

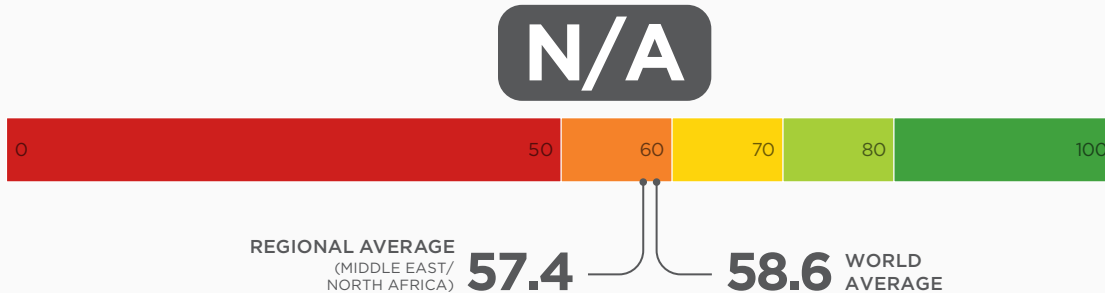


YEMEN

Numerical grading of Yemen’s overall economic freedom was suspended in 2015, and the continuing lack of reliable economic statistics for the country has prevented its grading in the 2024 *Index of Economic Freedom*. Prospects for an end to Yemen’s civil war and a peaceful rebuilding of its economy remain bleak.

Yemen’s daunting economic challenges are aggravated by ongoing political turmoil. The civil conflict has devastated the economy and destroyed critical infrastructure. Even before the current conflict, years of mismanagement and corruption, compounded by the depletion of natural resources, had resulted in chronic poverty and underdevelopment. The absence of a dynamic private sector has led to chronic underemployment and a large informal sector. Yemen’s limited production of oil and gas has been disrupted, and the prolonged conflict continues to take a heavy toll on the already fragile economy.

ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1995): N/A

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
30.5 million

GDP (PPP):
\$67.8 billion
1.5% growth in 2022
5-year average growth rate: -1.0%
\$2,035 per capita

UNEMPLOYMENT:
13.6%

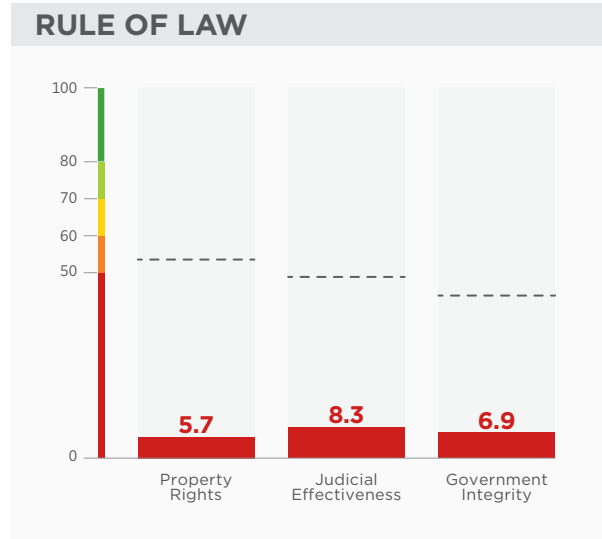
INFLATION (CPI):
29.5%

FDI INFLOW:
n/a

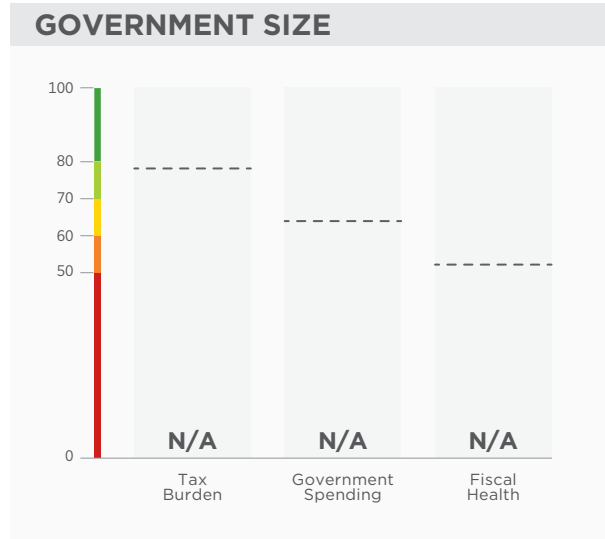
PUBLIC DEBT:
66.0% of GDP

2022 data unless otherwise noted. Data compiled as of October 2023.

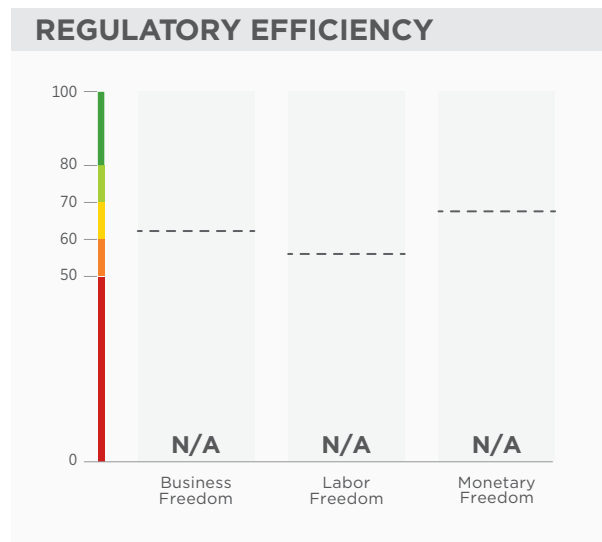
12 ECONOMIC FREEDOMS | YEMEN



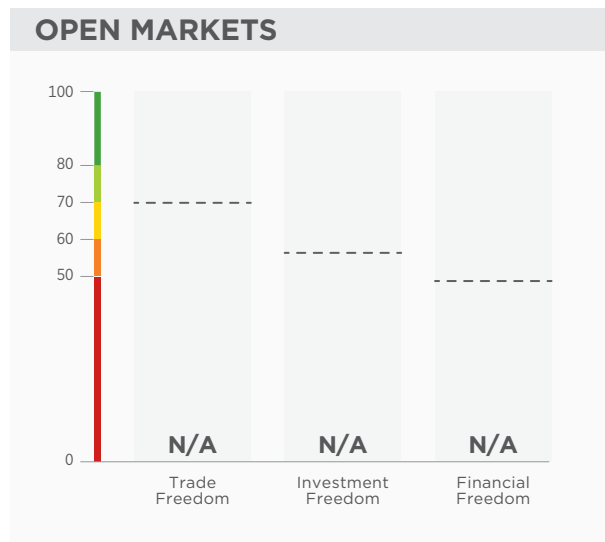
The overall rule of law is weak in Yemen. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



Political turmoil and civil conflict have severely damaged the overall fiscal situation, and the collapse of oil and tax revenue compounds the impact of the conflict's escalating cost. Economic policymaking is focused largely on marshalling limited fiscal resources to finance the conflict.



The overall business environment has been severely undermined by the ongoing civil war. Even before the conflict, the private sector's weakness resulted in chronic underemployment and widespread informal economic activity. A functional labor market does not exist. Monetary stability has been very weak.



The civil war has severely degraded Yemen's capacity and infrastructure as they relate to international trade and investment. The economy is largely cash-based. The limited financial system is dominated by the state, and the banking system is very fragile.