employment			
	Total	More than 10 workers	Between 5 and 9 workers	Between 1 and 4 workers
Metal furniture	1	1	-	-
Metal tanks	3	3	-	-
Metal cans	1	1	-	-
Aluminium household utensil	1	1	-	-
Nails	1	1	-	-
Metal workshops	782	1	22	759
Pumps	1	1	-	-
Jewelry	368	-	7	361
Total	1,158	9	29	1,120

Source: ARY, Central Planning Organization, Statistical Yearbook, 1976/77.

86. The industry employed around 2,818 workers in 1975, distributed among the different economic activities as shown in table III-36.

Table III-36 NUMBER OF ESTABLISHMENTS, WORKERS, TOTAL WAGES AND AVERAGE WAGE PER WORKER BY ECONOMIC ACTIVITY, 1975

Economic activity	Average wages per worker	Wages (1,000 YR)	No. of workers	No. of establishments
Metal furniture	7,914	277	35	1
Metal tanks, vats, reservoirs and suitcases	6,412	622	97	3
Metal sheets	6,863	549	80	1
Aluminium utensils	4,880	571	117	1
Nails	4,875	78	16	1
Other metallic products	5,296	10,317	1,948	782
Pumps	6,522	150	23	1
Jewelry	5,072	2,546	502	368
Total	5,362	15,110	2,818	1,158

Source: ARY, Central Planning Organization, Statistical Yearbook, 1976/77.

87. The value of production per workers in this industry amounted in 1975 to YR 34,048 and the value of production per Rial of wage amounted to 6. The highest value was obtained in metal sheets manufacturing, followed by other metallic products. The table also shows that the value added per worker amounted to YR 25,956 and the value added per Rial amounted to five.

Table III-37 LABOUR PRODUCTIVITY IN THE METALLIC AND JEWELRY INDUSTRY, 1975

Type of manufacturing	Value added per Rial	Value added per worker	Production YR/wage	Production YR/worker	No. of establishments
Metal furniture	2	17,914	3	21,657	1
Metal tanks, vats, reservoirs and suit-cases	3	21,495	6	37,026	3
Metal sheets manufacturing	4	26,988	8	54,900	1
Aluminium household utensils	3	16,299	6	27,248	1
Nails	3	12,688	5	26,063	1
Other metallic products	6	31,307	7	73,117	782
Pumps	3	22,565	5	35,478	1
Jewelry	2	9,275	4	20,785	368
<b>Total</b>	<b>5</b>	<b>25,956</b>	<b>6</b>	<b>34,048</b>	<b>1,158</b>

Source: IDCAS, Industrial Survey in ARY, Metallic Industries Report (Arabic)

Sector of Electricity and Water

1. Electricity

88. The first electric generator was installed at the beginning of the forties by individual efforts. It was started on basis of small-scale units used for lighting purposes. It was only later that electricity was used for industrial purposes. Even now, some industrial establishments generate their own electricity.

89. Table III-38 shows that the demand for electric energy had increased rapidly from 8,282 kwh in 1971 to 13,160 kwh in 1976, or at an annual growth rate of 8 per cent. In 1976, the total number of generators was 26, of which 11 were installed in Sana'a, 7 in Hodeidah, 5 in Taiz and 3 in Ibb.

90. The General Organization for Electricity was established at the beginning of 1975; it replaced the various independent electricity companies. In the early seventies, three projects were executed: one was for enlarging the Sana'a electricity by 9.2 thousand kw, and for expanding and improving its distribution network; the second raised generating capacity in Hodeidah by 10 thousand kw, and enlarged and improved the distribution network; and the third raised generating capacity in Taiz by 10 thousand kw, and enlarged and improved the distribution network. The total cost of the three projects was estimated at 37.9 million Riials.

91. During the Three Year Programme, 1972/73-1974/75, a study was carried out for increasing the energy supply in the three cities, and for enlarging and improving the networks. As a result of this study, generating capacity was to be increased by 10 thousand kw in Sana'a, 7.5 thousand kw in Hodeidah, and 5 thousand kw in Taiz. In addition, 4 emergency generators of 500 kw each were to be installed.

Table III-36 ELECTRIC ENERGY GENERATED AND CONSUMED IN THE MAIN CITIES, 1971 - 1976

Year	Generated energy 1,000 kw	Number of transformer- generators	Number of generators	Generators power	Maximum demand kwh	Sales kwh (000)	Price (Fils)	Number of subscribers	Number of employees
1971	-	-	-	8,358	8,282	18,579	-	24,178	452
1972	-	-	-	10,060	7,800	19,370	-	27,067	503
1973	-	-	-	17,380	8,200	22,180	-	31,028	550
1974	-	72	-	17,040	11,910	29,373	-	26,516	604
1975	-	81	-	14,040	12,240	31,884	65	37,937	638
1976	462,175	86	26	13,390	13,160	396,565	63	41,653	794
<b>Main cities</b>									
Sana'a	232,941	52	11	7,730	7,650	207,938	60	22,800	400
Tais	100,027	12	5	2,310	2,310	68,602	60	9,053	204
Hodeidah	121,283	17	7	2,650	2,650	112,125	60	8,000	162
Ibb	7,924	2	3	700	550	7,900	75	1,800	20
Dhamar	-	3	-	-	-	-	60	-	8

Source: ANP, Central Planning Organization, Statistical Yearbook, 1976/77.

92. A two-stage plan for electric energy in ARY up-to-the year 2000 was prepared. The first stage started in 1975 and is to continue up to 1985. At the end of the triennial programme steps were taken for executing the first stage of the Plan. These included:

- a) Contracting for and assembling five emergency generators with a capacity of 22,500 kw, costing 56 million Rials, and contracting for five other emergency generators with a capacity of 2,000 kw, costing 2.5 million Rials.
- b) Contracting for purchasing distribution equipment, costing 8.2 million Rials, and the ceilings of generating stations by 1.95 million Rials.

93. The total cost of the first stage of this plan amounted to 90 million Rials, of which 61 million was to be obtained from the Arab Fund for Economic and Social Development. During the second and third years of the triennial programme, 7,259 thousand Rials were spent.

94. The impediments and bottlenecks that face the electricity sector include:

- Shortages of technical and administrative qualifications, and scarcity of manpower and the establishment level.
- Absence of regulations and measures.
- Inexperience of local contractors in large-scale industrial construction.
- Difficulties in accurately determining future expected work.
- Limited capacities for financing projects.

## 2. Water and Sewage

95. The General Organization for Water and Sewage was established at the end of 1973. The organization started to execute some of the projects which have already been under construction, and to supply water and sewage to the main cities and to some other towns. The following projects had been fulfilled during the Three-Year Programme.



a) Project of Sana'a Water

96. The first stage of the project aimed at supplying the pure drinking water to meet part of Sana'a requirements. The comprehensive project comprises the digging of eight wells, with a principal pipeline of 5,700 meters long, the construction of a purification station, a pumping station, a number of storage tanks and the building of a main branch pipeline network of 120 km long.

97. Execution of the project started in 1975. Despite that progress has been made in the implementation of the project, some difficulties have been faced, the most important of which are the difficulty of finding local contractors of high efficiency, absence of skilled workers, and difficulties in carrying out laboratory tests easily.

98. Investments allotted to the project in the triennial programme amounted to 25.4 million Rial, of which 21.1 million was to be financed by the International Bank, 3 million by the Government and 1.2 million by private subscribers. Expenditure on the project during the period of the programme amounted to 12.3 million Rials.

b) Project of Hodeidah Water

99. The project aimed at supplying Hodeidah with sufficient water by digging 14 exploratory wells, and ten producing wells in the area north east of Al Beida basin with a total capacity of 260 litre per second. The project also includes other works, such as pumps, laying down a main pipeline of 13 km long, and linking terranian reservoir of 5,500 cubic metre capacity with a network of small diameter pipes. The total cost of the project is 37.67 million Rials.

100. All studies necessary for the project were prepared, and execution of the project is expected to end in the latter part of 1979.

c) Improving Tais Water

101. The project aimed at enlarging and improving Tais water. The final designs were completed, ten experimental wells were dug and improved, and some pipes in the distribution network were changed.

102. About 2.707 million Rials were allotted in the Three Year Programme.

d) Water Projects Study for Five Towns

103. Plans are being drawn for carrying out technical and economic studies for water projects in Ibb, Thammur, Al Beida, Hajja and Sa'ada.

Drinking Water in the Countryside

104. The General Directorate of Water for the Rural Areas was established in the Ministry of Public Works in March 1972 for supplying drinking water for towns and villages. The Three Year Programme included a project for digging 200 wells throughout the country in order to reduce water scantiness. Investment during the Three Year Programme was estimated at 36,029 million Rials.

105. Thirteen wells were dug and equipped, and work is being continued for digging and equipping 7 other wells. A study for 12 additional wells has been completed and the required equipment has been ordered. Other studies are being carried out for preparing 17 more wells.

### Building and Construction Sector

106. Construction picked up sharply in recent years due mainly to the repatriation of Yemeni nationals living abroad and the large-scale movement of people from rural areas to urban centres. Despite that activities in this sector declined in 1967 and 1968, it, nevertheless, is expected to continue to be strong for a long time to come due to the increasing influx of Yemeni nationals living abroad, the inflow of foreigners into the main cities, and the expansion in industrial, commercial and urban activities. Table III-39 may throw some light on the progress made in the construction industry between 1966 and 1976.

### Construction of Roads

107. The Department of Roads was established at the end of 1972, where it took the place of the general organisation for construction and building.

108. Since 1961, substantial progress was made in the construction of roads. By the end of 1971, a total of 1,719 kilometres of roads had been built, of which 518 kilometres were asphalted. In 1961 the asphalted road between Hodeidah and Sana'a with a length of 226 kilometres was completed. Between 1961 and 1969, the roads connecting Mocha, Taiz and Sana'a, with a length of 360 kilometres, and Hodeidah and the junction of Taiz-Mocha road, with a length of 191 kilometres, were inaugurated. Other secondary roads, completed during this period, include Sana'a-Hoth (124 kms long of which 80 kilometres are asphalted), Amran-Haga (74 kms), Taiz-Turba (72 kms), Taiz-Rahida (55 kms), Rada'a-Dhamar (52 kms), Naderia-Ga'ataba (50 kms) and Taiz-Yefris (50 kms).

109. As of September 1977, the total length of asphalted roads, amounted to 1,039 kms as shown in table III-40.

Table III-39 NUMBER OF LICENSES ISSUED AND AREA COVERED FOR THE CONSTRUCTION OF HOUSES  
(area in m<sup>2</sup>)

Year	Total		Ibb		Hodeidah		Tais		Sana'a	
	Licenses	Area	Licenses	Area	Licenses	Area	Licenses	Area	Licenses	Area
1966	2,095	386,706	570	11,150	255	85,530	558	197,010	712	93,016
1967	1,941	174,964	520	16,670	412	80,950	437	3,028	572	74,316
1968	1,288	132,453	541	12,420	224	60,640	239	33,873	284	25,520
1969	3,611	384,321	442	12,250	2,121	186,849	233	28,900	815	156,322
1970	1,895	302,624	373	19,532	437	65,713	209	29,235	875	188,144
1971	1,782	382,840	94	12,138	500	88,524	319	53,961	869	228,217
1972	1,896	514,849	121	15,714	505	187,201	347	61,478	923	250,456
1973	2,201	608,366	236	35,956	580	258,486	398	62,756	987	251,168
1974	1,653	475,444	166	27,005	258	98,311	411	78,148	818	271,980
1975	1,963	536,758	232	28,305	305	111,820	536	117,566	890	279,067
1976	3,744	1,670,148	541	51,811	661	824,970	944	241,855	1,598	551,512

Source: APT, Central Planning Organization, Statistical Yearbooks.

Table III-40 LENGTHS OF EXISTING MAIN ROADS PER TYPE OF SURFACE,  
AS OF SEPTEMBER 1977  
(kilometres)

Name of road	Total	Dirt track	Graded track	Gravel	Paved
Sana'a-Taiz	256.0	-	-	-	256
Sana'a-Sa'ada	242.0	-	-	-	242
Sana'a-Al Hodeidah	226.0	-	-	-	226
Km. 16 - km. 63	191.0	-	-	-	191
Km. 63 - Taiz	63.0	-	-	-	63
Sana'a - Al Wadi	14.0	-	-	-	14
Sana'a - Haddah	8.0	-	-	-	8
Sana'a - Airport Road	10.3	-	-	-	10.3
Airport Road - Arhab	29.0	-	-	14	15
Al Maraba - Manakha	5.0	-	-	-	5
Hodeidah - Port	5.0	-	-	-	5
Hodeidah - Airport	4.0	-	-	-	4
Sana'a - Al Rawda	-	-	-	-	-
<b>Total</b>	<b>1,053.3</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>1,039</b>

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77

110. The following are the projects which are presently under execution:

- Taiz-Al Turba Road: Length 70 kms; total cost about 43 million Rial.
- Taiz-Al Mafrak Road: Length 63 kms; total cost about 55.5 million Rial.
- Sana'a-Me'areb Road: Length 172 kms; total cost about 190 million Rial.

- Oman-Hajja Road: Length 77 kms; total cost about 30.8 million Rial.
- Sana'a-Sa'ada Road: Length 242 kms. Work on this road started in 1968.

111. It is worthwhile noting that owing to the mountainous nature of Yemen, road building is a very slow and costly operation. Furthermore, the length of roads in the country has been adversely affected by the conditions under which Yemen lived in the past and the fact that interest in road building has only been recently awakened.

112. The general objectives outlined for the construction and building sector under the new Five-Year Plan 1976/77-1980/81, include a) integration of the building and construction sector with other sectors in order to meet the needs of housing, Government buildings, infrastructural projects and other construction; b) establishment and encouragement of contracting companies; c) town planning include the paving of streets and the building of sidewalks; and d) construction of houses for people with limited income and provision of support for housing cooperatives.

### Sector of Trade

#### 1. Domestic Trade

113. The domestic trade sector plays an important role in the national economy of ARY. Its average contribution to national income amounted to about 19 per cent during the period 1969-1975. In 1976, this contribution stood at 24 per cent and the sector employed around 72 thousand persons, around 7 per cent of the total labour force. The wholesaler and retailer-consumer business is mainly concentrated in the Districts of Sana'a, Hodeidah and Taiz.

## 2. Foreign Trade and International Payments

114. Foreign trade occupies an important position in the national economic life of ARY. The recent sharp rise in monetary income resulted in a high demand for imports, and the bulk of the foreign exchange required for financing these imports is provided through the transfers of the Yemeni nationals working abroad.

115. One of the most important developments in Government trade policy was the enactment of Law No. 23 of 1975 which regulated exports and imports. This Law cancelled all previous legislations which regulated imports, exports and foreign exchange. The purpose of this Law is "to regulate the foreign trade sector in such a way as to insure the supply of the country with its needs of different commodities and foreign materials at the best terms, to facilitate the importation of machinery, equipment and other necessary materials for the implementation of development projects and to encourage exports.

### a) Exports

116. Exports of ARY are mainly agricultural products which are vulnerable to large fluctuations, on both the supply and demand sides. Agricultural production often deteriorates substantially, at times due to internal strife, and, at others, to prolonged drought. Other factors which helped to keep exports at a low level included marketing problems, particularly the little attention paid to grading, cleaning and packing, lack of credit facilities and inadequacy of the transport network. The rise in local consumption had also reduced the surplus available for exportation.

117. Table III-41<sup>\*/</sup> shows that the value of total exports increased from 19.3 million Rials in 1969/70 to 50.1 million Rials in 1975/76, or by 260 per cent. The main exported items were cotton, coffee, hides and skins and goat. ARY started exporting cotton in 1972/73. The decline in the quantity of cotton exported in 1975/76 was due to difficulties faced in the ginning of cotton.

118. Coffee is the main and oldest traditional export commodity in ARY. Until 1970/71, coffee was first on the list of exports. Its position began to deteriorate when cotton exports gained prominence in 1971/72. Coffee exports have since stabilized in relation to total exports, mainly because of the increase in local consumption and the decline in production. In fact, many of the coffee trees are now too old to produce.

119. It can be noticed from table III-41 that exports of hides and skins are subject to large fluctuations, depending on rainfall. When rain is heavy and fodder is available, owners refrain from slaughtering the animals.

120. Table III-42 illustrates ARY's exports by country of destination for the period 1969/70 - 1975/76.

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<sup>\*/</sup> Figures in this table are taken from mid year to the next mid year, i.e. July 1975 - June 1976.



Table III-41 MAIN ITEMS OF EXPORTS AND PERCENTAGE OF EACH TO TOTAL EXPORTS, 1969/70 - 1975/76  
(1000 Rials, per cent)

Item	1969/70		1970/71		1971/72		1972/73		1973/74		1974/75		1975/76	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Cotton	-	-	-	-	9,912	40.1	10,785	42.7	35,180	63.5	28,188	53.2	24,224	48.4
Hides and skins	2,459	12.7	1,170	8.7	3,272	13.3	3,325	13.2	6,241	11.3	4,404	8.3	8,042	16.1
Coffee	10,218	52.9	5,742	42.5	5,534	22.4	5,469	21.6	6,461	11.7	4,972	9.4	7,559	15.1
Biscuits	-	-	-	-	-	-	636	2.5	1,315	2.4	1,121	2.1	2,093	4.2
Sweets	-	-	-	-	-	-	119	0.5	54	0.1	582	1.1	844	1.7
Cotton cloth	-	-	-	-	-	-	-	-	-	-	1,193	2.3	774	1.5
Special locally manufactured cloth (Hookid)	17	0.1	8	0.1	100	0.4	317	1.3	325	0.6	257	0.5	609	1.2
Cotton-seed	501	2.6	-	-	887	3.6	2,036	8.1	1,873	3.4	2,766	5.2	362	0.7
Qat	3,438	17.8	3,530	26.1	2,327	9.4	247	1.0	31	-	-	-	359	0.7
Scrap metals	17	0.1	-	-	247	1.0	103	0.4	356	0.6	9	-	343	0.7
Fish	-	-	137	1.0	58	0.2	382	1.5	781	1.4	736	1.4	325	0.6
Raw tobacco	-	-	-	-	-	-	44	0.2	74	0.1	172	0.3	382	0.7
Fruits	250	1.3	80	0.6	101	0.4	197	0.8	56	0.1	59	0.1	164	0.4
Potatoes	469	2.4	281	2.1	239	1.0	394	1.6	195	0.4	141	0.3	135	0.3
Other	1,954	10.1	2,550	18.9	2,024	8.2	1,215	4.6	2,440	4.4	8,356	15.8	3,848	7.7
<b>Total</b>	<b>19,323</b>	<b>100</b>	<b>13,498</b>	<b>100</b>	<b>24,701</b>	<b>100</b>	<b>25,269</b>	<b>100</b>	<b>55,382</b>	<b>100</b>	<b>52,966</b>	<b>100</b>	<b>50,063</b>	<b>100</b>

Source: AFI, Central Bank, Annual Reports

Table III-42 EXPORTS BY COUNTRY OF DESTINATION DURING THE PERIOD 1969/70 - 1975/76  
(1,000 Riials; per cent)

Country	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76					
	Value	%	Value	%	Value	%	Value					
Peoples Demo- cratic Republic of China	-	-	9,912	40.1	11,721	46.4	2,999	5.4	22,092	41.7	24,625	49.2
Italy	-	-	1,128	4.6	908	3.6	4,955	8.9	4,340	8.2	8,693	17.3
PIRY	10,129	52.4	7,463	26.0	4,483	17.7	3,833	6.9	6,349	12.0	8,423	16.8
Saudi Arabia	-	-	1,057	4.3	3,409	13.5	3,591	6.5	2,542	4.8	4,592	9.2
France	-	-	-	-	21	0.1	2,786	5.0	316	0.6	688	1.4
USA	-	-	-	-	41	-	266	0.5	263	0.5	635	1.3
Djibouti	153	0.8	-	-	758	3.0	492	0.9	434	0.8	534	1.1
UK	-	-	48	0.2	31	1.1	108	0.2	90	0.1	471	0.9
Holland	-	-	84	0.3	11	-	103	0.2	853	1.6	370	0.7
Federal Republic of Germany	-	-	22	0.1	25	0.1	147	0.3	1,260	2.4	332	0.7
Kenya	-	-	-	-	4	-	435	0.8	364	0.7	183	0.4
Japan	1,975	10.2	2,623	19.4	1,298	5.3	666	2.6	26,960	48.7	7,258	13.7
Singapore	-	-	-	-	315	1.3	5,932	10.7	512	1.0	124	0.2
Others	7,066	36.6	3,238	24.2	4,729	19.1	2,775	5.0	6,293	11.9	243	0.5
<b>Total</b>	<b>19,323</b>	<b>100</b>	<b>13,498</b>	<b>100</b>	<b>25,269</b>	<b>100</b>	<b>55,382</b>	<b>100</b>	<b>52,966</b>	<b>100</b>	<b>50,063</b>	<b>100</b>

Source: ART, Central Bank, Annual Reports

b) Imports

121. Imports increased remarkably during the period 1969/70 - 1975/76. In 1969/70 the total value of imports amounted to 166.6 million Rials and rose steadily to 1,706.9 million Rials in 1975/76. Two factors led to this large increase. The first relates to the internal strife which lasted for a number of years and resulted in a substantial rise in expenditure. The excess of expenditures over revenues was financed by the banking system, particularly after the Egyptian aid had stopped in 1967; this resulted in a rise in incomes and consequently in imports. At the same time the country was opened up to the outside world and, as a result, there was a change in the consumption habits leading to a sharp increase in demand for imported manufactured goods. Domestic production failed to rise since most of the government investment was directed for the development of public utilities, particularly transport and communication. On the other hand, private investment concentrated on services. The second, is related to the prolonged drought conditions which led to a reduction in the production of foodstuffs and the shortages had, therefore, to be covered through imports.

122. Table III-43 gives figures on the main categories of imports for the period 1969/70 - 1975/76. This table shows that imports of foodstuffs constituted the highest proportion of total imports. The value of these imports rose from 84.8 million Rials in 1969/70 to 741.6 million Rials in 1975/76. This increase in imports was attributed to improvements in living standards, natural increase in population, improved health conditions and repatriation of some Yemeni nationals living abroad.

123. The value of imported manufactured goods showed a sharp increase during the same period, rising from 33.2 million Rials in 1969/70 to 133 million Rials in 1973/74 and to 310.7 million Rials in 1975/76. Imports of timber, iron, cement, sanitary and lighting equipments increased considerably during this period reflecting the large expansion in building activities in both the private and public sectors.

Table III-43 MAIN CATEGORIES OF IMPORTS AND THE PERCENTAGE OF EACH CATEGORY, 1969/70 - 1975/76  
(1,000 Rials; per cent)

Item	1969/70		1970/71		1971/72		1972/73		1973/74		1974/75		1975/76	
	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%	Value	%
Foodstuffs and animals	84,834	50.9	83,201	47.7	90,942	44.4	176,336	42.9	364,377	48.9	418,631	42.7	741,569	43.4
Beverages and tobacco	11,203	6.7	13,107	7.5	8,732	4.3	14,136	3.4	13,069	1.7	29,113	3.0	44,375	2.6
Raw materials	59	0.1	203	0.1	156	0.1	883	0.2	1,364	0.2	3,100	0.3	6,599	0.4
Fuel and lubrication oil	10,066	6.0	8,174	4.4	13,429	6.6	18,316	4.5	32,625	4.4	35,964	3.7	81,118	8.8
Animal and vegetable oil	1,615	1.0	482	0.3	2,314	1.1	5,366	1.3	2,833	0.4	3,565	0.4	7,852	0.5
Chemicals	5,602	3.4	7,131	4.1	9,710	4.7	25,773	6.3	48,540	6.5	66,154	6.7	82,834	4.8
Manufactured goods	33,189	19.9	31,365	18.0	41,494	20.3	77,279	18.8	132,986	17.9	193,114	19.7	310,679	18.2
Machinery and transport equipment	20,060	12.0	22,930	13.1	25,159	12.3	56,539	13.8	85,936	11.5	149,585	15.2	289,561	17.0
Miscellaneous manufactured goods	-	-	7,969	4.5	12,323	6.0	34,370	8.4	61,218	8.2	79,642	8.1	140,413	8.2
Other	-	-	-	-	169	0.1	1,667	0.4	2,032	0.3	2,136	0.2	1,894	0.1
Total	166,628	100	174,562	100	204,428	100	410,666	100	744,980	100	981,004	100	1,706,894	100

Source: ARY, Central Bank, Annual Reports.

Table III-44 IMPORTS BY COUNTRY OF ORIGIN, 1969/70 - 1975/76 (in 1,000 Rials; per cent)

Country	1969/70		1970/71		1971/72		1972/73		1973/74		1974/75		1975/76	
	Value	percent	Value	percent	Value	percent	Value	percent	Value	percent	Value	percent	Value	percent
Japan	7,075	4.2	13,112	7.5	19,580	9.6	59,985	14.6	96,740	13.0	170,712	17.4	239,590	14.0
India	1,605	1.0	1,954	1.1	2,130	1.0	9,249	2.3	15,101	2.0	27,062	2.8	146,950	8.6
China	3,971	2.4	3,434	2.0	5,575	2.7	21,465	5.2	30,874	4.1	114,095	11.6	139,358	8.2
Australia	10,143	6.1	17,136	9.8	28,569	14.0	26,941	6.6	29,601	4.0	44,172	4.5	133,298	7.8
Saudi Arabia	41	-	1,330	0.8	10,522	5.2	29,624	7.2	36,300	4.9	56,750	5.8	118,850	7.0
Holland	-	-	-	-	4,159	2.0	9,742	2.4	35,927	4.8	37,424	3.8	105,801	6.2
UK	12,825	7.8	14,720	8.4	19,875	9.7	22,022	5.4	26,747	3.6	49,673	5.1	89,961	5.3
FRG	49,067	29.4	43,326	24.8	34,551	16.9	36,830	9.0	42,427	5.7	47,243	4.8	84,299	4.9
Fed. Rep. of Germany	2,848	1.7	5,010	2.9	6,724	3.3	25,635	6.2	38,514	5.2	59,417	6.1	80,254	4.7
Djibouti	439	0.3	3,775	2.2	4,840	2.4	20,404	5.0	39,554	5.3	28,210	2.9	77,126	4.5
Singapore	2,524	1.3	5,496	3.1	5,880	2.9	9,898	2.4	22,336	3.0	26,064	2.7	57,773	3.4
France	12,120	7.3	13,347	7.6	12,604	6.2	25,236	6.1	49,591	6.7	29,583	3.0	56,064	3.3
Hong Kong	538	0.3	1,076	0.6	2,347	1.2	11,085	2.7	26,735	3.6	24,799	2.5	43,327	2.5
Italy	4,923	3.0	8,001	4.6	7,305	3.6	10,902	2.7	23,584	3.2	24,964	2.5	40,859	2.4
Sri Lanka	2,258	1.4	3,642	2.1	2,793	1.4	11,040	2.7	13,841	1.9	9,306	0.9	36,637	2.1
Ethiopia	940	0.6	2,735	1.6	1,498	0.7	5,215	1.3	40,223	5.4	28,348	2.9	34,065	2.0
USSR	29,635	17.8	17,223	9.9	8,442	4.1	10,465	2.5	21,077	2.8	50,900	5.2	29,366	1.7
Belgium	-	-	-	-	556	0.3	4,147	1.0	27,254	3.7	19,593	2.0	26,758	1.6
USA	2,375	1.4	594	0.3	1,083	0.5	4,775	1.2	15,151	2.0	22,143	2.3	21,833	1.3
Kenya	-	-	-	-	582	0.3	1,803	0.4	12,819	1.7	12,171	1.2	19,746	1.2
South Korea	-	-	-	-	-	-	51	-	50	-	978	-	17,637	1.0
Arab Rep. of Egypt	7,059	4.2	4,636	2.7	8,985	4.4	17,087	4.2	18,092	2.4	18,918	1.9	16,116	0.9
Czechoslovakia	288	0.2	483	0.3	5,743	2.8	3,218	0.8	6,714	0.9	10,302	1.1	9,250	0.5
Other countries	16,014	9.6	13,530	7.8	10,080	4.8	23,847	8.1	75,622	10.1	68,177	6.9	81,976	4.9
Total	166,628	100.0	174,562	100.0	204,428	100.0	410,066	100.0	744,980	100.0	961,004	100.0	1,706,844	100.0

Source: ARI, Central Bank, Annual Reports

124. Imports of machinery and transport equipment also showed a sharp increase, from 20.1 million Rials in 1969/70 to 289.6 million Rials in 1975/76, which was attributed to improvements in the conditions of roads and to revival of ARY's economy.

125. The major components of chemicals, which had also risen appreciably during the period were medicine, soap, perfumes and other cosmetics, polish and colouring products and fertilizers. Considerable increases were also registered for other categories of imports, namely, fuel and lubrication oil and animal and vegetable oil.

126. Table III-44 shows that the main suppliers of imports to ARY.

c) Balance of Trade

127. Table III-45 gives figures on total exports and imports and balance of trade for the period 1969/70 - 1975/76. It shows that the trade deficit which was due to a rise in the value of imports and to a decline in export receipts increased from 147.3 million Rials in 1969/70 to 1,656.8 million Rials in 1975/76.

Table III-45 SUMMARY OF FOREIGN TRADE, 1969/70 - 1976/77  
( 1,000 Rials)

Period	Exports	Imports	Trade Balance
1969/70	19,323	166,626	-147,306
1970/71	13,498	174,562	-161,064
1971/72	24,701	204,428	-179,727
1972/73	25,269	410,666	-385,397
1973/74	55,382	744,980	-389,598
1974/75	52,966	981,004	-928,038
1975/76	50,063	1,706,894	-1,656,831

Source: ARY, Central Bank, Annual Reports

Sector of Transport and Communication

128. This sector plays an important role in the economic development of ARY. Its share in national income was estimated at about 3 per cent during the period 1969-1976. The sector employs around 26 thousand persons, or 2.4 per cent of total labour force.

129. Despite the extensions and growth that have taken place in telecommunications, they are still in great need for rapid growth. The present situation in telecommunication is as follows:

- Sana'a: There are 7000 telephone lines, of which 5000 were introduced in 1976.
- Hodeidah: There are 5000 lines, of which 4000 are new.
- Taiz: There are 1000 lines, and an extension projects of 2000 lines is about to be completed.
- Other towns: around 1000 lines are operating, with extension projects for about 2000 lines.

130. In maritime transportation, ARY has three seaports on the coast of the Red Sea. Those are:

1. The Port of Hodeidah

131. The Port of Hodeidah was established in 1961 at a cost of around \$ 15 million. It has a deck 400 meters long equipped with cranes and other machinery for loading and unloading merchandise. It includes maintenance plants, hangers, and fuel reservoirs. The estimated annual capacity is 400,000 tons. The Port of Hodeidah is the main harbour in the country. The volume of merchandise handled by it increased from 462,000 tons of imports in 1971 to 795,000 tons in 1976, and from 1,665 tons of exports to 18,054 tons during the same period (see table III-46). The capacity of the port does not meet the expanding requirements of the country, estimated at one million tons. At present, there are bottlenecks at the port, causing at times a waiting period for unloading of three to four months, a fact

which causes heavy losses to the country and raises the cost of imported goods. The port is also in need of reorganization, as its potentials are less than optimal. It also lacks the necessary storage warehouses. Measures have been taken for the execution of a floating berth capable of providing facilities for 250,000 tons per year.

Table III-46 ACTIVITIES OF THE HODEIDAH PORT, 1967 - 1976

Year	Passengers		Parcels (million)	No. of ships	Import (ton)	Export (ton)
	Departures	Arrivals				
1967	-	-	-	-	78,881	-
1968	-	-	-	-	217,629	-
1969	-	-	-	-	275,240	-
1970	-	-	-	-	296,132	-
1971	-	-	-	367	461,830	1,665
1972	-	-	-	506	506,991	8,104
1973	50,482	-	8	520	530,943	19,188
1974	15,931	55,059	6	453	530,948	22,941
1975	45,430	73,900	-	559	633,012	24,328
1976	27,103	64,838	13,657	652	795,325	18,054

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77.

## 2. Port of Mocha

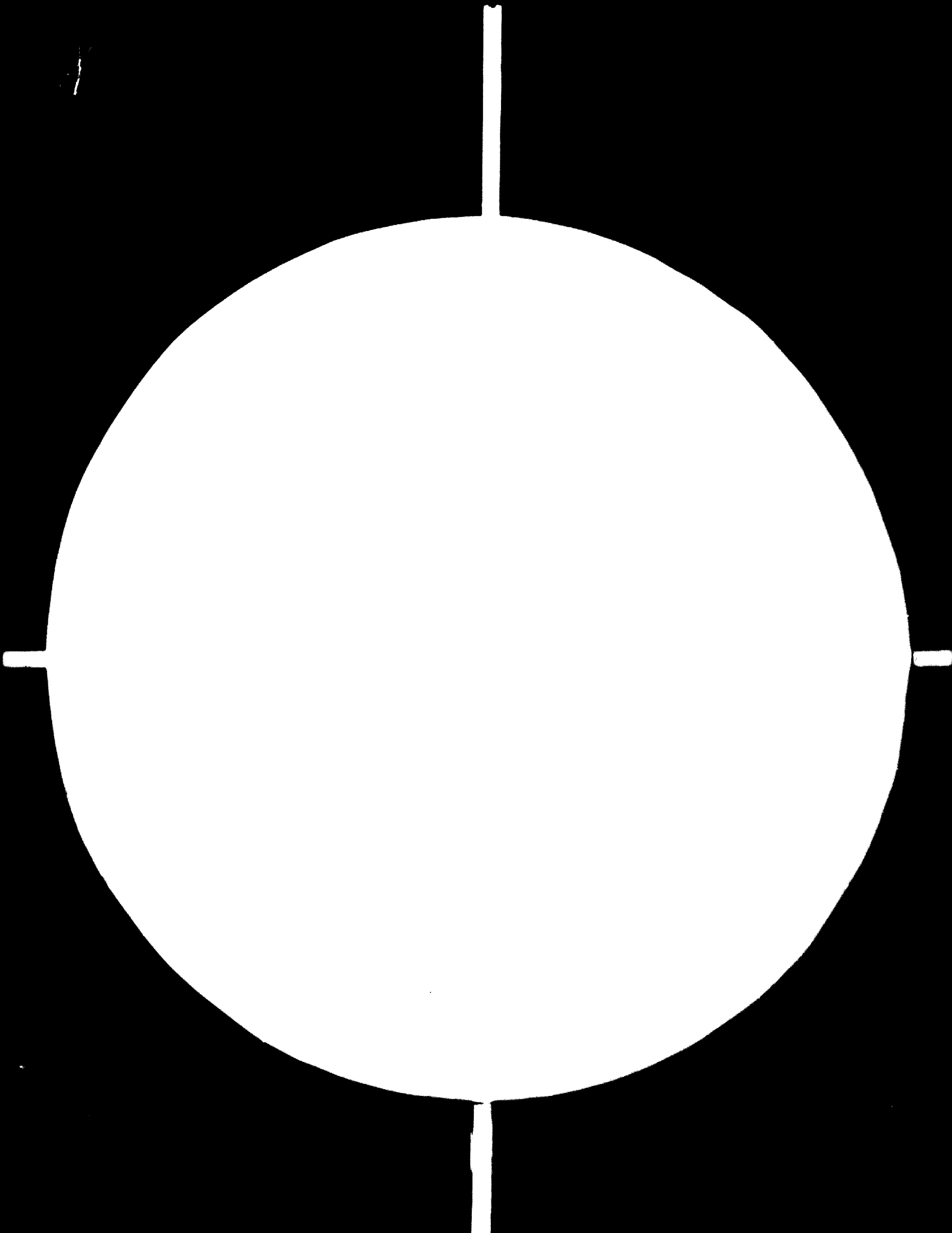
132. The Port of Mocha, established in 1956, is an old harbour which is unfit for moving ships, and which lacks equipment and facilities, as well as organization. But its location in the south of the country, 200 kms. south of Hodeidah, its proximity to the district of Taiz, its importance for



**G - 7**

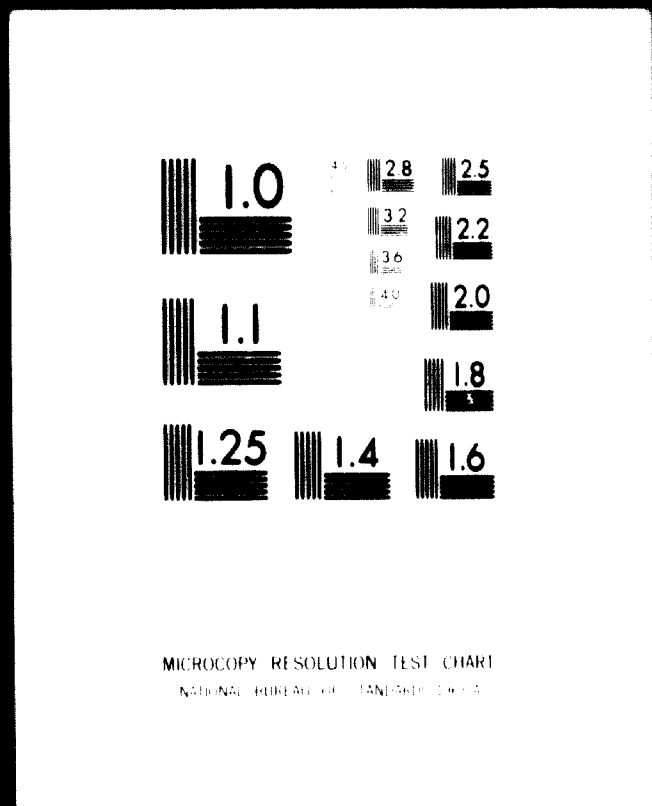


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NATIONAL BUREAU OF STANDARDS-1963-A

economic, social and political reasons, and its potential for improving the region of Mocha, made it necessary to develop it into a modern harbour with sufficient depth and to fit it with the necessary warehouses and equipment.

### 3. Port of Selif

133. The port of Selif is deep and capable of receiving medium-sized ships. Its pier has a capacity to receive one medium-sized ship and is presently used for the export of rock salt from Salif. It has also been lately used for imports. This port has good future prospects because of its favourable conditions, provided that it is properly constructed and fitted with the necessary facilities and equipment, and connected with a good land road. It is necessary, however, to solve the problem of water availability and to deepen the rocky entrances.

### Finance and Public Administration

134. Prior to 1962, fiscal and monetary policies did not exist in Yemen in the modern sense. Revenues were small and limited to Zakat (a religious tax) and to small income derived from customs duties.

135. Since 1962, the Government of ARY embarked on financial reforms and improvement of the financial position of the Government. In 1964/65, it started to prepare annual budgets, although these budgets were prepared towards the end of the financial year, and without putting into effect proper accounting, follow-up, auditing and control systems. Recently the Government established a new Bureau for the Central Budget and entrusted it with the task of adopting scientific methods for the preparation of the budget and for establishing a proper system of accounting, control and auditing.

136. As can be noted from table III-47 total government current expenditure has grown steadily between 1970/71 and 1976/77, rising from YD 170.6 million in 1970/71 to YR 819.8 million in 1976/77. The increase covered all items of expenditure such as defense, security and economic and social services. Table III-48 shows details of government expenditure during the same period. As can be observed from this table, the largest increase in expenditure was on economic and social services, defense and general public services.

137. Capital expenditures, on the other hand, rose steadily during the same period, with the exception of the two fiscal years 1971/72 and 1972/73. They rose from YR 83.1 million in 1970/71 to an estimated figure YR 600 million in 1976/77.

138. Total Government revenues have also increased during the same period from YR 97.4 million in the fiscal year 1970/71 to an estimated figure of YR 781.2 million in 1976/77 (see table III-49). Taxes on international trade were the most important source of government revenues as income from these taxes represented an average of about 60 per cent of the overall revenues.

139. The deficit which is shown in Government accounts was mostly financed externally from commodity and project loans and grants.

#### Banking and Money

140. Prior to 1962 lacked modern monetary and credit systems; its need for a monetary institute did not arise since the country did not have a national currency of its own. The Maria Theresia Taler was the only legal tender in the country.

Table III-47 CONSOLIDATED POSITION OF GOVERNMENT ACCOUNTS  
(million Riials)

Fiscal year ending 30 June	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77 <sup>1/</sup>
Current revenues	97.4	151.2	199.0	275.2	379.6	564.5	781.2
Current expenditures	170.6	227.8	272.2	322.5	472.1	603.5	819.8
Deficit on current account	73.2	76.6	73.2	47.3	80.4	39.0	38.5
Capital revenues	-	-	-	1.6	1.5	-	-
Capital expenditures	83.1	55.8	57.6	139.2	184.7	339.9	600.0
Overall deficit	156.3	132.4	130.8	184.9	-263.6	378.9	638.5
Financing of deficit	-	-	-	217.9	317.2	-	-
External financing	119.1	170.6	116.4	249.9	548.6	609.0	788.0
Commodity and project loans	(83.1)	(55.8)	(57.6)	(125.6)	(115.4)	213.1	350.0
Cash loans	(36.0)	(59.4)	( - )	(15.1)	(44.3)	30.4	60.0
Cash grants	-	(55.4)	(58.8)	(109.2)	(388.9)	379.6	468.0
Domestic financing	37.2	-37.8	13.6	-32.0	-231.4	-203.2	149.5
Central Bank of Yemen	(32.6)	(-39.8)	(-31.3)	(-47.2)	(-212.8)	(-215.0)	-
Commercial banks	(4.6)	( 2.0)	(-17.7)	(15.2)	(-18.6)	(11.8)	-
Statistical adjustment	-	-	-	-23.0	-53.6	-26.9	-

Source: ARY, Ministry of Finance, Central Bank of Yemen and Yemen Bank for Reconstruction and Development  
1/ Budget Estimates

Table III-48 GOVERNMENT EXPENDITURES, 1970/71 - 1976/77  
(Million Riials)

Fiscal year ending 30 June	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77 <sup>a</sup>
General public services	45.5	79.1	129.2	108.6	184.3	184.8	231.8
General administration	(31.5)	(60.6)	(101.0)	(77.7)	(122.7)	119.7	136.9
Public order and safety	(13.9)	(18.5)	(38.2)	(30.9)	(61.6)	65.1	94.9
Defense	<u>78.8</u>	<u>86.6</u>	<u>98.6</u>	<u>156.2</u>	<u>207.7</u>	<u>298.0</u>	<u>385.9</u>
Education	<u>10.0</u>	<u>10.7</u>	<u>18.2</u>	<u>18.0</u>	<u>27.5</u>	<u>46.6</u>	<u>74.5</u>
Health	<u>4.5</u>	<u>7.2</u>	<u>9.4</u>	<u>12.7</u>	<u>16.3</u>	<u>22.1</u>	<u>32.8</u>
Community and social services				<u>7.2</u>	<u>8.5</u>	<u>14.5</u>	<u>23.3</u>
Recreational and related activities				0.6	1.3	3.2	9.1
Broadcasting, press and information				4.0	4.6	7.5	9.4
Religion				2.6	2.6	3.8	4.8
Economics services			<u>7.5</u>	<u>8.6</u>	<u>24.0</u>	<u>34.0</u>	<u>61.2</u>
Agriculture				1.6	2.1	2.7	5.6
Mining				-	0.2	0.4	1.0
Construction	2.0	3.8	4.5	1.2	1.4	18.4	39.8
Transport and communication	1.6	3.8	3.0	5.2	6.8	11.1	11.6
Tourism				0.1	0.2	0.2	-
Commerce				0.5	1.0	1.2	3.2
Other				-	13.6	-	-
Unallocable and other purposes				<u>11.2</u>	<u>4.0</u>	<u>3.5</u>	<u>10.3</u>
Public Dept. "Interest"			0.3	4.5	2.9	3.5	10.3
Other	<u>28.3</u>	<u>36.6</u>	-	<u>6.7</u>	<u>1.1</u>	-	-
Total	170.6	227.8	272.2	322.5	472.1	603.5	819.9

Source: ARY, Ministry of Finance,  
a/ Budget Estimate

Table III-49 GOVERNMENT REVENUES, 1970/71 - 1976/77  
(Million Riials)

Fiscal Year ending 30 June	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77
1. Tax revenues	73.6	122.8	158.4	227.4	301.1	498.3	637.7
Direct taxes							
Zakat:	7.2	10.7	12.0	15.7	14.7	21.0	24.0
Agricultural	4.7	6.7	6.5	8.0	8.4	13.5	15.0
Cattle	0.6	0.8	0.8	1.1	1.4	1.0	2.0
Wealth	0.3	1.0	1.7	2.1	0.8	1.7	3.0
Poll	1.6	2.2	3.0	4.5	4.1	4.8	4.0
Other	1.4	12.1	-	-	-	-	-
Taxes on income and profits	2.2	4.2	6.9	19.0	16.9	24.0	23.4
Tax on wages and salaries	1.8	2.6	2.9	9.7	4.6	8.4	6.0
Tax on commercial and industrial profits	-	-	-	6.4	10.4	12.8	15.0
Tax on monopoly profits	0.3	1.4	3.1	0.8	0.4	-	-
Tax on rental income	0.1	0.2	0.9	1.3	1.3	2.1	2.0
Other	-	-	-	0.8	0.3	0.7	0.4
Indirect taxes							
Foreign trade	52.7	80.3	113.0	155.4	222.2	394.0	492.4
Custom duties on export and imports	35.3	55.7	83.1	109.1	160.8	283.8	376.0
Defense tax	11.8	16.8	19.5	31.9	43.8	76.7	81.0
Statistical tax	5.6	7.8	8.9	12.6	16.5	30.7	31.6
Other	-	-	1.5	1.8	1.1	2.8	7.2
Taxes on goods and services	10.1	15.5	26.5	37.3	47.2	59.3	94.2
Selective excises on goods	-	-	-	21.5	30.9	34.0	38.3
Tobacco and cigarettes	-	-	2.0	(2.6)	(2.2)	5.0	7.0
Petroleum products	8.1	12.9	17.5	(18.0)	(27.9)	28.0	30.0
Soft drinks	-	-	0.1	(0.8)	(0.8)	1.0	1.3
Selective taxes on services	-	-	-	(13.2)	(9.8)	20.8	22.0
Transport	-	-	-	(0.6)	(0.2)	0.4	-
Movies	-	-	-	(0.4)	(0.4)	0.4	0.8
Motor vehicles	2.0	2.6	2.6	(3.0)	(3.6)	6.7	5.0
Stamps	-	-	-	(9.2)	(5.6)	13.3	16.3
Other taxes	-	-	4.3	2.8	5.9	4.5	33.9
Total direct taxes	62.8	95.8	139.5	192.7	269.4	453.3	143.5



Table III-49 (CONTINUED)

Fiscal year ending 30 June	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	1976/77 <sup>a/</sup>
2. Non tax revenues	<u>23.8</u>	<u>28.4</u>	<u>40.6</u>	<u>47.8</u>	<u>78.5</u>	<u>66.2</u>	<u>77.2</u>
Revenue from governmental property	3.3	6.1	9.6	15.8	38.5	39.3	56.7
Revenue from governmental departments	20.5	22.3	31.0	30.3	37.1	15.6	-
Other	1.7	-	-	1.7	7.7	11.3	9.6
Total of current revenues	<u>27.4</u>	<u>51.2</u>	<u>122.0</u>	<u>275.2</u>	<u>379.6</u>	<u>564.5</u>	<u>781.2</u>

Source: AMF, Ministry of Finance  
a/ Budget Estimated

141. The Currency Board of Yemen was established in 1964 as an autonomous public institution with a capital of YR 2 million. The Currency Board was vested with the exclusive right of issuing the currency. The Rial was designated as the currency unit and defined its value at 0.829427 grams of pure gold which was at that time equal to the intrinsic metallic value of the silver rial. The Board was also entrusted with the task of maintaining the internal and external value of the new rial and with the management of the country's external reserves. The law under which the Currency Board was established did not, however, give it supervisory powers over the commercial banking system, nor did it define its relations with the Government except for the extension of credit against treasury bills. The law also provided that the note issue is to be fully covered by gold, silver, convertible foreign exchange and securities in convertible currencies issued or guaranteed by foreign governments. The law was, however, amended twice; first in November 1964 to include in the currency cover other currencies and foreign securities as determined by the Minister of the Treasury, and secondly, in December 1967 to include domestic treasury bills.

142. Prior to 1962 there were no banks in ARY, except the National Bank of Saudi Arabia in Sana'a, Taiz and Hodeidah. The operations of this bank were limited and in October 1962 it was liquidated and the Yemen Bank for Reconstruction and development (YBRD) was established to replace it in the same three towns. The share capital of the Yemen Bank for Reconstruction and Development amounted to YR 10 million, with the Government owing 51 per cent of it and the rest by Yemeni nationals. Banking facilities were also provided between 1962 and 1967 by Bank Misr, but its operations were limited to transactions of the Egyptian forces situated in the country and to supervision of trade transactions between the two countries. The activities of Bank Misr were liquidated following the withdrawal of the Egyptian forces from the country. Up to 1971, YBRD became the only commercial bank in the country. In addition to the normal commercial banking functions, YBRD assumed certain development functions and participated in establishing and financing ten enterprises engaged in commerce, manufacturing, agriculture and public utilities. The bank also functioned as a government bank where government deposits were maintained and to whom the government resorted for borrowing when need arose. In addition, the bank was responsible for implementing the

government's foreign exchange policy.

143. The need for establishing a specialized exchange control body did not arise before 1964. But with the introduction of the national currency and the increase in demand for imports and the inflationary impact of deficit financing, the Rial came under pressure and its value depreciated substantially. As a result, the Government started to issue regulations designed to control the licensing of exports and imports. In 1967 the Foreign Exchange Control Board was established to supervise and implement these regulations. The exchange system, then applied, was characterized by a multiplicity of rates to equilibrate demand and supply of foreign exchange and this system was continued until ARY joined the IMF in 1970. In that year, multiple exchange rate system was discontinued and a system of a unified freely fluctuating rate for all visible and invisible transactions was adopted.

144. From the forgoing it is clear that the central banking functions were performed by several bodies, namely the Currency Board, the Foreign Exchange Control Board, the Ministry of Economy, YBRD and the Ministry of Treasury. For all these reasons, it was felt that it was vital for the country to establish a Central Bank. This was done and the Bank began operating on 27th July 1971, with six branches established in Sana'a, Taiz, Hodeidah, Beida, Hajja and Sa'ada. Between 1972 and 1976, the Central Bank also established branches in Ibb, Dhamar, Mareb and Mahwit, thus covering all governorates with its banking network for the provision of services to the government, commercial banks and individuals. In 1976, the total assets of the Central Bank amounted to Y. 26 million.

145. During the year 1971/72 a number of foreign banks established branches in ARY, so that, in addition to the branches of YBRD in Sana'a, Hodeidah, Taiz, Rahda and Ibb and its agencies in other eight small towns; the number of commercial banks, offices and agencies totalled 23.

146. Tables III-50 and III-51 summarize the position and activities of the commercial banking system during the period 1971-1976.

147. Meanwhile, specialized public credit institutions were created to augment the flow of adequate financial resources into priority sectors. These institutions are:

1. The Agricultural Credit Bank

148. The Agricultural Credit Bank was created in 1975 with a capital of YR 100 million. Its main objective is to aid farmers by providing them with agricultural consulting services, technical facilities and loans for developing agricultural and livestock production and agro-industries. The bank has branches in Sana'a, Hodeidah and Bent El Faqih. The Bank also offers its services to farmers in Ibb, Taiz, Zubaid and Mour through branches of the Agricultural Credit Fund.

2. The Industrial Bank

149. The Industrial Bank of Yemen was created in 1976 to support industry through financing and the provision of technical assistance. The authorized capital of the bank is YR 100 million.

150. The objectives of the bank are as follows:

- To encourage the establishment of new industrial projects and to assist in developing the existing ones and promote service, extraction and manufacturing industries.
- To encourage and assist small-scale industries and handicrafts
- To absorb liquidity from private citizens, companies and corporations for investment purposes

Table III-50 ASSETS AND LIABILITIES OF THE COMMERCIAL BANKING SYSTEM  
(Million Riials)

	30.6.71	30.6.72	30.6.73	30.6.74	30.6.75	30.6.76
<b>Assets</b>						
Cash	<u>16.6</u>	<u>13.9</u>	<u>21.6</u>	<u>11.2</u>	<u>16.1</u>	<u>37.9</u>
Domestic Banknotes	<u>11.2</u>	<u>12.6</u>	<u>20.8</u>	<u>10.1</u>	<u>14.5</u>	<u>32.6</u>
Supporting currency						
Currency notes	-	1.1	0.9	1.3	1.2	2.3
Coins	-	-	-	0.1	0.1	0.2
Foreign Banks	<u>5.4</u>	<u>1.3</u>	<u>0.8</u>	<u>1.1</u>	<u>1.9</u>	<u>5.3</u>
Central Bank	<u>0.6</u>	<u>4.3</u>	<u>14.4</u>	<u>15.4</u>	<u>23.6</u>	<u>111.4</u>
Other domestic banks	-	2.7	1.5	1.9	2.8	31.8
Correspondents abroad	<u>45.7</u>	<u>62.9</u>	<u>74.1</u>	<u>63.2</u>	<u>161.8</u>	<u>460.5</u>
Banks abroad	<u>45.5</u>	<u>62.2</u>	<u>68.2</u>	<u>59.2</u>	<u>154.1</u>	<u>442.0</u>
Other (non-residents)	0.2	0.7	5.9	4.0	7.7	18.5
Advances	<u>86.8</u>	<u>115.6</u>	<u>168.5</u>	<u>227.0</u>	<u>369.2</u>	<u>541.6</u>
Government	<u>39.0</u>	<u>17.9</u>	<u>15.9</u>	<u>13.7</u>	<u>13.1</u>	<u>12.4</u>
Public enterprises	<u>19.3</u>	<u>28.9</u>	<u>38.4</u>	<u>0.7</u>	<u>70.4</u>	<u>65.6</u>
Public	<u>28.5</u>	<u>68.8</u>	<u>114.2</u>	<u>172.6</u>	<u>285.7</u>	<u>463.6</u>
Capital participation	<u>7.4</u>	<u>10.3</u>	<u>15.9</u>	<u>16.7</u>	<u>20.3</u>	<u>10.6</u>
Head offices and branches	<u>162.4</u>	<u>234.2</u>	<u>348.3</u>	<u>475.8</u>	<u>1,280.2</u>	<u>100.0</u>
Expenditures	3.4	2.8	5.3	6.6	8.7	-
Fixed assets	2.8	7.2	8.1	21.5	25.0	27.2
Other	18.9	12.5	15.7	16.0	28.0	53.5
Assets- liabilities	<u>344.6</u>	<u>466.4</u>	<u>671.4</u>	<u>855.3</u>	<u>1,936.0</u>	<u>1,370.5</u>
Capital and reserves	<u>32.9</u>	<u>50.1</u>	<u>56.5</u>	<u>63.9</u>	<u>75.6</u>	<u>103.2</u>
Paid-up capital	<u>10.0</u>	<u>22.1</u>	<u>22.0</u>	<u>22.0</u>	<u>25.0</u>	<u>35.9</u>
Reserves	<u>20.4</u>	<u>24.4</u>	<u>30.5</u>	<u>39.1</u>	<u>47.7</u>	<u>64.5</u>
Undistributed profits	2.5	3.6	4.0	2.8	2.9	2.8
Banks	<u>7.5</u>	<u>32.1</u>	<u>16.5</u>	<u>17.4</u>	<u>70.8</u>	<u>52.4</u>
Central Bank	<u>7.5</u>	<u>30.1</u>	<u>14.7</u>	<u>15.7</u>	<u>67.8</u>	<u>0.5</u>
Other domestic banks	-	2.0	1.8	1.7	3.0	11.9
Correspondent abroad	<u>10.6</u>	<u>22.6</u>	<u>24.5</u>	<u>47.5</u>	<u>72.9</u>	<u>197.4</u>
Banks abroad	<u>4.5</u>	<u>5.4</u>	<u>7.2</u>	<u>22.5</u>	<u>19.5</u>	<u>85.7</u>
Other(non-residents)	6.1	17.2	17.3	25.0	53.4	111.7
Deposits	<u>111.5</u>	<u>117.0</u>	<u>208.1</u>	<u>217.9</u>	<u>373.0</u>	<u>840.4</u>
Demand deposits	<u>81.9</u>	<u>76.4</u>	<u>122.2</u>	<u>117.1</u>	<u>209.9</u>	<u>416.8</u>
Time Deposits	3.3	8.9	20.7	37.3	93.4	211.0
Savings deposits	3.2	2.3	6.0	12.0	19.1	46.9
Earmarked deposits	23.1	29.4	59.2	51.5	50.6	165.7
Head offices and branches in Yemen	<u>170.7</u>	<u>318.8</u>	<u>542.8</u>	<u>472.3</u>	<u>1,251.9</u>	<u>19.3</u>
Income	5.5	6.6	12.0	14.6	27.2	-
Other	<u>5.9</u>	<u>9.2</u>	<u>11.0</u>	<u>21.7</u>	<u>64.6</u>	<u>157.8</u>
<b>Total</b>	<u>344.6</u>	<u>566.4</u>	<u>671.4</u>	<u>855.3</u>	<u>1,936.0</u>	<u>1,370.5</u>

Sources: ARY, Central Bank of Yemen, Annual Report

Table III-51 COMMERCIAL BANK LOANS  
(thousand Rials)

	30.6.72	30.6.73	30.6.74	30.6.75	30.6.76
<b>A - Short term loans</b> (up to 12 months)					
1. Advances for financing exports	22,017	25,609	19,815	26,545	33,644
Cotton	19,863	24,757	19,012	24,392	30,260
Hides and skins	-	843	774	1,955	2,947
Coffee	-	9	89	84	437
Salt	2,154	-	-	-	-
Other	-	-	-	-	-
2. Advances for financing imports and trade in imported goods	59,165	68,463	135,346	253,349	342,921
3. Advanced for financing trade in locally manufactured goods	-	1,861	4,498	7,658	1,461
4. Advances to industry	1,674	4,908	6,474	7,067	15,126
Financing imports of production materials	1,509	4,783	6,474	7,067	15,126
Against credit sales	-	5	-	-	-
Working capital	165	115	-	-	-
5. Advances to other business	11,199	35,986	33,073	45,937	75,159
6. Private and professional loans	3,520	15,683	13,604	15,158	60,198
Consumer credit	3,010	15,587	12,275	5,523	19,714
Other	510	96	1,330	9,635	40,484
Sub-total 1-6	97,575	152,510	212,870	355,623	528,509
B-Medium term loans	-	-	319	270	240
C-Long-term loans	-	60	155	239	445
Grand total	97,575	152,570	213,344	356,132	529,194

Source: ARY, Central Bank of Yemen

- To appraise feasibility studies prepared for projects seeking financial assistance of the Bank.
- To participate in developing the less developed areas in ARY and to stimulate industrialization in those areas.

### 3. Yemeni Bank for Building and Construction

151. The Yemeni Bank for Building and Construction was created in 1962. In 1975, its capital amounted to 10 million Rials; its assets stood at 558.2 million Rials in the same year. The Bank performs banking operations and, except for the Al-Hamdi city housing projects, does not execute projects of its own. It took part in the establishment of a number of government establishment and projects, such as the Yemeni Petroleum Company, The National Tobacco and Match Company, The Yemeni Company for Manufacture of Drugs, The Mocha Agricultural Company, the General Cotton Company, the Yemeni Company for Printing and Editing, the Yemeni Company for Foreign Trade and the Yemeni Ma'rib Company for Insurance.

### Money Supply

152. Rapid growth in ARY during the early seventies was accompanied by substantial monetary expansion, largely due to finance sizable levels of national output, and partly to meet the changes in liquidity preferences. Table III-52 shows that money supply increased from 296.1 million Rials at the end of June 1971 to 2,504.6 million Rials at the end of June 1976. Currency in circulation increased by more than sevenfolds during the period. The latter increase was attributed to the rise in economic and commercial activity as well as in government expenditure. Demand deposits also increased by more than ninefolds during the same period, thus reflecting the spread of banking habits, enhanced confidence in the banking system and growth in bank advances to the private sector.

Table III-52 MONEY SUPPLY, 1971-1976  
(Million Riials; per cent)

	30.6.71	30.6.72	30.6.73	30.6.74	30.6.75	30.6.76
Money supply	<u>296.1</u>	<u>376.1</u>	<u>560.1</u>	<u>685.8</u>	<u>1,137.4</u>	<u>2,504.6</u>
Money	<u>267.0</u>	<u>339.0</u>	<u>473.5</u>	<u>592.4</u>	<u>959.5</u>	<u>2,023.9</u>
Currency in circulation	230.5	295.7	398.5	515.4	789.5	1,676.0
Demand deposits	36.5	43.3	75.0	77.0	170.0	347.9
Quasi Money	<u>29.1</u>	<u>37.2</u>	<u>86.6</u>	<u>93.3</u>	<u>177.9</u>	<u>480.7</u>
Time deposits	-	-	-	19.9	87.4	211.0
Saving deposits	-	-	-	11.7	19.1	46.9
Demand deposits (in foreign currency)	-	-	-	16.2	23.6	60.8
Earmarked deposits	-	-	-	45.5	47.8	162.0
Percentage of currency in circulation to money supply	77.8	78.6	71.1	75.2	69.4	66.9
Percentage of demand deposits to money supply	12.3	11.5	13.4	11.2	14.9	13.9
Factors affecting money supply	<u>296.1</u>	<u>376.1</u>	<u>560.1</u>	<u>685.8</u>	<u>1,137.4</u>	<u>2,504.6</u>
Net external assets	432.1	539.5	608.8	691.8	1,183.3	2,605.7
Net claims on government	140.7	102.4	116.0	83.5	-147.4	-393.7
Claims on private sector	35.8	79.0	128.0	189.4	395.5	567.6
Others (net)	-323.1	-350.6	-308.7	-285.6	-294.0	-275.0
Net claims public enterprises	10.6	5.8	16.0	6.7	-	-

Source: ARY, Central Bank of Yemen, Annual Reports.

Education and Health

1. Education

153. Modern education had been adopted in ARY in 1962. Since then, great efforts have been exerted for the development of this sector and considerable changes have taken place. But the sector remains to be under-developed and a lot of work would have to be done for its improvement. In 1976/77 the schools in ARY numbered 1,670 (see table III-53).

Table III-53 NUMBER OF SCHOOLS BY GOVERNORATE, 1976/77

Governorate	Number of schools						
	Total	Technical	Commercial	Teachers' training institutes	Secondary	Preparatory	Primary
Sana'a	322	1	1	4	3	19	294
Tais	364	-	1	4	9	34	316
Hodeidah	171	-	1	4	3	12	151
Ibb	139	-	-	4	5	11	119
Dhamar	178	-	-	-	1	7	170
Hajjah	217	-	-	1	1	5	210
Sa'ada	107	-	-	-	-	1	106
Al Beidha	71	-	-	-	2	4	65
Nareb	38	-	-	-	-	3	35
Al Mahweet	63	-	-	-	-	1	62
<b>Total</b>	<b>1,670</b>	<b>1</b>	<b>3</b>	<b>17</b>	<b>24</b>	<b>97</b>	<b>1,528</b>

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77



General Education

154. ARY has adopted the same system applied in other Arab countries, which consists of six years of primary education, followed by three years of preparatory education, and three years of secondary education. (See table III-54 - 56).

Technical Education

155. Technical education includes trade and technical training. A technical secondary school already exists in Sana'a and a second one is to be opened in Taiz in 1978. The old system which required five years of training after primary education will end in the Sana'a school and a new system will be adopted in 1978/79, based on a three-year training period, following preparatory education.

University of Sana'a

156. The University of Sana'a was established in 1970, with colleges of civil and religious Law, Education and Arts and Humanities. In 1973/74, a College of Commerce and Economy was inaugurated. The number of students in the University increased from 64 in 1970/71 to 1,649 in 1974/75, including 118 female students.

157. In addition, ARY has established a National Institute for Public Administration.

Table III-54 NUMBER OF STUDENTS IN PRIMARY SCHOOLS, 1962/65 - 1976/77

Year	Males	Females	Total
1962/63	59,555	1,780	61,335
1965/66	65,813	3,556	69,139
1970/71	79,954	8,263	88,217
1976/77	191,258	30,224	221,482

Source: ARY, Central Planning Organisation, Statistical Yearbooks

**Table III-55 NUMBER OF STUDENTS IN PREPARATORY SCHOOLS,  
1962/63 - 1974/75**

<b>Year</b>	<b>Males</b>	<b>Females</b>	<b>Total</b>
1962/63	730	-	780
1965/66	1,426	-	1,426
1970/71	3,806	125	3,931
1974/75	11,236	927	12,163

**Source: ANP, Central Planning Organisation, Statistical Yearbooks**

**Table III-56 NUMBER OF STUDENTS IN SECONDARY SCHOOLS,  
1963/63 - 1976/77**

<b>Year</b>	<b>Males</b>	<b>Females</b>	<b>Total</b>
1962/63	-	-	-
1965/66	433	-	433
1970/71	1,164	25	1,189
1976/77	6,485	712	7,197

**Source: ANP, Central Planning Organisation, Statistical Yearbooks**

Investment in Education under the Three-Year Programme

158. The Three-Year Programme gave priority to basic structures; including education. Total investment allotted to education amounted to 195 million Riials, or to 20.9 per cent of total investment made in the Three-Year Programme. The allotments made for this sector were second in importance. The sector's allotments were distributed as follows: Thirty-six per cent of the sector's total investment for developing education and educational text books; 35.65 per cent for supporting teaching profession; 20.8 per cent for school building; and 5.65 per cent for developing the Sana'a University; and one per cent for training and eradication of illiteracy.

2. Health

159. Health conditions in the country are characterized by low standards; whether in respect to the containment of contagious diseases, or in respect to the low standards of nutrition, preventive and environmental health, or in respect to the need to purify drinking waters and established sewage networks.

160. The best indicator of the above is the low life expectancy at birth, as it varies between 35 - 36 years in newly born males, and 38 - 39 years in newly born females. The high gross death average, which amounts presently to 28.7 per thousand inhabitants, results in a decrease in the yearly growth average of the population which does not presently exceed 18.6 per thousand despite the relatively high gross birth average, presently amounting to 47.3 per thousand.

161. Infants are particularly victims of this situation, as infant mortality constitutes an overwhelming majority of deaths, and the average mortality in the newly born is in excess of 26 per cent for males and almost 22 per cent for females.

162. Shanties, makeshift houses, inhabited caves, and tents constitute more than 19 per cent of dwellings in the country. Housing units constituting only one room exceed 46 per cent of total housing, and units inhabited by more than five persons exceed 48 per cent of total dwellings. The rate of density in living rooms is very high, exceeding three persons per room on the average. Results of the 1975 census indicated that there existed 2,300 houses composed of one room each, in which more than twelve people were living. Water sources of doubtful cleanliness constituted a large proportion of polluted nests, exposed to contagious diseases. The Census also indicated that the inhabitants of more than 48 per cent of the housing units drank from pools and streams, and that about 42 per cent of inhabitants of the other housing units drank from public wells located outside the housing units.

163. Statistical reports indicate that about 30 per cent of hospital cases are related to contagious and parasitic diseases, and about 12 per cent to diseases of the digestive tract. As for children, statistics indicate that contagious and parasitic diseases constitute more than 57 per cent of hospital cases and that about 12 per cent of children in hospitals die (see tables III-57 and III-58).

#### Health Installations and potential

164. Table III-59 shows that there are in ARY 24 hospitals containing 2,637 beds, 13 dispensaries containing 355 beds, 16 health centres, 11 health sub-centers and 75 rural health units. In relation to population, these figures show that there is one hospital bed for every 1,700 citizens. Furthermore, these hospitals are distributed unevenly, as 84 per cent of beds are concentrated in the three main cities of Sana'a, Hodeidah and Taiz, while none exist in the districts of Mahweet and Ma'rib.

Table III-57 CASES OF COMMUNICABLE DISEASES REPORTED, BY DISEASE AND GOVERNORATE, 1976

Governorate	Amoebic Dysentery	Bilharzia	Gastro-Enteritis	Infectious Hepatitis	Mumps	Tuberculosis	Malaria	Measles	Whooping Cough	Typhoid Para Typhoid
Sana'a	186	526	3,501	118	42	372	123	582	509	23
Hodeidah	522	742	19,691	1,344	247	2,430	9,664	369	1,715	214
Tais	2,310	1,449	354	85	20	583	2,385	367	55	8
Ibb	4	512	970	80	5	565	68	425	414	2
Dhamar	-	10	2,644	12	38	32	86	883	75	6
Khajjah	5	546	215	56	1	297	1,973	6	65	-
Sa'ada	-	805	9	53	4	129	5	1	10	-
Al Beidha	26	11	366	8	1	121	47	22	14	-
Mareb	-	-	-	-	-	-	-	-	-	-
Al Mahweet	-	105	1,278	232	-	11	727	-	77	-
Total	3,053	4,706	29,028	1,988	358	4,540	15,078	2,654	2,934	253

Source: ARY, Central Planning Organization, Statistical Yearbook, 1976/77

Table III-58 CASES OF COMMUNICABLE DISEASES AMONG HOSPITALIZED PATIENTS, BY DISEASES, SEX AND GOVERNORATE, 1976

Governorate	Leprosy		Measles		Infectious Hepatitis		Tetanus		Other T.B. forms		Respiratory T.B.		Gastro Enteritis		Amebic Dysentery		Typhoid	
	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F	M	F
Sana'a	1	-	2	3	35	91	-	4	32	15	204	146	39	50	20	21	12	23
Taiz	-	-	3	4	10	59	5	2	29	25	271	377	32	47	6	6	9	10
Hodeidah	-	-	14	16	1	53	1	16	10	15	41	116	155	216	6	33	3	5
Ibb	-	1	5	11	8	17	2	-	42	13	11	14	27	47	1	4	10	16
Dhamar	-	-	-	-	1	3	-	-	4	-	15	20	15	18	3	4	1	2
Hajjah	-	-	-	-	7	30	-	-	2	6	17	29	5	11	6	11	1	2
Al Beidha	-	-	-	-	-	-	-	2	10	10	1	1	1	6	-	2	-	-
Al Mahweet	-	-	-	-	-	2	-	-	-	-	1	-	-	4	-	2	-	-
Sa'ada	-	1	-	-	-	1	-	-	1	-	1	1	-	1	1	-	-	-
Total	1	2	24	34	62	256	8	24	130	704	562	704	274	400	43	83	36	58

Source: ARY, Central Planning Organization, Statistical Yearbook, 1976/77

Table III-59 HEALTH ESTABLISHMENTS BY GOVERNORATE, 1976

Governorates	Rural health units	Health sub-centres	Health centres	Dispensaries		Hospitals	
				Beds	No.	Beds	No.
Sana'a	11	-	6	20	1	900	5
Hodeidah	16	8	2	160	4	340	3
Taiz	16	3	3	60	3	970	7
Ibb	6	-	1	30	1	232	4
Dhamar	6	-	-	-	-	55	1
Hajjah	6	-	2	60	3	68	1
Sa'ada	3	-	-	-	-	14	1
Al Beidha	3	-	-	-	-	58	2
Al Mahweet	4	-	1	25	1	-	-
Mareb	4	-	1	-	-	-	-
<b>Total</b>	<b>75</b>	<b>11</b>	<b>16</b>	<b>355</b>	<b>13</b>	<b>2,637</b>	<b>24</b>

Source: ARY, Central Planning Organisation, Statistical Yearbook, 1976/77.

165. There exists in ARY at present 234 physicians, among which 124 Yemeni are nationals. In other words, there is one doctor for every 16,200 inhabitants. ARY is facing shortages of specialists in general health, internal diseases, dermatology, respiratory diseases, neurology, gynaecology, heart diseases and radiology. It is expected that the number of nationals working in this field of health will rise following the return of Yemeni students from abroad. The number of such students is estimated at about 789, of which 288 are studying medicine, 35 pharmacology, and 151 dentistry.

166. Among the above, 60 Yemenis nationals are under training in high medical specialities. Training inside the country is conducted in the Health Institute for Human Potential in Sana'a.



Chapter IV

INDUSTRIAL POTENTIAL OF ARY

167. The Arab Republic of Yemen had its first experience in planning when the country's First Three Year Development Programme, covering the period 1973/74-1975/76, was formulated. This experience prepared the ground for the subsequent formulation of an overall development plan.

168. The Five-Year Development Plan presented broad objectives and strategies for the five-year period, 1976/77-1980/81. It also contained quantitative targets, specific projects, and a description of the means of financing and of meeting the manpower requirements of the plan. Yet no specific instruments had been identified for adoption by the Government for facilitating and creating the climate needed for enhancing and fostering industrial development. These problems were fully discussed in the Yemen International Development Conference, which was held in Sana'a, 28 November - 1 December, 1977.

Human Resources

169. In February 1975, population in the Arab Republic of Yemen was about 4.5 million. This figure represents the preliminary results of the population census conducted in 1975 (see table IV-1).

Table IV-1 ESTIMATED POPULATION OF ARY, FEBRUARY 1975

Details	Population (in 000)		
	Males	Females	Total
Population registered as per census	2,155	2,371	4,526
Estimation of population residing in areas not covered by the census	38	42	80
Estimated number of resident population that were not counted	54	61	115
Total	2,247	2,474	4,721

Source: ARY, Demographic conditions

a/ The sex ratio has been assumed to remain at 91 for estimated population in areas not covered by the census and in the number of resident population that were not counted during the census.

170. Like most other developing countries, population in ARY is a young one, with the age group of 0-15 years constituting 46.8 per cent of total population and that of 65 and over forming only 3.6 per cent. Emigration of male Yemeni nationals, however, led to a sharp contrast between the age structure of the male and female population as shown in Table IV-2.

Table IV-2 SEX RATIO OF POPULATION CLASSIFIED BY AGE GROUPS  
(Percent)

Sex	0-14	15-64	65 and over	Total
Males	50.6	45.6	3.8	100
Females	43.2	53.4	3.4	100
Total population	46.8	49.6	3.6	100

Source: ARY, Demographic conditions

171. Table IV-3 includes population parameters extracted from the 1975 population census. It gives estimates of total population broken down into males and females up to 1985, with a sex ratio of 90.4 in 1970, 90.9 in 1975, 91.7 in 1980 and 92.9 in 1985. Infant mortality rates are expected to change drastically over-time since they are directly proportional to the health efforts that are expected to be adopted during the coming say 22 years. The fertility rate is expected to remain at around 217 per thousands up to the year 2000 for the simple reason that the rate of illiteracy is assumed to remain relatively high and, therefore, birth control to be limited. These main assumptions will, among others, form the basis for population projections.

Table IV-3 POPULATION PARAMETERS IN ARY

	1970	1975	1980	1985
<b>Total population:</b>				
Males	2,060	2,265	2,500	2,782
Females	2,280	2,493	2,725	2,996
Total	4,340	4,758	5,225	5,778
Sex Ratio	90.4	90.9	91.7	92.9
Annual rate of increase	18.6	18.9	20.3	
<b>Fertility levels:</b>				
Crude birth rate	47.3	45.8	46.9	
General fertility rate	217.0	217.0	217.0	
Sex ratio at birth	104.3	104.3	104.3	
<b>Mortality levels:</b>				
Crude death rate	28.7	26.9	26.9	
<b>Expectation of life at birth:</b>				
Males		35.66		
Females		38.30		
<b>Infant mortality rate:</b>				
Males		176		
Females		142		
Total		159		

Source: ARY, Central Planning Organisation, Demographic Conditions

172. Projections for population in the ARY had been prepared by the Central Planning Organization for the years 1970-1985 as shown in Table IV-4 .

Table IV-4 MID-YEAR POPULATION ESTIMATES, 1970-1985  
(000)

Year	Males	Females	Total
1970	2,060	2,280	4,340
1971	2,099	2,321	4,420
1972	2,139	2,363	4,502
1973	2,181	2,405	4,586
1974	2,222	2,449	4,671
1975	2,265	2,493	4,758
1976	2,310	2,538	4,848
1977	2,356	2,584	4,940
1978	2,403	2,630	5,033
1979	2,451	2,677	5,128
1980	2,500	2,725	5,225
1981	2,554	2,777	5,331
1982	2,609	2,831	5,440
1983	2,666	2,884	5,550
1984	2,723	2,940	5,663
1985	2,782	2,996	5,778

Source: ARY, Central Planning Organization, Demographic Conditions.

173. These projections were carried over up to the year 2000, using the same method of estimation (see table IV-5).

Table IV-5 MID-YEAR POPULATION ESTIMATES, 1980 - 2000<sup>1/</sup>  
(thousand)

Year	Males	Females	Total
1980	2,500	2,725	5,225
1985	2,782	2,996	5,778
1990	3,091	3,327	6,418
1995	3,442	3,706	7,148
2000	3,877	4,174	8,051

Source: Consultant estimates

<sup>1/</sup> For the first two years, namely 1980, 1985 population estimates were taken from the study entitled "Demographic Conditions in the ARY" prepared by the Central Planning Organization. Population for the years 1990, 1995 and 2000 are estimates prepared for this study by the consultant.

174. A breakdown of population by age groups and sex for 1975, 1980 and 1985 has been undertaken by the Central Planning Organization. These projections were carried over for the years 1990, 1995 and 2000 see table IV-6).

175. In 1975, the potential labour force in ARY was estimated to be around 2,853 thousand or 63 per cent of total population (see table IV-7).

176. Similarly, these estimates were carried over for the years 1980, 1990, 1995 and 2000 as shown in Table IV-8.

177. The female ratio in total potential labour force is around 104.3 per cent, of which 12 percent are considered to be actually in the labour force. In addition, the unemployment rate, after discounting females, has been estimated at around 8.5 per cent of the total labour force. Assuming that these rates remain constant in 1980, 1985, 1990, 1995 and 2000, the active labour force may, therefore, be of the size given in table IV-9.

Table IV-6 PROJECTED DISTRIBUTION OF POPULATION BY AGE GROUP  
(Percent; number)

Years	Mid-Year 1970		Mid-Year 1975		1980		1985		1990		1995		2000	
	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total	Percent	Total
0-4	21.66	940,047	17.06	811,658	16.50	861,853	16.84	973,038	17.07	1,095,797	17.27	1,234,595	18.12	1,459,109
5-9	13.44	583,189	17.82	847,808	14.01	732,033	13.45	777,304	13.67	877,523	13.82	988,253	13.83	1,113,400
10-14	8.94	388,132	11.88	565,072	15.72	821,439	12.28	709,232	11.75	753,093	11.90	850,378	11.89	957,617
15-19	7.49	324,938	7.90	375,911	10.48	547,443	13.77	795,777	10.70	687,075	10.21	729,747	10.24	824,016
20-24	7.22	313,217	6.54	311,302	6.89	360,147	9.08	524,516	11.88	762,354	9.21	698,218	8.68	699,098
25-29	6.93	300,630	6.25	297,364	5.66	295,553	5.92	341,900	7.78	499,290	10.13	724,236	7.77	625,307
30-34	6.61	286,957	5.96	283,447	5.37	280,379	4.82	278,682	5.02	322,411	6.57	469,887	8.48	682,954
35-39	5.94	257,989	5.64	268,287	5.07	265,040	4.54	262,198	4.06	260,568	4.22	301,454	5.46	439,344
40-44	5.04	218,640	5.02	238,787	4.75	248,353	4.25	245,425	3.77	242,795	3.37	241,286	3.47	279,146
45-49	4.16	180,579	4.20	200,043	4.18	218,478	3.93	227,287	3.50	224,564	3.11	222,157	2.74	220,777
50-54	3.41	147,914	3.40	161,865	3.43	179,368	3.39	195,901	3.18	203,876	2.82	201,434	2.48	199,275
55-59	2.73	118,642	2.70	128,331	2.69	140,555	2.70	155,812	2.65	170,238	2.48	177,168	2.17	175,046
60-64	2.17	93,981	2.05	97,698	2.03	105,799	2.00	115,987	2.00	128,545	1.96	140,446	1.82	146,164
65-69	1.64	71,325	1.50	71,550	1.43	74,426	1.40	80,709	1.38	88,498	1.37	98,080	1.33	107,160
70-74	1.16	50,092	1.02	48,418	0.93	48,659	0.88	50,651	0.86	54,882	0.84	60,178	0.83	66,694
75+	1.46	63,518	1.06	50,459	0.86	45,069	0.75	43,428	0.73	47,156	0.72	51,095	0.69	56,026
<b>Total</b>	<b>100.00</b>	<b>4,339,790</b>	<b>100.00</b>	<b>4,758,000</b>	<b>100.00</b>	<b>5,224,594</b>	<b>100.00</b>	<b>5,777,847</b>	<b>100.00</b>	<b>6,417,675</b>	<b>100.00</b>	<b>7,148,522</b>	<b>100.00</b>	<b>8,051,133</b>

Source: (1) APY, Central Planning Organization, Demographic Conditions in APY for the years 1970-1985

(2) Projected estimates for the years 1990 - 2000

Table IV-7 ESTIMATES FOR POTENTIAL LABOUR FORCE IN ARY, 1975  
(Number, percent)

Sex	Below 10 years		Disabled		Potential labour force <sup>1/</sup>	Percent
	Number	Percent	Number	Percent		
Males	803,779	37.3	60,100	2.8	1,291,355	59.9
Females	772,931	32.6	36,678	1.5	1,561,483	65.9
Total	1,576,710	34.9	96,778	2.1	2,852,838	63.0

Source: ARY, Central Planning Organization, Demographic Conditions in ARY

<sup>1/</sup> As in other developing countries, the labour force in ARY includes children in the age group 10 - 14 years.

Table IV-8 PROJECTED LABOUR FORCE 1980, 1990, 1995 AND 2000  
(Number, percent)

Year	Age Group 0 - 9		Disabled		Potential labour force	
	Number	Percent	Number	Percent	Number	Percent
1980	1,594	30.5	114.9	2.2	3,466.1	67.3
1985	1,750	29.8	130.3	2.4	3,882.8	67.8
1990	1,973	30.7	147.6	2.3	4,290.0	67.0
1995	2,223	31.1	171.6	2.4	4,773.8	66.5
2000	2,593	31.9	193.2	2.4	5,289.6	65.7

Source: Estimates made by the consultant

Table IV-9 PROJECTED ESTIMATION OF ACTIVE LABOUR FORCE  
(thousand)

1980	1,267.5
1985	1,401.7
1990	1,556.9
1995	1,734.2
2000	1,953.2

Source: Consultant estimates

178. Table IV-10 shows the projected distribution of labour force according to economic activity. The labour force in ARY was estimated at 1,166 thousand in the base year of the current Five Year Plan, 1975/76-1980/81, and at 1,267 thousand at the end of the final year of the plan.

Table IV-10 DISTRIBUTION OF LABOUR FORCE BY ECONOMIC ACTIVITY  
IN THE BASE AND FINAL YEARS OF THE PLAN

(Thousand; per cent)

Economic sector	1975/76	Percentage of 1980/81		Percentage	Percentage
		total labour	total labour	of total	increase
		force	force	labour	
				force	
Agriculture	854.0	73.3	876.6	69.2	2.6
Industry	42.6	3.7	54.4	4.3	27.7
Building and construction	50.7	4.3	71.1	5.6	40.2
Transport and communication	28.0	2.4	32.5	2.6	16.1
Commerce	78.5	6.7	79.9	6.3	1.8
Finance and housing	2.2	0.2	2.6	0.2	22.7
Services	109.8	9.4	150.0	11.8	36.6
Total	1,165.8	100.0	1,267.2	100.0	8.7

Source: ARY, Central Planning Organization, Demographic Conditions in ARY

179. The anticipated increase in labour force in the age group 15 - 39 is based on the assumption that women participation in this age group will increase from the present figure of around 12 per cent to about 20 per cent in the year 2000.



180. The relatively large doses of developmental activities envisaged in the Five-Year Plan, 1976/77 - 1980/81, is expected to lead to an unprecedented shortage of skilled and semi-skilled labour. These shortages may be accentuated by inadequacies in the training programmes and by the continuous outflow of qualified personnel to neighbouring Arab countries.

### Economic Development, 1969/70 - 1975/76

#### 1. Income and Expenditure

181. The Arab Republic of Yemen witnessed a relatively rapid economic and social development during the 1969/70 - 1975/76 period. During this period, real GNP rose from YR 1,851 million to YR 4,064 million, or at an annual compound rate of 14 per cent. Similarly, aggregate consumption increased from YR 1,975 million in 1969/70 to YR 2,600 million in 1975/76, or at the rate of 4.9 per cent per annum; its proportion to GNP declined from 105.7 per cent in 1969/70 to 69.2 per cent in 1975/76. Gross capital formation also rose during the same period from YR 69 million in 1969/70 to YR 662 million in 1975/76, or at the rate of about 39 per cent per annum; its proportion to GNP rose from 3.7 per cent in 1969 to 17.6 per cent in 1975/76. While exports of goods and services increased by about 459 per cent between 1969/70 and 1975/76, imports grew only by 86 per cent during the same period. Consequently, the ratio of the former to the latter rose from 9.5 per cent in 1969/70 to 28.6 per cent in 1975/76. Net factor income from abroad multiplied almost 5.3 times during the same period, due to the relatively large number of ARY nationals working in neighbouring Arab countries, especially in Saudi Arabia (see tables IV-11 and IV-12).

182. Table IV-13 shows the relative change in the composition of total economic resources and their use during the period 1969/70-1975/76. A period of seven years was used here to reduce the effect of fluctuations in agricultural production and income on the level of economic activity. It will be seen from this table that the contribution of Gross National Product to total

Table IV-11 GROSS NATIONAL PRODUCT AND ITS COMPONENTS, 1971/72 PRICES  
(million YR)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	Rate of (per- growth cent)
Consumption expenditure	1,957	2,112	2,190	2,292	2,231	2,434	2,600	4.9
Private	(1,780)	(1,902)	(1,956)	(2,040)	(1,976)	(2,138)	(2,271)	4.1
Public	(177)	(210)	(234)	(252)	(255)	(296)	(329)	10.1
Gross Capital formation	69	280	329	449	450	650	662	45.8
Private	(-18)	(153)	(194)	(310)	(283)	(504)	(466)	
Public	(87)	(127)	(135)	(139)	(167)	(146)	(186)	
Exports of goods and services	39	46	66	88	138	151	218	33.2
Imports of goods and services	409	445	494	552	577	614	762	10.9
Net factor income from abroad	195	226	331	461	398	626	1,346	38.0
Gross national product	1,851	2,219	2,422	2,738	2,640	3,247	4,064	14.0

Source: Compiled by the consultant on basis of a number of statistical tables contained in the "Statistical Yearbook, 1976/77" and the "National Accounts Report", Central Planning Organisation, ARY

Table IV-12 TOTAL ECONOMIC RESOURCES AND THEIR USES AT 1971/72 PRICES  
(YR million)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
<b>Resources</b>							
GMP	1,851	2,219	2,422	2,738	2,640	3,247	3,755
Imports of goods and services	409	445	494	552	577	614	762
Total resources	2,260	2,664	2,916	3,290	3,217	3,861	4,517
<b>Uses</b>							
Consumption	1,957	2,112	2,130	2,292	2,231	2,434	2,600
Private	(1,780)	(1,902)	(1,956)	(2,040)	(1,976)	(2,138)	(2,271)
Public	(177)	(210)	(234)	(252)	(255)	(296)	(329)
Gross capital formation	69	280	329	449	450	650	662
Exports of goods and services	39	46	66	88	138	151	218
Net factor income from abroad	195	226	331	461	398	626	1,037
Total uses	2,260	2,664	2,916	3,290	3,217	3,861	4,517

Source: Constructed by consultant

economic resources rose from nearly 81.9 per cent in 1969/70 to 83.1 per cent in 1975/76. Consequently the share of imports of goods and services in total resources dropped from 18.1 per cent to 16.9 per cent during the same period.

183. At the same time, the resource use pattern displayed marked relative changes which signify the channelling of more resources to economic and social development, especially during the Three-Year Plan period, 1973/74-1975/76. The share of aggregate consumption in total resources declined from 86.6 per cent in 1969/70 to 57.6 per cent in 1975/76. This drop was mainly caused by the decline in private consumption expenditure.

184. The share of gross capital formation in total economic resources witnessed a considerable increase during the period 1969/70-1975/76, when it grew from a mere 3.1 per cent to 14.7 per cent. The high sudden rise that took place in 1970/71 was mainly due to a considerable increase in private investment. Similarly, the share of exports and of net factor income in total resources grew at a high rate, the former from 1.7 per cent in 1969/70 to 4.8 per cent in 1975/76, and the latter from 8.6 per cent to 22.9 per cent during the same period.

185. The extent to which foreign grants and loans have been supplementing domestic resources is shown in Table IV-14. It will be noted from this table that the external sector plays a strategic role in ARY economy. This appears vividly when analyzing the relationship between expenditure on total consumption and gross domestic capital formation, on the one hand, and gross national product, on the other. While the former continued to exceed the latter up to 1973/74, at the end of 1974/75 gross national product was higher than the sum of total consumption and gross capital formation, thus reflecting the progress made in reducing dependence of the national economy of ARY on foreign aid.

Table IV-13 RELATIVE CHANGE IN THE COMPOSITION OF TOTAL ECONOMIC RESOURCES  
AND THEIR USE, 1969/1970 - 1975/1976, AT 1971/1972 PRICES  
(per cent)

	69/70	70/71	71/72	72/73	73/74	74/75	75/76
<b>Resources</b>							
Gross National Product	81.9	83.3	83.1	83.2	82.1	84.1	83.1
Imports of goods and services	18.1	16.7	16.9	16.8	17.9	15.9	16.9
Total resources	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Uses</b>							
Consumption	86.6	79.3	75.1	69.7	69.4	63.1	57.6
Private	(78.8)	(71.4)	(67.1)	(62.0)	(61.4)	(55.4)	(50.3)
Public	(7.8)	(7.9)	(8.0)	(7.7)	(8.0)	(7.7)	(7.3)
Gross capital formation	3.1	10.5	11.3	13.6	13.9	16.8	14.7
Private	(-0.8)	(5.7)	(6.7)	(9.4)	(11.9)	(12.1)	(10.3)
Public	(3.9)	(4.8)	(4.6)	(4.2)	(2.0)	(3.7)	(4.4)
Exports	1.7	1.7	2.3	2.7	4.3	3.9	4.8
Net factor income from abroad	8.6	8.5	11.3	14.0	12.4	16.2	22.9

Source: Computed by consultant

Table IV-14 RELATIONSHIP BETWEEN DOMESTIC AND FOREIGN RESOURCES,  
1971/72 CONSTANT PRICES  
(million YR)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
Expenditure on consumption and gross domestic capital formation	2,026	2,392	2,519	2,741	2,681	3,084	3,262
Surplus on balance of goods and services plus net factor income payments	-175	-173	-97	-3	-14	+163	+493
GNP at 1971/72 constant prices	1,851	2,219	2,422	2,738	2,640	3,247	3,755
Ratio of (1): (3) in per cent	109.5	107.8	104.0	100.1	101.6	95.0	86.9

Source: Compiled by consultant

186. Considering that population had increased from 4.34 million in 1969/70 to 4.85 in 1975/76, or by about 11.75 per cent, while GNP rose from YR 1,851 million to YR 3,755 million during the same period, or by about 103 per cent, it cannot but be noted that economic achievement has been truly remarkable. This fact can be further verified by the increase in real per capita income which rose from YR 426.5 in 1969/70 to YR 774.2, or by about 81.5 per cent during the six-year period.

2. Gross Domestic Product

187. Gross domestic product (at 1971/72 prices) had risen from YR 1,655.9 million in 1969/70 to YR 2,706.9 million in 1975/76, or at a real compound rate of 8.5 per cent per annum. Meanwhile, aggregate investments (private and public) increased from YR 69.2 million in 1969/70 to YR 661.6 million in 1975/76. Total investment in this period amounted to YR 2,887.2 million effecting a change in GDP of YR 1,051 million, therefore, capital output ratio, during the whole period, in its simplest concept, was 2.75:1. Of the total investment of YR 2,887.2 million, YR 1,897.4 million were investments made by the private sector, or 65.7 per cent of total investments, while only YR 989.8 million represented investments made by the public sector.

188. Upon analysing figures in Table IV-15, it would be easy to trace the channels of investment made by each of the private and public sectors. It might be worth noting here that during the period 1969/70 - 1975/76 practically all investment in the housing sector were made by the private sector, and 84.9 per cent of total investment in agriculture were made by the private sector. The public sector was more active in transport and communications, where its investments amounted to 68.5 per cent of total investment in this sector, in manufacturing (76.2 per cent) and in the remaining sectors with a ratio of 81.7 per cent of total investment in those sectors. Participation of the private sector in manufacturing did not exceed YR 34.5million, or 23.8 per cent of total investment in manufacturing between 1969/70 and 1975/76.

189. The contribution of each of the major economic sectors to GDP, at 1971/72 prices, during the period 1969/70 - 1975/76 is shown in tables IV-16 and IV-17.

Table IV-15 PRIVATE AND PUBLIC INVESTMENT CLASSIFIED BY ECONOMIC ACTIVITIES  
1969/70 - 1975/76, AT 1971/72 PRICES  
(YR million)

	Sector						Total
	Agricul- ture	Manufac- turing	Buil- ding	Transport and Commu- nications	Housing	Others	
<b>1969/70</b>							
Private	-162.3	0.5	2.9	14.3	124.9	1.5	-18.2
Public	10.6	12.4	1.7	39.7	-	23.0	87.4
Total	-151.7	12.9	4.6	54.0	124.9	24.5	69.2
<b>1970/71</b>							
Private	22.6	1.0	3.4	17.5	106.2	1.9	152.6
Public	13.8	15.6	1.9	51.5	-	44.5	127.3
Total	36.4	16.6	5.3	69.0	106.2	46.4	279.9
<b>1971/72</b>							
Private	36.8	1.2	3.5	18.8	128.7	4.9	193.9
Public	12.9	14.6	2.1	48.8	-	57.5	135.9
Total	49.7	15.8	5.6	67.6	128.7	62.4	329.8
<b>1972/73</b>							
Private	108.1	4.1	5.5	18.8	164.8	8.3	309.7
Public	11.9	18.9	3.4	44.8	-	60.5	139.5
Total	120.0	23.0	8.9	63.6	164.8	68.8	449.2
<b>1973/74</b>							
Private	44.7	6.5	7.3	24.7	188.7	4.5	283.4
Public	17.1	18.1	5.7	64.5	-	62.2	167.6
Total	61.8	24.6	13.0	89.2	188.7	73.7	451.0
<b>1974/75</b>							
Private	286.4	9.7	2.5	35.2	150.6	20.2	504.6
Public	13.6	15.3	-0.6	52.7	-	65.0	146.0
Total	300.0	25.0	1.9	87.9	150.6	85.2	650.6
<b>1975/76</b>							
Private	205.5	11.5	7.9	43.8	164.3	38.5	475.5
Public	16.7	15.7	3.9	74.3	-	75.5	186.1
Total	222.2	27.2	11.8	118.1	164.3	113.0	661.6
<b>Grand total</b>							
Private	541.8	34.5	33.0	173.1	1,028.2	86.8	1,897.4
Public	96.6	110.6	18.1	376.3	-	388.2	989.8
Total	638.4	145.1	51.1	549.4	1,028.2	475.0	2,887.2

Source: Constructed by consultant on basis of investment tables contained in the "Statistical Yearbook, 1976/77", ARY, Central Planning Organization



Table IV-16 INDUSTRIAL ORIGIN OF GROSS DOMESTIC PRODUCT, 1969/70 -  
1975/76, AT 1971/72 PRICES  
(in YR million)

	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76	Annual rate of growth
Agriculture	832.1	1,091.3	1,112.7	1,208.3	1,091.0	1,401.2	1,304.8	7.8
Industry	86.8	98.5	108.8	126.4	148.3	153.0	164.7	11.3
Construction and building	85.3	93.8	101.5	114.7	137.0	112.8	134.4	7.9
Trade	321.8	336.6	359.5	385.8	393.9	411.5	511.2	8.0
Transport and communication	44.9	52.7	68.4	72.7	78.4	87.4	90.6	12.4
Finance	21.1	25.6	25.0	31.6	40.9	58.9	75.2	23.6
Government	146.2	169.2	185.2	201.5	211.6	246.9	271.4	10.9
Housing	78.2	80.6	83.2	85.7	88.5	91.5	93.8	3.1
Services	39.5	45.0	46.4	50.4	52.9	57.6	60.8	7.5
Total	1,655.9	1,993.3	2,090.7	2,277.1	2,242.5	2,620.8	2,706.9	8.5

Source: ARY, National Accounts Report, 1969/76, Central Planning Organization

190. Table IV-17 clearly shows that ARY economy is overwhelmingly dominated by the agricultural sector, despite its fluctuations. With the exception of 1970/71, industry has been almost stagnant in terms of its relative contribution to GDP; it picked up momentum during the Three-Year Plan, 1972/73 - 1975/76.

191. Table IV-17 shows the index of GDP at the constant prices of 1971/72.

Table IV-17 RELATIVE IMPORTANCE OF MAJOR ECONOMIC SECTORS TO GDP, 1969/70 - 1975/76, AT 1971/72 PRICES  
(Per cent)

Sector	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
Agriculture	50.25	54.75	53.21	53.06	48.65	53.50	48.17
Industry	5.24	4.94	5.20	5.55	6.61	5.82	6.08
Construction and building	5.15	4.72	4.86	5.04	6.11	4.30	4.97
Trade	19.43	16.87	17.20	16.94	17.57	15.70	18.89
Transport and communication	2.71	2.64	3.27	3.19	3.50	3.32	3.35
Finance	1.27	1.29	1.20	1.39	1.82	2.28	2.78
Government	8.83	8.49	8.86	8.85	9.44	9.40	10.04
Housing	4.72	4.04	3.98	3.76	3.95	3.48	3.47
Services	2.40	2.26	2.22	2.22	2.35	2.20	2.25
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: This table has been constructed by the consultant

192. Table IV-18 shows that finance was leading by far all other sectors.

The reasons may have been due to:

1. Expanding economic activity
2. large doses of financial aid from outside
3. Expanding local and foreign credit facilities
4. Large non-resident transfers.

193. Industry was second in importance, followed by the Government sector.

194. The high rate of growth achieved by finance is only natural as ARY embarked only recently on economic development which required an expansion in financial services and facilities, thus creating an essential infrastructural base required for future development through the establishment of specialized credit banks and institutions.

195. The relatively large investment of the public sector in the transport and communications sector especially during the Three-Year Plan, 1973/74 - 1975/76, gave an increased momentum to the development of the transport and communication sector. Construction of new roads and maintenance of old ones, together with improvement of postal and wireless services, were the main objectives of public sector investment. Provision of the required transport and communication facilities were given high priority since these form part of the infrastructural requirement for economic and social development.

196. Industry, which includes mining and quarrying and manufacturing, achieved a relatively high rate of growth during the period 1969/70 - 1975/76 - about 11.1 per cent per annum. Gross output in mining and manufacturing alone, at 1971/72 prices, grew from YR 147.2 million in 1969/70 to YR 293.8 million in 1975/76, or by 12.1 per cent per annum. While value added generated increased from YR 82.2 million in 1969/70 to YR 154.5 million in 1975/76, or by 11.1 per cent per annum (see table IV-19 ).

Table IV-18 INDEX OF GDP AT 1971/72 PRICES

Sector	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
Agriculture	74.78	98.07	100.0	108.59	98.05	126.02	117.26
Industry	79.78	90.00	100.0	116.18	136.31	140.63	151.38
Construction and building	84.04	92.42	100.0	130.05	134.98	111.13	132.41
Trade	89.51	93.63	100.0	107.32	109.57	114.46	142.28
Transport and communication	65.64	77.05	100.0	106.29	114.62	127.78	132.46
Finance	84.40	102.40	100.0	126.4	163.60	239.60	300.80
Government	78.94	91.36	100.0	108.80	114.25	133.32	146.54
Housing	93.99	96.88	100.0	103.00	106.37	110.00	112.74
Services	85.13	96.98	100.0	108.62	114.01	124.14	131.03

Source: This table was constructed by the consultant



197. The real rates of growth achieved by various branches of industry between 1969/70 and 1975/76 are shown in table IV-20.

Table IV-20 GROSS OUTPUT AND VALUE ADDED ACHIEVED IN VARIOUS BRANCHES OF INDUSTRY BETWEEN 1969/70 AND 1975/76, AT 1971/72 PRICES (million YR)

Sub-sectors	1969/70		1975/76		Real rates of growth per annum	
	Gross output	Value added	Gross output	Value added	Gross output	Value added
Extraction industries	19.1	15.0	25.4	19.6	4.9	4.6
Food industries	59.2	31.2	107.5	51.5	10.5	8.7
Textile industries	15.5	8.7	49.1	23.9	21.3	18.4
Wood industries	14.4	4.9	27.6	9.4	11.5	11.5
Non-metal and building industries	8.1	5.9	25.4	16.3	21.0	18.5
Chemical industries	0.8	0.7	7.2	4.4	44.0	35.5
Leather industries	6.2	2.5	5.0	2.0	-3.8	-3.9
Metal industries	8.6	5.5	23.4	15.1	18.2	18.5
Jewelry industries	14.4	7.2	18.0	9.0	3.5	3.5
Paper industries	0.9	0.6	5.2	3.3	34.0	32.9
Total	147.2	82.2	293.8	154.5	12.3	11.1

Source: Compiled by consultant.

198. Table IV-20 shows that:

- The chemical industries in ARY have developed considerably during the period 1969/70 - 1975/76, when gross output grew from a mere YR 0.8 million

in 1969/70 to YR 7.2 million in 1975/76, or at a real annual rate of 44 per cent. Value added in the same branch increased from YR 0.7 million to YR 4.4 million, or a real annual rate of 35.5 per cent.

- The paper industries have also witnessed considerable development during the same period with an annual rate of growth of 34.0 per cent. Value added generated in this sub-sector increased at a real compound rate of 32.9 per cent per annum.

- The non-metallic minerals, textiles and metal processing industries have all grown at sizable rates, both in gross output and value added (see table IV-20).

- Food industries sub-sector, which is by far the largest of all industrial sub-sectors, grew at the acceptable annual rates of 10.5 and 8.8 per cent for gross output and value added respectively. Wood industries grew at about similar rates as that of food industries. Extraction industry is still at an embryonic stage of development with the rates of growth of both gross output and value added not exceeding 4.9 and 4.6 per cent, respectively. Both the jewelry and leather industries grew during the same period at even lower rates than that of the extraction industry.

Projections of Economic Development During the Five-Year Plan Period,  
1976/77 - 1980/81

199. Obstacles and bottlenecks facing industry in ARY include a low level of technology and of training, existence of idle capacities, lack of resources, lack of resources, lack of integrated and programmed methods of production, consumers goods, and lack of a co-ordinated and clearly defined industrialization policy and of systems of unified accountancy and specifications and measures.<sup>1/</sup>

<sup>1/</sup> Summary of the First Five-Year Plan of the Yemen Arab Republic, prepared by UN Economic Commission for Western Asia, November 1977.

200. On reviewing available statistics, it is observed that the share of industry in GDP rose from 5.24 per cent in 1969/70 to 6.68 per cent in 1975/76. Value added generated in this sector, at 1971/72 prices, grew from YR 82.2 million in 1969/70 to YR 154.5 million in 1975/76, thus achieving a real rate of growth of about 11.1 per cent per annum; this rate is expected to be maintained during the Five-Year Plan period 1976/77-1980/81. The small contribution of industry to GDP is basically attributed to the fact that it has been only recently initiated and to the existence of many problems and absence of specialized agencies designed to service the requirements of industrial development. The recent establishment of the Industrial Bank of Yemen and the enactment of Law No. 18 of 1975 for the encouragement of investment in the industrial sector might induce the private sector to take a more active role in industrial activities in the future, especially during the Five Year Plan period.

201. The number of workers in industry in 1975/76 was about 23,856 and the value of gross output at 1971/72 prices, inclusive of water supply and electricity generation, was YR 313.7 million. Therefore, the average productivity per worker was about YR 13,150, and the average value added per worker was YR 6,904. Since value added generated by the industry sector, excluding electricity and water, rose from YR 82.2 million in 1969/70 to YR 154.5 million in 1975/76 and total investments made during the same period amounted to YR 145.1 million, the capital output ratio was 2:1.

Objectives and Strategies outlined for the Industrial Sector in the Five-Year Plan, 1976/77-1980/81

Mining, Quarrying and Mineral Resources

202. The objectives for this sub-sector can be summarized as follows:



203. a) Mineral Resources Authority

- establishing a mining industry
- utilizing national minerals
- promoting mineral exports
- developing technical mining skills
- exploring for oil, raw iron, coal, sources of thermo energy and sources of copper.
- carrying out geological studies and drawing the necessary maps, including a photo-geological map of the country.

204. b) Public Salt Corporation

- building an industrial complex for quarried salt.
- improving and refining extracted salt.
- developing markets for raw salt.

Manufacturing

205. a) Ministry of Economy

Objectives:

- Establishing an industrial base.
- Manufacturing local raw materials.
- Establishing import substitution industries.
- Developing building materials.
- Concentrating on industries that encourage the construction of infrastructure.
- Supporting traditional handicrafts.

Strategies:

- Strengthening the administration of industry in both the public and mixed sectors.
- Organizing mixed ownership companies.
- Training manpower.
- Carrying out studies.
- Increasing industrial credit.
- Establishing industrial estates and societies.

- Applying standardized accounting system in all public and mixed sector enterprises.
- Improving industrial statistics.

206. b) Public Spinning and Weaving Corporation

- Achieving self-sufficiency in the production of cotton textiles and synthetic fibres.
- Satisfying local demand for ready-made clothing, blankets, towels, handkerchiefs and vegetable oil.

207. c) Public Cement Corporation

- Satisfying local demand for cement.
- Improving the quality of production and lowering costs.

208. d) Public Corporation for Industrial Complexes

- Establishing industrial complexes and industrial estates, together with supporting infrastructure.
- Carrying out studies designed to determine needs and to guide the private sector and investors.

209. e) The Public Cotton Company

- Providing cotton gins and improving the quality of production and methods of marketing.
- Supporting the company with the necessary capital and know-how.

210. f) The National Tobacco Company

- Increasing and improving production and methods of marketing.
- Modernizing production methods, encouraging foreign participation and promoting the experimental plantation of virginian tobacco.

211. g) The Yemeni Company for the Manufacture of Pharmaceuticals

- Establishing, in the long run, pharmacies throughout the country.

- Expanding the manufacturing of medicines for the local market and exporting surpluses.
- Establishing during the Five-Year Plan period a factory in Sana'a and operating the one existing in Taiz.

212. h) The National Printing and Publishing Company

- Establishing a central press
- Merging the administration of government presses
- Training of personnel

Investment allocations made in the Five Year Plan for Mining and Manufacturing

213. A. Mining, quarrying and mineral oil prospecting

1. Mineral Resources Authority:

	<u>First priority investments (YR 000)</u>
- Supporting and organizing the mineral wealth	5,920
- Mineral excavations	51,890
- Geophysical survey	10,925
- Re-exploitation of old mines	<u>5,000</u>
Total	73,735

2. The Yemeni Public Salt Industry Corporation

- Salt processing and canning	10,700
- Soda and soap industry	13,760
- Developing salt extraction	<u>9,499</u>
Total	33,959

3. <u>Quarries and Mines Plans Unspecified</u> <u>by new mixed sector</u>	75,000
4. <u>Quarries and Mines Plans Unspecified</u> <u>by the Private Sector</u>	20,000
Total	<u>97,000</u>
Grand Total	<u>202,694</u> -----

214. B. Manufacturing

1. <u>Public Spinning and Weaving Corporation</u>	
- Spinning mill at Hodeidah	47,500
- Development of textile and spinning mill at Sana'a	65,170
- Construction of residential town for workers	5,000
- Transfer of the cotton ginnery to Zubeid and construction of storage facilities	3,000
Total	<u>48,000</u>
2. <u>National Tobacco and Match Co.</u>	
- Expansion in cigarette production	3,000
- Increased cultivation of virginian tobacco	900
Total	<u>3,900</u>
3. <u>The Yemen Company for the Manufacture and</u> <u>Marketing of Pharmaceuticals</u>	
- Drugs plant in Sana'a	4,400
- Drugs plant in Taiz	1,000
Total	<u>5,400</u>

4. National Printing and Publishing Co.

- Central Press 14,000

5. Second Project for Agricultural Industries

- Fruit juice and vegetable canning 20,000

- Tomato paste in Sardoud 14,000

- Vermicelli (Noodle) and macaroni 15,000

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Total 49,000

215. Ministry of Economy

- Liquid paper plant at Zubeida 137,500

- Fertilizers mixing plant at Salif 29,000

- Glass pans and vessels plant at Sa'da 83,500

- Fish, canning and freezing plant at Salif 54,000

- Integrated plant for blended and woollen  
fabrics and military uniforms 13,500

- Kaolin and Pumice stone extraction 9,500

- Steel pouring, smelting and rolling at Hodeidah 169,285

- Motor cars and agricultural vehicles maintenance 10,000

- Food industry and dairy products factory at Hodeidah 12,800

- Soup and fats factory in Taiz 40,300

- Expansion of Balqis factory for biscuits 4,100

- Expansion of biscuits production at Taiz 19,300

- Soda water beverages factory at Sana'a 6,100

- Expansion of the beverages plant in Hodeidah 15,700

- Expansion of beverages factory in Taiz 10,400

- The beverages factory in Hodeidah 5,400

- Al-fardous company for bottling syrups in Taiz 4,500

- Mineral water bottling factory, Taiz 5,700

- Ice cream factory in Hodeidah 8,400

- Ice cream factory in Taiz 800

- Ice factory, Taiz	600
- Expansion of ice factory in Hodeidah	1,200
- Animal fodder in Sana'a	1,000
- The Omeiri poultry farm in Sana'a	3,000
- The Al-Akel underwear factory in Sana'a	7,200
- Woolen belts factory in Hodeidah	1,000
- Al-Sawi stone-breaking plant, (Hamid)	800
- The Numan stone-breaking plant, (Hasza')	2,500
- The Bahloul stone-breaking plant, (Sana'a)	1,900
- The Mansoub stone-breaking plant, (Taiz)	700
- The Majahid stone-breaking plant (Sana'a)	1,600
- The Balkis stone-breaking plant (Taiz)	2,500
- The Brick National Company (Sana'a)	22,900
- The Sanidar brick factory (Taiz)	14,300
- The Sharabi brick factory (Sana'a)	17,900
- The Safa brick company (Sana'a)	14,600
- Thabit Tile factory (Sana'a)	3,300
- The Arab Tile factory (Hodeidah)	1,900
- The Mathar Tile company (Sana'a)	1,900
- Expansion of the paint factory (Taiz)	3,600
- The Construction Articles National Co. (Taiz)	2,300
- The Tire Reconditioning factory, (Taiz)	4,100
- The Tire Reconditioning factory (Aab)	3,500
- Factory of Yemen Plastic manufacturing	5,500
- Expansion of Mu'in Plastic Shoes Company	600
- Expansion of the Sponge National Co. (Sana'a)	3,900
- Expansion of the Sponge National Co (Taiz)	6,000
- The Al-Naim Sponge Factory (Sana'a)	2,900
- The Yemen Matting Plastic Manufacturing	1,000
- The Amana Plastic and Leather Belts, Suitcases and bags (Hodeidah)	400
- The Al-Tawfiq Suitcases and Handbags	6,750
- Hide Tanning Factory (Taiz)	6,750
- Paper Bags National Factory (Taiz)	1,700

- Detergent Powder (soap) factory, (Sana'a)	6,200
- Al-Amal Hair Oil and Cream factory, (Hodeidah)	1,960
- The Yemen Cosmetics Factory (Hodeidah)	200
- The Zu'etary Oxygen project (Hodeidah)	600
- Plastic and Metallic Home Appliances Factory	8,000
- Car Bodies, Tanks and Iron Products	5,000
- Soda Water Beverages Stoppers factory	750
- Spring Mattresses factory (Hodeidah)	2,000
- Steel Wool factory (Taiz)	300
- Expansion of Metallic Articles Trade and Manufacturing Yemen Co. (Taiz)	3,700
- Unspecified Mixed Projects	82,600
- Miscellaneous special projects	285,100
Total	<hr/> 2,047,400

216. On the basis of the objectives and strategies and economic trends, established during the period 1969/70-1975/76 and the envisaged investment outlays for the Five-Year Plan, 1976/77-1980/81, it may be possible to construct plausible assumptions for future growth trends in the aggregate economy, in general, and in the industrial sector, with its various sub-sectors, in particular.

217. The Five-Year Plan, 1976/77-1980/81, envisaged a total investment of YR 16,550 million, of which YR 579 million represented increases in stocks, leaving a total net investment of YR 15,971 million at 1975/76 prices, or an average annual investment of YR 3,194 million. Deflated to 1971/72 prices, this investment would be equal to YR 7,568 million, or an annual average investment of YR 1,514 million, at 1971/72 prices. During the 1969/70-1975/76 period, the average annual investment amounted to YR 481 million. This relatively large investment is bound to have an important impact on the economy of ARY, in general, and on infrastructural facilities and the commodity producing sectors, in particular.

218. The distribution of investment allocated for the economic sector in the Five-Year Plan 1976/77-1980/81 is given in table IV-21. As can be seen from this table, priority has been given to the development of transport and communication, followed by industry, agriculture, housing and services. Since real investment during the Plan period at 1971/72 prices (see table IV-22) would amount to only about YR 7,548 million, and since the expected rise in GDP amounts to YR 1,230 million, the capital output ratio, in its simplest concept, would be around 6:1.

219. Projections of future developments covering the period 1975/76 - 2000/2001 is based primarily on the objectives and strategies expressed in the Five Year Plan, 1976/77-1980/81, as well as on expectations based on the literature which anticipated developments on the economy of ARY, including natural resources and manufacturing prepared for "The Yemen International Development Conference", held between 28 November and 1 December 1977. With this background in mind, and taking into consideration the acute shortages in qualified and semiskilled manpower and the anticipated rate for population growth of 2.9 per cent per annum and the numerous other serious problems that may face the country in the process of developing industry, the following assumptions were made:

- a) All figures were deflated to 1971/72 with a view to eliminating inflationary effects.
- b) Acquired data for the year 1975/76, which forms the terminal year of the Three-Year Plan, 1973/74-1975/76, has been used as a basis for future projections.
- c) Various rates of growth have been assumed in regard to major economic variables, especially those related to GNP and GDP.
- d) Sectoral and sub-sectoral rates of growth have been assumed for the short run (1976/77-1980/81 period) in light of the investment layout envisaged in the Five-Year Plan and on expected investment thereafter.



Table IV-21 DISTRIBUTION OF INVESTMENT BY ECONOMIC SECTORS FOR EACH YEAR OF THE FIVE YEAR PLAN, 1976/77-1980/81,  
AT 1975/76 PRICES  
(million YR)

Sector	1976/77	1977/78	1978/79	1979/80	1980/81	Total	Percentage of total investment
Agriculture	154	321	423	536	842	2,272	14.3
Industry	270	545	657	850	1,223	3,545	22.2
Manufacturing	(170)	(342)	(371)	(476)	(639)	(1,998)	(12.5)
Mining and quarrying	(16)	(21)	(32)	(49)	(56)	(174)	(1.1)
Electricity and water	(84)	(182)	(254)	(325)	(528)	(1,373)	(8.6)
Construction	32	73	83	116	147	451	2.8
Transport and communications	347	615	912	1,282	1,769	4,925	30.8
Trade	50	85	116	168	199	628	3.9
Finance and banking	14	19	17	20	23	93	0.6
Housing	305	307	387	509	582	2,090	13.1
Services	90	194	364	564	751	1,963	12.3
Government	(60)	(150)	(298)	(486)	(616)	(1,610)	(10.1)
Non-government	(30)	(44)	(66)	(78)	(135)	(353)	(2.2)
<b>Total</b>	<b>1,262</b>	<b>2,159</b>	<b>2,959</b>	<b>4,045</b>	<b>5,536</b>	<b>15,961</b>	

Source: ARY, The Five-Year Plan, 1967/77-1980/81

**Table IV-22 DISTRIBUTION OF INVESTMENT BY ECONOMIC SECTORS FOR EACH YEAR OF THE FIVE YEAR PLAN, 1976/77-1980/81**  
**AT 1971/72 PRICES**  
**(million YR)**

Sector	1976/77	1977/78	1978/79	1979/80	1980/81	Total	Percentage of total investment
Agriculture	73	152	200	254	399	1,077	14.3
Industry	128	258	311	403	580	1,680	22.2
Manufacturing	(81)	(162)	(176)	(226)	(303)	(947)	(12.5)
Mining and quarrying	(7)	(10)	(15)	(23)	(27)	(82)	(1.1)
Electricity	(40)	(86)	(120)	(154)	(250)	(651)	(8.6)
Construction	15	35	39	55	70	214	2.8
Transport and communication	164	291	432	608	838	2,334	30.8
Trade	24	40	55	80	94	298	3.9
Finance and banking	7	9	8	9	11	44	0.6
Housing	145	146	183	241	276	991	13.1
Services	43	92	173	267	356	930	12.3
Non-government	(14)	(21)	(31)	(37)	(64)	(167)	(2.2)
Government	(29)	(71)	(142)	(230)	(292)	(763)	(10.1)
Fixed capital formation	598	1,028	1,402	1,917	2,624	7,568	100.0

Source: Computed by consultant on basis of the deflation rates used by the Central Planning Organization, ARY, in the "National Accounts Report".

220. The anticipated rates of growth for the major economic sectors during the Five Year Plan period, 1976/77-1980/81, are shown in Table IV-23.

Sub-Sectoral Assumptions

a) Extraction Industries

221. The extraction industry is expected to grow between 1976/77 and 1980/81 at the same rate that was attained during the previous period 1969/70-1975/76 as most investments in this sub-sector were directed towards studies and geological exploration of available natural resources. With the exception of few stone quarries and salt extraction, there are virtually no activities worth mentioning other than the opening of the old copper mines.

222. Beyond the Five Year Plan period, exploitation of uncovered and proven reserves of natural resources is anticipated. Therefore, the annual rate of growth during this period has been assumed to be in the neighbourhood of 15 per cent.

b) Food Industries

223. Food industries developed at the rate of 8.7% during the period 1969/70 - 1975/76. It would, therefore, be safe to assume that a rate of 9% may be maintained during the Five Year Plan period, 1976/77 - 1980/81, 12% in the following five-year phase and 15% for the remaining period. These assumed rates have been based on expected processing of agricultural products, on the encouragement to be provided by the authorities for these types of industries and on envisaged expansion in existing factories and establishment of new ones.

c) Textile Industries

224. These industries grew at a relatively high rate of about 18.4% per annum during the period 1969/70 - 1975/76 and are anticipated to maintain this rate of growth during the first two five-year phases of the projection period, but to slow down to 15% per annum during the

Table IV-23 ANTICIPATED SECTORAL CONTRIBUTION TO GDP AND THEIR RATES OF GROWTH DURING THE FIVE YEAR PLAN PERIOD  
1976/1977-1980/1981 AT 1971/72 PRICES

(YR million)

Sector	Base year 1975/1976	1976/77	1977/78	1978/79	1979/80	1980/81	Annual average rate of growth per cent
Agriculture	1,305	1,383	1,466	1,554	1,648	1,746	6.0
Industry	165	190	218	251	289	332	15.0
Construction and buildings	134	145	156	169	182	197	8.2
Trade	511	554	602	653	708	768	8.4
Transport and communi- cations	91	102	115	130	146	164	12.1
Finance	75	82	91	100	110	121	9.3
Government	271	301	334	371	411	457	11.1
Housing	94	99	104	109	114	120	5.3
Services	61	66	70	76	81	88	8.2
	2,707	2,922	3,156	3,413	3,689	3,993	7.9

Source: Constructed by consultant

remaining period. This assumption has been made on the grounds that these industries have actually achieved high rates of growth because of the availability of know-how required locally, which does not involve sophisticated technology.

d) Wood Industries

225. This wood industry has not been given enough attention in terms of investment allocations. The industry was left entirely in the hands of the private sector which invests primarily for creating capacities capable of meeting the demand of local market. Since these industries achieved a rate of growth of about 11.5% per annum during the 1969/70 - 1975/76 period, it may be reasonable to assume that this sub-sector may be able to maintain this rate throughout the projection period.

e) Non-Metallic Industries

226. The rate of growth of the non-metallic industries was also high during the same six year period, averaging about 18.6% per annum. Again, it would be safe to anticipate that this rate may be maintained during the first three five-year phases of the projection period, but slowing down to 12% in the last two five-year periods. This assumption is mainly based on the fact that high priority is being given to these types of industries, particularly since they produce commodities needed for construction purposes. This has evidence from the relatively high investment allocations made in the Five-Year Plan

f) Chemical Industries

227. In terms of investment priorities, the chemical industries are second, after the non-metallic sub-sector. For this reason, the high annual rate of growth of 35.5% which was attained during the 1969/70 - 1975/76 period, may be expected to be maintained during the Five-Year Plan period, 1976/77 - 1980/81, but slowing down to 20% in the following five-year phase and to 15% during the remaining period.

g) Leather Industries

228. The leather industries witnessed a decline in the period 1969/70 - 1975/76 due mainly to shortages of raw materials (skins and hides). The anticipated investment in this sub-sector is negligible and, therefore, a low rate of growth of 5% per annum has been assumed for it during the whole period of projection. This rate of growth is a plausible one which would enable the industry to satisfy partially the growing needs for leather products.

h) Metal Industries

229. Growth in the metal processing industries was as high as 18.5% per annum between 1969/70 and 1975/76, and this level is expected to be maintained during the Five-Year Plan, 1976/77 - 1980/81, but slowing down to 15% during 1981/82 - 1985/86 and to 10% per annum during the remaining period.

i) Jewelry Industry

230. The jewelry industry is one of oldest handicrafts in the ARV, which depends on inherited skills. Its growth is apt, therefore, to be rather slow. Since the jewelry industry grew at the low rate of 5% per annum between 1969/70 and 1975/76, the same level of growth is anticipated to be maintained throughout projection period.

j) Paper Industry

231. The paper industry is one of the industrial branches which achieved a very high rate of growth between 1969/70 and 1975/76, amounting to around 33% per annum. The authorities in ARV have given it high priority in the Five-Year Plan. Since the establishment of a large-scale paper plant is envisaged, it may be reasonable to expect that the high rate of growth achieved in the past may be maintained during the Five-Year Plan period, 1976/77 - 1980/81,

but declining to 20% per annum during the following five-year phase and to 15% during the rest of the projection period.

Based on these assumptions, table IV-24 has been constructed.

Table IV-24 ANTICIPATED RATES OF GROWTH IN VALUE ADDED IN MINING AND MANUFACTURING INDUSTRY BY MAJOR SUB-SECTORS FOR THE PERIOD 1975/76 - 2000

	Base year 1975/1976	80/81	85/86	90/91	95/96	2000
Extraction industries	4.6	4.5	15.0	15.0	15.0	15.0
Food industries	8.7	9.0	12.0	15.0	15.0	15.0
Textile industries	18.4	18.4	20.0	15.0	15.0	15.0
Wood industries	11.5	11.5	11.5	11.5	11.5	11.5
Non-metal industries	18.6	18.6	18.6	18.6	12.0	12.0
Chemical industries	35.5	35.5	20.0	15.0	15.0	15.0
Leather industries	5.0	5.0	5.0	5.0	5.0	5.0
Metal industries	18.5	18.5	15.0	10.0	10.0	10.0
Jewelry industries	5.0	5.0	5.0	5.0	5.0	5.0
Paper industries	33.0	33.0	20.0	15.0	15.0	15.0

Source: Based on assumptions made by the consultant.

Projected Future Economic Developments.

Income and Expenditure

232. Projections for GNP and its components, at 1971/72 prices, are given in table IV-25. These cover the period 1976/77 - 2000, phased out into five equal periods.

Table IV - 25 ANTICIPATED GNP FOR THE PERIOD 1975/76 - 2000 AT  
1971/72 PRICES.  
(YR million)

	Base year					
	1975/76	80/81	85/86	90/91	95/96	2000
Consumption expenditure	2,600	3,783	5,508	8,019	11,678	17,000
Gross capital formation	662	1,050	1,540	2,259	3,314	4,862
Exports of goods + services	218	458	961	2,019	4,240	8,908
Imports of goods + services	762	1,242	2,024	3,149	4,955	7,987
Net factor income from abroad	1,346	3,980	6,407	10,315	16,607	26,737
Gross national product (1 + 2 + 3 - 4 + 5 = 6)	4,064	7,973	12,392	19,463	30,883	49,520

Source: Constructed by the consultant on the basis of anticipated rates of growth of GNP and its components.

233. Table IV-26 shows that aggregate consumption may grow during the Five-Year Plan at a real compound rate of 7.8% per annum. This growth will cover the increases in consumption resulting from the natural population growth, averaging about 2.9% per annum, and anticipated increases in standard of living, estimated at 4.9 per cent. This rate has also been assumed for the remainder of the projection period. Gross Capital formation is anticipated to grow at real compound rates varying between 8.0 and 9.7 per cent during the projected period. It may be plausible to assume that the anticipated annual growth rate of exports of goods and services may



be as high as 16% during the whole period.

Table IV-26 TOTAL ECONOMIC RESOURCES AND THEIR USES, 1975/76 - 2000  
AT 1971/72 PRICES  
(YR million)

	1975/76	80/81	85/86	90/91	95/96	2000
<b>Resources</b>						
- GNP	4,064	7,973	12,392	19,463	30,883	49,520
- Imports of goods + services	<u>762</u>	<u>1,298</u>	<u>2,024</u>	<u>3,149</u>	<u>4,955</u>	<u>7,987</u>
- Total resources	4,826	9,271	14,416	22,612	35,838	57,507
<b>Uses</b>						
- Consumption expenditure	2,600	3,783	5,508	8,019	11,678	17,000
- Gross capital formation	662	1,050	1,540	2,259	3,314	4,862
- Exports of goods and services	218	458	961	2,019	4,240	8,908
- Net factor income from abroad	1,346	3,980	6,407	10,315	16,607	26,737

Source: Constructed by the consultant

234. Imports of goods and services may grow at increasing rates to cover additional demand resulting from increased investments and development requirements. Consequently, imports of goods and services have been assumed to grow at 11.0 per cent per annum between 1975/76 and 1980/81, and at 9.3% per annum between 1981/82 and 2000. Net factor income from abroad has been projected at rates compatible with the expected due of remittances of Yemeni nationals working abroad and aid granted in the form of capital goods from friendly nations.

235. It will be noticed, however, that GNP is expected to grow at an annual rate of about 10%, at 1971/72 prices, resulting in a per capita income of YR 8,924.

Gross Domestic Product

236. The anticipated growth rate of GDP and of the various sectors are shown in table IV-27 and IV-28.

Table IV-27 GROWTH RATES FOR GDP AT 1971/72 CONSTANT PRICES, 1976/77 - 1980/81<sup>1/</sup>  
(Million YR, per cent)

	Years	GDP	Index	Anticipated growth rate
Base year	1975/76	2,707	100.0	7.0
	1976/77	2,896	107.0	7.0
	1977/78	3,104	114.7	7.2
	1978/79	3,331	123.1	7.3
	1979/80	3,570	131.9	7.2
	1980/81	3,993	145.4	<u>10.2</u>
Average annual growth rate				7.6

Source: Consultant estimates.

<sup>1/</sup> The conversion was made on the basis of the deflation indexes provided in the study on "National Accounts" prepared by the Central Planning Organisation of ARV and the UN Economic Commission for Western Asia. Specifically, the deflation rate used in this conversion from 1975/76 current prices to 1971/72 constant prices is 0.5236, or an index of 191.

Table IV-28 ANTICIPATED CONTRIBUTION OF THE MAJOR ECONOMIC SECTORS  
TO GDP DURING THE PERIOD 1976/77 - 2000, AT 1971/72 PRICES  
(YR Million)

Sector	Base year					
	1975/76	80/81	85/86	90/91	95/96	2000
Agriculture	1,305	1,746	2,336	3,126	4,182	5,596
Industry	165	332	667	1,342	2,699	5,427
Construction + Building	134	197	289	425	624	917
Trade	511	768	1,156	1,738	2,615	3,932
Transport + communications	91	164	295	532	960	1,729
Finance	75	121	194	313	504	811
Government	271	457	769	1,296	2,185	3,681
Housing	94	120	153	195	249	318
Services	<u>61</u>	<u>88</u>	<u>126</u>	<u>181</u>	<u>259</u>	<u>372</u>
	2,707	3,993	5,985	9,148	14,277	2,783

Source: Constructed by the consultant.

237. It is quite apparent from table IV-27 that the contribution of industry to GDP is anticipated to grow between 1975/76 and the year 2000 at an average annual compound rate of about 15 per cent. These figures include value added generated in the electricity and water sub-sectors.

238. Table IV-29 shows that while the share of industry in GDP may grow from about 6.1% in 1975/76 to about 24.0% by the end of the projected period, that of agriculture may decline from about 43.7% in 1975/76 to something like 25.0% in the year 2000. The anticipated contribution of the various industrial sub-sectors to GDP is shown in Table IV-30.

Table IV-29. RELATIVE IMPORTANCE OF MAJOR ECONOMIC SECTORS TO GDP  
DURING 1975/76 - 2000 PHASED OUT INTO FIVE YEAR INTERVALS  
(Percentages)

Sector	Base year					
	1975/76	80/81	85/86	90/91	95/96	2000
Agriculture	48.2	43.7	39.1	34.2	29.3	24.6
Industry	6.1	8.3	11.2	14.7	18.9	23.8
Construction	5.0	4.9	4.8	4.6	4.4	4.0
Trade	18.9	19.1	19.3	19.0	18.3	17.3
Transport + communication	3.4	4.8	4.9	5.8	6.7	7.6
Finance	2.8	3.1	3.2	3.4	3.5	3.6
Government	10.0	11.5	12.8	14.2	15.3	16.2
Housing	3.5	3.0	2.6	2.1	1.8	1.4
Services	<u>2.1</u>	<u>2.2</u>	<u>2.1</u>	<u>2.0</u>	<u>1.8</u>	<u>1.5</u>
	100.0	100.0	100.0	100.0	100.0	100.0

Source: based on assumptions made by the consultant.

Table IV-30. VALUE ADDED IN MINING AND MANUFACTURING INDUSTRY BY MAJOR  
SUB-SECTORS, AT 1971/72 PRICES  
(YR Million)

Sub-Sector	Base year					
	1975/76	80/81	85/86	90/91	95/96	2000
Extraction industries	19.6	24.3	48.9	96.3	197.8	397.7
Food industries	51.5	79.3	104.8	210.8	424.0	852.6
Textile industries	23.9	59.5	148.0	297.6	598.5	1262.8
Wood industries	9.4	19.8	33.4	57.9	100.3	173.7
Non-metal industries	16.3	38.3	89.9	211.0	371.8	655.1
Chemical industries	4.4	19.7	49.0	98.6	198.2	398.6
Leather industries	2.0	2.6	3.3	4.2	5.4	6.9
Metal industries	15.1	36.0	72.4	116.6	187.7	251.6
Jewelry industries	9.0	11.5	14.7	18.7	23.9	30.5
Paper industries	<u>3.3</u>	<u>13.7</u>	<u>34.1</u>	<u>84.8</u>	<u>170.6</u>	<u>343.1</u>
	154.5	304.2	598.5	1,198.5	2,278.2	4,372.6
Electricity + water	<u>9.5</u>	<u>27.8</u>	<u>68.5</u>	<u>143.5</u>	<u>420.8</u>	<u>1,054.4</u>
	164.0	332.0	667.0	1,342.0	2,699.0	5,426.0

Source: Constructed by the consultant.

STATISTICAL APPENDIX

Table 1. POPULATION STRUCTURE  
(thousand)

Year	Total	Urban <sup>a/</sup>	Rural	Urban population as a percentage of total population
1970	4,340	321	4,019	7.4
1971	4,420	327	4,093	7.4
1972	4,502	333	4,169	7.4
1973	4,586	339	4,247	7.4
1974	4,671	350	4,321	7.5
1975	4,758	362	4,396	7.6
1976	4,848	372	4,476	7.7
1977	4,940	385	4,555	7.8

Source: Total population figures have been taken from the Demographic Conditions, An Analytical Study Prepared by the Central Planning Organization, APV, December 1976.

<sup>a/</sup> Total urban population figures represent the total number of inhabitants residing in the main towns of (5000) inhabitants and over.

Table 2. POPULATION ESTIMATES, FIRST JANUARY OF EACH YEAR  
(Thousands)

Year	Male	Female	Total
1971	2,080	2,300	4,380
1972	2,119	2,342	4,461
1973	2,160	2,384	4,544
1974	2,202	2,427	4,629
1975	2,244	2,471	4,715
1976	2,288	2,515	4,803
1977	2,333	2,561	4,894

Source: APY, Central Planning Organisation, Demographic Conditions, An Analytical Study, 1976.

Table 3. ESTIMATION OF MID-YEAR POPULATION BY AGE GROUPS  
AND SEX, 1975.

Age groups	Male	Female	Total
0 - 4	406,794	404,864	811,658
5 - 9	438,950	408,852	847,802
10 - 14	300,505	264,507	565,012
15 - 19	166,250	209,661	375,911
20 - 24	122,083	189,219	311,302
25 - 29	121,857	175,507	297,364
30 - 34	121,404	162,043	283,447
35 - 39	120,951	147,336	268,287
40 - 44	109,400	129,387	238,787
45 - 49	90,600	109,443	200,043
50 - 54	73,613	88,252	161,865
55 - 59	60,023	68,308	128,331
60 - 64	47,339	50,359	97,698
65 - 69	34,654	36,896	71,550
70 - 74	24,236	24,182	48,418
75 - 79	14,723	13,711	28,434
80 +	10,473	11,552	22,025
Total	2,205,000	2,493,000	4,758,000

Source: AMY, Central Planning Organization, Demographic  
Conditions, An Analytical Study, 1976.



Table 4. ESTIMATION OF MID-YEAR POPULATION BY AGE GROUPS AND SEX, 1980.

Age groups	Male	Female	Total
0 - 4	432,005	429,848	861,853
5 - 9	366,643	365,390	732,033
10 - 14	425,875	395,564	821,439
15 - 19	291,638	255,805	547,443
20 - 24	159,334	200,813	360,147
25 - 29	115,795	179,758	295,553
30 - 34	114,753	165,626	280,379
35 - 39	113,173	151,867	265,040
40 - 44	111,154	137,199	248,353
45 - 49	98,821	119,657	218,478
50 - 54	79,819	99,549	179,368
55 - 59	62,593	77,962	140,555
60 - 64	48,360	57,433	105,799
65 - 69	35,121	39,305	74,426
70 - 74	22,847	25,812	48,659
75 - 79	13,305	14,245	27,550
80 +	8,839	8,680	17,519
Total	2,500,081	2,724,513	5,224,594

Source: ANP, Central Planning Organisation, Demographic Conditions, An Analytical Study, 1976.

Table 5. ESTIMATION OF MID-YEAR POPULATION BY AGE GROUPS  
AND SEX, 1985.

Age groups	Male	Female	Total
0 - 4	487,737	485,301	973,038
5 - 9	389,366	387,938	777,304
10 - 14	355,717	353,515	709,232
15 - 19	413,227	382,550	795,777
20 - 24	279,506	245,010	524,516
25 - 29	151,128	190,772	341,900
30 - 34	109,044	169,638	278,682
35 - 39	106,973	155,225	262,198
40 - 44	104,006	141,419	245,425
45 - 49	100,405	126,802	227,287
50 - 54	87,061	108,840	195,901
55 - 59	67,870	87,942	155,812
60 - 64	50,437	65,550	115,987
65 - 69	35,883	44,826	80,709
70 - 74	23,153	27,498	50,651
75 - 79	12,543	15,208	27,751
80 +	7,449	8,228	15,677
Total	2,781,505	2,996,342	5,777,847

Source: ANV, Central Planning Organisation, Demographic  
Conditions, An Analytical Study, 1976.

Table 6. DETERMINANTS OF POPULATION GROWTH

Year	Crude birth rate per 1000 inhabitants	Crude death rate per 1000 inhabitants	Natural rate of increase in population per 1000
1970	47.3	28.7	18.6
1971	47.3	28.7	18.6
1972	47.3	28.7	18.6
1973	47.3	28.7	18.6
1974	47.3	28.7	18.6
1975	45.8	26.9	18.9
1976	45.8	26.9	18.9
1977	45.8	26.9	18.9

Source: ANP, Central Planning Organisation, Demographic Conditions, An Analytical Study, 1976.

Table 7. LABOUR FORCE AND EMPLOYMENT, 1971 - 1977  
(Thousand)

Year	Total Labour force	Employed	Unemployed	Unemployed as a percentage of total labour force
1971	1,078.7	1,018.3	60.4	5.6
1972	1,103.1	1,041.3	61.8	5.6
1973	1,127.3	1,064.2	63.1	5.6
1974	1,153.2	1,088.6	64.6	5.6
1975	1,179.0	1,113.0	66.0	5.6
1976	1,213.8	1,145.8	68.0	5.6
1977	1,257.8	1,187.4	70.4	5.6

Source: ARY, Central Planning Organisation, Demographic Conditions, An Analytical Study, 1976.

**Table 8. ECONOMICALLY ACTIVE POPULATION BY ACTIVITY ACCORDING  
TO ISIC  
(Thousand)**

Industry	1971	1975
Agriculture, forestry, hunting and fishing	737	785
Mining and quarrying	1	1
Manufacturing	30	37
Electricity, gas and water	1	1
Construction and building	44	47
Wholesale and retail trade and restaurants and hotels	78	72
Transport, storage and communication	24	26
Financing, insurance, real estate and business service	2	2
Community, social and personal service	90	101
Total	1,007	1,072

Source: ANZ, Central Planning Organisation, Demographic  
Conditions, An Analytical Study, 1976.

Table 9. NUMBER OF WORKERS AND WAGES IN MINING AND MANUFACTURING  
BY MAJOR SUB-SECTOR IN Y.A.R. IN 1975

	Number of workers	Wages and salaries (Thousand Riials)
1. Mining and quarrying	-	-
2. Food manufacturing	11,440	43,911
3. Beverage	207	1,107
4. Tobacco	462	3,075
5. Textiles	6,070	27,239
6. Footwear	-	-
7. Furniture and fixture	451	2,497
8. Paper and products	-	-
9. Printing and publishing	246	1,791
10. Leather and products	14	69
11. Rubber and products	-	-
12. Chemical products	337	2,097
13. Non-metallic minerals	1,811	10,373
14. Basic metal products	2,316	12,546
15. Non-electrical machinery	-	-
16. Electrical machinery	-	-
17. Transport equipment	-	-
18. Miscellaneous	502	2,546

Source: ANY, Central Planning Organisation, 1976/1977 Statistical  
Year Book.

Table 10. CROSS DOMESTIC PRODUCT AND EXPENDITURE, 1969/70 - 1975/76, AT CURRENT PRICES  
(million Riials)

Item	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
Government final consumption expenditure	116	161	234	317	365	518	681
Private final consumption expenditure	1,523	1,678	1,956	2,289	2,911	3,850	4,800
Fixed capital formation	162	235	324	342	472	586	773
Increase in stocks	-84	24	5	157	158	491	397
Exports of goods and services	30	40	66	94	204	282	398
Net import of goods and services	-384	-392	-494	-685	-930	1,252	1,868
Expenditure on gross domestic product	1,399	1,746	2,091	2,514	3,260	4,474	5,181
Compensation of employees	166	234	311	402	486	670	818
Operating surplus	1,127	1,373	1,594	1,879	2,481	3,421	3,800
Consumption of capital	56	64	73	82	91	100	110
Indirect taxes	50	75	113	151	202	283	453
Gross domestic product	1,399	1,746	2,091	2,514	3,260	4,474	5,181

Source: National Accounts Reports, Central Planning Organisation, ARY

Table 11. GROSS DOMESTIC PRODUCTS, 1969/70 - 1975/76, AT CURRENT PRICES  
(Million Riials)

Sector	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
Agriculture	741.8	96.9	1,112.7	1,263.4	1,582.4	2,335.1	2,305.2
Industry	66.2	86.5	108.8	141.8	212.6	249.3	302.1
Construction and building	75.9	87.3	101.5	127.4	181.8	175.7	226.9
Trade	282.6	299.5	359.5	460.2	629.3	825.9	1,220.3
Transport and communications	34.9	47.5	68.4	76.8	109.1	137.9	150.8
Finance	13.2	19.2	25.0	39.6	56.5	95.6	141.3
Government	91.4	126.9	185.2	251.9	290.9	401.2	508.9
Housing	64.1	73.0	83.2	94.2	118.2	149.9	198.5
Services	29.9	36.7	46.4	58.8	79.4	103.1	126.5
Total	1,399.3	1,745.6	2,090.7	2,514.1	3,260.2	4,473.7	5,180.5

Source: National Accounts Reports, Central Planning Organization, ARY



Table 12. GROSS DOMESTIC PRODUCT AT CONSTANT 1971/72 PRICES, 1969/70 - 1975/76  
(Million Riials)

Sector	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
Agriculture	832.1	1,091.8	1,112.7	1,208.3	1,091.0	1,402.2	1,304.8
Industry	86.8	98.5	108.8	126.4	148.3	153.0	164.7
Construction and building	85.3	93.8	101.5	114.7	137.0	112.8	134.4
Trade	321.8	336.6	359.5	385.8	393.9	411.5	511.2
Transport and communications	44.9	52.7	68.4	72.7	78.4	87.4	90.6
Finance	21.1	25.6	25.0	31.6	40.9	58.9	75.2
Government	146.2	169.2	185.2	201.5	211.6	246.9	271.4
Housing	78.2	80.6	83.2	85.7	88.5	91.5	93.8
Services	39.5	45.0	46.4	50.4	52.9	57.6	60.8
Total GDP	1,655.9	1,993.3	2,090.7	2,277.1	2,242.5	2,620.8	2,706.9

Source: National Accounts Reports, Central Planning Organization, ARY

Table 13. RESOURCE AVAILABILITY AND USE OF GOODS AND SERVICES, AT CURRENT PRICES, 1969/70 - 1975/76  
(Million Riials)

Item	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
<b>Resources:</b>							
Gross output	1,749	2,130	2,583	3,116	4,076	5,435	6,376
Import of goods and services	348	392	494	685	930	1,252	1,868
Total resources	2,097	2,530	3,077	3,801	5,006	6,687	8,235
<b>Uses:</b>							
Intermediate consumption	350	392	492	602	816	961	1,186
Final public consumption	116	161	234	317	365	517	671
Final private consumption	1,523	1,678	1,956	2,289	2,991	3,850	4,800
Final capital formation	162	235	324	342	472	586	773
Change in stocks	84	24	5	157	158	491	397
Export of goods and services	30	40	66	94	204	282	398
Total uses	2,097	2,530	3,077	3,801	5,006	6,687	8,235

Source: National Accounts Reports, Central Planning Organization, ARY

Table 14. RESOURCE AVAILABILITY AND USE OF GOODS AND SERVICES, 1969/70 - 1975/76, AT CONSTANT 1971/72 PRICES

(Million Riials)

Item	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
<b>Resources:</b>							
Gross output	2,054	2,440	2,583	2,816	2,814	3,198	3,340
Import of goods and services	409	445	494	552	577	614	762
Total resources	2,463	2,885	3,077	3,368	3,391	3,812	4,102
<b>Uses:</b>							
Intermediate consumption	398	447	492	539	572	577	622
Final public consumption	177	210	234	252	255	296	329
Final private consumption	1,780	1,902	1,956	2,040	1,976	2,138	2,271
Final capital formation	168	253	324	302	349	349	411
Change in stocks	99	27	5	147	101	301	251
Exports of goods and services	39	46	66	88	138	151	218
Total uses	2,463	2,885	3,077	3,368	3,391	3,812	4,102

Source: National Accounts Reports, Central Planning Organisation, ARY

Table 15. GROSS OUTPUT AND VALUE ADDED IN MINING AND MANUFACTURING INDUSTRY, 1969/70 - 1975/76, AT CURRENT PRICES  
(Million Riels)

Industry	1969/70		1970/71		1971/72		1972/73		1973/74		1974/75		1975/76	
	Gross Value added	output	Gross Value added	output	Gross Value added	output	Gross Value added	output	Gross Value added	output	Gross Value added	output	Gross Value added	output
<b>Extraction industries</b>	14.2	11.3	19.3	15.3	20.8	16.2	22.4	17.3	34.5	22.6	32.4	25.1	42.2	32.5
Food	46.3	23.9	60.2	30.4	75.9	37.3	100.4	47.4	147.9	72.9	172.5	81.2	212.9	104.9
Textiles	11.0	6.1	26.1	11.0	39.2	16.7	54.0	24.1	69.0	32.8	87.5	43.8	84.5	45.7
Wood	11.2	3.8	12.3	4.2	16.5	5.6	19.4	6.6	29.4	10.0	41.2	14.0	58.8	20.0
<b>Non-metallic building materials</b>	6.0	4.3	8.3	6.0	9.3	13.1	19.5	13.1	32.2	21.1	38.4	24.5	43.6	28.0
Chemicals	0.7	0.6	0.8	0.6	1.4	1.0	2.5	1.6	4.8	3.2	8.7	5.4	14.6	8.2
Leather	5.6	2.2	5.6	2.2	5.6	2.2	6.0	2.4	6.2	2.5	6.4	2.6	6.8	2.7
<b>Metal processing</b>	7.4	4.7	8.8	5.7	11.4	7.2	15.4	9.5	25.0	15.8	30.0	19.0	34.6	21.9
Jewelry	9.5	4.8	11.3	5.7	15.8	7.9	24.8	9.9	33.8	13.5	39.2	13.7	45.1	15.8
Paper	0.9	0.6	1.1	0.7	3.0	1.9	4.6	2.0	7.4	4.7	11.3	7.2	12.4	7.9
<b>Total</b>	112.8	62.3	153.8	81.8	198.9	109.1	269.0	133.9	390.3	199.1	467.6	236.5	555.5	287.6

Source: APY, Central Planning Organisation, National Accounts Report

Table 16. GROSS OUTPUT AND VALUE ADDED IN MINING AND MANUFACTURING INDUSTRY, 1969/70 - 1975/76, AT CONSTANT 1971/1972 PRICES  
(Million Rials)

Industry	1969/70		1970/71		1971/72		1972/73		1973/74		1974/75		1975/76	
	Gross Value added	output	Gross Value added	output	Gross Value added	output	Gross Value added	output	Gross Value added	output	Gross Value added	output	Gross Value added	output
<b>Extraction industries</b>	19.1	15.0	20.3	15.9	20.8	16.2	22.4	17.3	26.5	20.4	21.7	16.7	25.4	19.6
Food	59.2	31.2	71.2	35.2	75.9	37.3	86.7	41.9	97.0	46.9	101.3	48.3	107.5	51.5
Textiles	15.5	8.7	29.4	13.1	39.2	16.7	49.2	21.1	56.1	24.8	58.0	25.7	49.1	23.9
Wood	14.4	4.9	15.3	5.2	16.5	5.6	17.8	6.1	20.1	6.8	22.8	7.8	27.6	9.4
<b>Non-metallic building materials</b>	8.1	5.9	8.7	6.4	9.3	6.8	15.2	10.4	22.3	14.7	22.3	14.4	25.4	16.3
Chemicals	0.8	0.7	0.9	0.7	1.4	1.0	2.7	1.9	2.9	2.0	4.7	3.0	7.2	4.4
Leather	6.2	2.5	5.9	2.4	5.6	2.2	5.5	2.2	5.5	2.2	5.2	2.1	5.0	2.0
<b>Metal processing</b>	8.6	5.5	9.4	6.0	11.4	7.2	12.9	8.3	18.1	11.8	21.3	13.7	23.4	15.1
Jewelry	14.4	7.2	15.1	7.6	15.8	7.9	16.5	8.3	16.9	8.5	17.4	8.7	18.0	9.0
Paper	0.9	0.6	1.2	0.8	3.0	1.9	3.8	2.4	3.8	2.4	5.1	3.3	5.2	3.3
<b>Total</b>	147.2	82.2	177.4	93.3	198.9	102.8	232.7	119.9	269.2	140.5	279.8	143.7	293.8	154.5

Source: ARI, Central Planning Organization, National Accounts Reports

Table 17. DOMESTIC OUTPUT, IMPORTS, EXPORTS AND APPARENT CONSUMPTION  
OF SELECTED PRODUCTS, 1975  
(thousand Riials)

Industry	Domestic output	Imports	Exports	Apparent consumption
Biscuits	12,541	874	1,508	11,907
Cigarettes	15,437	16,900	40	32,297
Nails	457	1,181	1	1,637
Cement	22,588	18,604	-	41,192
Cotton fabrics	24,717	3,845	1,491	27,071
Blankets	1,608	5,203	2	6,809
Paints	1,847	3,291	-	5,138
Plastic shoes	11,122	-	-	11,122

Source: ARY, Central Planning Organization, 1975 Statistical Yearbook and Foreign Trade Yearbook.

Table 18. GROSS FIXED CAPITAL FORMATION BY MAJOR SECTORS, 1969/70 - 1975/76  
(Million Riials)

Sector	1969/70	1970/71	1971/72	1972/73	1973/74	1974/75	1975/76
Agriculture	26.4	30.9	31.6	38.1	51.9	63.5	87.1
Manufacturing	7.2	9.1	9.6	18.0	22.7	34.8	51.3
Construction	1.1	1.3	1.4	2.5	2.5	6.5	9.8
Transport and storage	46.6	61.7	63.4	72.5	119.9	149.4	231.9
Real estate	111.1	98.7	128.5	182.6	250.6	234.5	285.7
All other sectors	12.5	34.0	34.9	39.5	49.8	66.5	87.9
Total	204.9	235.7	269.4	353.2	497.4	555.2	753.7

Source: National Accounts Reports, Central Planning Organization, ARY

Table 19. IMPORTS BY GROUP OF COMMODITIES, 1970-76  
(thousand Rials)

Group of commodities	1970	1971	1972	1973	1974	1975	1976
Food and live animals	100,422	72,639	177,060	271,822	407,066	576,705	705,103
Beverages and tobacco	15,952	9,057	11,558	13,471	21,415	27,399	47,095
Raw material	66	1,145	560	1,057	2,280	3,307	8,835
Mineral fuels and lubricants	6,228	11,665	18,227	28,067	33,350	67,644	64,877
Animal and vegetable oils	426	1,954	2,738	4,076	3,995	3,460	10,046
Chemicals	5,667	9,407	21,019	35,974	55,481	74,920	96,726
Manufactures classified by material	21,624	34,145	69,129	96,301	164,522	260,893	327,206
Machinery and transport equipment	16,668	29,550	48,928	68,983	105,726	209,201	480,256
Miscellaneous manufactures	11,396	15,278	25,959	42,363	71,986	115,963	129,764
Goods not classified by kind	-	-	1,067	2,134	2,253	1,880	2,086
<b>Total</b>	<b>178,449</b>	<b>184,840</b>	<b>376,245</b>	<b>564,248</b>	<b>868,074</b>	<b>1,341,372</b>	<b>1,871,996</b>

Source: Central Bank of Yemen, Foreign Trade Yearbooks.

Table 20. EXPORTS BY COMMODITY, 1971 - 1976  
(Quantity in Units; Value in thousand Riales)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Camels	Head	-	-	-	733	-	-	1,448	322	1,716	346	-	-
Fresh fish	Ton	-	-	2,678	229	-	-	-	-	64	85	50	85
Dried fish	Ton	-	23	-	-	444	536	737	819	225	562	-	118
Rice	Ton	-	-	-	-	-	-	-	-	1	1	-	-
Macaroni	-	-	-	-	-	-	-	-	-	-	10	-	-
Biscuits	Carton	-	-	380	17	26,824	1,184	15,465	972	38,649	1,508	-	2,249
Starch	Ton	-	-	-	-	-	-	2	19	40	47	-	-
Fresh fruits	Ton	-	-	42	21	213	176	85	63	83	98	-	227
Dates	Ton	-	-	28	26	-	-	29	28	43	36	-	-
Raisins	Ton	-	-	-	-	-	-	8	8	3	8	-	-
Potatoes	Ton	-	183	1,459	247	6,654	488	46	83	141	67	-	111
Peas	Ton	-	-	8	11	-	-	2	2	45	45	-	-
Garlic	Ton	-	-	-	-	-	-	1	2	9	32	-	22
Preserved tomatoes	-	-	-	-	-	-	-	-	-	-	8	-	-
Confectionery	Carton	-	-	-	-	2,758	119	-	150	11,369	881	-	905
Coffee	Ton	-	4,582	1,223	5,344	1,427	6,016	1,523	5,966	1,251	6,646	1,075	3,181
Oil seed cakes	Ton	-	20	1,240	160	1,079	134	-	-	825	198	-	-
Coffee husks	Ton	-	2	-	-	-	-	-	-	1	1	1,128	3,641
Qat	-	-	2,798	504	1,031	55	67	1	5	-	7	-	829
Raw tobacco	Ton	-	2	9	17	49	61	91	189	56	104	-	428
Cigarettes	-	-	-	-	-	-	-	-	-	-	40	-	-
Bovine hides	Ton	-	2,039	-	3,262	2,298	5,472	2,279	3,858	251	549	-	2,200
Sheep skins	Ton	-	-	-	-	-	-	-	-	1,285	5,683	-	4,800
Cotton seed	Ton	-	777	132	564	1,104	2,128	6,974	21,407	4,275	2,322	5	5
Cotton	Ton	-	7,986	1,603	7,154	50	17,796	6,389	36,844	5,220	26,825	801	11,680
Iron scrap	Ton	-	-	-	-	50	186	79	200	8	4	6	6
Copper scrap	Ton	-	247	5	22	-	-	-	-	90	158	-	-
Henna	-	-	-	-	-	-	-	-	7	-	3	-	16
Perfume	-	-	-	-	-	-	-	-	57	-	51	-	47
Cosmetics	-	-	-	-	-	-	-	-	-	-	3	-	-

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Table 20. continued

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Soap	Boxes	-	-	800	35	500	20	-	836	-	341	-	3
Dynamite	-	-	-	-	-	-	-	-	-	-	460	-	-
Insecticides	-	-	-	-	-	-	-	-	-	-	30	-	-
Other chemicals	-	-	-	-	-	-	-	-	-	-	22	-	-
Tyres	No.	-	-	-	-	-	-	-	-	7	4	-	-
Wood	-	-	-	-	-	-	-	-	-	-	4	-	-
Printing paper	-	-	-	-	-	-	-	-	-	-	4	-	37
Paper manufactured	-	-	-	-	-	-	-	-	-	-	19	-	-
Paper bags	Ton	-	-	7	15	-	-	14	132	-	24	-	-
Yarn and thread	-	-	-	-	-	-	-	-	19	-	37	-	-
Cotton sheets	No.	-	-	-	-	-	-	-	45	-	108	-	-
Cotton fabrics	Yard	-	-	-	-	112,705	344	-	-	-	11,190	-	-
Nylon fabrics	Yard	-	-	-	-	-	-	199,863	266	370,392	1,491	-	881
Miscellaneous fabrics	Yard	-	-	-	-	-	-	-	28	2,520	5	-	-
Blankets	-	-	-	-	-	-	-	-	-	30,045	106	-	-
Mats	No.	-	-	-	-	-	-	-	-	-	2	-	-
Tiles	No.	-	-	-	-	-	-	5,949	16	1,950	4	-	-
Bottles	-	-	-	-	-	-	-	-	-	42,100	23	-	178
Porcelain household	-	-	-	-	-	-	-	-	-	-	6	-	4
Building iron	Ton	-	-	-	-	-	-	-	?	-	8	-	-
Fencing iron	-	-	-	-	-	-	-	-	-	5	60	-	227
Nails	-	-	-	-	-	-	-	-	-	-	5	-	4
Bottle caps	-	-	-	-	-	-	-	-	-	-	1	-	147
Other manufactured iron	-	-	-	-	-	-	-	-	-	-	1	-	-
Spinning machines	-	-	-	-	-	-	-	-	-	-	4	-	-
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Table 21. IMPORTS OF MAIN COMMODITIES, 1971-1976  
(Quantity in Units;  
Value in Thousand Rials)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		quantity	value	q	v	q	v	q	v	q	v	q	v
Cattle	Head	-	-	-	-	-	-	302	102	7,046	3,153	18,309	7,840
Sheep + goats	Head	-	14	2,190	81	706	27	4,079	200	20,739	1,356	67,552	5,181
Meat of bovine, fresh	Ton	-	18	45	394	6	28	26	163	100	689	565	4,158
Poultry killed	Ton	-	-	-	-	43	259	27	224	74	524	754	6,787
Preserved meat	Ton	-	-	-	-	114	453	25	166	73	493	3	6
Milk in liquid form	Ton	-	-	-	-	1,842	3,685	2,822	6,423	1,626	6,018	2,291	15,295
Dry milk	Ton	-	-	-	-	786	5,105	828	6,825	2,230	14,205	530	12,905
Butter	Ton	-	-	-	-	184	1,297	207	1,372	867	5,073	654	6,543
Cheese	Ton	-	-	-	-	26	243	55	415	212	1,395	66	632
Eggs	Dozen	-	-	-	-	27,612	43	220,872	305	141,150	294	955,845	5,381
Preserved fish	Ton	-	192	212	917	130	3,929	640	2,639	1,746	7,386	1,264	7,080
Wheat	Ton	-	11,782	87,847	51,003	-71,216	46,690	74,690	93,171	119,662	135,774	114,539	123,605
Rice	Ton	-	1,582	8,818	9,238	2,145	2,565	4,424	14,132	6,278	17,482	21,691	48,405
Maize	Ton	-	79	1,467	449	18,118	8,705	229,200	23,682	6,249	6,241	874	749
Flour	Ton	-	5,742	48,653	21,638	75,888	40,616	35,588	35,211	55,797	62,972	25,341	28,160

Table 21. (Continued)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		quantity	value	q	v	q	v	q	v	q	v	q	v
Cereals	Ton	-	-	-	-	388	581	151	432	90	334	295	2,463
Miscuits	Ton	-	-	-	-	321	1,167	342	1,028	258	874	248	3,525
Starch	Ton	-	-	-	-	2,217	2,385	930	796	1,248	1,776	-	-
Infants food	Ton	-	-	-	-	82	123	38	262	49	297	367	735
Fresh fruits	Ton	-	-	1,338	3,558	3,371	4,920	3,327	4,854	3,782	7,346	-	-
Dates	Ton	-	-	15,611	7,162	14,033	7,707	24,412	12,041	17,279	16,136	-	-
Jams	Ton	-	-	1,504	4,401	-	90	29	125	75	322	44	353
Juices	Ton	-	-	-	-	1,082	2,163	2,255	5,498	2,750	10,267	-	303,307
Preserved fruits	Ton	-	-	-	-	-	-	3,591	8,111	1,847	5,751	-	18,691
Evaporated	Ton	-	-	-	-	-	-	324	327	487	952	-	-
Preserved vegetables	Ton	-	-	664	1,713	834	4,537	187	542	1,125	5,286	-	9,214
Refined sugar	Ton	-	-	38,140	40,900	60,417	71,167	53,308	109,558	50,954	167,214	80,147	181,922
Glucose	Ton	-	6,285	-	-	-	-	698	1,304	709	2,635	-	-
Honey	Ton	-	-	149	438	181	622	150	811	912	5,633	799	6,063
Confectionery	Ton	-	-	819	1,695	1,185	2,386	1,857	4,557	1,972	8,014	2,132	9,611
Coffee	Ton	-	804	1,142	773	-	57	264	593	483	805	-	250
Coffee husks	Ton	-	-	-	-	1,038	1,247	2,757	3,350	1,211	1,730	1,253	2,945
Chocolates	Ton	-	-	81	321	-	508	425	1,141	107	390	8	43

Table 21. (Continued)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		quantity	value	q	v	q	v	q	v	q	v	q	v
Ton		-	1,816	2,626	7,897	-	15,609	1,951	10,471	4,466	24,264	133	25,464
Spices	Ton	-	526	1,344	3,783	-	65	1,783	7,072	2,084	9,519	1,570	7,684
Margarine	Ton	-	-	7,692	13,386	-	23,432	11,128	40,402	8,643	39,209	7,403	87,879
Yeast	Ton	-	-	-	-	-	562	137	714	197	1,479	3	1,801
Concentrates for beverage industry	Ton	-	-	-	-	-	-	-	-	84	933	-	-
Soft drinks	Bottle	-	427	309,431	462	69,343	139	59,290	85	487,471	670	83,553	121
Raw Tobacco	Ton	-	611	1,307	3,353	1,405	5,296	2,596	9,072	4,629	9,302	3,815	13,350
Cigarettes	Cartoon	-	3,554	1,297,315	7,568	1,250,488	7,445	2,007,014	11,545	2,620,551	16,900	-	32,184
Seams	Ton	-	-	181	294	121	376	607	1,136	862	1,628	1,459	3,070
Motor spirite (gasoline)	Barrel	-	-	162,927	5,958	235,754	6,701	220,359	6,620	403,197	11,837	-	21,983
Kerosine	Barrel	-	-	126,931	3,868	142,710	4,926	219,876	7,862	635,967	21,441	-	-
White spirits	Barrel	-	5,530	-	-	-	-	9,672	323	162,884	4,788	-	-
Diesel fuel	Barrel	-	-	143,314	4,732	389,131	11,786	369,944	11,588	344,313	11,433	1,048,455	25,530
Residual fuel	Barrel	-	-	-	-	23,201	488	24,855	533	74,160	1,562	-	-
Lubricating fuel	Barrel	-	125	-	2,771	42,664	3,980	98,672	5,609	-	15,571	-	12,796
Manufactured gas	Ton	-	-	-	767	30,227	156	70,672	679	118,979	722	-	1,170
Vegetable oils	Ton	-	5,313	1,748	2,738	2,571	4,076	1,687	3,994	1,062	3,460	288	10,047

Table 21. (Continued)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		quantity	value	q	v	q	v	q	v	q	v	q	v
Alcohol	Barrel	-	-	-	-	124	-	7,999	406	1,587	227	36	277
Hydrogen	Barrel	-	-	-	-	-	-	-	-	310	224	-	-
Sulfuric acid	Ton	-	-	-	-	118	-	45	230	77	200	-	-
Caustic soda	Ton	-	-	-	-	-	-	2	4	339	885	19	150
Dyeing stuffs	Ton	-	420	707	1,640	170	464	336	1,889	239	1,836	1	8
Paints	Ton	-	-	296	119	232	1,568	190	1,064	555	3,231	-	4,553
Medical and pharmaceutical products	-	-	1,866	-	8,648	-	11,609	-	20,736	-	30,080	-	35,344
Perfumes	-	-	589	-	2,536	-	1,472	-	2,467	-	4,231	-	4,612
Cosmetics	-	-	-	-	-	-	1,903	-	2,101	-	4,163	-	4,111
Soap	Box	-	995	1,546,530	5,217	262,010	12,251	-	15,811	1,450,010	9,156	510	14,749
Fertilizers	Ton	-	6	1,699	756	4,256	1,486	3,869	1,690	31,363	10,331	4,326	2,868
Dynamite	Ton	-	-	-	-	424	-	-	-	94	810	-	-
Fire works	-	-	-	-	-	-	-	-	1,633	-	1,391	-	1,238
Plastic materials	Ton	-	-	-	-	-	-	1,542	1,238	1,150	3,042	-	4,010
Insecticides	Ton	-	-	345	789	457	1,197	717	2,106	1,834	2,938	224	6,526
Machinery leather belts	Yard	-	-	-	-	41,397	229	108,075	403	410,757	1,228	-	776
Rubber pipes	Yard	-	-	-	-	216,305	242	373,304	1,497	821,096	1,732	-	687
Tyres	Lb.	-	775	43,110	4,207	38,380	5,728	34,456	6,303	66,407	13,097	57,647	11,273

Table 21. (Continued)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		quantity	value	q	v	q	v	q	v	q	v	q	v
Manufactured wood	Ton	-	-	14,090	6,958	16,685	11,389	26,498	17,302	29,663	29,621	-	4,649
Furnice	Pieces	-	-	-	-	-	162	23,475	396	-	967	-	-
Printing paper	Ton	-	-	-	-	397	356	777	-	-	2,805	-	2,030
Writing paper	-	-	-	-	-	-	594	-	539	-	401	1	624
Wrapping paper	Ton	-	-	-	-	-	-	2,900	3,088	-	3,136	2,359	2,241
Cigarettes paper	-	-	-	-	-	-	276	-	1,231	-	1,274	-	65
Paper board	Ton	-	-	-	-	-	335	698	836	-	372	-	-
Paper bags and boxes	-	-	-	-	-	-	814	-	3,909	-	1,783	-	822
Exercise books	Dosen	-	-	-	-	-	181	216,693	3,034	-	1,824	73,000	2,149
Textile yarn + thread	Kg.	-	840	518	1,310	547,964	1,311	385,888	2,409	664,747	4,742	24	3,480
Cotton fabrics	Yard(000)	-	1,417	3,542	6,121	3,997	9,205	2,157	5,167	1,647	3,845	1,183	5,180
Woolen fabrics	Yard(000)	-	28	98	957	57	794	114	2,039	42	920	195	4,744
Synthetic fibres, fabrics	Yard(000)	-	406	2,163	5,718	2,941	14,245	6,362	25,664	11,987	64,182	7,126	58,279
Cordage + ropes	Ton	-	-	315	494	504	1,014	1,019	3,190	850	3,534	303	3,886
Blankets	No.	-	-	91,514	1,549	193,660	2,541	177,005	2,954	344,994	5,203	259,882	6,529
Bed sheets	No.	-	-	5,019	44	20,048	180	65,129	744	54,261	621	99,832	836
Carpets	No.	-	-	18,717	161	-	78	28,605	64	51,734	2,275	-	2,655
Cement	Ton	-	4,866	60,955	8,731	84,145	12,767	27,748	5,852	57,990	18,604	82,370	36,324

Table 21. (Continued)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		value		value		value		value		value		value	
		quantity	value	quantity	value	quantity	value	quantity	value	quantity	value	quantity	value
Tiles	-	-	-	320	283	-	283	-	627	-	1,214	-	1,866
Glass	Pieces	-	201,000	518	1,539	537,469	207,390	622	953	-	822	-	822
Glass ware	-	-	-	1,652	2,041	-	3,805	-	6,587	-	11,418	-	11,418
Building iron	-	-	1,105	13,546	7,363	-	15,691	20,141	25,558	7,727	14,435	-	14,435
Iron sheets + plates	Ton	-	-	31,778	576	1,272	1,614	2,013	4,185	-	2,091	-	1,736
Aluminium	Ton	-	-	-	228	1,093	359	1,565	451	2,733	-	3,505	
Lead	Ton	-	-	-	69	598	57	97	480	627	73	1,462	
Zinc	Ton	-	-	-	412	-	21	134	2,439	1,880	1,128	3,347	
Nails	Ton	-	-	332	567	116	316	421	683	385	1,181	960	
Hand tools	-	-	-	2,261	1,924	-	1,642	-	2,039	-	5,534	-	
Domestic stoves	No.	-	-	-	-	-	37,805	1,253	1,888	-	3,589	-	
Household metals	-	-	-	1,541	1,823	-	3,264	-	2,847	-	11,358	-	
Locks	-	-	-	-	1,303	-	574	-	2,602	-	5,134	-	
Pins and needles	-	-	-	-	13	-	25	-	241	-	131	-	
Bottle caps	-	-	-	-	55	-	580	-	427	-	895	-	
Diesel engines	No.	-	118	1,038	571	270	1,008	5,500	4,160	14,159	2,051	8,612	
Tractors	No.	-	31	332	969	63	1,118	238	8,126	-	699	-	
Other agricultural machines	No.	-	-	-	978	787	445	2,104	819	5,252	-	32,750	



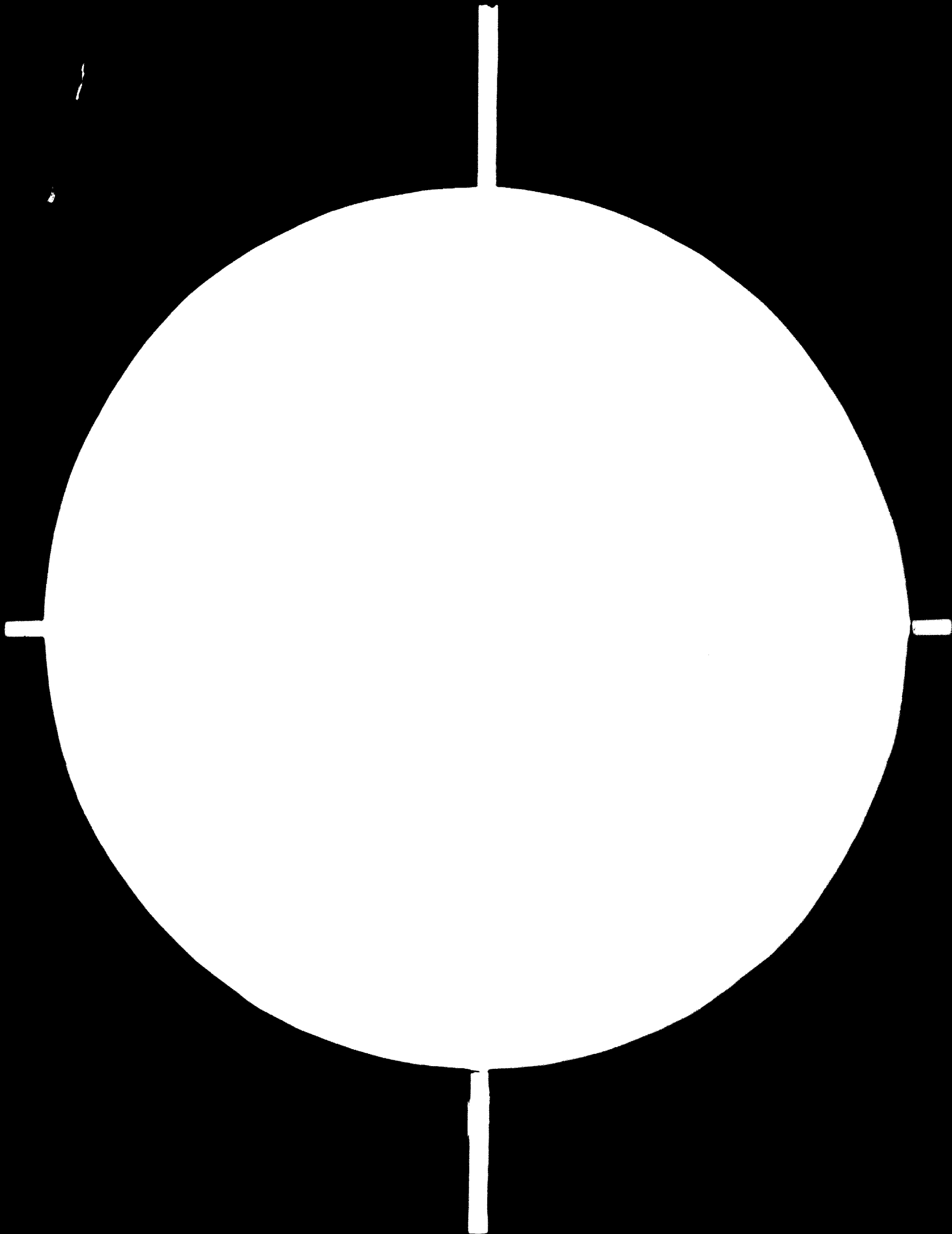
Table 21 (Continued)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		quantity	value	q	v	q	v	q	v	q	v	q	v
Typewriters	No.	-	-	1,232	1,311	1,448	815	733	301	507	513	-	3,068
Calculating machines	No.	-	-	-	-	863	877	679	335	696	594	-	874
Welding machines	No.	-	-	-	-	79	135	73	206	227	431	91	850
Sewing machines	No.	-	-	-	-	3,088	753	2,978	876	6,514	1,809	11,257	1,917
Printing machines	No.	-	-	-	-	74	53	14	320	154	1,225	106	821
Mills	No.	-	-	-	-	285	462	758	835	1,645	3,158	1,267	5,814
Road making machines	No.	-	-	44	2,010	-	-	3	52	24	3,547	-	37,167
Concrete mixers	No.	-	-	-	-	23	84	51	357	189	1,051	160	2,001
Air conditioning machines	No.	-	92	4,094	820	-	-	599	802	218	639	27	546
Ice making machines	No.	-	-	-	-	-	-	35	117	77	588	-	-
Agricultural pumps	No.	-	-	3,928	5,026	-	-	3,285	6,258	4,333	8,729	-	17,750
Lifting machines	No.	-	-	-	-	-	-	-	-	200	505	-	536
Carpentry machines	No.	-	-	-	-	46	259	38	418	54	528	-	2,439
Plastic processing machines	No.	-	-	-	-	-	-	59	1,579	6	2,491	-	-
Spere parts of machines	-	-	-	-	2,392	-	5,045	-	8,438	-	21,900	-	2,360
Electrical generators	No.	-	-	11,112	412	2,643	65	875	275	1,042	-	-	4,172
Electrical wires	-	-	-	3,477	-	99	-	187	-	508	-	-	1,719
Electrical insulators	No.	-	-	-	-	3,441	-	6,733	-	5,194	-	-	-

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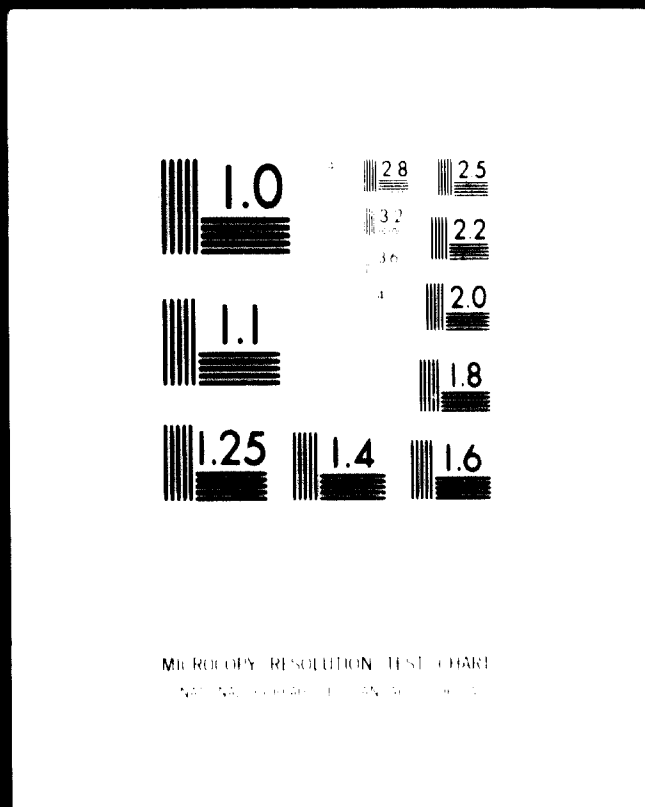


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Table 21. (Continued)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		quantity	value	quantity	value	quantity	value	quantity	value	quantity	value	quantity	value
T.V. Sets	th.	-	-	-	-	-	-	3	2	2,849	3,183	5,341	4,230
Radio sets	th.	-	-	-	-	9,296	684	8,506	1,094	11,026	943	3,742	1,043
Telephones	th.	-	-	-	-	1,190	109	1,145	189	-	209	-	1,131
Telecommunication equipment	th.	-	-	-	-	3,077	1,109	-	68	-	1,101	-	5,402
Domestic refrigerators	th.	-	274	-	2,152	-	892	1,168	1,196	2,535	2,190	2,291	1,484
Washing machines	th.	-	-	-	-	-	175	99	58	901	427	-	519
Electric fans	th.	-	-	-	-	-	113	3,086	600	8,304	935	-	937
Batteries	th.	-	-	900,525	3,275	1,718,682	6,209	1,408,493	7,151	2,817,003	13,052	-	22,476
Accumulators for cars	th.	-	-	-	-	368	27	-	-	4,664	1,645	-	866
Spare parts for electrical machines	-	-	-	-	-	-	-	-	211	-	228	-	90,725
Passenger motor cars	th.	-	-	-	-	1,344	10,282	1,367	13,260	2,843	24,887	-	-
Trucks (cars)	th.	6,089	1,174	12,497	351	8,741	778	13,103	1,989	37,888	10,398	221,180	-
Spare parts of cars	-	909	-	6,435	-	12,588	-	16,772	-	21,667	-	-	15,982
Motorcycles	th.	618	-	2,490	-	2,416	2,076	3,015	5,325	2,828	5,054	3,839	6,635
Spare parts of motorcycles	-	-	-	-	-	546	-	1,643	-	3,613	-	-	-
Bicycles	th.	4	664	81	1,496	276	2,341	473	2,003	416	1,930	139	-
Sanitary equipments	th.	-	-	24,086	508	37,130	1,402	-	906	-	1,900	-	1,503

Table 21. (Continued)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		quantity	value	quantity	value	quantity	value	quantity	value	quantity	value	quantity	value
Lighting fixtures	-	-	-	2,091	-	1,418	-	4,309	-	-	5,210	-	7,040
Furniture	-	-	-	1,908	-	1,454	-	2,401	-	-	2,528	-	4,955
Travel goods	lb.	-	-	52,647	509	65,886	928	-	1,324	-	2,099	-	2,561
Clothing	-	-	994	-	7,153	-	13,905	-	29,059	-	38,849	-	49,825
Footwear	Pair(000)	-	1,625	1,147	5,402	1,159	8,743	1,413	12,993	531	19,862	-	29,934
Scientific optical instruments	-	-	-	898	-	1,522	-	2,916	-	-	708	-	886
Cameras	lb.	-	-	29	-	147	-	357	-	-	286	-	464
Surveying instruments	lb.	-	-	64	-	29	-	99	-	41	275	-	1,302
Matches	lb.	-	-	6,488	294	9,626	709	15,143	1,220	45,526	4,245	40,306	4,863
Radio recorders	lb.	-	-	948	-	7,318	1,562	8,408	2,121	33,915	5,900	-	-
Recorders	lb.	-	-	-	-	54	-	327	-	1,481	368	-	-
Tape recorders	lb.	-	-	-	-	381	-	754	297,061	-	1,218	-	699
Printed matter	-	-	-	257	-	777	-	708	-	-	2,494	-	-
Plastic articles	-	-	-	1,171	-	3,001	-	3,360	-	-	3,866	-	4,539
Toys	-	-	-	623	-	35	-	878	-	-	1,004	-	2,445
Sporting goods	-	-	-	-	-	50	-	121	-	-	296	-	254
Stationary equipment	-	-	-	1,417	-	951	-	3,980	-	-	5,248	-	2,100
Pens	-	-	-	-	-	357	-	152	-	-	917	-	-

Table 21. (Continued)

Commodity	Unit	1971		1972		1973		1974		1975		1976	
		quantity	value	quantity	value	quantity	value	quantity	value	quantity	value	quantity	value
Instantaneous jewelry	-	-	-	4	-	391	-	265	-	1,251	-	1,522	-
Shades	-	-	-	-	-	1,660	-	1,101	-	4,962	-	3,512	-
Lighters	-	-	-	-	-	96	-	105	-	309	-	452	-
Lighters	lb.	-	-	-	-	73	-	141	-	5,631	-	745	-
Lighters	lb.	-	-	-	-	48	-	196	-	15,157	-	266	-
Lighters	lb.	-	-	-	-	113	-	193	-	297	-	297	-
Walking sticks	lb.	-	-	-	-	65	-	208	-	389	-	389	-
Combs	lb.	-	-	-	-	-	-	-	-	-	-	-	-
Woven slacks	lb.	-	-	-	-	818	330,088	2,208	915,487	6,576	-	552	-

Source: ITC, Central Bank of Yarn, Foreign Trade Statistics.

Table 22. BALANCE OF PAYMENTS (1971/72 - 1975/76)  
(Million Rials)

Item	1971/72	1972/73	1973/74	1974/75	1975/76
<b>A. Goods, services and unrequited transfers</b>					
Merchandise exports	-24.4	-19.5	-83.7	306.7	1,100.7
Cotton	42.1	33.9	61.9	58.0	55.3
Others	-	12.8	35.0	33.3	30.7
Merchandise imports	-432.9	21.1	26.9	24.7	24.6
Private sector imports	-	-573.0	-873.3	-1,163.4	-1,721.3
Government imports	-	-499.5	-714.8	-1,000.0	-1,452.4
Trade balance	-390.8	-73.5	-158.5	-163.4	-268.9
Services: credit	-	-539.1	-811.4	-1,105.4	-1,666.0
Services: debit	-	59.9	141.9	223.6	342.8
Total goods and services	-390.8	-112.4	-57.2	-89.0	-146.9
Private transfers: credit	292.9	-591.6	-726.7	-970.8	-1,470.1
Private transfers: debit	-	563.6	594.6	1,013.0	2,363.8
Official transfers:					
in cash	73.5	-58.7	-90.8	-154.4	-306.2
in kind	56.3	67.2	139.2	418.9	513.2
Capital account	17.2	58.3	109.2	388.9	458.0
Development and commodity loans	93.8	8.4	30.0	30.0	55.2
Cash loans	59.6	37.4	129.3	147.4	199.0
Repayment of loans	63.6	57.6	125.6	115.4	213.1
Errors and omissions	-29.4	-	18.8	48.9	-
Total A, B and C	37.8	-20.2	-15.1	-16.9	-14.1
Monetary movements (increase in assets)	107.2	33.4	37.4	37.5	123.0
	-107.2	-33.4	83.0	491.6	1,422.7
			-83.0	-491.6	-1,422.7

Source: AMY, Central Bank of Yemen, Annual reports.



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**79.11.12**