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EXECUTIVE BRIEF

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Republic of Yemen: Prospects for Unity

- The new united Republic of Yemen has a better than even chance of succeeding. Senior leaders in both North and South Yemen believe unity will boost their ailing economies and advance their political interests. If the union dissolves, North Yemeni leader Salih probably would maintain his hold on power, but South Yemen could experience serious instability.



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### Serious About Unity

The unification effort—initiated last year by North Yemen—is genuine and so far on track. Although North and South Yemen have proposed unity on several occasions since 1972, this is the first time an actual merger has been announced and the first steps implemented. Leaders of both countries—particularly South Yemen Secretary General Bidh—see integration as the only practical means of remedying their increasingly difficult economic situations. South Yemeni officials overcame their initial reluctance last fall, in large part because they recognized that Moscow was no longer willing to support them.

Leaders in both Yemens probably believe that unification would enhance their ability to develop their oil potential—their oil fields lie primarily in the ill-defined border area—and attract foreign investment. With average annual per capita incomes of \$590 and \$420 respectively, North and South Yemen are two of the poorest and least developed countries in the world. Both have perilously low foreign exchange reserves and have recorded sizeable current account deficits since 1987. Except for petroleum—together they now export 200,000 barrels per day—they have few natural resources or domestic sources of capital. Prospects for petroleum development in Yemen are good, but a substantial increase in oil revenues is not likely until at least 1992.

In addition, both North Yemen's President Salih and South Yemen's General Secretary Bidh believe unity will further their personal ambitions. Salih, the chairman of the United Yemen's Presidential Council, intends to project himself as a regional leader. [Redacted]

### The New Republic of Yemen

*Aden and Sanaa's announcement on 22 May of their merger into the Republic of Yemen began a 30-month transition during which the new regime will try to integrate ministries, economies, and militaries. A five-member presidential council, including Salih and Bidh along with two senior North Yemeni leaders and one from the South, will negotiate the details. The new leaders will use the transition to prepare the public for full union and to isolate opponents. Prime Minister Abu Bakr al-'Attas (South Yemeni President) will head a 39-member cabinet composed of numerous leading figures from both North and South Yemen.*

### Merger Steps Already Undertaken

- *Sanaa is named the seat of government. Aden is named the economic capital; the government will use Aden's refinery and port facilities. Both currencies are accepted.*
- *The new regime has consolidated its diplomatic services and intends to honor all bilateral and multilateral agreements. North Yemen Foreign Minister Abdul Karim al-Iryani will serve as foreign minister of the new regime.*
- *Aden and Sanaa have exchanged 700-man security battalions, agreed to withdraw military forces from both cities, and committed to merge military and security forces.*

**Yemeni Petroleum Potential**  
(See Map)

*The two Yemens share a geological basin with potentially large petroleum resources. North Yemen has at least 1.4 billion barrels in proven reserves and South Yemen's Shabwah region may contain 5 billion barrels of recoverable oil. The Joint Investment Area--a 2,200-square-kilometer zone--which is part of the same basin is likely to be another major resource.*

*Parts of the basin remain unexplored and construction of facilities is largely incomplete.*

- *Additional commercial fields are being identified in the Marib area of northern Yemen.*
- *Exploratory drilling in the Joint Investment Area is scheduled to begin soon, but it will take time for fields to be developed and facilities to be constructed.*

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**Domestic Challenges**

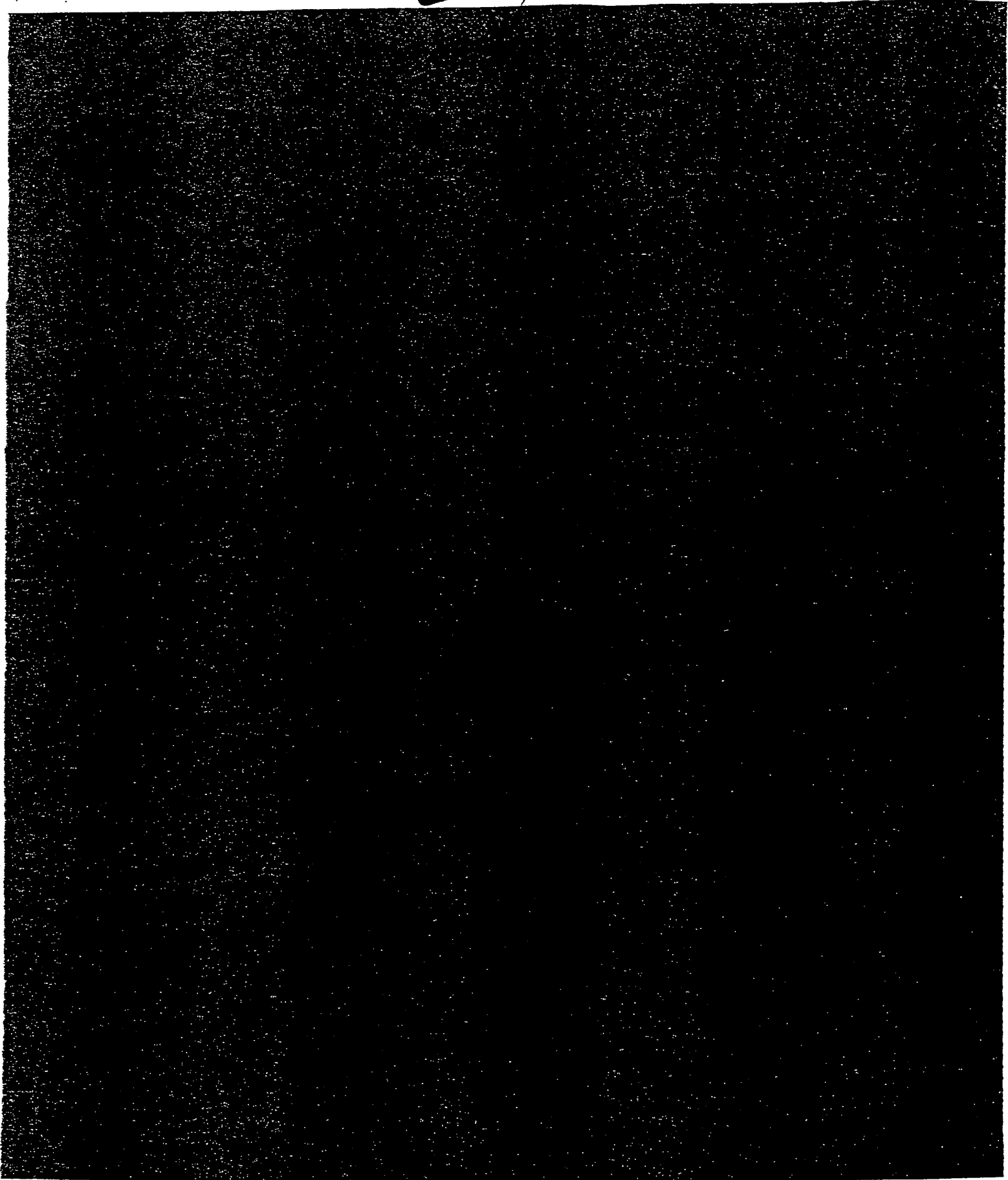
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The first three or four months will be critical to the success of the unification effort. The new regime must move quickly to coopt or suppress domestic opponents and to consolidate the Arab recognition it received at the June Summit.

Salih and Bidh pressed for an early unity announcement--before integration details were worked out--to expedite what promised to be a lengthy process and undercut opponents to the merger. The rapid pace of change has caught most off-guard, but domestic opposition, and other problems, are likely to mount.

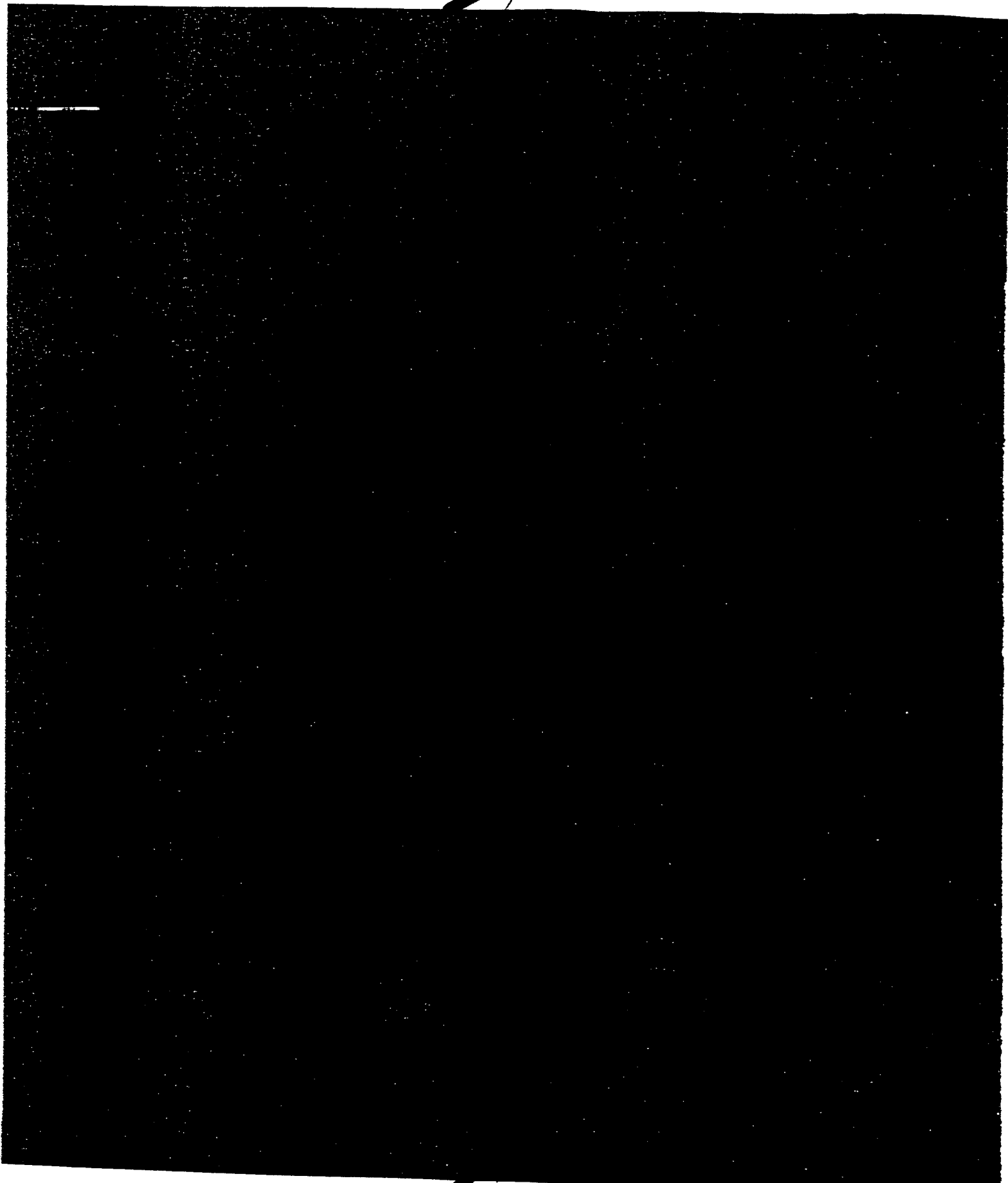


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