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Good morning. I want to thank Jamestown for holding this important conference and Glen Howard for inviting me back to address it. I take this as a vote of some confidence since it was just last December that I was honored to deliver the keynote at your annual conference. Well, I guess I'll have to take it as a vote of confidence because if someone is pulling a fast one they've certainly gotten it past me.

In any case, I'm pleased to have been asked back to speak about Yemen, one of the foremost challenges we face in foreign policy and in counterterrorism more specifically.

Let me start by talking about the circumstances we face today arose in Yemen. Then I'll turn to the Obama administration's strategy for the country, which aims to help the Yemeni government to both confront the immediate security concern of al-Qa'ida and mitigate the serious political, economic, and governance issues that the country faces over the long term.

In terms of public perception of the shifting geographic focal points of contemporary terrorism, one might argue that no place in the last year has received as much attention as Yemen. The failed December 25th bombing was a stark reminder that un- or under-governed spaces can serve as an incubator for extremism.

Furthermore, that conspiracy demonstrated that at least one al-Qa'ida affiliate has developed not just the desire but also the capability to launch strikes against the United States itself. We can no longer count on AQ affiliates to be

focused exclusively on the near enemy – the governments in their own countries – or American facilities in their immediate surroundings

Having said that, we also need some perspective. Contrary to some recent and overblown media accounts of al-Qa'ida in Yemen, the country did not turn into an al-Qa'ida safe haven overnight. In fact, Yemen was arguably the very first front. Al-Qa'ida has had a presence in Yemen since well before the United States had even identified the group or recognized that it posed a significant threat. The December 1992 al-Qa'ida attempt to bomb a hotel in Aden where American military personnel were staying was probably the first genuine al-Qa'ida attack. Those troops, you may recall, were in en route to Somalia to support the UN mission there – this was almost eight years before the U.S.S Cole attack in 2000. Al-Qa'ida has always had a foothold in Yemen, and it's always been a major concern for the United States.

In the 1990s, a series of major conspiracies were based in Yemen, most of them aimed at Saudi Arabia. Following the attack on the U.S.S. Cole in 2000, the Yemeni government, with support from the United States, dealt significant blows to al-Qa'ida's presence in Yemen through military operations and arrests of key leaders.

After that period of collaboration, however, the Government of Yemen became distracted by other domestic security concerns, and our bilateral cooperation experienced setbacks. In the wake of the May 2003 al-Qa'ida attacks in Saudi Arabia, the Government of Saudi Arabia dramatically improved its counterterrorism efforts. That forced many violent extremists to flee Saudi Arabia for Yemen, joining other fighters who had returned from Afghanistan and Pakistan. As you may recall, a group of senior al-Qa'ida leaders escaped from a Yemeni prison in 2006, further strengthening the organization's presence in the country.

For the last five years, these terrorists have carried out multiple attacks against Yemenis, Americans, and citizens of other countries. In the last two years, this al Qa'ida franchise has carried out a string of attacks, including an attack on the U.S. Embassy in September 2008, kidnapping of several groups of foreign tourists, and attempts to terrorize Yemen's own security services. Then in January 2009, the leader of al-Qa'ida in Yemen (AQY), Nasir al-Wahishi, announced that Yemeni and Saudi al-Qa'ida operatives were now working together under the banner of al-Qa'ida in the Arabian Peninsula (AQAP).

Yemen, of course, does not exist in a vacuum. The stability of the country is essential to the broader Gulf region and global security, and delegitimizing AQAP also requires addressing Yemen's own shortcomings to break the cycle of radicalization. A key part of our work to "disrupt, dismantle, and defeat" al-Qa'ida is to understand that Yemen's future is tied to its neighbors and others in the global community. AQAP has already shown itself to be a formidable threat to Yemen's internal security, with attacks on the Yemeni security services, as well as a threat to Saudi Arabia, with an August 2009 failed assassination attempt against the head of counterterrorism in Saudi Arabia, Prince Mohammed Bin Navif. Similarly, we must also be mindful of the regional dimension of the AQAP threat, including its ties with Somalia. The freedom of movement and the large refugee population from Somalia amplify the historic ties between these two nations, and we know that the vast majority of these connections are not only related to terrorism. The extremist threat coming from Somalia in the form of al-Shabaab is different from AQAP in Yemen, but we recognize a source of common threat and we are concerned about the possibility that they'll operate jointly.

Now I'd like to turn to the administration's strategy as a whole for Yemen and its approach to countering and constraining AQAP. What I can say, definitively, is that the dangerousness of AQAP was clear to the Obama administration from day one, and it has been focused on Yemen since the outset. Let me put this in personal terms: Quite literally, on my first day at the State Department – in fact, the day I was sworn in – Deputy Secretary of State Steinberg said to me, "Here are some of the priorities you need to be looking at," and right at the top of the list was Yemen.

In the spring of 2009, the administration initiated a full-scale review of our Yemen policy. The review has led to a new, whole-of-government approach to Yemen that aims to coordinate our efforts with those of other international actors. Our new strategy seeks to address the root causes of instability and improve governance. Central to this approach is building the capacity of Yemen's government to exercise its authority and deliver security and services to its people.

To advance this strategy, we've engaged consistently and intensively with our Yemeni counterparts. Senior administration civilian and military officials – including Deputy National Security Advisor Brennan, Assistant Secretary of State for Near Eastern Affairs Jeffrey Feltman, General David Petraeus, and myself – visited Yemen to discuss how we can jointly confront the threat of al-Qa'ida. The result has been a significant – and we hope enduring – turn by the government in taking on AQAP. Those actions, it is important to emphasize, began before the December 25th plot, and have continued ever since.

Now, Yemen has conducted multiple operations designed to disrupt AQAP's operational planning and deprive its leadership of safe haven within Yemeni territory.

But there is more to this story. As I mentioned at the beginning of my speech, the administration's strategy toward Yemen is two-fold: to strengthen the Government of Yemen's ability to promote security and minimize the threat from violent extremists; and to bolster its capacity to provide basic services and good governance. Al-Qa'ida in the Arabian Peninsula takes advantage of insecurity in various regions of Yemen, which is worsened by internal conflicts and competition for governance by tribal and non-state actors. This is why we, if we are going to succeed, we must address the problem of terrorism in Yemen from a comprehensive, long-term perspective. The logic behind this strategy is that while we work with the Yemeni government to constrain and dismantle AQAP, we will also assist the Yemeni people in building more durable, responsive institutions and a more hopeful future, which in turn will go far in reducing the appeal of violent extremism.

Real security and sustainable development – the two are inextricably connected. And they can be achieved when the Yemeni government takes the lead. The United States will provide assistance and support, but Yemen is a sovereign nation, and we respect its responsibility for its own development and security. So what we are doing in Yemen is one of the cornerstones of our counterterrorism policy – capacity building. Both on the security side and the economic and governance side of things, we are helping to address the state insufficiencies that terrorism thrives on, and we are helping invest the Government of Yemen to more effectively confront the threat.

On the security front, the Departments of State and Defense provide training and assistance to Yemen's key counterterrorism units. We provide training to security forces in the Ministry of Interior, including the Yemeni Coast Guard and the Counterterrorism Unit (CTU) as well as assisting the Central Security Forces. The training includes border control management, crime scene investigation, fraudulent document recognition, surveillance detection, crisis management, and a comprehensive airport security/screening consultation and assessment. We also see additional opportunities to increase our training and capacity-building programs for Yemeni law enforcement. We are working with the Department of Defense to coordinate closely in planning and implementing assistance programs.

All of this will help strengthen the Government of Yemen's ability to promote security and minimize the threat from violent extremists. But as I mentioned earlier, this strategy will only succeed if we also strengthen Yemen's capacity to provide basic services and good governance. Yemen is grappling with serious poverty. As you all know, it is the poorest country in the Arab world and it complicates governance across a country that is larger than Iraq. Its per capita income of \$930 ranks it 166th out of 174 countries. Yemen's oil production is steadily decreasing. Water resources are fast being depleted. With over half of its people living in poverty and the population growing at an unsustainable 3.2 percent per year, economic conditions threaten to worsen and further tax the government's already limited capacity. Furthermore, endemic corruption further impedes the ability of the Yemeni government to provide essential services.

Therefore, the U.S. is providing development assistance to improve governance and help to meet pressing socio-economic challenges. Excluding counterterrorism funding, U.S. development and security assistance have increased in Yemen from \$17.2 million in FY2008, to \$40.3 million in FY2009, and we expect total FY 2010 assistance to be as much as \$63 million. Priorities for U.S. assistance include political and fiscal reforms; reducing corruption and implementing civil service reform; and economic diversification to generate employment. Additionally, USAID is working to build the capacity of Yemen's government ministries to deliver services more effectively, efficiently, and responsively. And the Middle East Partnership Initiative (MEPI) works with Yemeni civil society to empower Yemenis to build a more peaceful and prosperous future.

The challenges in Yemen are obviously large. So appropriately, our efforts in the country are part of a global partnership to enhance security and improve governance. Many nations share our concern about Yemen and want to assist. We are working with all of Yemen's international partners to better coordinate foreign assistance and to make sure that it has an impact on the ground. Through the Friends of Yemen process, the United States is engaged with international partners, especially regional states, in working with the Government of Yemen to help address the multitude of problems. The United States is mindful of the fact that although we are a major donor to Yemen we are not the only one. The United Kingdom, Germany, the Netherlands, and others contribute large amounts of aid every year, and Saudi Arabia, the UAE and other Gulf states play an extremely important role in supporting Yemen.

We are also working internationally to prevent funds from getting to al-Qa'ida in the Arabian Peninsula. As soon as it announced its formation, we began gathering evidence to build international consensus behind designating it under UN Security Council Resolution 1267. After our designation of AQAP as a Foreign Terrorist Organization and its senior leaders as designated terrorists, the UN announced the designation of AQAP as well as al-Wahishi and Shihri on the consolidated list. This requires all UN member states to implement an assets freeze, a travel ban, and an arms embargo against these entities.

In order to succeed in Yemen, it is also vital that we understand how recruits are radicalized; what their motivations are; and how we can address the drivers of radicalization so that we can begin to turn the tide against violent extremism. Some of our aid programs will help address underlying conditions for at-risk populations. Reducing corruption and building legitimate institutions with our assistance will also reduce the appeal of extremism. And we will continue to build positive people-to-people engagement with the people of Yemen, through educational and cultural exchanges. Exchange programs have a multiplying effect as participants return to Yemen and convey to friends and family the realities of American culture and society, dispelling damaging but persistent stereotypes. These initiatives contribute to the long-term health of our bilateral relationship and help allay suspicion and misunderstanding.

In addition to such global initiatives, we are committed to supporting internal peace within Yemen. The violent conflict in the Sa'ada governorate of northern Yemen between the central government and Houthi rebels, and the protest movement in the South, which has led to riots and sporadic outbreaks of violence, are fueled by long-standing grievances. The United States is encouraging the Yemeni government to seek a lasting peace in Sa'ada as well as to allow for the provision of humanitarian and development assistance there, and is asking Yemen's Gulf neighbors and other partners to do so as well.

The United States is very encouraged that the recent ceasefire has ended armed conflict. This ceasefire will only hold if both sides address the political problems that underlie the conflict. Recent efforts to release prisoners and allow international aid into Sa'ada show promise for the future. The United States, along with international partners, will continue to press for peace by requesting that the Government of Yemen grant aid agencies access to the Sa'ada governorate to provide assistance to displaced persons and facilitate their return. To assist those displaced by the conflict, U.S.AID's Office of Food for Peace has donated \$7.5 million in emergency food aid and the Office of Foreign Disaster Assistance has contributed \$3 million to relief efforts.

The U.S. strategy in Yemen recognizes that Yemen has not always had the political will or focused attention to address its problems. We are working hard with our international partners to address Yemen's security and other challenges. We are encouraged because President Saleh and his government have shown more resolve than ever before to confront AQAP and to engage with the international community on domestic non-security issues. The United States commends Yemen on its counterterrorism operations and we are committed to continuing support for security initiatives and economic-development initiatives.

As I conclude, I'd like to stress that we don't claim to have all the answers. Given the difficult political, economic, social, security, and governance challenges besetting Yemen, it is important that we recognize progress will not come easily. We are involved in a number of different, rather difficult undertakings; this is a beginning and not an end.

I'd also like to reiterate that our approach to the problem of terrorism in Yemen must be comprehensive and sustained, taking into account a wide range of political, cultural, and socio-economic factors. Ultimately, the goal of U.S. and international efforts is a stable, secure, and effectively governed Yemen. As the Government of Yemen grows more transparent and responsive to the requirements of its citizens, the seeds of extremism and violence will find less fertile ground and a more positive and productive dynamic will begin to prevail.

I invite your questions.