CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

AL-QAEDA IN YEMEN

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TUESDAY, JULY 7, 2009

Transcript by
Federal News Service
Washington, D.C.

(Music.)

CHRISTOPHER BOUCEK: I'm Chris Boucek, part of the Middle East program here at Carnegie. And I'm really excited to see so many people come out for this event on al-Qaeda, security and terrorism in Yemen. We have two great speakers and just before we start, I'd just like to remind everyone if you could please turn off your mobile phones and pagers and whatnot; it otherwise will interfere with the microphones.

I'm always excited when we do an event on Yemen, because I think, oh, you know, there'll be a few people who'll show up and I think I know most of them. And then so many people turn out, which is great. And it seems that this topic has been in the news a lot lately. You know, Yemen is a critically important state – 3 million barrels a day go by offshore, right next-door to the world's largest petroleum producer.

And Yemen has a host of challenges that it's trying to deal with right now – demographic issues, education, health-care access, economic, dealing with oil, natural gas, natural resources are running out. All of these issues, you know, as important as they are, I think most people are probably primarily interested in the security and the terrorism aspects, which is what I think probably brought most of you here today. And in addition to the on-again, off-again sporadic civil conflict in the north, there's a secessionist movement. Today's actually the anniversary– the 15th anniversary – of the end of the 1994 civil war. There's piracy and then there's al-Qaeda.

And I'm very pleased to welcome a good friend, Greg Johnsen, to come down to speak with us today. Greg was a Fulbright Scholar in Yemen. He's currently finishing his Ph.D in the Near East Studies Department at Princeton University. He's written for a number of publications: American Interest, Boston Globe, et cetera. And he also co-runs a great blog, "Waq al-Waq," which he might talk about.

Greg's going to speak for 15 or so minutes. After that, Shari Villarosa will speak about Yemen and security in sort of a regional context. She is currently the deputy coordinator for regional affairs in the Office of the Coordinator for Counterterrorism. Previously she was the chief of mission in Rangoon and director of the Philippines, Malaysia, Brunei and Singapore affairs office. Also served in Jakarta and East Timor. And Shari, thank you so much for coming out. I know you're very busy and I really appreciate it. With that, Greg, please.

GREG JOHNSEN: Well, thank you all for coming out today. And I'd like to thank Chris for inviting me, as well as Carnegie. I see some people that I haven't seen in quite a while, so it's nice to see your faces in the audience. I haven't titled my talk, so as we go through, hopefully a title will come to all of you.

In recent weeks, I think there's been great and growing concern that as al-Qaeda forces face increasing pressure in Pakistan and Afghanistan, they're looking to regroup in places like Yemen. There's, I believe, both theological and circumstantial evidence to support this fear. But the premise that U.S. pressure in one part of the world is directly responsible for the organizations reappearing somewhere else, like some sort of Whac-A-Mole game, is simply not true, at least when it comes to Yemen's re-emergence as an al-Qaeda safe haven.

Al-Qaeda has certainly regrouped and reorganized itself in Yemen, but this is not due to U.S. successes elsewhere. Instead, in my opinion, it's a direct result of U.S. and Yemeni failures. In the

time allotted to me this afternoon, which I'm going to spend about 15 minutes, and then hopefully leave some time for question-and-answer, I'd like to talk about the resurgence of al-Qaeda in Yemen, both why this happened and what it looks like today. So in order to accomplish this, I'm going to take you through what I see as the two distinct phases of the war against al-Qaeda in Yemen. The first, which I date from October 2000 to November of 2003, while the second, and the current phase of the war, I argue, began in February of 2006 with the prison break of 23 al-Qaeda suspects.

In between these two phases, there was an interlude of a little over two years, in which it appeared as though al-Qaeda in Yemen had been largely defeated. But instead of securing the win, both the U.S. and Yemeni governments treated the victory as absolute, failing to realize that in this case, a defeated enemy was not a vanquished one. In effect, al-Qaeda was crossed off both countries' lists of priorities and replaced by other, seemingly more pressing concerns. While the threat from al-Qaeda was certainly not forgotten in 2004 and 2005, I argue that it was largely ignored. This lapse of vigilance by both the U.S. and Yemen, I believe, is largely responsible for the relative ease in which one of Osama bin Laden's former secretaries had in rebuilding al-Qaeda in the wake of his escape from Yemen.

But before we get to the current state of al-Qaeda in Yemen, I think it's instructive to look at the first phase of the war; the one that went from October of 2000 to November of 2003. Following the attack on the U.S.S. Cole in 2000, and particularly after the September 11th attacks in 2001, Yemen went out of its way to demonstrate its support for the war against al-Qaeda. For President Saleh and others in the Yemeni government, there was a distinct desire to avoid making the same mistakes that Yemen made in 1990, when it served on the U.N. Security Council. Yemen paid a heavy price, both politically and economically, for its failures to support the U.S. against Iraq in the buildup to the First Gulf War.

During a November 2001 visit to Washington, President Saleh made sure the U.S. knew which side his country was on. Yemen followed Saleh's words with actions, arresting anyone it suspected of harboring sympathies for al-Qaeda. It also worked very closely with U.S. intelligence services, coordinating the November 2002 strike on al-Qaeda's head in Yemen – this is Abu Ali al-Harithi, who was killed by the unmanned CIA drone in the Marib province.

But this attack, in November of 2002, was actually the high-water mark of U.S.-Yemeni cooperation, as a Pentagon leak destroyed the cover story on which both the U.S. and Yemen had agreed. The U.S., it seemed, needed a victory in the war on terror, and the assassination of an al-Qaeda leader was too good to pass up. Yemen felt, I believe quite rightly, that it had been sold out to domestic political concerns in the U.S. President Saleh paid a high price domestically for allowing the U.S. to carry out an attack in Yemen. And it took the Yemeni government more than a year to publicly admit that it had authorized Washington to strike within the country.

I believe that the U.S. was still paying a high price for this hubris a year later in November 2003, when Yemen arrested al-Harithi's replacement, Mohammed Hamdi al-Ahdal, at a wedding in Sana'a. Instead of being granted direct access to the prisoner, U.S. officials were forced to work through intermediaries. With the group's leadership dead or in jail, its infrastructure largely destroyed and the militants still at large more attracted to the fighting in Iraq than to a dying jihad at home, al-Qaeda, at this point in late 2003, looked to be largely defeated.

For Yemen, al-Qaeda and Islamic militancy has always been largely a Western problem that affects the country indirectly, but is nowhere near as pressing as the uprising in the North or as threats of secession from the South. The latter are security issues that directly threaten the survival of the Yemeni regime, while al-Qaeda, at least in Yemen's calculus, does not. Throughout 2004, both Yemen and the U.S. slowly began to act as if the threat from al-Qaeda had been neutralized.

Yemen became increasingly more occupied in turning its limited resources towards putting down the al-Houthi revolt in and around the northern government of Sa'dah, while at the same time implementing bitter economic reforms that led to riots and widespread dissatisfaction. On the U.S. side, there was a lack of clear policy goals. Instead, it prioritized the rather vague democratic reforms and anti-corruption campaigns as part of the Bush administration's desire to mold a new Middle East in its own image.

During a November 2005 trip to the U.S., Saleh was told that the Yemeni government was being suspended from the USAID program. The suspension shocked President Saleh, who was under the impression that he was actually coming to Washington to be rewarded for Yemen's help in the war against al-Qaeda. Instead, he was stung by the loss of $20 million in aid. The following day, his anger was compounded when the World Bank told him that it, too, was slashing aid, from $420 million a year to $280.

Both cuts – being suspended from the Millennium Challenge Account and the World Bank cut – were attributed to rampant corruption within the Yemeni government. Mistakes of policy and vigilance could be concealed when al-Qaeda was largely dormant in the country, but that dynamic changed with the February 2006 prison break, when 23 al-Qaeda suspects tunneled out of their two-room prison cell into a neighboring mosque, where they said the dawn prayer and then they walked out the door to freedom.

Among the escapees were Jamal Ahmad Badawi and Jaber al-Banna, both of whom are on U.S. most wanted lists. Consequently, the U.S. put a great deal of pressure on Yemen to track both men down. But as is often the case, it is not the people that the U.S. was worried most about that caused the greatest problems. Rather, it was those they knew too little about that proved to be the most dangerous.

Instead of al-Badawi and al-Banna, it would be Nassar al-Wahishi and Qasim al-Raimi that would subsequently prove to be the most problematic. In fact, these two men, al-Wahishi and al-Raimi, along with Muhammad al-Umda, are the only remaining escapees that are still at large. Seven of the 23 have been killed, including one by U.S. shelling when he was in Somalia, while the rest have either been recaptured or surrendered, although there are a few conflicting reports about the whereabouts of a couple of these.

Nasser al-Wahishi, the current head of al-Qaeda in Yemen, is a 33-year-old Yemeni from the southern governorate of al-Baida. He spent time in Yemen's religious institutes before traveling to Afghanistan in the late 1990s, where he eventually became one of Osama bin Laden's assistants. He fought at the battle of Tora Bora before escaping over the border into Iran, where he was eventually arrested by Iranian authorities and then extradited to Yemen in 2003.

His presence, along with that of his deputy, Qasim al-Raimi, as commander in al-Qaeda illustrate, at least for myself, what I think is one of the more worrying factors about the current

version of al-Qaeda in Yemen, namely how representative it is. Al-Qaeda is the most representative organization in Yemen. It transcends class, tribe and regional identity in a way that no other organization or political party does.

Nasser al-Wahishi and others within the organization have proven particularly talented at creating a narrative of events that is designed to appeal to a local audience, something both the U.S. and Yemen have been incapable of doing. In a sense, both the U.S. and Yemeni governments have ceded the field of debate and discussion within Yemen to al-Qaeda. Within months of the prison break – this is in February of 2006 – al-Qaeda was able to attempt simultaneous attacks on oil and gas facilities in Marib and Hadhramaut.

This early and haphazard attempt was soon eclipsed by more professional operations. In March 2007, the chief criminal investigator in Marib was assassinated. Later that summer, al-Qaeda officially announced its re-emergence, naming al-Wahishi as its commander. It underlined its renewed presence in the country with a suicide attack on a convoy of Spanish tourists a few days later. Since then, the organization has only grown stronger as al-Wahishi and al-Raimi have worked to resurrect al-Qaeda from the ashes.

In January of 2008, it released the first issue of its bi-monthly journal, "Sada al-Malahim," and in the same month, it launched a series of attacks, which culminated on the assault on the U.S. embassy in September of 2008. Earlier this year, a pair of suicide bombers targeted South Koreans in the country – first, a group of tourists and then the investigators sent to check out the attack. Al-Qaeda has also capitalized on its recent successes, attracting recruits not only from Yemen, but also from Saudi Arabia.

As I'm sure most of you are aware, two former Guantanamo detainees joined the group as commanders, spearheading the merger between the local Yemeni and Saudi branches into a single, regional franchise. In many ways, I believe this new, regional organization, which goes by the name al-Qaeda in the Arabian Peninsula, is indicative of al-Wahishi's growing ambition.

Throughout the first couple of years of his leadership, in 2007 and 2008, he worked hard to create a durable organizational infrastructure that could survive the loss of key commanders, which is why, even though someone like Hamza al-Quaiti was killed in August of 2008, al-Qaeda was still able to launch an attack on the U.S. Embassy only one month later. Now, I believe al-Wahishi is looking to use the under-governed regions of Yemen as a staging ground for attacks, not only in Yemen, but also throughout the Arabian Peninsula and the Horn of Africa.

It is clear, at least to me, that al-Qaeda in Yemen is stronger now than it has ever been in the past. The organization is attracting more recruits than ever before, and is growing increasingly more skilled at utilizing these members. This is not to say that Yemen is in danger of falling to al-Qaeda or anything of that nature. Instead, as Yemen grows weaker and as government power recedes further and further back into urban areas, this opens up a great deal of space in which al-Qaeda can operate.

In the first phase of the war against al-Qaeda, Yemen and the U.S. were working in concert, with al-Qaeda as the top priority for both countries. Yemen is now preoccupied with increasingly violent calls for secession from the South, as you read the news coming out of 'Adan and Lahij and

other provinces in the South, as well as threats of renewed fighting in the North, and most importantly, a faltering economy that makes traditional modes of governance nearly impossible.

Al-Qaeda has learned that the more chaotic Yemen is, the better it is for al-Qaeda. And Yemen is in extremely bad shape. Let me conclude with just a couple of observations about the differences between the first phase of the war and the second phase. For al-Qaeda, the first phase was largely a reactionary one. The Yemeni government cracked down on al-Qaeda in the country; in many ways, the government itself initiated the fight. Al-Qaeda, itself, was unprepared to carry out the type of campaign that it would need to in order to be successful in Yemen. It had to essentially organize on the run.

This also is no longer the case. The organization that al-Wahishi is commanding was built for exactly this type of war, and now, al-Qaeda is the one initiating the fight. Al-Qaeda learned some very difficult lessons from the first phase of the war, while, in my opinion, the U.S. and Yemen seem much more prepared to fight the enemy that al-Qaeda was, rather than the enemy that it has become. Thank you all.

(Applause.)

MR. BOUCEK: Thank you very much for that very concise overview of the situation in Yemen today. I'm sure we're going to have a lot of questions when we get to them. Next, Shari Villarosa, who I think will put this into a regional perspective and talk more about some of the other challenges.

SHARI VILLAROSA: Thank you. It's good to be here. A lot of what I will say, I think, just sort of repeats some of the points that Greg has made. The security situation in Yemen has deteriorated significantly. Al-Qaeda is on the rise in terms of it's attacks on the population, it's merger with the Saudi parts to become Al-Qaeda in the Arabian Peninsula. As a result, with Yemen's geographical location, it's lack of economic development and weak governmental institutions, we worry about Yemen becoming a safe haven for al-Qaeda.

Yemen does cooperate with the United States in terms of strengthening its law enforcement capabilities, but there is still much room to improve. And at times, political will is shifting in terms of the willingness on the part of the Yemeni government to go after al-Qaeda and other terrorist organizations. In terms of the situation on the ground in Yemen, most its revenues come from oil and most analysts expect Yemen to begin importing more than it exports within the next five years.

It's also experiencing major water shortages and could run out of water as early as 2015. Yemen, in general, scores lowest on various developmental indicators in comparison to other countries in the Middle East, and is more equivalent to countries in sub-Saharan Africa. The central government does not have control over the entire country, again, as Greg pointed out. In the North, there is an ongoing insurgency with the al-Houthi tribe. The tensions in the South linger.

This gives President Saleh a rather tenuous grip on power. In addition to these problems that they're facing, you also have porous borders, insufficient maritime security and again, lack of government control over huge parts of its territory. In addition, Yemeni citizens represent a large number of foreign fighters that fight for al-Qaeda around the world, particularly in Iraq and Afghanistan and Pakistan. There's some indication that some of these fighters are returning to

Yemen, and then looking elsewhere. So again, it's a few – the other big issue is the arms trafficking, where one of the my favorite factoids is the fact that Yemen has 60 million weapons and a population of 22 million people.

These weapons are not only available every place in Yemen, but are being trafficked commonly into Somalia and fueling the ongoing instability in that region. The Yemeni government remains willing to cooperate with us. They have taken some action against al-Qaeda. They have arrested people. But they need – they are still limited in their capacities and are looking to us and other countries for training and equipment. The United States wants to help Yemen, because we do not want to see Yemen become another Afghanistan, where al-Qaeda can train, plan and execute terrorist actions against us, against our partners around the world and elsewhere in the region.

Our strategy is to reduce the threats to our interest and try and improve the stability in Yemen, and hope that that will also help regional stability. In terms of some of what we're trying to do in Yemen is seek passage of stronger counterterrorism and terror finance legislation so that Yemen can actually prosecute terrorists and financiers. We would like to see them develop some sort of rehabilitation program for either extremists that they imprison or, in the future, when Gitmo detainees might return to Yemen, roughly 40 percent of the detainees in Gitmo right now are from Yemen.

We would also like improved border security to stop arms trafficking, as well as foreign fighters passing through. And we would also like Yemen to – when it does arrest people and prosecute people, it will often sort of arrest them, hold them and then release them. And some people we consider fairly dangerous and they should be held longer. Among our efforts, we're doing various things to kind of address the underlying factors. We're looking at both economic and human development, democracy and good governance and improving health and education.

We're also providing law enforcement training. Our Bureau of Diplomatic Security has provided training since 1998. Some of the training courses have gotten more difficult to put on in recent years because of the security situation, but we are asking for increased funding. We expect, in this year, we will have $2.52 million for training for Yemen this year. We're also supporting the government's efforts to stop terrorist financing. There was a financial systems assessment team that visited in 2007, and we provided training.

We're also looking at helping the Yemenis set up a financial intelligence unit, as well as provide them training with how to do terror finance investigations and also educate prosecutors and judges on anti-money laundering terror finance. Our USAID program has grown in Yemen from $9.3 million on FY08 to $24 million in FY09. Our AID is focused on health, education, governance and promoting sound economic growth. The Defense Department and the Coast Guard have been providing support and training for security forces.

In 2009, Yemen received $2.8 million in foreign military finance, $60 million in funding for equipment for its security and $3.4 million to support post-tribal engagement strategy. The United States is determined to help the Yemenis, because we see this is not for Yemen alone, but if you look on a map – and it's very clear, in terms of the threat a deteriorating Yemen poses, not only to Saudi Arabia and the Gulf States, but even more so in the case of our other declining – in Somalia, in particular.

I was recently at a conference and the largest group of Somalis outside of Somalia are in Yemen. And so there's all sorts of trafficking going, apparently, on these little dhows that are going back and forth. They're taking people back and forth; they're taking arms back and forth. Everything's going. Nobody on either side has any control over what is happening. So I think the instability in Yemen is adding to the instability in Somalia.

So I think that the way that we see Yemen is it's critical to stability, not only in the greater Middle East, but in the Horn of Africa region. And therefore, we are – I think right after Afghanistan-Pakistan, we talk about Somalia and Yemen as our two greatest concerns in terms of counterterrorism. So with those few remarks, I'll be glad to take any questions. Thank you.

(Applause.)

MR. BOUCEK: Thank you so much for not only putting Yemen and the challenges that Yemen faces in sort of a broader perspective about human development and economics and finance and natural resources, but also going through the efforts that the American government's going through to help Yemen combat terrorism and al-Qaeda. Before we open it up to questions, I'd just like to, again, remind everyone to please make sure your phones are turned off.

Also, please identify yourself and keep it very short. I think I will abuse my position to start a first question, which is, I'd like to get Greg to kind of draw a little bit more about the future and where you see the future going with what Shari had mentioned about Guantanamo detainees being released, about the Saudis that have moved into Yemen. I wonder if you could just kind of talk about, you know, sort of briefly, how you see things looking forward – what are the things that we should be looking for and keeping an eye on?

MR. JOHNSEN: With al-Qaeda specifically? Right, I think Chris touched on it. throughout the summer of 2008, I think it started to become increasingly clear to a number of analysts and people who pay attention to al-Qaeda, myself included, that there were a number of Saudis that were starting to join al-Qaeda in Yemen. I think this was particularly obvious through the writings of "Sada al-Malahim." There were many more Saudi names that started showing up as authors. There was a different tone to the religious scholarship.

There was almost a gravitas, I think, that had been missing previously that some of the Saudis brought. You see this now – they have set up a Sharia council. And one, I think, very interesting development, they've actually started to issue a fatwa on the behalf of al-Qaeda without actually having one signatory or one person issue the fatwa, it's just al-Qaeda in the Arabian Peninsula which puts it out, which I think is a very fascinating phenomenon.

The prospect of Guantanamo detainees coming back either to Saudi Arabia or to Yemen, I think quite clearly, given how many of the Yemenis who are still in Guantanamo Bay were kind of arrested in kind of a dragnet where the U.S. was paying bounties to Pakistanis and Afghani allies, it's quite clear that a number of them were in the wrong place at the right time. But there also seems to be some who have very suspect links to people that the U.S. would not want them to have.

However, I think at this late date, eight years after the fact, separating all these individuals – the guilty out from the innocent – has proved to be a task that's overwhelming for the U.S. And I see, as the U.S. is looking to send them to Saudi, I think, as Secretary of Defense Gates mentioned

not too long ago, that's, in my opinion, not really solving the problem of Guantanamo; it's passing the buck and getting rid of it for the U.S. for domestic concerns. But in the long term, I think that would have a detrimental effect, not only for the U.S., but particularly within the region.

MR. BOUCEK: Great, thank you very much. We'll start with questions. Sir, go ahead, in the middle. And we have a microphone coming to you.

Q: Thank you. Mark Katz, George Mason University. Two very, very excellent presentations. Greg, I have a question – is it on? Greg, I have a question for you. I understand from your remarks that you think of the al-Houthi rebellion and the problems in the South as, perhaps, more serious than al-Qaeda's activities.

I'm wondering, then, if you could tell us just a little bit more about these; in that they are more serious, it sounds like they're worth knowing about. And what would you recommend? In other words, is the best way to deal with the al-Qaeda problem in Yemen to help them with the al-Houthi problem and the southern problem? And if so, what can we do? How can we help get to the core causes of this conflict, which will actually resolve it, instead of simply clamping down on it? Thank you.

MR. JOHNSEN: Thanks, Mark. Yeah, I think it can be particularly and very dangerous to start getting involved in tradeoffs – we'll fight your terrorists if you fight our terrorists. And I think one of the lessons that the U.S. has inadvertently taught different countries, particularly Third-World countries that are heavily dependent upon USAID is that in order to continue to be important to the U.S., they need to be a security threat.

And you have countries that continually attempt to link their own domestic issues to larger regional and Western security concerns, and I think this is an unintended consequence of how the U.S. has doled out aid in the past few decades. Certainly, what I mentioned in the remarks and what you alluded to with the al-Houthi rebellion in the North and threats of secession from the South, in the Yemeni government's opinion, I believe, they rank – if you had a hierarchy of threats, so to speak, they would be higher – it would be the threat of secession from the South and then the Houthis and then al-Qaeda.

Just briefly, with the Houthis, this is a war that broke out in June of 2004, when the Yemeni government kind of over-reached and attempted to arrest Hussein Badreddin al-Houthi, who's a former member of parliament. But the roots of this conflict really go back quite far in history back into the 1980s and 1990s, when you had kind of proselytizing Wahhabis coming over from Saudi Arabia and the Zaidis up in the North.

And Zaidis are Shiites, but I think it's important to remember, especially given how this conflict is often talk about in the U.S., that the Zaidis have often – some scholars refer to them as the fifth school of Sunni Islam, if you will. So they're much closer, even though they're Shiites in name, to the type of Sunnism that is practiced in Yemen than they are to the type of Twelver Shiism that is practiced in a place like Iran.

And so the Zaidis up in the North felt that their heritage was really being eroded by what they thought was a two-pronged attack, from proselytizing Salafis and Wahhabis, as well as government support for these. And that conflict, which dealt with grave destruction, some of the

young people being turned away from traditional Zaidi theology and so forth, eventually came to a head in 2004.

Since then, there've been five separate rounds of fighting and there's currently a cease-fire that was unilaterally declared by President Saleh almost a year ago, on July 17 of 2008. The details of that agreement between Abdul Malik al-Houthi, the current commander, and President Saleh, have never really been revealed.

There's rising tensions within the region, particularly given the kidnappings of the foreign missionaries and hospital workers recently, and there's continual sniping back and forth in the press between the al-Houthis Web site and the government over a number of different issues. And it does appear that the outlook is not good in that there probably will be another round of fighting.

MS. VILLAROSA: No, I think in terms of how – I agree with Greg. I think with a higher priority on al-Houthi as well as the events in the south than they do on al-Qaeda. In terms of the U.S. view, a good federal system would help alleviate this. You know, this is an internal Yemeni issue, but, again, there's a need to protect the minority rights. And the repression is not going to make them go away.

The southerners have some legitimate grievances in terms of how they've been incorporated into the country – a greater system – but I don't know that Saleh has that national control to begin dealing with this. But I do think that a more federal system would help resolve these internal conflicts.

Q: Chris Harnish (sp) from the American Enterprise Institute. I want to follow up on the al-Houthi rebel situation. There's been allegations that President Saleh has used al-Qaeda to help combat the al-Houthi rebels. What extent do we see that and to what extent has that helped the rise of AQAP? Thank you.

MR. JOHNSEN: Thanks, Chris. I think one of the dangers in talking about, in studying Yemen, in looking at Yemen, is that there are many different Islamists within Yemen. And it's, I think, often the case, particularly in the U.S. when we're removed from the situation, that you see or you hear "Islamist" and you think "al-Qaeda."

But I think a more accurate way to think of Islamists within Yemen is on a spectrum, if you will. And so al-Qaeda only operates one portion of this spectrum. And certainly not all the Islamists within Yemen are members of al-Qaeda, which is why, for instance, you see many more Yemenis going to fight in Iraq or Afghanistan than you would see joining al-Qaeda at home. Those wars, those jihads, are much more acceptable to the vast majority of Yemenis than the one within Yemen. It requires a different theological leap, I think, and a different political leap to make that.

And so in the north, certainly, the Yemeni government has been allied with tribal militias; it's been allied with different Salafi theology at different points, and certainly Islamist fights. But I don't, despite the confessions of Muhammad al-Oufi – one of the former Guantanamo detainees who showed up on Saudi television talking about the Houthis and the al-Qaeda link – I don't see a link there at all. And the Houthis have denied this, and al-Qaeda denied Muhammad al-Oufi's in what I thought was – even though it was very brief – a quite convincing statement.

Q: Marina Ottaway with Carnegie Endowment. I'd like to press you both a bit more on this issue of why is it that the Yemeni government does not consider al-Qaeda as much of a threat as the rebellion in the north and the danger of secession. Do they see it as an organization that's essentially geared towards the outside; that they are after the crusaders and the Zionists rather than being a domestic political organization? Can you elaborate on that point a little more?

MS. VILLAROSA: Again, I don't know exactly how the government thinks but I do think Saleh has tried to perform a fairly delicate balancing act of bringing in different tribal groupings to support him and hurt his enemies. I'm not sure, again, that he sees the threat that al-Qaeda in the Arabian Peninsula poses to Yemen as clearly as he sees the threat posed by the Houthis or disgruntled Southerners. So I think he's looking at it from his perspective, of what is the most immediate threat.

MR. JOHNSEN: Yeah, I read this book where a French minister complained that he could never really speak about what was going on in France because he'd always have to retell a thousand years of French history. And sometimes I feel the same way in talking about Yemen.

The Houthis are talking in traditional narratives about challenging President Saleh's regime and his right to rule, even though they've kind of backed off from that. There was an interview in 2005 when Badr al-Din, the patriarch of the clan, when he was still alive, shied away from declaring Saleh an illegitimate ruler, although Yahya al-Houthi, who's in exile in Germany, has spent more time talking about this recently.

The threats from the south, these are threats that, I think, threaten to rip the country apart in a way that al-Qaeda doesn't. Despite my talk and despite the fact that I argue that al-Qaeda's stronger now than it has ever been in the past, this doesn't mean that al-Qaeda is challenging the state for rule. It's moving into some of the areas where the state vacates. But this is because the economy is such an issue right there.

And al-Qaeda is also something that, in the Yemeni government's tradition, these are people that they can work with. For the U.S., al-Qaeda's a problem "over there." But these are cousins, these are brothers, these are tribesmen that, at the end of the day, we need to be reconciled with in some way. And I just think that that sort of calculus is missing in the other two, which are really existential threats to the regime in a way that al-Qaeda just is not.

MR. BOUCEK: I think that's a great point. I have to think that the situation in the north and what's going on in the south – as has been said – are existential threats to the regime and the regime's survival, whereas al-Qaeda, it seems like, doesn't threaten the regime in the same way. It seems like it threatens the regime's relationships –

MR. JOHNSEN: Right, right, and I think we should be clear that, certainly, al-Qaeda's not only attacking Westerners within Yemen. The Yemeni government – they've articulated this a number of times that the Yemeni government is a target. And they've attacked the police barracks in Sayun back in July of 2008, and other attacks that al-Qaeda has directed against the Yemeni government.

Q: Hi, Cory Julie from Georgetown University. My question's for Greg. I'm just wondering if you could sort of paint a more general picture in Yemen about President Saleh's

positioning. Do you see his position as stable? What's his relationship with the security services, other cabinet members? Do you see him being able to weather the storm, so to speak, not only in the context of AQAP but in the broader security context of Yemen internally and in the region? Thank you.

MR. JOHNSEN: Thanks for the question. President Saleh's been a great survivor of Yemeni politics. There was a very illuminating interview that he gave to the pan-Arab daily, Al-Hayat, back in March, I think. When he came to power in 1978 – and this is something that President Saleh likes to talk about, and often shows up in his interviews – few people thought he would survive six months.

And in fact, he mentions the Washington Post – although I've never quite been able to find the article that he's talking about – as saying that he wouldn't actually survive. And this is a real point of pride – that he has been able to weather the storm that two presidents before him, al-Hamdi and al-Ghashmi, were both killed, assassinated, in very, very ugly circumstances – let's leave it at that. (Chuckles.)

And so President Saleh has, despite everything that's going on, he's lived kind of in perpetual crisis. Certainly now, myself, and I think others, see this as particularly acute for Yemen. And it seems – again, it's difficult to analyze in the middle of the storm. But with the passing of Sheikh Abdullah al-Ahmar as the head of the Hashid tribal confederation in December of 2007, and the failure that his sons, Sadiq and Hameed and others, have really had to assume the mantle of tribal leadership.

It does assume that – or, I believe that – politics in Yemen is entering a new phase; a phase that the past might not necessarily be the most accurate guide to the future. And so, while I haven't done a great job of answering your question, it's very murky and, I think, difficult to tell at this point.

Q: Hi, my name's Brock Barfey (sp). First, I have a comment for Greg. I would have to disagree with you that AQ does not pose a threat to the regime. If you look at the 2007 martyr bombing and the 2006 attacks against oiling stations in Marib and Khalaq, those are attacks against major foreign currency earners of the regime. I had a couple questions. Why is it that Yemenis refuse to speak out against Zindani's ties to terrorism? Five years ago, Hamoud al-Hitar said Zindani gave a fatwa to the perpetrators of the Cole bombing, only to deny he ever said that.

And now that you've talked about Salafis in the north, I hope you could also address this. We've seen an increase in Salafi involvement and violence after al-Waadi'ee's death. I was hoping you could talk about the divisions in the Salafi movement and the friction between Muhammed al-Imam, Abu Hassan al-Marabi and Jamiat ul Hekma. Thank you.

MR. JOHNSEN: Yeah, I think al-Qaeda does pose a threat. They certainly target the regime. It's just not the type of threat that the Houthis and the threats from the south pose, I believe.

On your first question about al-Hitar and Zindani, I was actually in Yemen when al-Hitar allegedly made this statement. He's since denied it. Al-Zindani is a very interesting figure, I think,

to put it mildly. He certainly has ties to a number of Islamists, but so do a lot of Yemenis that the U.S. wouldn't necessarily consider to be suspect.

For instance, in the trial of Sheikh Mu'adh (sp) and his assistant that took place in Brooklyn a few years ago, the New York Times ran a picture of the wedding where the sheikh was supposedly receiving information about a suicide attack that was to take place in Israel. And sitting right beside him is Sheikh Abdullah al-Ahmar, who was, at the time, the head of , the head of the speaker of Yemen's parliament as well as the sheikh-ma-sheikh (ph) of the Hashid confederation.

And so I think Zindani has certainly shied away from ties to al-Qaeda, if you once again think of it on the Islamist spectrum, although he does have ties to a number of different Islamists. But so do people who are closer to the regime, if you will Ali Muhsen, al-Ahmar, other people within the security services.

On your second point, just briefly, I think you touch on it when you talk about the divisions within the Salafi movement after Sheikh Muqbil Al-Waadi'ee's death. Certainly, they've split. There was a lot of dispute over getting involved in domestic Yemeni politics, which Sheikh Muqbil had really shied away from, with the institute in Marib, Jahel al-Hujeri (sp) up in Dimaj.

They've, at different times, tried to bring in – I think in 2002 they brought in some Saudis to try to mediate between them. But it just hasn't really had the effect that they would want. So much like Sheikh Abdullah's authority and his mantle fracturing after he died, the same thing happened with Sheikh Muqbil. And his different students kind of took his movement off in different directions.

MR. BOUCEK: Thank you. Let's stay in the back.

Q: Thank you very much. My name is Ahmed Saleh (sp). I'm from South Yemen. And I'm representing a southern democratic assembly organization that has called for self-determination. We respect the concern of the West, and especially the United States, in Yemen about al-Qaeda and everything, but in South Yemen we have an issue that has not been, it looks like, in the attention of anybody.

And Ali Abdullah Saleh himself, who is accusing the South, now, that it's connected to al-Qaeda. For example, al-Fadhli wasn't a terrorist when he was a member of politburo of Mukhtar Malshabi (ph), but now, when he joins South Yemeni self-determination movement, he's a terrorist. And also, al-Wahishi issued a statement that he joining the southern peaceful movement.

That's not – in reality it's not going to happen. It's not even a fact. And also, Salafi'in now, they are working – that means my point is the regime is behind – because you said al-Qaeda in good position. Yes, in good position because the regime supporting that. And now, Salafi'in and also, groups defending the unity who are working with the Salafi'in and Zindani and being supported by military, by money and they're working in the South now. This is –

MR. BOUCEK: Maybe a question? No? If not, we're going to go –

Q: Yes, I have a question: How do you think that – Ali Ablasahd (ph) has said that al-Qaeda will move to Hadhramaut and he said that lately, attacks on tourists in Hadhramaut are

supported by also southern Yemeni people. How do you see this? Do you see any perspective for al-Qaeda really to grow up in Hadhramaut in south Yemen?

MR. JOHNSEN: I think what you're referring to – I think it was actually in Shabwah that the oil pipeline was bombed and then someone from the southern movement I think gave a denial that I saw this morning on Al-Jazeera. There certainly – there are a number of issues and the politics in Yemen are quite fluid so you're quite right that Tariq al-Fadhli was closely aligned with the regime and now he's moved away from that.

But I think kind of assigning blame for who blows up or attempts to blow up an oil pipeline at this stage is incredibly difficult to ascertain given the rather I think nebulous structure of the southern movement. And certainly one individual I don't think speaks for all of them.

MR. BOUCEK: Thank you. Sir.

Q: Eric Schmitt with the New York Times. Can you both comment on these reports that there may have been some small numbers of fighters moving out of the tribal areas in Pakistan to Yemen and Somalia. Are those credible in your view? If so, does it make sense and what would be the downside of moving not only some fighters but if al-Qaeda – main al-Qaeda's looking as a backup headquarters if things get too hot in the tribal areas.

MS. VILLAROSA: This is definitely a concern of ours. We don't have any sort of precise numbers. Unfortunately, they don't go through the traditional border crossings. But we do believe that as – the situation has changed. I mean, the Iraqi people have turned against a lot of the foreign fighters in Iraq so they have gone – some of the Yemenis, some of the other foreign fighters have gone to Yemen. In addition, as pressure increases on the Afghanistan-Pakistan border, people there – both Yemenis as well as other foreign fighters – may be looking for alternate safe havens.

And that is the real concern that we have in Yemen is there's a large amount of ungoverned spaces there with weak central government control. So these people can come in, establish places and use it, again as I said, whether to train, to equip, to plan other attacks. So we do see this as a very real possibility.

MR. JOHNSEN: If I could just add onto that. I saw the reports that you're referencing and to me it seemed as though there was a great deal of guesswork. Quite obviously, I don't have access to any classified material or anything of that nature but I do read what al-Qaeda puts out, whether it be in their journals or watch their videos. And you just haven't seen any evidence.

So I think, at least from my perspective, what seemed to happen is you have – possibly there is more communication between people in Yemen and certainly Nasser al-Wahishi is looking to expand. But you may have analysts who are watching particular people in Pakistan or Afghanistan who might move. And in the back of the analyst's mind, there's a concern of Yemen and Somalia as growing in a safe haven. So they see them move and there may be an assumption that, well, they must be moving to where we're worried about it because we're worried about it and this would be really bad for us.

Whereas at least in what I read and what I see, there just hasn't been any evidence of people from Afghanistan or Pakistan showing up in Yemen. It was quite clear when the Saudis were

coming through and I think that's been borne out. And you just haven't seen the same sort of evidence from al-Qaeda itself that these individuals are moving there. (Inaudible, off mike.)

Q: You'd mentioned that a number of Yemeni members of al-Qaeda who were in the tribal areas or Afghanistan have gone back to Yemen – in the beginning of your talk. Is there any sense of why they went back? I mean, you've mentioned that there's nothing on the al-Qaeda Web sites or whatever about, you know, a statement of purpose of, you know, we're going to relocate to Yemen.

But do you have any sense of why those particular Yemeni fighters went back to Yemen? And my second question is – and this could be for both of you: Is there any sense of how strong al-Qaeda in the Arabian Peninsula is in numbers?

MR. JOHNSEN: Well, on your first point, if I said that, I misspoke because I was saying that there are reports and there's circumstantial evidence – I think the report that was just referenced as well as theological support possibly talking about there's some hadiz (ph). I think they're apocryphal. They talk about disaster threatening and seeking refuge in Yemen and so on.

But I haven't seen the Yemenis coming back from Afghanistan recently. I think a lot of Yemenis who are currently in al-Qaeda whether it be Nasser al-Wahishi, Muhammad al-'Umda – they talk about their time in Afghanistan but this in time in the late 1990's and early 2001. And it seems that al-Wahishi is more eager to sort of send fighters out than to be receiving. I'm thinking in particular of the very illuminating interview that he gave in January of this year to a local Yemeni reporter.

MS. VILLAROSA: And, I mean, again, there's – it's very hard to get concrete figures. People – there isn't any travel data. I think our concern is the potential.

Q: But there's no intelligence?

MS. VILLAROSA: I don't have any.

Q: Hi. I'm Hamad al-Bashi (ph), Yemen embassy. Greg, it's a pleasure to see you and your colleague, too. Thank you for coming today. I think Yemen acknowledges the problem that we have with al-Qaeda. If you're a policymaker and advisor or consultant right now, what would be your set of short-term to long-term goals or advice to the Yemeni government? Thank you.

MR. JOHNSEN: This is for both of us I assume?

Q: Yes.

MR. JOHNSEN: Okay. Do you want to start?

MS. VILLAROSA: Well, I think making progress on good governance and economic reform because the country faces some severe economic crises. And so I think the economy has to shift away from dependence on oil and provide jobs for its people. Again, we're willing to help in that effort but the decisions have to be made by the leaders and the people of Yemen in terms of the desires for reform so that the country can grow and provide a better way of life for all Yemeni people.

MR. JOHNSEN: Just to add to that – I think the way that the current system of ruling Yemen is, it's just – it's unsustainable what has happened in the past. Yemen is running out of money and for Yemen, running out of money is like throwing sand in the machine. Everything is grinding to a halt right now. So you have the southern officers who are removed from government pensions and payrolls. Now they're taking to the street. There was little need – you know, just a small spark would start things in the south and here we have a very big spark.

The economy, I think, is the most important issue in Yemen – the most important from a security standpoint – both for Yemen as well as for the United States. If you don't fix the economy and if Yemen doesn't have more money – certainly they need to change the way they currently go about governing and attempting to rule the country. But it's unsustainable.

And you, I think, particularly with al-Qaeda, you have to have a long term and a short term strategy so certainly short term you need to be going after the people like Nasser al-Wahishi and so forth. The long term – if you don't do something to kind of dry up the well of recruits, particularly with the economy – then you're just going to have a third phase and a fourth phase and a fifth phase where there'll become increasingly more violent and Yemen will become increasingly more chaotic, which where it is on the map is I think a very bad situation.

MR. BOUCEK: I think that's absolutely spot-on. I think the economy and the economic crisis that's quickly approaching is at the heart of all of these questions. In the back please. Mike.

Q: Hi, I'm Mike Isikoff with Newsweek. Sometimes when you talk to intelligence analysts exasperated about the lack of any sightings, intelligence about the whereabouts of Osama bin Laden they will say out of exasperation, well maybe he's in Yemen. I wonder if either of the two speakers give any credence to that possibility at all?

MS. VILLAROSA: I have no idea where he is – (laughter).

MR. JOHNSEN: Certainly bin Laden has publicly speculated – I think in a 1996 interview in "Al-Quds Al-Arabi" he talked about being able to breath the free mountain air in Yemen and that as well as with the Hadith that I mentioned earlier I think continues to keep these rumors alive but I don't think that there's any evidence that he would be in Yemen.

MR. BOUCEK: I guess we're not going to settle that one today. Yes ma'am –

Q: Hi, I'm – (inaudible). I was wondering Greg if you could give a critical assessment of the forces that you are using for your assessments. You've said you've been in Yemen and if you could say briefly when you have been there and then also what websites you are accessing now. And maybe more generally the whole discussion we're having, it seems there is a lot of ambiguity about who al-Qaeda is, who the Salafis are, who are the actors, and what they really want. To me, at risk of maybe overstating a problem it seems we are in fairy land. Thank you.

MR. JOHNSEN: Certainly. I lived in Yemen for a year from 2003 to 2004. I was there in 2005, I was there in 2006 and in a couple of weeks I'm going back again. Most of my sources come from either people that I've spoken with in Yemen whether they be – if you're going to talk about,

say the old guard of al-Qaeda if you will, people who'd fought in Afghanistan, in Somalia, and went on kind of the jihadi circuit of the 1990s.

Al-Qaeda itself – certainly there is no shortage of material that the organization puts out. "Sada-al-Malahim" comes out every two months. More recently the organization has put out a number of different videos both talking – most recently about the two suicide bombers that targeted South Korean tourists and then the investigators – I don't speak to many people within the U.S. intelligence so that may be more for my colleague. But I do speak to a number of Yemenis on a fairly regular basis and I think the local Arabic papers – there's some quite, very sharp Yemeni reporters who I think do an excellent job of covering this.

Muhammad Al-Ahmadi (sp) is one. And there's a number of others – Khaled al-Hammadi for "Al-Quds Al-Arabi." These guys write reports every day that really should be read by many people in the United States, particularly those concerned with Yemen because they have, I think, a very good feel for the nuance and the ambiguity that you talk about and how the shadows turn to gray and then back again.

MR. BOUCEK: I think we have time for a few more questions. Yes, sir.

Q: (Inaudible). If I could follow up on this. In the absence of anything but concerns and rumors about movement between the tribal areas on the Pakistan – (inaudible) – and Yemen. What actually right now is the organizational relationship between al-Qaeda proper – if there is such a thing – and al-Qaeda in the Arab Peninsula. Is this more than a self designation? And if so, is it a personal network from days of yonder? So exactly what makes al-Qaeda in the Arabian Peninsula al-Qaeda these days?

MR. JOHNSEN: Well, from my perspective, you know, if you go back to when adalo-haishi (ph) broke out of jail with the other people, with the 22 others, it took a while for al-Qaeda really to form and to kind of consolidate. al-Wahishi I think more recently has certainly played on his personal experience with bin Laden. He gave I think a very interesting talk a few months ago where he mentioned a number of Yemeni fighters that went to Afghanistan in the 1980s when he was really calling on the tribes – essentially stiffening their backbone in the face of government repression.

And he said look – and he brought up the case of this one individual who is from Marib who went to Afghanistan, even though he was a grandfather, he was in his 60s. And he's mentioned in some books – he eventually died there, but he said look. Look here tribes. This is what you used to be. You used to have grandfathers who would forsake everything and go and protect the Ummah and now even in your own homeland, you're letting the government – who of course calls an agent of the West – come in and instead of turning its guns against the Israelis or against the crusaders or the Zionists or what have you – they're turning them on you.

And in late 2008 I think Al-dalwahiri (ph) kind of gave his stamp of approval to al-Wahishi and I think, at least from my view, you see very much kind of in the videos that have come out with al-Wahishi he very much modeling himself on his old boss. Kind of a little stoic, stands back, he lets other people be very bombastic but he himself is not and I think the model that you saw developing around bin Laden is the one that he's trying to replicate while at the same time being almost a subsidiary but one with an almost complete autonomy.

Q: Chris Kisco (ph) from USAID. First of all I want to thank both of you for an outstanding presentation. I've gotten a lot of valuable information today, so thank you. A couple of weeks ago there was a story about a terrorist financier who was arrested an al-Qaeda. I believe he was a Saudi. There were a number of stories in the days after he was arrested, but it's sort of disappeared from the news. Is that a really significant event and does that have a chance of disrupting al-Qaeda in Yemen? And also, if you could touch briefly on the possibility of al-Qaeda working together with the southern secessionist movement? Thank you very much.

MR. JOHNSEN: Right, so on the last question first, al-Wahishi gave a statement that I believe the gentleman in the back referenced. Some people saw that as support for southern secession; I saw it as making a play for the loyalties of the people in the South, essentially saying, look, we've been telling you for years that the Yemeni government is repressive and unjust. And this is what's always going to happen. The only way that you're going to have true freedom is to kind of follow Islamic law – to have us in charge.

So I saw it less as support for socialists and people in the South, as opposed to just kind of making a play for broader appeal within Yemen. And I thought al-Wahishi did a fairly good job of fitting those events into the narrative that he's constructed and making a play for a local Yemeni audience. On the last issue, Alwan, I believe, is the financier that you mentioned. He wasn't on the list of 85 – the 83 Yemenis and the two – excuse me, the 83 Saudis and the two Yemenis that Saudi put out.

The Yemeni list that the ministry of the interior has put out – various lists – has been hard to come by, and on that list, it's also difficult, because again, I think the Yemeni government has learned the unfortunate and difficult lesson that in order to be important, they have to link their concerns to the U.S., so on these terrorist lists, you have al-Houthi suspects, you have al-Qaeda suspects, and they're all kind of lumped together under just terror suspects, which makes it then difficult to sort out who is who.

There hasn't been a lot that's come out in the press on Alwan. Certainly, the amount of cash that he was reported to have, if that's true, I think is a very worrying indicator, given the determination and the steadfastness and patience that al-Qaeda in the Arabian Peninsula seems to be demonstrating at the moment.

MR. BOUCEK: I think one last question. In the back.

Q: Munir Muali (ph), freelance writer. I have just a minor correction for Greg. Al-Wahishi, the leader of al-Qaeda in Yemen, is from the North, from al-Bayda' as you said, but al-Bayda' in the North, and no matter what he say about the South, he is not acceptable. (Laughter.) My question is, for both of you, it is possible in the near future Yemen become two states again; how do you see that fact on the war on terror?

MR. BOUCEK: Quite a question to conclude on.

MS. VILLAROSA: I think that we would prefer to see the southerners and the northerners work out their disputes on a mutually acceptable basis. In terms of the impact on the war against terror, I don't – I mean, this is a problem that we're dealing with around the world, and where

different groups within certain boundaries don't get along, and I just – you know, I kind of question the fracturing, fracturing, fracturing, because oftentimes, these states split and then they start splitting again. And for Yemenis, I think, you just need to look across to Somalia and see the situation, and that's what I fear is going to happen. And I don't see that that's a productive direction.

MR. JOHNSEN: Thanks for the correction, Munir. I think, like most things in Yemen, maps can lie, so Hadhramaut is often referred to as in the South even though it's in the East. So I think it depends on the borders. But we'll discuss that later, I guess. I don't think that Yemen will split into two states. South Yemen, the PDRY, wasn't sustainable at the end of the '80s, and I don't think it would be sustainable, despite the oil, given sort of the history there, if Yemen were to break apart.

I think I agree with my colleague in that, if Yemen is going to break up, it's not going to break up into two little – into two distinct pieces, like it was prior to 1990. It's going to be much more messy, much more dangerous, and I think the spillover effect is going to be of certainly great concern to people in the U.S., as well as in the region. And that's, of course, something that the economy feeds into, and so if we don't do something to address that, then that's sort of the ugly future that we're looking at.

MR. BOUCEK: Thank you. I think I have yet to have anyone explain to me why two states are better than one state in Yemen. I'm not quite sure why or how South Yemen will be a more viable state than one Yemen.

But Greg, I want to thank you for fitting the time into your schedule to come down and talk to us, especially before you head down to Yemen again. I think you're one of the best people to speak about this subject and thank you very much. Shari, I really appreciate you squeezing us into your schedule. I know you have a lot of important things to take care of, so it's great. Thank you very much, everyone, for coming out.

(Applause.)

(END)