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People's Democratic Republic of Yemen Economic Memorandum

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Country Programs I
Europe, Middle East and North Africa Region

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CURRENCY EQUIVALENTS

Currency Unit:

Yemen Dinar (YD)

YD 1 = 1,000 Fils

Currency Equivalents

Since February 1973

YD 1 = US\$2.90

US\$1 = YD 0.345

NOTE: Beginning 1976 the fiscal year, previously ending March 31, was changed to coincide with the calendar year. The 1975 fiscal year was for nine months (April-December 1975) to cover the transitional period between 1974/75 and 1976.

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN

ECONOMIC MEMORANDUM

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This report was prepared by Mr. S. Rangachar (economist), following his visit to People's Democratic Republic of Yemen (PDRY) during the first half of April 1981. The draft of this report was discussed with the Government in December 1981.



PDRY: COUNTRY DATA

<u>AREA</u> (Thousand Sq. Km.)	<u>POPULATION</u>	<u>DENSITY</u>
Total	333.0	1.9 million
(mid-1980)		5.6 persons
per sq. km		
Agricultural		93.3
Rate of Growth:	2.6% (from 1973 to 1979)	

<u>POPULATION CHARACTERISTICS (1978)</u>		<u>HEALTH (1978)</u>	
Crude Birth Rate (per 1,000)	46.4	Population per physician	5967
Crude Death Rate (per 1,000)	16.0	Population per hospital bed	1438
<u>ACCESS TO PIPED WATER (1979)</u>		<u>ACCESS TO ELECTRICITY (1979)</u>	
% of Population	24	% of Population - total	22.0
		- rural	1.6
<u>NUTRITION (1979)</u>		<u>EDUCATION (1976)</u>	
Calorie intake as % of requirements	81	Adult literacy rate (%)	32
Per capita protein intake (grams/day)	55	Primary school enrollment (%)	72

GNP PER CAPITA IN 1980 ^{a/} \$424

<u>NATIONAL ACCOUNTS</u> ^{b/}	1980		GDP at Factor Cost	Average Annual Growth (%)		
	US\$million	%		1980	(Constant Prices)	
			US\$million	%	1974-79	
GNP at Market Prices	853	100	570	100	6	
Gross Domestic Invest.	249	29	Of which:			
Gross National Savings	-17	-2	Agri. + Fisheries	74	13	0
Exports of Goods + NFS	96	11	Industry ^{c/}	81	14	9
Imports of Goods + NFS	696	81	Construction	78	13	23
			Transport	87	15	12
			Govt. Services	140	23	7

GOVERNMENT FINANCE

(In million Yemeni Dinars)	<u>1974/75</u>	<u>1975</u> ^{d/}	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>Budget Estimates 1980</u>
Total Receipts ^{e/}	23.6	16.9	32.1	43.4	56.0	68.0	107.2
Current Expenditures	27.6	25.6	39.2	47.4	61.4	76.2	96.0
Current Deficit	-4.0	-8.7	-7.1	-4.0	-5.4	-8.2	11.2
Development Expenditures	19.6	18.9	39.2	57.3	59.7	52.0	74.2
Overall Deficit	-23.6	-27.6	-46.3	-61.3	-65.1	-60.2	-63.0
Borrowing from Banking System	10.4	12.5	15.6	18.5	13.2	27.6	19.0
External Financing	13.2	15.1	30.7	42.8	51.9	32.6	44.0

MONEY AND CREDIT

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
	(Million YD., Outstanding, End Period)						
Money and Quasi-money	55	67	98	140	168	217	256
Bank Credit to Government	24	37	62	72	87	110	127
Bank Credit to Non-Gov't Sector ^{f/}	19	24	31	49	59	61	98

^{a/} World Bank Atlas methodology.

^{b/} Rough estimates.

^{c/} Includes manufacturing, petroleum refining, mining, electricity and water.

^{d/} The fiscal year was April 1-March 31 until March 31, 1975 when it became April 1-December 31, 1975 and thereafter is on a calendar year basis.

^{e/} Includes current and development revenues from domestic sources and self-financing of public enterprises.

^{f/} Includes public sector agencies.

<u>BALANCE OF PAYMENTS (US\$ million)</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
Exports <u>1/</u>	8	8	26	24	17	20	38
Imports <u>1/</u>	-190	-178	-268	-365	-386	-411	-650
<u>Trade Deficit</u>	<u>-182</u>	<u>-170</u>	<u>-242</u>	<u>-341</u>	<u>-369</u>	<u>-391</u>	<u>-612</u>
Non-factor Services, net	22	14	20	10	17	14	14
Factor Services, net	48	18	43	76	111	142	176
Labor Income	(41)	(15)	(37)	(69)	(103)	(131)	(146)
Investment Income	(7)	(3)	(6)	(7)	(8)	(11)	(30)
<u>Current Account Deficit</u>	<u>-112</u>	<u>-138</u>	<u>-179</u>	<u>-255</u>	<u>-241</u>	<u>-235</u>	<u>-421</u>
Transfers	<u>1</u>	<u>52</u>	<u>125</u>	<u>174</u>	<u>191</u>	<u>205</u>	<u>284</u>
Official	1	10	46	55	36	23	83
Private <u>2/</u>	--	42	79	119	155	182	201
Official M and Lt Capital, net	<u>65</u>	<u>31</u>	<u>73</u>	<u>70</u>	<u>94</u>	<u>59</u>	<u>76</u>
Gross Disbursements	(65)	(32)	(75)	(71)	(95)	(64)	(86)
Repayments	(0)	(-1)	(-2)	(-1)	(-1)	(-5)	(-10)
Other Capital (incl. E & O)	38	42	4	29	45	-8	86
Changes in Official Reserves (- = increase)	8	13	-27	-18	-89	-22	-24
Memo Item:							
Gross Official Reserves (end year)	67	54	81	99	188	210	234

MERCHANDISE EXPORTS

Average 1978-79
US\$ Million Percent

Fish and Fish Products	9	47
Agricultural Products	8	42
Other	<u>2</u>	<u>11</u>
	19	100

EXTEKNAL DEBT (DECEMBER 31, 1980)

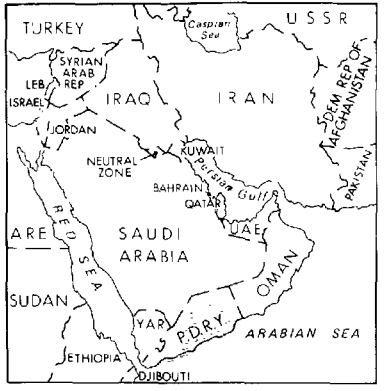
US\$ Million

External Public Debt Outstanding	1,241
of which: Disbursed	499
Debt Service Payments in 1980	15
Debt Service Ratio (Exports of Goods and Services)	4.4 Percent

1/ Net of re-exports.

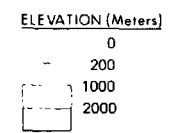
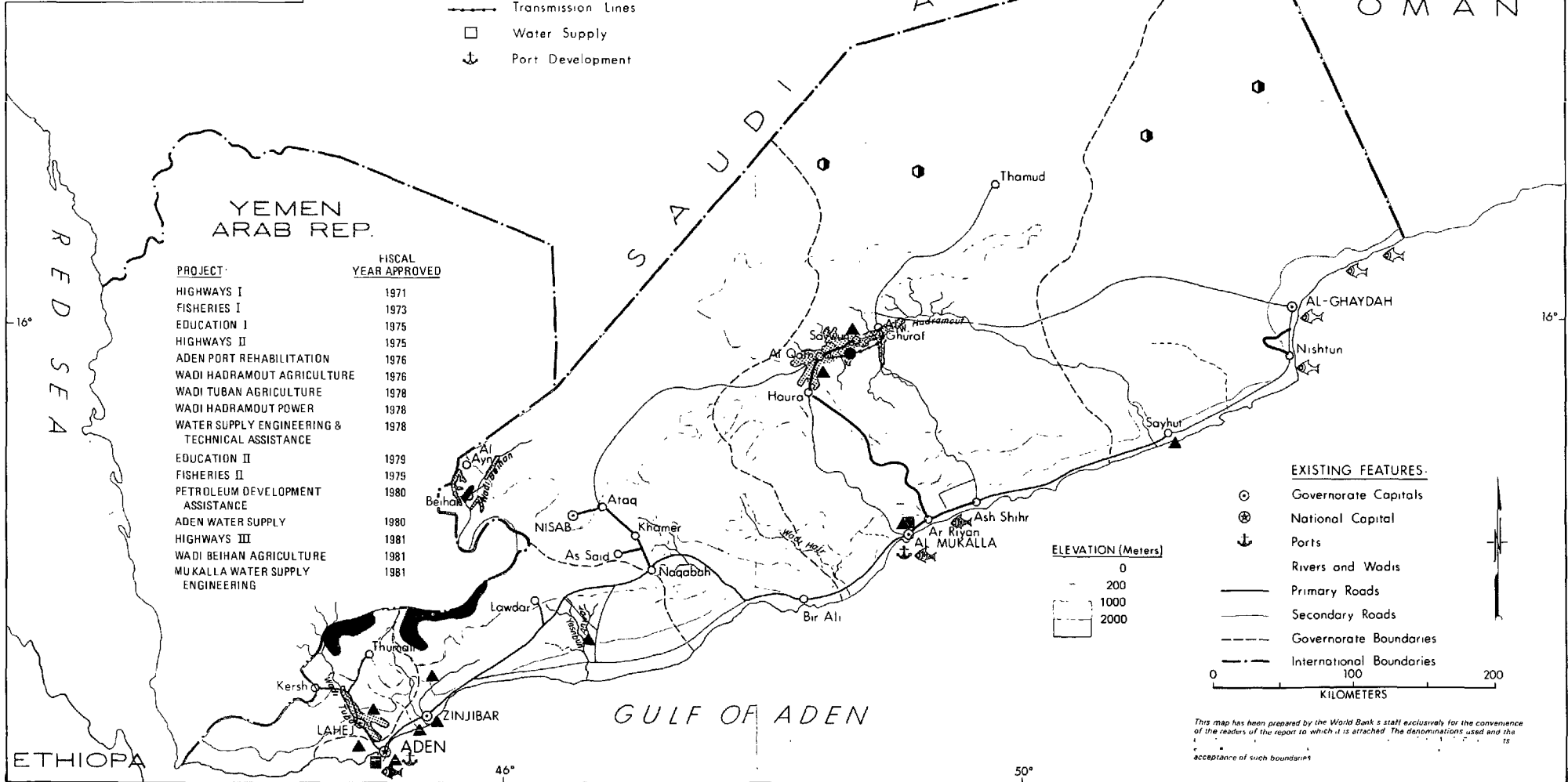
2/ Workers' remittances.

PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN IDA-ASSISTED PROJECTS BY SECTOR



- PROJECTS**
- Agriculture
 - Fisheries
 - Petroleum Exploration Assistance
 - Education
 - Highways
 - Power Stations
 - Transmission Lines
 - Water Supply
 - Port Development

PROJECT	FISCAL YEAR APPROVED
HIGHWAYS I	1971
FISHERIES I	1973
EDUCATION I	1975
HIGHWAYS II	1975
ADEN PORT REHABILITATION	1976
WADI HADRAMOUT AGRICULTURE	1976
WADI TUBAN AGRICULTURE	1978
WADI HADRAMOUT POWER	1978
WATER SUPPLY ENGINEERING & TECHNICAL ASSISTANCE	1978
EDUCATION II	1979
FISHERIES II	1979
PETROLEUM DEVELOPMENT ASSISTANCE	1980
ADEN WATER SUPPLY	1980
HIGHWAYS III	1981
WADI BEIHAN AGRICULTURE	1981
MU KALLA WATER SUPPLY ENGINEERING	1981



- EXISTING FEATURES:**
- Governorate Capitals
 - National Capital
 - Ports
 - Rivers and Wadis
 - Primary Roads
 - Secondary Roads
 - Governorate Boundaries
 - International Boundaries
- 0 100 200
KILOMETERS

This map has been prepared by the World Bank's staff exclusively for the convenience of the readers of the report to which it is attached. The denominations used and the acceptance of such boundaries.

INTRODUCTION

1. Over the past decade, The People's Democratic Republic of Yemen (PDRY) has consistently pursued a strategy of developing the country within the context of a planned economic system. The principal objectives of the Government have been (a) to satisfy the basic needs of the population for food, essential consumer goods, shelter, employment, health care and the social services; (b) to develop the production capacity of the economy, especially in agriculture, industry, construction and minerals; (c) to strengthen the infrastructure sectors, i.e. transport, power and telecommunications; (d) to raise education standards, emphasizing technical and higher education; and to increase exports of domestic products. Thus the direction and pace of economic and social development in PDRY has been strongly influenced by institutional reforms which greatly expanded the public sector and gave it a leading role in urban production, distribution and services. Simultaneously, traditional feudal structures in rural areas were largely replaced by cooperatives and state-owned farms.

2. PDRY has completed two planning cycles: the three year development plan (1971/72-1973/74) and the first five-year plan (1974/75-1978/79). During this period, the economy enjoyed a substantial rate of growth. Gross domestic product at constant factor cost is estimated to have grown by about 60 percent between 1973 and 1979, or an average annual rate of 6 percent. Gross national product grew at much higher rates and has probably more than doubled during the same period. Even though the economy slowed down during 1978 and 1979 reflecting the increasing scarcity of labor, real GNP grew by an average rate of approximately 9 percent per annum.

3. The Government also succeeded in mobilizing relatively large amounts of financial resources domestically and abroad. These resources permitted a rapid expansion of public expenditures strengthening the country's tenuous infrastructure and promoting investment in agriculture, fishing and manufacturing. Special emphasis was given to the expansion of education and to manpower development. Social programs were initiated to secure food supplies for the population, improve public health services, and establish a more equitable income distribution. More recently, effective policies were introduced to attract labor income and private transfers (workers' remittances); this has significantly eased the country's foreign exchange constraint.

4. Impressive as these achievements are, PDRY is faced with some serious difficulties in its development process. One of the more serious constraints which PDRY is now facing is a critical shortage of skilled labor and in some sectors even of unskilled workers. The labor shortage is the result of both emigration to neighboring oil-surplus countries and rising economic activity within. To some extent, the manpower constraint is exacerbated by inefficiencies in utilizing labor, e.g., overstaffing in public offices and enterprises. Another important issue with which the authorities have been confronted for some time is low productivity. In many instances the returns on investments in agriculture, fisheries and industry have been less than expected. To a large extent this is the result of

inadequate incentives. Other reasons for low productivity are inefficient management, weak financial controls, inadequate equipment, poor maintenance, inefficient marketing and to some extent due to adverse natural factors.

5. A third issue which is becoming increasingly pressing is energy. PDRY has no known commercial energy resources and presently imports virtually all her energy requirements. Exploration for oil and gas is under way in areas which hold some promise; the Government has also introduced measures to economize on energy consumption. But energy imports are now creating a serious burden on the balance of payments, which is likely to rise further if no domestic energy resources are discovered.

6. Last but not least there is the question of the role of the private sector in the development process. Past experience has demonstrated the relatively higher efficiency of the private sector and its ability to operate profitably. The recent increase in labor income and private transfers has broadened the capital base of the private sector and opens the prospects for productive investment of such funds in private enterprise. The Government has in the past few months attempted to provide more positive inducements to the development of the private sector through the promulgation of an Investment Promotion Law.

PHYSICAL SETTING

7. PDRY is located in the southernmost part of the Arabian peninsula with an estimated area of 333,000 square km. Topographically the mainland may be divided into two parts; (i) the coastal zone, about 12-25 km wide, stretching along the Arabian sea for about 1,200 km; and (ii) the plateaus and high lands of the interior. Much of its territory is rugged and mountainous while the climate is arid with high temperatures and very little precipitation. Natural vegetation is scarce and more than 50 percent of the country is barren. Less than one percent of the area is suitable for crop production. No significant mineral deposits of commercial quantities have yet been discovered. But its long coastline provides PDRY with substantial potential for fishing.

RESOURCE MOBILIZATION

Domestic Revenue

8. A key element of PDRY's strategy has been the mobilization of domestic and foreign resources for the financing of development expenditures. Starting from a very low level at the beginning of the 1970s when the economy was severely depressed, the Government made a determined effort to increase domestic revenue. A general import tariff was introduced; corporate taxes were revised; new excise taxes were imposed and rates of existing ones increased; individual income taxation became more progressive; and assessment and collection of taxes was strengthened and improved.

9. These measures together with a general expansion in economic activity and gradually rising price levels led to a sharp increase in public revenue. In 1980 it had reached YD 107 million, almost ten times the amount collected in 1969/70 (YD 11 million). Public revenue more than quadrupled in real terms during the decade. It also increased as a percentage of GNP, ie., from an estimated 11 percent in 1969/70 to about 30 percent in recent years. Given the relatively low level of per capita income in PDRY (\$424 in 1980) this is a remarkable performance.

Table 1: RESOURCES FOR THE FINANCING OF PUBLIC EXPENDITURES
(YD million and percent)

	1969/70	1976	1977	1978	1979	1980 1/
<u>Domestic Revenue</u> (YD mln)	<u>10.7</u>	<u>32.1</u>	<u>43.4</u>	<u>56.0</u>	<u>68.0</u>	<u>107.2</u>
of which (in %)						
Tax Revenue	73	61	65	60	63	63
Public Enterprises	9	24	18	19	20	21
Other Receipts	18	15	17	21	17	18
<u>Foreign Assistance</u> (YD mln)	<u>2.6</u>	<u>36.0</u>	<u>43.2</u>	<u>44.9</u>	<u>28.3</u>	<u>54.9</u>
of which (in %)						
Grants	.	44	44	28	28	52
Loans (net)	.	56	56	72	72	48
<u>Total Resources</u> (YD mln)	<u>13.3</u>	<u>68.1</u>	<u>86.6</u>	<u>100.9</u>	<u>96.3</u>	<u>162.1</u>
as % of GNP	14	47	46	47	38	55
of which						
Domestic Revenue	11	22	23	26	27	36
Foreign Assistance	3	25	23	21	11	19

1/ Preliminary

10. About two thirds of the domestic resources came from tax revenue, much of it from import duties although income and production taxes have also become major sources of government revenue (see Table 5.2 in the Statistical Appendix). Income of public enterprises have contributed an average of 21 percent to total domestic resources during 1976-80, compared with only 9 percent in 1969/70. This reflects the growing share of the public sector in overall economic activity, as well as government efforts to strengthen the financial viability of public entities. The remaining receipts (averaging about 16 percent of the total) consist mostly of administrative fees, various charges for public services and sales of government property.

Foreign Assistance

11. The Government's efforts to mobilize domestic resources were almost matched by its success in attracting foreign assistance to its development programs. After the discontinuation of British budgetary support, following

the country's independence in 1967, foreign aid had fallen to a very low level (YD 2.6 million in 1969/70). In subsequent years, however, the Government managed to obtain much larger amounts. Thus, by 1976 total foreign assistance had risen to YD 36 million, exceeding domestic resources by about YD 4 million. Foreign aid inflows declined sharply in 1979 (YD 28 million) but recovered in 1980 (YD 55 million).

12. The major donors were international organizations (IDA, IMF, UNDP), socialist countries (especially the USSR and China), and since the mid 1970s Arab countries, including Arab Funds.^{1/} Much of it was provided on concessional terms, some as outright grants. Debt service payments have therefore remained at relatively low levels, claiming an average of only 4 percent of total domestic revenue during 1978/80. More recently, however, the debt service burden has been rising and is expected to increase further in the next few years.

13. Foreign aid declined in 1979 for two reasons. First, reduction of the substantial official grants which PDRY received during 1976/78. Another major factor was that with the slowdown in development spending (see para. 22 below) lesser amounts were drawn from outstanding loan commitments. As a result the share of foreign assistance in total resources available to the public sector fell from 53 percent in 1976 to 29 percent in 1979; in terms of GNP foreign aid declined from 25 percent to 11 percent, respectively.

Labor Income and Private Transfers

14. Since the mid 1970s labor income and private transfers^{2/} have increased sharply opening yet another important resource channel to the economy. To a large extent, the increase has been the result of changes in government policies. Before 1976, emigration of workers was severely restricted while the purchasing power of local currency obtained in exchange for remittances and transfers, was very limited. Starting in 1976, the Government introduced a series of measures aimed at liberalizing the flow of emigration and providing larger material benefits to the recipients of such funds. Thus, selective new emigration was permitted; returning workers were allowed to import merchandise duty free up to YD 200 per person; the supply of imported consumer goods available to the population was substantially increased; construction materials were made available for private housing; investment in some areas of private business, e.g., transport, was encouraged; and some emigrants were allowed to maintain convertible foreign exchange accounts in local banks at preferential interest rates.

^{1/} More information on foreign aid is given in the Balance of Payments Section of this memorandum (see paras. 47 and 50-51).

^{2/} Following the United Nation's System of National Accounts labor income is defined as payments coming from short-term migrants (abroad for less than one year) whereas private transfers (Workers' remittances) are defined as payments coming from longer-term migrants.

15. As a result, the number of emigrants resident abroad is estimated to have risen from about 125,000 in 1975 to an estimated 210,000 in 1980.^{1/} Combined with rising wage levels in the oil exporting countries where most of the emigrants are employed, this has led to an inflow of labor income and private transfers which in 1980, was equivalent to about one half of the gross domestic product.

16. Given PDRY's strict foreign exchange controls, virtually all labor income and private transfers are initially absorbed by the state-owned banking system. Corresponding amounts of local currency are paid to the recipients or to returning workers, as the case may be. In this way the state gains full control over the foreign exchange that enters the country through remittances or transfers, and these resources are then used according to the priorities set in the foreign exchange budget. Labor income and private transfers have also contributed to the augmentation of tax revenue, mainly through import duties and excise taxes.

17. Equally important are the benefits of labor income and private transfers to the private sector. They have allowed increasing levels of private consumption, and became the single most important source for the financing of private investment, especially in the housing sector.

DEVELOPMENT EXPENDITURES

18. The successful mobilization of domestic and foreign resources enabled a rapid increase in public spending, with emphasis given to development expenditures. Total public sector spending increased from YD 18.7 million in 1969/70 to YD 170.2 million in 1980; in real terms it more than quadrupled during that period.

Table 2: PUBLIC EXPENDITURES
(YD million and percent)

	1969/70	1976	1977	1978	1979	1980
Total Expenditures (YD m)	<u>18.7</u>	<u>78.4</u>	<u>104.8</u>	<u>121.2</u>	<u>128.1</u>	<u>170.2</u>
of which (in %)						
Development	19	50	55	49	41	44
Education	10	8	8	10	11	10
Social services ^{2/}	5	4	4	5	6	6
Defense	44	22	19	25	28	25
Other	22	16	14	11	14	15

^{1/} Mission estimates.

^{2/} Health, social and community services.

19. Trends in public expenditure during 1970-77 can be distinguished from those after 1977. During 1970-77 development expenditures became the most important item, reflecting the priority given by the Government to the economic and social development. Their share in total public spending rose from 19 percent in 1969/70 to 55 percent in 1977; the latter was equivalent to approximately 25 percent of GNP. The Government also allocated substantial resources to education and social services which represented about 15 percent of total public expenditures during the past decade. Defense spending, on the other hand, was successfully contained; its share in total expenditure declined from 44 percent in 1969/70 to 25 percent in 1980.

20. Between 1977 and 1980, however, development expenditures declined as a share of total public spending. Even though development expenditures increased in absolute terms in 1980 reflecting the special efforts of the Government to complete ongoing projects, in real terms they were still substantially lower than 1977. Defense spending, on the other hand increased.

Table 3: DEVELOPMENT AND DEFENSE EXPENDITURES
(YD million)

	1977	1978	1979	1980
Development Expenditures	57.3	59.8	52.0	74.0
Defense Expenditures	20.0	30.8	36.1	42.7

21. The composition of development expenditures underlines the Government's desire to develop the country's productive sectors while at the same time, strengthening its infrastructure. During the first 5-year plan (1974-78) more than half of the development budget was spent for agriculture, fisheries and industry, including geological and mineral surveys. Infrastructure accounted for 32 percent of the total with the bulk going to the transportation sector. The remaining 17 percent were invested in social services, including education and health. During 1980, the pattern of resource allocation was roughly the same as in the first five-year plan.

Table 4: STRUCTURE OF DEVELOPMENT EXPENDITURES

	Five-Year Plan		1980	
	1974/78			
	YD m	%	YD m	%
Agriculture	43.2	22	17.9	24
Fisheries	25.5	13)	
Industry	32.2	16	18.3	25
Sub-total	(100.9)	(51)	(36.2)	(49)
Infrastructure	61.7	32	21.0	28
Social Services	34.2	17	17.5	23
Total Expenditures	195.9	100	74.2	100

22. The decline of development expenditures after 1977 was partly due to the postponement by two years, of the second five-year plan. More important, however, was the serious labor constraint that developed in the late 1970s. It was felt particularly strongly in the construction sector, and delayed the completion of ongoing development projects. There were several reasons for the labor shortage. One was the resumption of labor migration to neighboring oil countries which followed the easing of government restrictions (see para. 14). Another important reason was the surge in private investment activity, especially in the housing sector, which was fuelled by rising labor income and private transfers which in turn has caused a growing gap in wage rates between public and private sector employees particularly in construction. Finally, two additional years of schooling were introduced between 1977 and 1980; this reduced the number of new entrants into the labor market.

23. The decline in public investment was partly offset by the growing volume of private investments. Total fixed capital formation, therefore, may not have declined in absolute terms, although it probably declined as a percentage of GNP. The increased share of the private sector also affected the composition of investment. Increasing amounts were spent for housing--a sector much neglected in the past--while investments in infrastructure and industry were cut back. The slowdown of some of these investments may well be temporary, and was perhaps justified in view of difficulties in utilizing existing capacities (see the following section).

ECONOMIC GROWTH AND MAJOR SECTORAL DEVELOPMENTS

24. The increase in public spending and, more recently, the sharp rise of labor income and private transfers have had a major impact on the level of economic activity in PDRY. Gross domestic product at constant factor cost is estimated to have grown by about 60 percent between 1973 and 1979, or an average annual rate of 6 percent.^{1/} Gross national product grew at much higher rates and has probably more than doubled during the period under consideration. Towards the end of the period, i.e., during 1978 and 1979, economic expansion apparently slowed down significantly, reflecting the increasing scarcity of labor. But real GNP still rose at an average rate of approximately 9 percent per annum.

^{1/} Although PDRY's national accounts are rather tenuous and contain substantial margins of error they allow a broad assessment of macro-economic and sector trends.

Table 5: RATES OF ECONOMIC GROWTH
(percent)

	As % of GDP 1980	Annual Average Growth	
		1974/79	1978/79
Gross National Product	150	13	9
Gross Domestic Product	100	6	2
of which:			
Government Services	23	7	21
Transport	15	12	9
Industry	14	9	3
Construction	13	23	35
Agriculture and Fisheries	13	0	-15

25. The principal domestic growth sectors were government services (including defense), construction and transport. Activities in these sectors are largely determined by public expenditures and more recently, by the inflow of private remittances and transfers. Industrial production also grew at a fairly rapid pace reflecting the expansion of public sector enterprises. Agriculture and fisheries, on the other hand, showed virtually no growth notwithstanding large investments in these sectors (see Table 4). The net result has been a substantial increase in real incomes both in absolute terms and on a per capita basis. These incomes are, however, increasingly based on foreign savings (i.e., private remittances and transfers as well as official aid) while the contribution of local productive sectors has been declining in relative terms.

Agriculture and Fisheries

26. Agriculture and fisheries are the two most important productive sectors for which a local resource base exists. Although a harsh climate severely limits the area available for cultivation, there is scope for increasing agricultural output through higher yields and by substituting cash crops for subsistence agriculture. Since the early 1970s the Government has invested about YD 80 million in this sector, mostly financed with foreign assistance, including credits from the International Development Association. The bulk of these investments went into irrigation schemes, land improvement, machinery and equipment. In addition, extension services were strengthened and increasing amounts of fertilizer, pesticides and other production inputs were made available to state farms and cooperatives.

27. Unfortunately, the returns on these projects appear to have been less than expected. While the production of vegetables and some fruits has been increasing since the mid-1970s other major crops such as cotton, dates and cereals appear to have been declining. The constant price value of total crop production appears to have stagnated, and little gains have been achieved in livestock production. However, since an increasing amount of produce is being marketed directly, the output statistics may increasingly understate the level of production and thus the performance of the agriculture sector.

Table 6: OUTPUT OF MAIN CROPS
(thousand tons)

	1975	1980
Cotton	11	5
Wheat	10	8
Other Cereals	25	20
Dates	20	8
Other Fruits	19	23
Vegetables	20	25

The past shortfalls have been caused by a variety of factors such as imposition of delivery quotas and inadequate production incentives at the farm level; inexperienced farm managers; shortage of groundwater resources; poor maintenance of farm machinery; inefficient management of cooperatives and state farms and more recently, seasonal labor shortages.

28. The fisheries sector has gone through a similar experience although here the unexploited resource base is much larger than in agriculture. In developing the sector the Government has followed a three-pronged approach. First, it has endeavored to support small-scale coastal fishing through cooperatives. Second, the public sector acquired a modern deep-sea fishing fleet which in 1980 included 18 vessels. Third, foreign companies were allowed to fish either under concession agreements (Japan) or in joint ventures with the public sector (USSR). About YD 35 million have been invested in the fishing industry (largely in the public sector) mostly to buy modern boats and fishing gear, and to improve shore facilities. As in agriculture, these investments were largely foreign financed.

29. However, as the following table shows, the production gains of cooperatives have been small so far. The catch of the public sector fleet has actually been declining and the boats are presently operating at a fraction of their capacity. Only foreign companies and joint ventures have been able to increase their production significantly. The principal constraints to domestic fish production are lack of transport and marketing facilities, including refrigeration (cooperatives), inefficient management, lack of incentives and poor maintenance (public sector).

Table 7: FISH CATCHES
(thousand tons)

	1976	1978	1980
Cooperatives	33	26	35
Public Sector	14	12	12
Joint ventures	3	2	5
Foreign companies	14	9	22
Private Sector	n.a.	15	15

30. Starting in 1978 the Government has changed some of its policies to overcome present production constraints in agriculture and fishing. Above all, it has increased producer prices significantly (see Annex tables 7.7 and 7.8) which not only compensate for higher cost but also offer larger profit margins. In addition, farmers and fishermen are now allowed to sell part of their output in the open market at even more attractive prices. The management of the public fishing sector has been changed and wages have been linked to actual production thus providing productivity incentives. The price and marketing policy changes since 1978 have given an incentive to fishing cooperatives to increase the catch. In 1980 fish was once again readily available in the local markets and fishermen who left the trade are applying to rejoin the cooperatives in increasing numbers. Further policy changes are under consideration.

Manufacturing

31. The manufacturing sector in PDRY is relatively small, representing about 15 percent of GDP and employing approximately 12,000 workers. In addition, some 15-20 thousand people are engaged in small-scale industries and handicrafts. The major sub-sectors are petroleum refining, food processing, textiles as well as sundry minor consumer goods industries. This structure is the result of historical factors as well as of investments undertaken since independence. Changing conditions within the country and abroad have, however, affected the economic viability of several enterprises.

32. A prominent example is the refinery in Aden which is by far PDRY's largest industrial enterprise (1,700 employees). The refinery was commissioned by British Petroleum in 1954 and served mainly to provide bunkering oil for ships passing through the port of Aden. The closure of the Suez Canal in 1967 caused a drastic decline in demand for the refinery's output which recovered only partly after the Canal's reopening in 1975. The refinery was transferred by mutual consent to the Government in 1977 and has since been operated as a public sector enterprise. Only about 30-40 percent of the refinery's technical capacity (8 million tons) is presently used. Operating costs are high and are not being covered by processing fees. Much of the installed equipment is old and technologically outdated. The Government is studying the feasibility of a number of schemes to upgrade the refinery.

33. Other industrial sub-sectors have been affected by shortfalls in the supply of domestic raw materials. This has been a problem especially with fish processing where substantial capacities were installed in the 1970s which are now used only fractionally. The decline in cotton production has caused a reduction in the capacity utilization of the plants for vegetable oil and oil cakes as well as the spinning and weaving factory near Aden. The tomato paste factory appears to be in a similar difficulty. Besides domestic supply constraints the manufacturing sector has experienced other problems. The more important ones are low labor productivity, poor marketing, weak financial and

management control systems, shortage of skilled labor, low product quality, poor maintenance of machinery and equipment, and inefficient distribution systems.

34. As a result of these difficulties, the rate of growth of manufacturing production in PDRY has slowed down perceptibly in the last few years. This development has mostly affected public sector corporations. Private companies which represent about one fourth of total industrial output, have generally fared better suggesting greater efficiency. A recent Bank mission has reviewed the manufacturing and construction sectors, and has presented its findings to the Government.

Energy

35. PDRY has no known commercial energy resources (petroleum, gas, coal or hydro). It has only traditional fuels such as firewood, animal dung or vegetable waste. The geological conditions of the country indicate potential for hydrocarbon deposits. Oil exploration activities have been carried out for some time with the assistance of foreign firms but so far no commercial quantities have been discovered. Geological surveys to determine the potential for minerals including coal, are under way. There is almost unlimited potential for solar energy in the long run.

36. Petroleum accounts for over 90 percent of PDRY's energy consumption, all of which is imported. Per capita consumption levels are relatively low, about six percent of the average consumption of industrialized countries. Information on the growth of energy demand is contradictory. Official data report an increase in the consumption of gasoline and diesel oil by 3 percent p.a. since 1976, and of fuel oil by 3-1/2 percent (see Appendix table 8.3). Information on the two principal consumers, i.e., transport and electricity which account for over two thirds of energy demand, suggests higher rates of growth. Thus, the number of registered vehicles increased by some 13 percent p.a. in recent years, while electricity consumption grew by 7 percent p.a. The Government indicates that consumers in PDRY have become more fuel efficient, partly because of rising domestic fuel prices. But some of the difference could also be explained by incomplete reporting of total energy supplies.

37. The Government continues vigorously its search for domestic energy resources. Recognizing that it has neither the financial nor the technical resources to undertake intensive oil exploration on its own, it has issued legislation to permit the participation of foreign companies through production sharing or joint venture agreements. On this basis a Soviet Petrol Company and AGIP (the Italian National Oil Company) are now active in the eastern part of the country and offshore. Exploratory wells drilled by AGIP encountered encouraging signs of oil and gas and exploration is continuing. In addition, an IDA project approved in June 1980, supports the Government's search for oil and gas and assists it in strengthening the planning and management of the petroleum sub-sector.

Social Services

38. PDRY has a relatively small population estimated at 1.9 million in 1980 or less than six persons per square kilometer. The majority of the people (approximately two thirds) live in rural areas while Aden, the nation's capital and only major city, houses approximately 15 percent of the total. Population growth is assumed by the Government to be about 2.6 percent per annum. There is presently no active family planning program in PDRY.

39. The economically active labor force - excluding women who are part time employed in agriculture - is estimated to have been 410,000 in 1980. Not surprisingly given the country's stage of development, over 40 percent were employed in agriculture and fishing. Employment in public services was also rather high (21 percent) reflecting the rapid expansion of the public sector during the past decade. Other major sectors are industry, construction, trade and transport, each of them accounting for approximately 7 to 9 percent of the labor force.

Table 8: LABOR FORCE BY SECTOR, 1980^{1/}
(thousands)

	1980
Agriculture and fisheries	180
Public Services	86
Industry	35
Construction	34
Trade, hotels, etc.	37
Transport and communications	29
Others	<u>9</u>
Total Active Labor Force	<u>410</u>

^{1/} Mission estimate

40. The above figures exclude migrants who live mostly in neighboring oil producing countries. For 1980 their total number has been estimated at 210,000 people. As the majority of the migrants are men who leave their dependents at home, the number of economically active Yemenis abroad is probably equal to one half of the domestic labor force. This represents a very large drain on PDRY's human resources, especially since the share of semi-skilled and skilled workers is relatively high among emigrants. Moreover, the export of labor yields high financial returns in terms of labor income and private transfers which helps to sustain economic activity in PDRY. On balance, therefore, the net benefits of emigration for PDRY's economy are very substantial. This is recognized by the Government which--as was mentioned before--tolerates emigration and encourages the inflow of remittances and transfers.

41. The technical skills of PDRY's labor force are still very low. The Government therefore quite correctly gives high priority to education and training. Student enrollment in primary and preparatory schools increased by over 70 percent during the 1970s and now represents approximately three quarters of the respective age groups. The number of students in secondary schools and colleges increased seven times reaching some 18,000 and 3,000, respectively in 1979/80. Enrollment in technical institutes, agricultural and commercial schools remains very low, however, and is completely inadequate for the country's needs. The Government also launched an adult literacy program which reached impressive proportions in the mid-1970s but has since slowed down. PDRY receives substantial bilateral and multilateral support (including from IDA) for its education and training program.

Table 9: EDUCATION INDICATORS
Student Enrollment (1,000)

	1970/71	1975/76	1979/80
Primary and Preparatory	148	238	253
Secondary schools	3	10	18
Higher education	0.2	1.3	3.4
Technical schools	0.3	0.7	n.a.
Literacy Program	2	86	15

42. The Government's efforts in the field of health have been significant since 1973. Available major health indicators show that at the end of the first five year plan period, i.e., 1978, there were 310 physicians in PDRY (one physician for 5,967 inhabitants) as compared to 136 in 1973. Health facilities in 1978 included 24 hospitals with 2,134 beds, 22 health centers with 275 beds and 237 health units. Preventive medicine facilities have been provided in all Governorates. Despite limited resources, a preventive program against cholera, smallpox and malaria has been carried out fairly efficiently.

43. Despite these efforts, health conditions in PDRY remain poor measured in terms of life expectancy at birth, morbidity and mortality levels. The life expectancy at birth is still only 46 years; crude death rate is about 16 per thousand; the infant mortality rate is 152 per 1,000 live births and the maternal mortality is 10 per 10,000 births. Factors influencing poor health status include poor environmental conditions, inadequate health knowledge and practices, lack of clean and safe water, inadequate health services coverage including inadequate protection from communicable diseases. The nutritional status of children under one year is low and is a major factor contributing to the high mortality rate in this group. Malaria is a leading cause of morbidity.

44. During the second five year plan, the Government intends to strengthen the health system further with emphasis on Primary Health Care. The Plan also calls for the construction of five new health centers, 51 health units and eight outpatient clinics. It is also planned during this plan period to modernize the existing health facilities, improve their administration and reorganize the Ministry of Health to enable it to provide better health services. Facilities at the existing hospitals are to be improved through additional equipment.

PRODUCTION FACILITIES BY OWNERSHIP

45. Private sector has played quite an important role in the development process of PDRY. At present it accounts for almost half of the nation's production of goods and services (excluding government services). Private enterprise can be found in almost every sector and is strongly represented by agriculture, construction, trade and transport. In agriculture there are still many private farmers who are usually members of service cooperatives. A few medium-sized private construction firms compete with larger public corporations for government contracts, while a large number of small private contractors carry out most of the private house construction. The bulk of retail trade and a large part of wholesale trade are in private hands. Most passenger cars and trucks are privately owned and are often used for transporting passengers and freight against pay.

Table 10: PRODUCTION BY OWNERSHIP, 1980
(percent)

	Private	Public	Cooperative
Agriculture	52	16	32
Fisheries	16	72	12
Industry	27	73	0
Construction	57	43	n.a.
Transport	43	56	n.a.
Trade	<u>63</u>	<u>30</u>	<u>7</u>
Total	45	49	6

46. Cooperation between public and private capital is encouraged by the Government in some areas such as light industries, and a limited number of joint ventures are now active. Foreign investors have been invited to participate in oil exploration and the fishing industry.

47. Private sector activity continues to be regulated by the Government. Private farmers belonging to service cooperatives, for example, have been guided by cropping patterns prescribed by the Ministry of Agriculture, and have had to sell most of their crops to the state. Prices

have been generally controlled by the authorities as are supplies of raw materials and other production inputs. However recently production and marketing of agricultural crops and fish has been somewhat liberalized permitting a substantial portion of output to be sold directly by the producers and the cooperatives on the free market. Private enterprise has generally operated efficiently and has demonstrated flexibility in the face of changing market conditions.

48. The experience of the 1970s suggests that the private sector could indeed play a larger role in the future development of the country. There are many opportunities for private enterprise not only in the service sectors (trade, transport, tourism) but also in manufacturing, construction, agriculture and fishing. Most private sector activities would be largely self-financing, and would require little support from the state. Indeed, a revival of the private sector is likely to attract substantial foreign capital mainly from Yemenis who are presently living abroad. A new Investment Promotion Law has recently been promulgated providing incentives to private investors. In order to encourage private investors to participate in productive investment, the Investment Promotion Law provides the following concessions and facilities:

- protection to local products
- income tax exemption up to first eight years
- low electricity tariffs
- exemption of import duties for capital investment, spare parts and raw materials imports
- access to credit facilities

In the field of agriculture and fisheries, the private sector will have access to credit, extension services and improved seeds and fertilizer facilities that are usually provided by the Government and state farms and cooperatives.

EXTERNAL BALANCES

49. PDRY's balance of payments has strengthened considerably in the second half of the 1970s. This was largely the result of a rapid increase in foreign exchange earnings which rose from \$40 million in 1975 to \$228 million in 1980. By far the most important item in this context were factor incomes (mostly labor income) which in 1980 accounted for almost 80% of total exchange earnings. Commodity exports, on the other hand, remained insignificant reflecting the country's poor resource endowment and the declining share of commodity producing sectors in the economy, especially agriculture and fisheries.

Table 11: SUMMARY BALANCE OF PAYMENTS
(US\$ million)

	1975	1978	1979	1980
Foreign exchange earnings	40	145	176	228
of which:				
Factor incomes, net	(18)	(111)	(142)	(176)
Other services, net	(14)	(17)	(14)	(14)
Commodity exports	(8)	(17)	(20)	(38)
Official capital inflows	41	130	82	159
of which:				
Grants	(10)	(36)	(23)	(83)
Loans (net)	(31)	(94)	(59)	(76)
Private transfers	42	155	182	201
Other capital (incl. E&O)	42	45	-8	86
Total import capacity	165	475	433	674
Commodity imports	-178	-386	-411	-650
Change in reserves (- = increase)	13	-89	-22	-24

50. Official capital inflows also increased substantially, from \$41 million in 1975 to \$159 million in 1980. About one-third of it was provided in the form of grants while the other two-thirds were given as loans. The share of official capital inflows in total foreign exchange available, however, declined almost continuously; in 1980 it was 41 percent compared with 50 percent in 1975. Private transfers (from migrants permanently resident abroad) increased almost five fold between 1975 and 1980.

51. Accounting for errors and omissions PDRY's total import capacity rose sharply allowing not only a large increase in commodity imports but also a strengthening of foreign exchange reserves. The latter more than quadrupled between 1975 and 1980 reaching an amount of \$238 million (excluding gold) or the equivalent of 4-5 months' imports.

52. Commodity imports rose from \$178 million in 1975 to \$650 million in 1980. Accounting for world inflation they increased by about two thirds in real terms. The increase was accompanied by some structural changes. Imports of foodstuffs remained the principal category but their share in total imports appears to have declined over time. The share of petroleum imports, on the other hand, has risen reflecting the exceptionally sharp increase in international prices for crude oil and its products. For 1980 the cost of fuel imports were estimated at \$150 million, equal to 23 percent of total imports. Capital goods imports reached a peak in 1977 and declined thereafter both in nominal and real terms. This would be consistent with recent trends in public investment (see para. 22).

Table 12: COMPOSITION OF COMMODITY IMPORTS
(percent)

	1975	1977	1979	1980
Total imports	100	100	100	100
of which:				
Foodstuffs	35	24	28	31
Petroleum products	19	18	22	23
Capital goods	17	35	20	20
Others	29	23	30	26

53. PDRY's external debt (excluding undisbursed amounts) stood at \$499 million at the end of 1980. Of this \$163 million was owed to multilateral agencies, mostly Arab Funds and IDA. Disbursed bilateral loans amounted to \$336 million, the major creditors being the USSR (\$153 million), China (\$84 million), other socialist countries (\$64 million) and Arab countries (\$35 million).

54. The terms of the outstanding loans vary considerably. Multilateral credits are extremely concessionary and place a small burden on the country's debt service capacity. Many bilateral loans, on the other hand, are more in the nature of suppliers' credits. Moreover, while these credits are usually denominated in nonconvertible currencies, service payments will have to be made in convertible currencies.

55. Debt service payments in 1980 were still rather low, i.e., \$15 million or the equivalent of 4.4 percent of total foreign exchange earnings. Service payments are, however, expected to rise sharply in the next few years adding a significant burden to the balance of payments. No estimates of future debt payments have been provided to the mission.

SECOND FIVE-YEAR PLAN, 1981-85

56. PDRY's second five-year plan was approved by the People's Supreme Council in May 1981. The plan was originally envisaged to cover the 1979-83 period.^{1/} However, following a recommendation by the Council on Arab Economic Unity asking Arab countries to synchronize their five-year development plans, the second five-year plan has been rescheduled for 1981-85. The plan's basic objectives are similar to those of the first five-year plan (1974-78), i.e., to (a) satisfy the basic needs of the population for food, essential consumer goods, shelter, employment, health care and other social services; (b) develop the production capacity of the economy, especially in industry, agriculture and fisheries; (c) strengthen the physical infrastructure; (d) explore the country's mineral resources, especially fuels; (e) raise education standards and technical skills of the labor force; and (f) increase exports of domestic products. As in the past, these objectives are to be achieved mainly through a further expansion of the public and cooperative sectors whereas the role of the private sector is to be reduced.

57. The quantitative plan targets are ambitious. Total development expenditures are to reach YD 508 million or the equivalent of almost \$1.5 billion. In real terms that would be approximately twice as much as has actually been spent during the preceding five-year period. To overcome recent constraints in the construction industry the plan proposes that 43 percent of the civil works contracts be given to foreign firms. Another 50 percent is to be carried out by public enterprises while only 7 percent of the contracts would be carried out by the private sector. The large volume of construction to be undertaken by the public sector clearly exceeds the present capacity of state owned construction firms.

^{1/} See Special Economic Report, The Second Five-Year Plan (1979-83), January 12, 1980, No.2683-YDR.

Table 13: DEVELOPMENT EXPENDITURES, 1981-85
(YD million, constant 1980 prices)

Sectors	YD million	%	First Five-Year Plan, %
Industry	133	26	16
Electric power	(69)	(14)	n.a.
Manufacturing	(36)	(6)	n.a.
Minerals	(28)	(5)	n.a.
Agriculture	60	12	22
Fisheries	27	5	13
Sub-total	220	43	51
Transport	91	18	n.a.
Water supply	21	4	n.a.
Trade	21	4	n.a.
Sub-total	133	26	32
Education, health	41	8	n.a.
Housing	90	18	n.a.
Other services	24	5	n.a.
Sub-total	155	31	17
Total Expenditures	508	100	100

58. The sectoral allocation of investment shows significant structural change if compared with actual expenditures during the first five-year plan. The share of industry is to increase from 16 percent of the total to 26 percent while the shares of agriculture and fisheries are to be reduced from 35 percent to 17 percent, respectively. The new plan also proposes large investments in public housing (18 percent) which was insignificant during the past. On the other hand, investments in physical infrastructure (transport, water supply, trade) are to decline from 32 percent to 26 percent of the total. This shift in sectoral allocations reflects an appropriate response to PDKY's evolving economic and social needs.

59. The major industrial projects will be in the power sector. Production of electric power is to double during the five-year period. In manufacturing, a number of existing factories are to be modernized and expanded. The principal new project would be a cement plant. Continued investments will also be made in mineral exploration. Investments in the agricultural sector are concentrated on irrigation and land reclamation whereas the fisheries sector will continue to invest in shore facilities, boats and fishing gear with the emphasis still on the industrial fleet. The plan further proposes to pave more than 600 km of roads, and to improve another 150 km. Port and airport facilities will be expanded and upgraded. Investments in social sectors are to continue on a substantial scale, especially for education and health.

60. The plan's production targets are summarized in the table below. It is stated that these objectives in part will be reached through increased labor productivity. Education and training programs are to provide the necessary skills.

Table 14: PRODUCTION TARGETS, 1985
(Percent)

	1985 over 1980	Annual Growth Rate	Annual Growth 1974-79
Gross national product	165	10-1/2	13
Gross production	163	10	6
of which:			
Industry	182	13	9
Agriculture	152	9)
Fisheries	212	16)0
Transport	154	9	12

61. These targets look quite ambitious in the light of actual developments during the last few years. As the above table shows, domestic production growth is planned to accelerate sharply, especially in agriculture and fisheries. Labor shortages are likely to continue, especially in the skilled categories which will constrain project implementation. Even more important, however, is the fact that the plan does not envisage a change in the present organization of economic planning and management. It also fails to spell out effective changes in productivity incentives which are urgently required.

62. Given the uncertainties on the production side, the plan's export targets also appear to be ambitious. Commodity exports - mostly fish and agricultural products - are to reach \$90 million in 1985 which would be a little more than three times as much as was actually exported in 1980 (\$27 million). Import requirements are estimated to increase by about 55 percent between 1980 and 1985. Among others this reflects the growing demand for fuel by the power and transport sectors. Actual import growth may be less if investments lag behind schedule, and economic growth turns out to be lower than planned. Still, the foreign trade deficit can be expected to grow substantially over the medium run. To some extent these deficits will be financed through larger private transfers and remittances. But the inflow of such funds is likely to grow at a slower pace than in the past reflecting increasing saturation of labor markets in the oil producing countries.

63. Approximately 70 percent of the planned development expenditures (i.e., over \$1 billion) are expected to be financed through foreign loans. The bulk of these funds is to come from socialist countries. If the terms of such loans were to remain similar to those of the past (see para. 51) this could lead to a substantial increase in PDRY's debt service burden. The Government is aware of this problem and taking it into account has arranged for a restructuring of its foreign debt.

STATISTICAL APPENDIX

Table

No.

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- 2.1 Gross Domestic Product at current prices
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Table 1.1: POPULATION ESTIMATES
(Thousands)

	1973 <u>1/</u>	1978	1980
<u>Total Population</u>	1,590	1,808	1,903
of which:			
Urban	529	n.a.	n.a.
Rural	905	n.a.	n.a.
Nomad	156	n.a.	n.a.
Male	787	895	942
Female	803	913	961
 <u>Population by Governorates</u>			
Aden (First)	291	331	348
Lahej (Second)	274	312	328
Abyan (Third)	311	354	373
Shabwa (Fourth)	162	184	194
Hadramout (Fifth)	491	558	588
El-Mahra (Sixth)	61	69	73
 Memo Item: UN estimates of total population.	1,590	1,850	1,970

1/ Census year.

Source: Central Statistical Organization.

Table 2.1: GROSS DOMESTIC PRODUCT AT CURRENT PRICES
(In millions of Yemeni dinars)

	1973	1975	1976	1977	1978	1979	1980 ^{1/}
<u>Commodity Sectors</u>	<u>29.6</u>	<u>35.1</u>	<u>46.4</u>	<u>59.4</u>	<u>68.2</u>	<u>70.7</u>	<u>80.2</u>
Agriculture & Fisheries	16.4	17.7	24.5	25.4	19.7	23.4	25.6
Industry ^{2/}	8.9	8.7	11.5	18.7	22.9	23.3	27.8
Construction	4.3	8.7	10.4	15.3	25.6	24.0	26.8
<u>Distribution Sectors</u>	<u>22.4</u>	<u>29.3</u>	<u>37.7</u>	<u>47.6</u>	<u>48.2</u>	<u>62.6</u>	<u>68.1</u>
Transport & Communication	6.0	9.5	13.5	18.3	21.3	27.5	30.0
Trade, Hotels, Catering	15.1	19.2	23.0	27.5	24.3	30.6	32.2
Finance	1.3	0.6	1.2	1.8	2.6	4.5	5.9
<u>Services Sector</u>	<u>23.6</u>	<u>24.8</u>	<u>28.3</u>	<u>33.0</u>	<u>34.6</u>	<u>42.9</u>	<u>48.3</u>
Government	18.6	18.3	21.5	25.7	31.0	39.4	44.5
Housing	2.4	2.5	2.6	2.8	2.2	2.0	2.0
Other	2.6	4.0	4.2	4.5	1.4	1.5	1.8
GDP at factor cost	<u>75.6</u>	<u>89.2</u>	<u>112.4</u>	<u>140.0</u>	<u>151.0</u>	<u>176.2</u>	<u>196.6</u>
Net Indirect Taxes	8.5	11.6	15.2	20.2	25.2	29.9	36.8
<u>GDP at Market Prices</u>	<u>84.1</u>	<u>100.8</u>	<u>127.6</u>	<u>160.2</u>	<u>176.2</u>	<u>206.1</u>	<u>233.4</u>
Net factor income	12.9	6.3	15.1	26.4	38.4	48.9	60.8
<u>GNP at Market Prices</u>	<u>97.0</u>	<u>107.1</u>	<u>142.7</u>	<u>186.6</u>	<u>214.6</u>	<u>255.0</u>	<u>294.2</u>

^{1/} Preliminary.

^{2/} Includes electricity, water, mining and petroleum.

Source: Central Statistical organization.

Table 2.2: GROSS DOMESTIC PRODUCT AT CONSTANT PRICES
(In millions of Yemeni dinars)

	1973	1975	1976	1977	1978	1979
<u>Commodity Sectors</u>	<u>34.1</u>	<u>38.8</u>	<u>47.0</u>	<u>52.7</u>	<u>57.1</u>	<u>57.6</u>
Agriculture	13.0	14.8	14.4	14.2	13.1	14.5
Fisheries	5.7	6.2	11.3	10.5	3.9	4.1
Industry <u>1/</u>	10.3	9.9	12.5	15.9	18.5	17.0
Construction	5.1	7.9	8.8	12.1	21.6	22.0
<u>Distribution Sectors</u>	<u>35.9</u>	<u>33.0</u>	<u>40.7</u>	<u>52.9</u>	<u>43.4</u>	<u>46.0</u>
Transport & Communication	9.7	9.2	13.2	16.2	17.7	19.1
Trade, Hotels, Catering	21.7	20.6	24.0	26.9	22.0	21.7
Finance	4.5	3.2	3.5	9.8	3.7	5.2
<u>Services Sector</u>	<u>26.0</u>	<u>22.9</u>	<u>25.0</u>	<u>26.8</u>	<u>30.2</u>	<u>35.0</u>
Government	22.8	18.8	20.9	22.8	29.0	33.8
Housing	3.0	3.6	3.6	3.5	1.2	1.2
Other	0.2	0.5	0.5	0.5	-	-
GDP at factor cost	<u>96.0</u>	<u>94.7</u>	<u>112.7</u>	<u>132.4</u>	<u>130.7</u>	<u>138.6</u>
Net Indirect Taxes	7.4	8.8	11.1	16.1	19.8	25.7
<u>GDP at Market Prices</u>	<u>103.4</u>	<u>103.5</u>	<u>123.8</u>	<u>148.5</u>	<u>150.5</u>	<u>164.3</u>

1/ Includes electricity, water, mining and petroleum.

Source: Ministry of Planning

Table 3.1: BALANCE OF PAYMENTS
(In millions of US dollars)

	1973	1974	1975	1976	1977	1978	1979	1980
Exports ^{1/}	13.9	7.8	8.4	25.5	24.1	17.1	19.7	38.3
re-exports	(11.0)	(9.6)	(11.3)	(18.9)	(22.9)	(22.3)	(24.7)	(21.2)
Imports ^{1/}	-119.8	-190.2	-178.6	-267.7	-365.1	-386.3	-410.4	-649.9
Trade Deficit	-105.9	-182.4	-170.2	-242.2	-341.0	-369.2	-390.7	-611.6
Non-Factor								
Services, net	6.5	22.0	14.2	19.7	9.9	16.8	13.9	13.9
Factor Services, net	37.4	48.1	18.3	43.8	76.6	111.3	141.8	176.3
Labor Income	(33.4)	(41.2)	(15.4)	(37.4)	(69.3)	(103.2)	(131.1)	(146.5)
Investment Income	(4.0)	(6.9)	(2.9)	(6.4)	(7.3)	(8.1)	(10.7)	(29.8)
Current A/c Deficit	-52.0	-112.3	-137.7	-178.7	-254.5	-241.1	-235.0	-421.4
Transfers	0.3	0.9	52.8	125.0	174.3	191.2	205.3	284.5
Official	(0.3)	(0.9)	(10.2)	(46.4)	(55.1)	(36.3)	(23.2)	(82.9)
Private ^{2/}	(0.3)	(0.9)	(42.6)	(78.6)	(119.2)	(154.9)	(182.1)	(201.6)
Official M<								
Capital, net	24.7	47.9	31.3	58.0	70.1	94.0	58.9	76.3
Gross Disbursement	(24.7)	(48.2)	(31.9)	(59.5)	(71.6)	(95.1)	(63.5)	(85.6)
repayments	(-)	(-0.3)	(-0.6)	(-1.5)	(-1.5)	(-1.1)	(-4.6)	(-9.3)
IMF Credit, net	11.3	17.1	17.4	15.4	-	-6.4	-17.7	-11.6
SDk Allocations	-	-	-	-	-	-	5.8	4.9
Misc. Capital								
(including E&O)	23.0	37.9	23.5	7.8	28.1	50.7	4.4	91.6
Change in Reserves								
(- = increase)	-7.3	8.5	12.8	-27.5	-17.8	-88.6	-21.8	-24.3
Memo Item:								
Gross Official Reserves	75.3	66.8	54.0	81.5	99.3	187.9	209.7	234.0

^{1/} Net of re-exports.

^{2/} Beginning 1975, the breakdown of labor income and private transfers is based on Mission estimates.

Source: IMF and Bank of Yemen

Table 3.2: BALANCE OF PAYMENTS
(In millions of Yemini dinars)

	1973	1974	1975	1976	1977	1978	1979	1980
Exports ^{1/}	4.8	2.7	2.9	8.8	8.3	5.9	6.8	13.2
Re-exports	(3.8)	(3.3)	(3.0)	(6.5)	(7.9)	(7.7)	(8.5)	(7.3)
Imports ^{1/}	-41.3	-65.6	-61.6	-92.3	-125.9	-133.2	-141.5	-224.1
Trade Deficit	<u>-36.5</u>	<u>-62.9</u>	<u>-58.7</u>	<u>-83.5</u>	<u>-117.6</u>	<u>-127.3</u>	<u>-134.7</u>	<u>-210.9</u>
Non-Factor								
Services, net	5.7	7.6	4.9	6.8	3.4	5.8	4.8	4.8
Factor Services, net	12.9	16.6	6.3	15.1	26.4	38.9	48.9	60.8
Labor Income	(11.5)	(14.2)	(5.3)	(12.9)	(23.9)	(35.6)	(45.2)	(50.5)
Investment Income	(1.4)	(2.4)	(1.0)	(2.2)	(2.5)	(2.8)	(3.7)	(10.3)
Current A/c Deficit	<u>-17.9</u>	<u>-34.7</u>	<u>-47.5</u>	<u>-61.6</u>	<u>-87.8</u>	<u>-83.1</u>	<u>-81.0</u>	<u>-145.3</u>
Transfers	<u>0.1</u>	<u>0.3</u>	<u>18.2</u>	<u>43.1</u>	<u>60.1</u>	<u>65.9</u>	<u>70.8</u>	<u>98.1</u>
Official	(0.1)	(0.3)	(3.5)	(16.0)	(19.0)	(12.5)	(8.0)	(28.6)
Private ^{2/}	(-)	(-)	(14.7)	(27.1)	(41.1)	(53.4)	(62.8)	(69.5)
Official M&L1								
Capital, net	<u>8.5</u>	<u>16.5</u>	<u>10.8</u>	<u>20.0</u>	<u>24.2</u>	<u>32.4</u>	<u>20.3</u>	<u>26.3</u>
Gross Disbursement	(8.5)	(16.6)	(11.0)	(20.5)	(24.7)	(32.8)	(21.9)	(29.5)
Repayments	(-)	(-0.1)	(-0.2)	(-0.5)	(-0.5)	(-0.4)	(-1.6)	(-3.2)
IMF Credit, net	3.9	5.9	6.0	5.3	--	-2.2	-6.1	-4.0
SDK Allocations	--	--	--	--	--	--	2.0	1.7
Misc. Capital								
(including E&O)	7.9	13.0	8.1	2.7	9.7	17.5	1.5	31.6
Change in Reserves								
(- = increase)	-2.5	3.0	4.4	-9.5	-6.2	-30.5	-7.5	-8.4
Memo Item:								
Gross Official Reserves	26.0	23.0	18.6	28.1	34.3	64.8	72.3	80.7

^{1/} Net of re-exports.

^{2/} beginning 1975, the breakdown of labor income and private transfers is based on Mission estimates.

Source: IMF and bank of Yemen

Table 3.3: COMPOSITION OF EXPORTS AND RE-EXPORTS
(In thousands of Yemeni dinars)

	1973	1974	1975	1976	1977	1978	1979	1980
<u>Food & live animals</u>	<u>2,577</u>	<u>2,832</u>	<u>2,592</u>	<u>5,640</u>	<u>7,527</u>	<u>3,627</u>	<u>5,558</u>	<u>7,646</u>
Dried fish	225	241	182	123	23	49	9	--
Fresh fish	1,382	1,997	1,472	3,907	5,844	2,074	3,412	6,387
Coffee	495	380	669	1,170	1,209	591	1,256	341
Other	475	214	269	440	451	913	881	918
<u>Beverages & tobacco</u>	<u>57</u>	<u>38</u>	<u>65</u>	<u>112</u>	<u>183</u>	<u>520</u>	<u>598</u>	<u>957</u>
<u>Crude materials</u> (except fuel)	<u>3,044</u>	<u>970</u>	<u>1,021</u>	<u>4,301</u>	<u>1,963</u>	<u>2,416</u>	<u>1,916</u>	<u>4,321</u>
Hides & skins	328	289	226	222	179	226	180	151
Cotton linters & seeds	2,139	231	472	3,565	1,263	1,426	1,024	3,083
Salt	117	181	52	99	193	358	189	191
Metal scrap	108	73	15	--	--	--	79	141
Other	352	196	256	415	328	406	444	755
<u>Petroleum products</u>	<u>131</u>	<u>54</u>	<u>24</u>	<u>5,262</u>	<u>5,807</u>	<u>5,227</u>	<u>4,574</u>	<u>--</u>
<u>Animal & veg. oil</u>	<u>2</u>	<u>--</u>	<u>6</u>	<u>34</u>	<u>8</u>	<u>61</u>	<u>39</u>	<u>40</u>
<u>Chemicals</u>	<u>57</u>	<u>40</u>	<u>24</u>	<u>28</u>	<u>4</u>	<u>17</u>	<u>16</u>	<u>33</u>
<u>Manufactured goods</u>	<u>561</u>	<u>250</u>	<u>75</u>	<u>39</u>	<u>18</u>	<u>507</u>	<u>171</u>	<u>422</u>
Textiles	383	139	13	3	--	41	64	108
Other	178	111	62	36	18	466	107	314
<u>Machinery & transp. equip.</u>	<u>77</u>	<u>32</u>	<u>21</u>	<u>6</u>	<u>230</u>	<u>28</u>	<u>11</u>	<u>32</u>
Passenger cars	13	6	5	2	--	--	--	--
Trucks	3	--	--	--	217	--	--	--
Other	61	26	16	4	13	28	11	32
<u>Misc. manuf. articles</u>	<u>273</u>	<u>170</u>	<u>59</u>	<u>70</u>	<u>30</u>	<u>282</u>	<u>269</u>	<u>219</u>
Clothing	191	89	22	13	11	166	233	152
Footwear	8	2	1	--	--	11	20	--
Other	74	79	36	57	19	105	16	67
<u>Unclassified items</u>	<u>104</u>	<u>--</u>	<u>19</u>	<u>4</u>	<u>3</u>	<u>44</u>	<u>--</u>	<u>--</u>
TOTAL	<u>6,883</u>	<u>4,386</u>	<u>3,906</u>	<u>15,496</u>	<u>15,773</u>	<u>12,195</u>	<u>13,152</u>	<u>13,670</u>
<u>Memo Item:</u>								
<u>Re-exports</u>	<u>2,095</u>	<u>1,088</u>	<u>1,050</u>	<u>6,786</u>				
Food & beverages	678	376	732	1,116				
Industrial supplies	782	487	229	346				
Consumer goods	340	148	28	9				
Other	295	77	61	5,265				

Source: IMF and Central Statistical Organization.

Table 3.4: COMPOSITION OF IMPORTS
(In thousand of Yemeni dinars)

	1973	1974	1975	1976	1977	1978	1979	1980
<u>Food & live animals</u>	<u>16,709</u>	<u>25,307</u>	<u>21,940</u>	<u>22,235</u>	<u>28,568</u>	<u>46,016</u>	<u>43,395</u>	<u>70,435</u>
Live animals	790	552	820	1,504	1,862	1,850	2,663	3,201
Ghee	775	1,833	1,912	1,610	3,542	5,350	4,317	4,318
Wheat & wheat flour	3,566	7,250	3,606	5,398	6,051	6,993	3,204	18,906
Rice	2,401	5,841	4,673	3,072	3,315	6,957	8,748	4,043
Refined sugar	2,685	4,291	4,757	2,349	2,882	2,956	2,575	10,862
Coffee	261	355	794	1,277	502	663	1,263	151
Tea	1,343	673	923	1,531	2,223	3,178	1,610	2,158
Spices	574	567	472	457	966	1,196	909	574
Milk powder	--	--	--	2,009	2,767	6,159	9,304	9,470
Other	4,314	3,945	3,983	3,028	4,458	10,714	8,802	16,752
<u>beverages & tobacco</u>	<u>1,118</u>	<u>1,098</u>	<u>955</u>	<u>1,242</u>	<u>1,312</u>	<u>3,213</u>	<u>3,548</u>	<u>5,338</u>
<u>Crude materials, inedible,</u> (except fuel)	<u>1,393</u>	<u>2,591</u>	<u>1,970</u>	<u>2,531</u>	<u>2,928</u>	<u>3,912</u>	<u>5,462</u>	<u>9,537</u>
Hides & skins	7	51	47	14	11	--	--	--
Sesame seeds	829	1,292	666	1,270	553	1,854	2,734	3,450
Wood	296	914	861	978	1,840	1,719	2,066	5,575
Other	261	334	396	269	524	339	662	512
<u>Petroleum products</u>	<u>3,157</u>	<u>14,428</u>	<u>11,641</u>	<u>21,189</u>	<u>22,082</u>	<u>18,136</u>	<u>34,655</u>	<u>51,920</u>
<u>Animal & veg. oils</u>	<u>328</u>	<u>896</u>	<u>683</u>	<u>730</u>	<u>1,222</u>	<u>1,847</u>	<u>1,612</u>	<u>1,179</u>
<u>Chemicals</u>	<u>1,616</u>	<u>2,447</u>	<u>2,785</u>	<u>3,221</u>	<u>3,488</u>	<u>5,951</u>	<u>7,944</u>	<u>8,103</u>
<u>Mfg. goods classified</u> <u>chiefly by materials</u>	<u>6,105</u>	<u>8,615</u>	<u>10,602</u>	<u>11,368</u>	<u>15,182</u>	<u>17,854</u>	<u>19,281</u>	<u>25,698</u>
Textiles	2,608	3,016	1,363	1,462	3,428	3,903	4,441	5,006
Cement	410	1,424	959	974	844	1,287	1,821	960
Other	3,087	4,175	8,280	8,932	10,910	12,664	13,019	19,732
<u>Mach. & transp. equip.</u>	<u>2,958</u>	<u>8,257</u>	<u>10,316</u>	<u>20,103</u>	<u>42,231</u>	<u>30,865</u>	<u>31,242</u>	<u>44,247</u>
Machinery	1,263	3,113	4,490	8,689	5,829	17,021	11,372	13,511
Passenger vehicles	222	340	273	1,149	1,977	1,326	4,081	2,967
Trucks	91	1,182	1,324	2,623	10,067	2,069	2,985	3,190
Other	1,382	3,622	4,229	7,642	24,358	10,449	12,804	24,579
<u>Misc. manuf. articles</u>	<u>2,598</u>	<u>1,985</u>	<u>1,198</u>	<u>2,393</u>	<u>4,434</u>	<u>6,348</u>	<u>7,577</u>	<u>8,802</u>
Clothing	943	646	288	517	1,480	1,782	2,420	3,405
Footwear	248	200	161	372	364	778	568	304
Other	1,407	1,139	749	1,504	2,590	3,788	4,589	5,093
<u>Unclassified items</u>	<u>18</u>	<u>40</u>	<u>54</u>	<u>95</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Qat	--	--	7	80	--	--	--	--
Other	18	40	47	15	--	--	--	--
TOTAL	<u>36,000</u>	<u>65,664</u>	<u>62,144</u>	<u>85,107</u>	<u>121,329</u>	<u>134,142</u>	<u>154,716</u>	<u>225,259</u>

Source: IMF and Central Statistical Organization.

Table 3.5: SERVICES, RECEIPTS AND PAYMENTS
(In millions of Yemeni dinars)

	1975	1976	1977	1978	1979	1980
Investment Income, net	1.0	2.2	2.5	2.8	5.2	10.3
Receipts	1.6	3.2	3.5	4.3	7.0	12.0
Payments	-0.8	-1.0	-1.0	-1.5	-1.8	-1.7
Workers' Remittances ^{2/} net	20.3	41.2	64.7	89.0	108.3	120.4
Receipts	21.4	41.7	66.1	90.0	110.1	122.1
Payments	-1.1	-0.5	-1.4	-1.0	-1.8	-1.7
Transportation, net	1.2	1.7	2.5	3.7	5.0	5.6
Receipts	2.0	2.5	3.1	4.3	7.9	10.3
Payments	-0.8	-0.8	-0.6	-0.6	-2.9	-4.7
Other Services, net	4.3	4.3	3.3	5.8	4.1	6.4
Receipts	6.0	6.6	6.9	10.6	10.3	13.8
Payments	-1.7	-2.3	-3.6	-4.8	-6.2	-7.4
Government n.i.e, net	-0.5	0.8	-2.4	-3.0	-6.0	-7.2
Receipts	2.6	4.1	4.3	2.0	2.2	2.2
Payments	-3.1	-3.3	-6.7	-5.0	-8.2	-9.4

1/ Includes labor income and private transfers.

Source: Central Bank of Yemen.

Table 4:1: EXTERNAL PUBLIC DEBT OUTSTANDING
AS OF DECEMBER 31, 1980
(Million \$)

	Public Debt Outstanding Including Undisbursed	Disbursed
<u>Multilateral Loans</u>	<u>321.0</u>	<u>162.5</u>
IDA	85.5	35.1
Kuwait Fund	54.7	37.0
Arab Fund	75.8	31.1
Abu Dhabi Fund	25.3	8.9
Islamic Bank	28.3	6.0
OPEC Special Fund	12.4	8.4
European Common Market	3.0	-
IMF Trust Fund	36.0	36.0
<u>Bilateral Loans</u>	<u>889.1</u>	<u>336.5</u>
USSR	573.3	152.5
China	125.9	83.9
German Democratic Republic	49.1	21.8
Bulgaria	53.8	24.7
Czechoslovakia	29.4	9.6
Hungary	17.4	7.7
Iraq	19.5	19.4
Libya	19.7	16.9
Algeria	1.0	-
United Arab Emirates	30.6	-
<u>Total External Loans</u>	<u>1,240.7</u>	<u>499.0</u>

Source: Bank of Yemen.

Table 5.1: CONSOLIDATED PUBLIC SECTOR FINANCES
(In millions of Yemeni dinars)

	1974/75	1975 <u>1/</u>	1976	1977	1978	1979	1980
Current revenues ^{2/}	23.60	16.82	32.07	43.42	56.01	67.97	107.22
Current expenditures	27.61	25.55	39.15	47.37	61.40	76.16	96.01
Public savings	-4.01	-8.73	-7.08	-3.95	-5.39	-8.19	11.21
Development expenditure	19.60	18.90	39.23	57.34	59.75	51.96	74.22
Overall deficit	-23.61	-27.63	-46.31	-61.29	-65.14	-60.15	-63.01
Financed through:							
Local banks	10.44	12.48	15.55	18.53	13.68	27.60	18.56
External sources	13.17	15.15	30.76	42.76	51.46	32.55	44.45

1/ April-December.

2/ Ordinary revenue (Table 5.2) plus domestic revenue of Development Fund and self financing by Public Enterprises (Table 5.5).

Source: Ministry of Finance.

Table 5.2: CENTRAL GOVERNMENT ORDINARY REVENUES
(In thousands of Yemen dinars)

	1974/ 1975	1975 <u>1/</u>	1976	1977	1978	1979	1980 <u>2/</u>	1981 <u>3/</u>
<u>Tax revenue</u>	<u>14,165</u>	<u>11,248</u>	<u>19,685</u>	<u>28,282</u>	<u>33,589</u>	<u>43,036</u>	<u>67,846</u>	<u>65,516</u>
Tax on income & profits	4,873	4,143	7,591	9,036	10,047	12,474	24,098	23,040
Corporations	3,787	3,319	5,569	6,608	7,244	9,267	20,443	18,827
of which:								
Public sector entities	(2,378)	(2,727)	(4,600)	(5,855)	(6,315)	(8,204)	(19,137)	(17,820)
Individuals	253	222	191	396	409	463	549	550
Wages & salary income	833	602	1,831	2,032	2,394	2,744	3,106	(3,663)
<u>Taxes on goods & services</u>	<u>3,070</u>	<u>2,773</u>	<u>4,811</u>	<u>6,569</u>	<u>7,900</u>	<u>9,675</u>	<u>12,180</u>	<u>14,226</u>
Cotton	26	23	146	213	5	204	138	190
Cigarettes	1,221	1,230	2,200	3,345	4,320	4,907	6,126	7,150
Petroleum products	960	661	1,051	1,193	1,100	1,975	2,093	1,780
Fruits & vegetables	101	100	349	381	249	248	275	262
Qat	468	398	662	657	1,033	1,257	1,530	1,700
Other	294	361	403	346	518	484	1,251	540
Industrial products	--	--	--	434	675	600	767	2,604
<u>Taxes on international trade</u>	<u>5,691</u>	<u>3,852</u>	<u>6,355</u>	<u>11,369</u>	<u>14,052</u>	<u>19,187</u>	<u>29,320</u>	<u>26,250</u>
Import duties	5,691	3,852	6,355	11,369	14,052	19,187	29,320	26,250
<u>Other taxes</u>	<u>532</u>	<u>480</u>	<u>928</u>	<u>1,308</u>	<u>1,590</u>	<u>1,700</u>	<u>2,248</u>	<u>2,000</u>
Stamp duties	532	480	928	1,308	1,590	1,700	2,248	2,000
<u>Non-tax revenue</u>	<u>4,301</u>	<u>2,608</u>	<u>6,029</u>	<u>6,607</u>	<u>12,920</u>	<u>11,176</u>	<u>18,170</u>	<u>19,974</u>
Public sec. entities of which:	1,239	785	2,400	2,190	3,135	4,267	6,339	8,002
bank of Yemen	(300)	(225)	(312)	(266)	(771)	(271)	(2,340)	(--)
Non-industrial sales & charges	2,234	1,120	2,766	3,075	8,214	5,522	6,171	8,377
Administrative fees	547	464	619	1,056	1,154	1,072	1,370	1,595
Sales of government property	280	239	244	286	417	315	4,290	2,000
TOTAL REVENUES	<u>18,466</u>	<u>13,856</u>	<u>25,714</u>	<u>34,889</u>	<u>46,509</u>	<u>54,212</u>	<u>86,016</u>	<u>85,490</u>

1/ April-December.

2/ Provisional.

3/ Budget Estimates.

Source: Ministry of Finance.

Table 5.3: CENTRAL GOVERNMENT ORDINARY EXPENDITURES
(In millions of Yemeni dinars)

	1974/ 1975	1975 <u>1/</u>	1976	1977	1978	1979	1980 <u>2/</u>	1981 <u>3/</u>
By Administrative & functional category	<u>27.61</u>	<u>25.55</u>	<u>39.15</u>	<u>47.37</u>	<u>61.40</u>	<u>76.16</u>	<u>96.01</u>	<u>116.83</u>
General Admin.	5.52	5.38	9.67	11.94	9.66	12.96	19.25	28.68
Defense & security	13.19	12.09	17.13	20.03	30.80	36.06	42.71	46.74
Education & guidance	4.49	4.29	6.33	8.21	11.80	14.18	17.49	19.96
Health	1.50	1.41	2.24	2.67	3.51	5.13	6.27	6.10
Social services	0.34	0.31	0.48	0.52	0.53	0.78	1.06	1.83
Community services	0.55	0.47	0.64	1.38	1.35	1.70	2.08	2.09
Economic services	1.76	1.39	2.32	1.97	2.79	3.17	4.11	5.37
Other unallocable debt service	0.26	0.21	0.34	0.65	0.96	2.18	3.04	6.06
Economic classif'n.	<u>27.61</u>	<u>25.55</u>	<u>39.15</u>	<u>47.37</u>	<u>61.40</u>	<u>76.16</u>	<u>96.01</u>	<u>116.82</u>
Wages & salaries	15.12	13.40	20.24	24.35	29.78	37.77	50.80	56.08
Materials & supplies	11.42	11.25	16.73	20.60	28.60	30.91	38.78	42.87
Transfer payments	1.05	0.89	2.14	2.25	2.57	6.04	10.68	12.87
Repayment of public debt--principal	0.02	0.01	0.04	0.17	0.45	1.44	2.20	5.00
Financed from:								
Ordinary revenue	18.47	13.86	25.71	34.89	46.51	54.21	86.01	85.49
bank credit, net	9.14	9.30	13.44	12.48	14.89	21.95	10.00	31.33
Other	--	2.39	--	--	--	--	--	--

1/ April-December.

2/ Provisional.

3/ budget Estimates.

Source: Ministry of Finance.

Table 5.4: PUBLIC SECTOR DEVELOPMENT EXPENDITURES
(In million of Yemeni dinars)

<u>Sector</u>	1974/75	1975 <u>1/</u>	1976	1977	1978	1979	1980
Agriculture	4.97	4.27	7.87	12.02	14.84	17.99 <u>2/</u>	17.90 <u>2/</u>
Fisheries	3.04	2.85	8.43	6.54	5.36	--	--
Industry	5.07	4.28	6.81	9.79	8.02	6.80	18.27
Manufacturing	(2.58)	(2.56)	(3.28)	(2.26)	(3.77)	(3.15)	(--)
Electric power	(2.18)	(0.94)	(1.31)	(1.78)	(1.18)	(1.02)	(--)
Oil & minerals	(0.31)	(0.78)	(2.22)	(5.75)	(3.07)	(2.63)	(--)
Transport, communi- cations & construction	4.67	4.08	10.36	17.29	20.35	15.69	21.0
water supply	0.11	0.54	0.81	0.45	0.90	1.49	--
Education	0.44	1.19	1.83	3.20	3.39	4.50	--
Health	0.30	0.28	0.38	0.77	1.08	1.06	--
Housing & other services	1.00	1.41	2.74	7.28	5.81	5.89	--
Total Development Exp.	<u>19.60</u>	<u>18.90</u>	<u>39.23</u>	<u>57.34</u>	<u>59.75</u>	<u>51.96</u>	<u>74.22</u>

1/ April-December.

2/ Including Fisheries.

Source: Ministry of Planning.

Table 5.5: FINANCING OF DEVELOPMENT EXPENDITURES
(In thousands of Yemeni dinars)

	1974/75	1975 <u>1/</u>	1976	1977	1978	1979	1980
<u>Domestic Sources</u>	<u>6,430</u>	<u>3,750</u>	<u>8,473</u>	<u>14,581</u>	<u>7,803</u>	<u>19,413</u>	<u>29,774</u>
Development Fund	2,610	1,480	4,593	6,721	7,786	12,153	16,490
Contributions from							
Salaries of							
Public Servants	(394)	(571)	(689)	(804)	(300)	(515)	(280)
50% of net profits							
of Public Entities	(2,099)	(883)	(3,903)	(4,164)	(6,449)	(9,491)	(15,620)
Other	(117)	(26)	(11)	(1,753)	(1,037)	(2,147)	(590)
Self Financing by							
Public Enterprises	2,520	1,480	1,760	1,810	1,713	1,600	5,240
banking system	1,300	790	2,120	6,050	-1,696	5,660	8,044
<u>External Sources</u>	<u>13,170</u>	<u>15,150</u>	<u>30,757</u>	<u>42,759</u>	<u>51,457</u>	<u>32,547</u>	<u>44,446</u>
Development Fund	6,740	10,710	17,317	26,129	32,597	12,612	16,356
Cash Loans	(4,153)	(350)	(700)	(700)	(7,857)	(28)	(--)
Commodity Loans	(845)	(202)	(1,294)	(6,682)	(9,429)	(3,123)	(1,130)
Grants (Commodity							
& Cash)	(730)	(4)	(6)	(2,700)	(156)	(1,900)	8,550
Other Foreign							
Grants	(1,012)	(10,154)	(15,317)	(16,047)	(15,155)	(7,561)	(6,676)
Project Loans	6,430	4,440	13,440	16,630	19,350	19,935	28,090
TOTAL	<u>19,600</u>	<u>18,900</u>	<u>39,230</u>	<u>57,340</u>	<u>59,750</u>	<u>51,960</u>	<u>74,220</u>

1/ April-December.

Source: Ministry of Planning.

Table 7:1: OUTPUT OF MAIN CROPS
(Thousand tons)

	1974	1975	1976	1977	1978	1979	1980 ^{1/}
Cotton	10.3	10.8	9.3	4.9	10.4	6.6	4.6
Sesame	1.2	2.1	1.9	3.1	1.9	1.7	1.5
Wheat	9.0	8.8	10.0	8.6	6.8	7.4	7.8
Cereals	18.3	17.6	18.1	22.8	19.9	21.2	19.9
Fodder	44.2	66.7	98.9	51.5	73.1	111.5	134.7
Vegetables	12.3	16.1	31.3	30.3	33.1	34.4	25.3
Melons	5.3	5.7	9.0	9.8	9.9	9.9	8.6
Fruits	9.6	9.6	14.0	11.7	13.2	13.8	14.8
Dates	20.0	18.3	13.1	13.5	8.9	7.4	7.9
Qat ^{2/}	0.9	1.1	1.3	0.9	1.7	1.0	1.0

^{1/} Preliminary.

^{2/} Based on proceeds of taxes on qat production.

Source: IMF and Central Statistical Organization.

Table 7:2: CULTIVATED AREA OF STATE FARMS AND COOPERATIVES BY GOVERNORATES

	I		II		III		IV		V		Total	
	State Farms	Coops.	State Farms	Coops.	State Farms	Coops.	State Farms	Coops.	State Farms	Coops.	State Farms	Coops.
<u>1973/74</u>												
Cultivated Area (Acre)	--	500	1,947	10,160	2,449	34,083	370	11,902	150	27,522	4,916	84,167
Irrigated by: wells	--	500	1,553	2,612	2,379	3,176	310	4,014	150	23,606	4,392	33,908
floods	--	--	394	7,548	70	31,007	60	7,888	--	3,916	524	50,359
<u>1974/75</u>												
Cultivated Area (Acre)	618	500	2,923	17,010	3,190	41,894	1,487	9,567	683	26,898	8,901	95,869
Irrigated by: wells	618	500	2,568	2,551	2,810	4,842	824	4,939	683	20,482	7,503	33,314
floods	--	--	355	14,459	380	37,052	663	4,628	--	6,461	1,398	62,555
<u>1975/76</u>												
Cultivated Area (Acre)	618	--	2,347	18,261	5,380	42,568	1,138	6,404	1,358	25,021	10,841	92,254
Irrigated by: wells	618	--	2,347	3,504	3,080	4,837	563	3,899	1,358	16,644	7,966	28,884
floods	--	--	--	14,757	2,300	27,731	575	2,505	--	8,377	2,875	53,370
<u>1976/77</u>												
Cultivated Area (Acre)	618	--	3,488	18,593	4,990	26,446	1,045	7,860	1,971	25,318	12,112	78,217
Irrigated by: wells	618	--	3,488	4,138	4,330	5,961	573	5,029	1,961	17,365	10,970	32,493
floods	--	--	--	14,455	660	20,485	472	2,831	10	7,953	1,142	45,724
<u>1977/78</u>												
Cultivated Area (Acre)	643	--	3,856	23,256	5,770	45,942	2,585	7,895	2,103	24,814	12,957	101,907
Irrigated by: wells	643	--	3,699	5,250	5,106	5,835	396	6,267	1,627	19,064	11,471	36,416
floods	--	--	157	18,006	664	40,107	189	1,628	476	5,750	1,486	65,491
<u>1978/79</u>												
Cultivated Area (Acre)	550	--	8,881	23,541	5,428	39,177	799	6,689	1,871	22,826	17,529	92,233
Irrigated by: wells	550	--	4,484	4,716	5,348	7,119	719	5,797	1,552	17,642	12,653	35,474
floods	--	--	4,397	18,829	80	32,058	80	892	319	4,984	4,876	56,759

Source: Statistical Yearbook 1980, PDRY.

Table 7.3: NUMBER OF WELLS DRILLED BY GOVERNORATES

<u>Governorates</u>	<u>I</u>	<u>II</u>	<u>III</u>	<u>IV</u>	<u>V</u>	<u>VI</u>	<u>Total</u>
1971/72	-	38	27	8	19	-	92
1972/73	-	22	37	3	28	-	90
1973/74	-	20	28	22	33	-	103
1974/75	-	21	19	19	13	-	72
1975/76	18	14	16	24	16	-	88
1976/77	7	11	34	15	35	5	107
1977/78	-	-	30	-	30	-	60
1978/79	-	14	16	9	24	-	63
1979/80		11	8	15	17	3	54
<u>Total</u>	25	151	215	115	215	8	729

Source: Department of Irrigation, Ministry of Agriculture and Agrarian Reform.

Table 7.4: EGG AND POULTRY MEAT PRODUCTION BY THE STATE
POULTRY CORPORATION, 1970-1980

Year	Egg Production (Millions)	Poultry Meat Production (1,000 kg)
1970	0.8	4.8
1971	1.8	8.2
1972	1.1	6.0
1973	1.4	8.3
1974	2.0	22.8
1975	7.6	75.7
1976	18.9	218.9
1977	7.2	119.2
1978	12.7	102.0
1979	3.8	97.8
1980	16.0	134.8

Source: Poultry Development General Corporation.

Table 7.5: PRODUCTION OF FISH BY SECTOR
(in tons)

Year	Cooperatives	Public Sector	Joint Venture ^{a/}	Foreign Companies ^{b/}	Total
1976	32,492	14,301	3,085	14,264	64,142
1977	31,449	15,693	2,848	13,996	63,986
1978	25,634	11,599	1,937	8,883	48,053
1979	30,771	7,816	2,620	10,393	51,600
1980	34,872	12,433	5,436	21,944	74,685

a/ Public sector companies in partnership with the USSR and Iraq.

b/ Nichiro and Tayo Companies of Japan.

source: Ministry of Fish Wealth.

Table 7.6: PRODUCTION AND EXPORTS OF FISH
(Quantity in tons - Value in \$million)

Year	Production/ <u>a</u>	Exports/ <u>b</u>		Foreign Exchange Earnings/ <u>c</u>
		Quantity	Value	
1976	64,142	7,533	4.4	12.8
1977	63,986	8,906	6.1	17.9
1978	48,053	5,415	2.5	7.3
1979	51,600	3,616	3.6	10.6
1980	74,685	6,729	6.2	18.1

a/ Fresh weight.

b/ Exports of processed fish, fish meal and fish oil. It excludes exports of Japanese Nichiro Company.

c/ Includes royalties paid by the Nichiro Company and is net of certain payments made abroad.

Source: IMF, Ministry of Fish Wealth.

Table 7.7: FARMGATE PRICES OF SELECTED FRUITS AND VEGETABLES

Crops	1976	1977	1978	1979	1980	1981
<u>Cereals</u>						
		<u>YD per ton</u>				
Sorgum	70	70	70	75	160	160
Wheat	75	95	95	100	170	175
Maize	70	70	70	75	75	115
Sesame	135	175	175	185	500	500
<u>Vegetable Crops</u>						
		<u>Fils per kg</u>				
Winter Tomatoes	25	35	40	40	50*	--
Summer Tomatoes	60	60	75	100	125*	--
Oct/Nov. Tomatoes	70	70	90	120	150*	--
Red Onions	40	50	70	95	140	--
Eggplant	20	20	25	25	50	--
Winter Okra	30	45	70	75	125	--
Summer Okra	30	35	--	--	100	--
Dry Red Pepper	200	300	450	450	--	--
Cabbage	25	25	35	35	45	--
Carrots	30	30	40	40	45	--
Cauliflower	30	30	45	45	45	--
Leeks	50	100	150	150	45	--
Green Squash	20	20	--	--	--	--
Cucumbers	50	50	65	65	--	--
Garlic	145	180	--	250	--	--
Potatoes	80	80	--	150	100	--
<u>Fruits</u>						
Bananas	20	30	30	45	55	--
Papaya	20	20	20	45	55	--
Guava	25	25	25	90	90	--
Cantaloupes	30	35	--	45	85	--
Watermelons	15	15	15	20	50	--
Oranges	100	100	--	250	275	--
Limes	100	100	100	160	160	--
Peaches (local)	75	75	75	115	90	--
Peaches (Indian)	100	100	--	--	90	--
Apricots	80	80	--	--	--	--
Coconuts	20	20	--	--	--	--
Dates (fresh, ripe)	60	60	40	60	90	--
		<u>YD per ton</u>				
<u>Cotton</u>	--	--	--	155	155	223

Note: Prices which were first fixed in 1973 were not changed until February, 1977.

* Beginning from November 1980.

Source: Department of Planning and Statistics, Ministry of Agriculture and Agrarian Reform.

Table 7.8: FISH PRICES (WET FISH) FOR COOPERATIVES
(Fils per kg)

Species	Until Feb. 1977	1977 (June-Oct)	1979-80 (June-Oct)
King Fish and other large fish/ <u>1</u>	70	80	200
Shark	25-40	50	105
Catfish	n.a.	25	40
Sardines for Canning	15	25	40
Sardines for Fish Meal	15	15	40

1/ Tuna, rock cod, black runner, red snapper, et. al.

2/ Consumer prices remained fixed at 150 fils per kg for all edible fish.
Lobsters are not marketed internally except in a few tourist hotels at
YD1.76 per lb.

Source: Ministry of Fish Wealth.

Table 8.1: PRODUCTION OF MAIN INDUSTRIES, 1973-80

	Unit	1973	1974	1975	1976	1977	1978	1979	1981 1/
Cotton	Tons	4,266	3,597	3,979	2,943	1,809	3,535	2,240	2,240
Vegetable oils	"	5,257	4,681	3,286	3,956	2,593	n.a.	n.a.	n.a.
Oilcakes	"	14,648	10,138	9,217	6,134	6,101	n.a.	n.a.	n.a.
Fishmeal	"	-	-	-	-	1,568	1,364	626	1,368
Aluminum utensils	"	127	139	250	373	399	507	402	287
Tomato canning	"	-	-	-	-	1,119	1,203	1,361	1,228
Fish canning	"	-	-	-	-	305	592	57	216
Flour milling	"	-	-	4,347	34,862	37,595	38,440	31,138	31,763
Wheat bran	"	-	-	-	-	5,194	8,849	9,514	11,063
Fish oil	"	-	-	-	-	412	606	317	424
Paper bags	"	-	-	217	261	455	426	436	521
Plastic utensils	"	-	-	58	69	109	149	188	266
Nails	"	-	-	111	224	153	327	240	297
Foam rubber	"	-	-	162	295	431	501	680	619
Tiles		585	270	418	1,116	942	869	870	1,456
Shirts	'000	124	191	356	382	574	472	429	322
Leather	"	114	93	151	149	35	28	43	78
Salt mining	'000 tns.	43	34	7	37	101	65	25	15
Leather shoes	'000 prs.	-	-	6	47	76	134	143	94
Plastic shoes	'000 prs.	202	358	590	800	978	1,378	763	122
kubber sandals	'000 prs.	-	-	-	-	228	378	927	633
Matches	" gross	191	231	192	358	323	332	193	400
Dairy products	" litre	653	787	2,961	4,538	5,945	4,369	3,600	5,153
Paints	" "	229	398	461	508	680	1,194	1,302	1,516
Perfumes	" "	-	-	-	10	27	26	11	8
Textiles	" meters	-	-	-	2,644	5,192	3,291	2,500	1,890
Cement blocks	" pcs.	-	-	330	175	295	327	330	502
Cigarettes	mln.	137	318	487	678	768	982	1,089	1,248
Electricity	mln.kwh.	136	134	141	153	163	198	197	223
Water	mln.ltr.	7,344	15,293	17,051	16,170	17,030	19,412	18,469	19,547
Aerated water	mln.bot.	15	18	19	24	28	34	38	16
Ships repaired		326	350	363	415	369	422	330	309
Liquid batteries		-	-	-	-	11,957	20,448	18,000	12,778

1/ Preliminary.

Source: Central Statistical Organization.

Table 8.2: PRODUCTION OF THE ADEN REFINERY
(Million long tons)

	1973	1974	1975	1976	1977	1978	1979
Gasoline	0.5	0.5	0.2	0.2	0.3	0.4	0.7
Jet Fuel	0.3	0.3	0.3	0.2	0.2	0.5	0.9
Fuel Oils	2.0	1.8	1.1	1.2	1.3	1.0	1.8
Total Production	2.8	2.6	1.6	1.6	1.8	1.9	3.4

1/ source: Central Statistical Organization.

Table 8.3: CONSUMPTION OF PETROLEUM PRODUCTS
('000 tons)

Year	Gasoline	Diesel	Residual Fuel Oil	Total
1976	56.1	170.7	120.0	405.8
1977	53.2	166.0	119.3	415.3
1978	55.9	175.0	125.3	436.1
1979	59.0	183.0	131.5	457.9
1980	61.6	192.1	138.1	480.8
1981 <u>1/</u>	110.0	200.0	200.0	600.0

1/ Estimates as of February 1981.

Source: Yemen National Oil Company.

Table 8.4: NUMBER OF REGISTERED VEHICLES BY TYPE

Type	1975	1976	1977	1978	1979	1980
Private	9,342	9,637	9,946	10,518	11,730	12,783
Taxi	1,902	1,944	2,147	2,229	2,482	2,920
Buses	243	385	504	586	708	788
Commercial trucks (lorries)	7,240	7,896	9,560	11,182	13,912	16,287
Total vehicles	18,727	19,862	22,157	24,515	28,832	32,778
Motor cycles	3,561	3,627	3,947	4,289	7,120	9,537
Tractor & Cranes	916	1,006	1,181	1,523	1,895	2,482

Source: Central Statistical Organization.

Table 9.1: ENROLLMENTS IN PRIMARY, PREPARATORY AND SECONDARY SCHOOLS

	Primary			Preparatory			Secondary		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
1968/69	84,392	16,889	101,281	6,208	1,738	7,946	1,169	391	1,560
1970/71	107,925	26,597	134,522	10,944	2,664	13,608	2,344	679	3,023
1973/74	136,577	47,167	183,744	18,537	4,703	23,240	5,509	1,424	6,933
1975/76	135,653	67,964	203,617	26,623	7,725	34,348	7,568	2,199	9,767
1976/77	134,827	71,531	206,358	32,628	10,782	43,410	8,620	2,527	11,147
1977/78	138,576	74,219	212,795	37,897	12,990	50,887	9,885	3,616	13,501
1978/79 ^{1/}	148,823	77,917	226,740	25,396	8,964	34,360 ^{2/}	11,107	4,064	15,171
1979/80 ^{1/}	159,573	76,672	236,245	12,215	4,348	16,563 ^{2/}	12,262	5,476	17,738

Distribution by
Governorate 1979/80

First	30,874	25,192	56,066	3,058	2,361	5,419	4,217	3,889	8,106
Second	39,337	14,171	53,508	2,021	318	2,339	2,181	532	2,713
Third	24,339	11,427	35,766	1,193	441	1,634	1,104	275	1,379
Fourth	13,822	1,242	15,064	839	-	839	415	-	415
Fifth	47,219	22,978	70,197	4,921	1,183	6,104	4,082	762	4,844
Sixth	3,982	1,662	5,644	183	45	228	263	18	281

1/ Primary for 1978/79 7 year's education and 1979/80 8 years education.

2/ Preparatory for 1978/79 2 year's education and 1979/80 1 year education.

Source: Central Statistical Organization.

**Table 9.2: STATISTICAL INDICATORS ON TEACHERS TRAINING AND TECHNICAL EDUCATION
1966/67-1979/80**

	Teachers Training:				Technical Insts.		Commercial Schools		Agric. Schools	
	Schools	Teachers	No. of Students		No. of		No. of		No. of	
			M	F	Teachers	Students	Teachers	Students	Teachers	Students
1966/67	3	45	150	90	39	223	--	--	--	--
1970/71	4	24	264	122	30	93	15	143	10	64
1973/74	4	35	278	130	46	133	15	137	20	136
1974/75	5	47	462	169	33	312	14	190	16	152
1975/76	6	62	563	231	27	357	19	204	15	157
1976/77	6	72	214	369	49	477	19	250	--	198
1977/78	6	57	700	370	29	580	21	295	10	177
1978/79	6	84	855	364	64	721	20	333	17	155
1979/80	6	70	878	288	48	691	24	326	25	114

-- Not available.

Source: Ministry of Education and Maalla Technical Institute.

Table 9.3: HIGHER EDUCATION ENROLLMENT AND FACULTY
1970/71-1979/80

Academic Year	Total	Male	Female	No. of	
				Teachers	Colleges
1970/71	150			n.a.	2
1971/72	200			n.a.	2
1972/73	287			n.a.	2
1973/74	383			n.a.	3
1974/75	934			92	5
1975/76	1,262			185	6
1976/77	1,937			208	6
1977/78	2,487			239	6
1978/79	2,870			321	7
1979/80 of which	3,355			326	7
by faculty:					
Education	1,396			147	2
Agriculture	174			43	1
Econ. & Public Adm.	682			29	1
Medicine	330			41	1
Engineering	643			50	1
Law	130			16	1

Source: Central Statistical Organization.

Table 9.4 LITERACY PROGRAMS, 1970/71-1976/77

	No. of Classes			Enrolment			Total Grads.
	M	F	Total	M	F	Total	
1970/71	45	20	65	1,392	600	1,992	270
1971/72	74	31	105	22,046	1,170	3,416	563
1972/73	207	111	318	5,799	3,292	9,091	2,049
1973/74	1,002	840	1,842	28,148	29,499	57,647	5,218
1974/75	656	1,261	1,917	16,632	39,565	56,197	10,746
1975/76	1,271	2,414	3,685	26,066	59,605	85,671	21,780
1976/77	735	1,575	2,310	19,326	35,453	61,044	12,683
1977/78	568	1,433	2,001	9,138	34,897	44,035	11,774
1978/79	398	1,198	1,596	7,103	25,616	32,719	4,827
1979/80	287	682	969	4,113	10,524	14,637	2,238

Source: Central Statistical Organization.

Table 10.1: COST OF LIVING AND WHOLESALE PRICE INDICES FOR ADEN
(1969 = 100)

	Relative Weights	1975	1976	1977	1978	1979	1980
General Index	<u>100.0</u>	<u>187</u>	<u>194</u>	<u>204</u>	<u>217</u>	<u>238</u>	<u>264</u>
Foodstuffs	50.9	196	201	203	217	230	256
Fuel, water & lighting	3.5	202	207	216	227	261	341
Rent	6.0	75	75	75	75	75	75
Clothing	9.0	309	349	389	407	409	435
Household supplies	3.6	177	184	208	210	254	268
Qat, tobacco & alcoholic bev'gs.	10.0	201	201	209	230	298	347
Other	17.0	127	125	147	156	181	194
<u>Wholesale Price Index</u>							
General Index	<u>100.0</u>	<u>271</u>	<u>287</u>	<u>306</u>	<u>307</u>	<u>324</u>	<u>350</u>
Foodstuffs	48.5	271	279	286	307	305	321
Raw materials	13.1	114	166	255	196	254	246
Industrial products	23.2	352	384	394	398	395	397
Building materials	5.5	318	279	299	299	381	388
Fuel	9.7	265	265	265	244	315	502

Source: IMF and Central Statistical Organization.