UNITED NATIONS
الاسكوا
ESCWA

Shared Prosperity Dignified Life

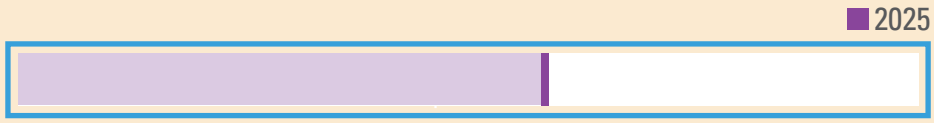
Country profile
YEMEN

ARAB BUSINESS LEGISLATIVE FRAMEWORKS



Developed

FOREIGN DIRECT INVESTMENT

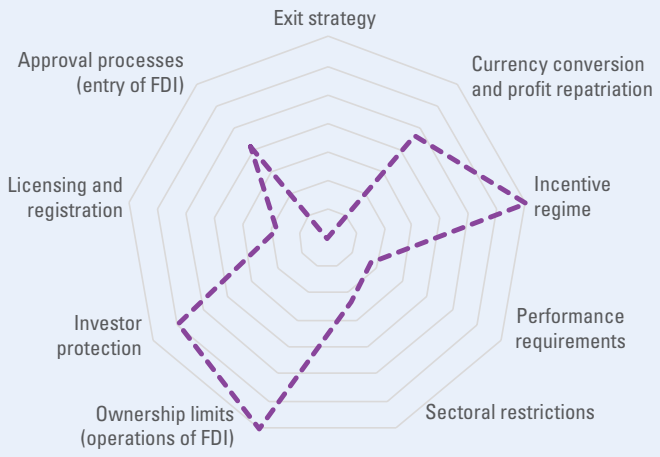


Very weak | Weak | Basic | Moderate | Developed | Strong | Very strong

COMPONENTS	2025
Approval processes (entry of FDI)	4.20
Licensing and registration	1.75
Investor protection	6.00
Ownership limits (operations of FDI)	7.00
Sectoral restrictions	2.33
Performance requirements	1.75
Incentive regime	7.00
Currency conversion and profit repatriation	4.67
Exit strategy	0.00

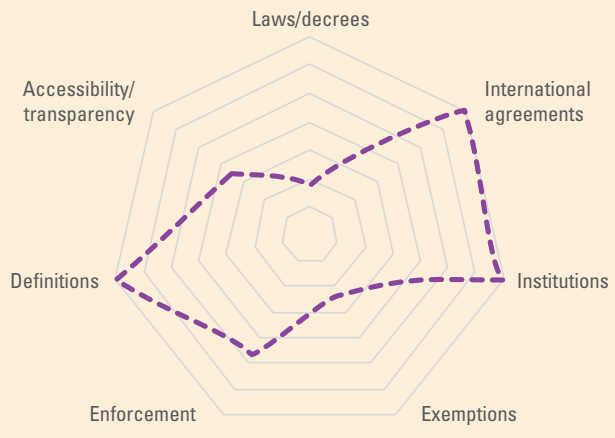
COMPONENTS

2025



ELEMENTS

2025



Note on methodology: The foreign direct investment (FDI) pillar was fully revised in 2023 following a legal and methodological review and first applied in the 2025 assessment. The 2020 edition assessed the macroeconomic enabling environment for investment. The revised methodology shifts to a business-conducting perspective, assessing the regulatory treatment of foreign investment.

2020 EDITION

Moderate

Foreign direct investment framework assessment

Macroeconomic enabling environment lens

The 2020 assessment examined whether the country's **macroeconomic policies** provided a stable foundation for investment, whether the **investment regulatory framework** set clear rules of engagement, how far **incentivization schemes** attracted foreign capital, the extent to which **bilateral treaties** offered investors legal certainty, and whether **banking regulations** enabled the financial operations required for investment.



Macroeconomic policies



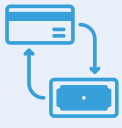
Investment regulatory framework



Incentivization schemes



Bilateral treaties



Banking regulations

This country profile is prepared based on the legal and regulatory framework in force as at April 2025.

This country profile assesses the foreign direct investment (FDI) framework of Yemen based on the nine FDI assessment components adopted under the Arab Business Legislative Frameworks methodology. The analysis is structured to ensure that each component is examined against its specific definition and indicators, supported by relevant legal and regulatory evidence.

The investment environment in Yemen is regulated by Investment Law No. 15 of 2010. The law aims to provide a legal framework that attracts both domestic and foreign capital.



Approval processes

This assessment component examines the mechanisms and institutional arrangements governing the authorization of FDI, the applicable regulatory requirements, and the legal basis for international investment commitments and access to bank financing.

Investment Law No. 15 of 2010 assigns the General Investment Authority the responsibility of promoting, facilitating and registering investments, hearing investor complaints, and administering the fees applicable to investment projects. At the international level, Yemen has concluded a number of bilateral investment agreements, primarily in the form of bilateral investment treaties, aimed at promoting and protecting reciprocal investments with partner countries, including Egypt. The law does not regulate mortgages or security interests for obtaining bank financing. These matters remain governed by the general legal framework applicable to property rights and banking activities.

Licensing and registration

This assessment component reviews the legal and regulatory framework for the licensing and registration of foreign investment projects in Yemen, with particular attention to transparency and predictability in administrative procedures, land use and ownership conditions, and streamlining of registration processes.

Investment Law No. 15 of 2010 does not impose restrictions on the superficies or size of land holdings for investment projects, nor does it establish minimum capital thresholds for foreign investment or require a cost-benefit analysis as part of the investment approval process. The law streamlines licensing and registration procedures through a one-stop shop operated by the General Investment Authority.

Investor protection

This assessment component reviews the legal protections available to foreign investors in Yemen, including statutory guarantees, access to dispute resolution mechanisms, and the role of domestic courts and arbitration frameworks in ensuring the enforcement of investor rights and investment-related obligations.

Investment Law No. 15 of 2010 establishes mechanisms to promote and protect foreign direct investment by assigning the General Investment Authority the responsibility of promoting and facilitating investment and assisting investors. The law provides a number of guarantees for foreign investors, including equal treatment, protection against expropriation except for the public interest and against fair compensation, and the right to repatriate capital and profits, as set out in articles 5 to 8. It also allows investment disputes to be resolved through arbitration before recognized national or regional arbitration centres or under the United Nations Commission on International Trade Law (UNCITRAL) arbitration rules pursuant to article 26. Beyond the domestic legal framework, Yemen is a contracting State to the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID). The Investment Law also expressly recognizes arbitration under the UNCITRAL arbitration rules, thereby providing foreign investors with access to internationally recognized dispute settlement mechanisms.

Ownership limits

This assessment component examines the extent to which Yemeni legislation imposes ownership limits, foreign equity restrictions, or screening and prior approval mechanisms on foreign investment operations, including restrictions related to acquisition of real estate or participation in certain economic activities.

The Investment Law does not impose foreign equity restrictions or screening requirements based on foreign ownership percentages, nor does it establish prior approval requirements such as a 49/51 ownership rule. The law provides for equal treatment of domestic and foreign investors and, under article 6, permits foreign investors to own or lease the land and real estate necessary for their investment projects, subject to the applicable laws. It does not impose specific restrictions on the acquisition of real estate by foreign investors within the Investment Law itself, leaving such matters to the general land and property legislation.

Sectoral restrictions

This assessment component reviews sector-specific regulations that affect foreign direct investment in Yemen, focusing on market access limitations, competition-related considerations, and exceptions justified on grounds.

Investment Law No. 15 of 2010 does not contain any provisions on market competition. Additionally, the foreign investment framework of Yemen does not incorporate a dedicated competition regime. The law therefore includes no specific measures aimed at encouraging foreign direct investment through the regulation of competitive market conditions. Instead, it establishes under article 4(a) the general principle that investors are free to invest in any sector of the national economy, subject to two express limitations.

First, article 4(a) excludes the manufacture of arms and explosives from private investment, whether foreign or domestic. Second, article 4(b) excludes from the scope of the law investments in fields regulated by special legislation, including the exploration and exploitation of oil and gas, the exploration and exploitation of minerals, and banking and financial activities. Foreign participation in these sectors is governed by the respective sector-specific regimes instead of the general guarantees and incentives of the Investment Law.



Performance requirements

This assessment component examines whether Yemeni investment legislation or policies impose performance-related obligations on foreign investors, such as requirements related to employment, skills development, export promotion, or compliance with social and labour standards.

Investment Law No. 15 of 2010 does not establish education or labour development policies to attract or retain foreign direct investment, nor does it provide specific legislative measures to promote exports within FDI agreements. Additionally, it does not set out criteria for evaluating the opportunity costs, effectiveness or efficiency of the country's FDI strategies, and it does not impose specific social or labour market-related obligations on foreign investors, leaving such matters to the general labour legislation and other applicable laws.



Incentive regime

This assessment component reviews the legal framework governing investment incentives in Yemen, which includes defining incentive schemes in legislation, specifying the adopted incentive regime, and identifying the competent authorities responsible for administering and implementing these incentives.

Investment Law No. 15 of 2010 establishes an incentive framework for investment projects by recognizing that projects licensed under the law are entitled to the incentives and advantages provided for in the applicable legislation (article 28). The law further defines the incentive regime through transitional tax provisions for projects approved under the previous Investment Law No. 22 of 2002 and customs incentives. These include exemptions for imported fixed assets and a 50 per cent customs duty exemption on production inputs for licensed and registered industrial investment projects, in accordance with the Customs Law and its Executive Regulations (article 29). The implementation and administration of these incentives are entrusted primarily to the General Investment Authority, which is responsible for determining eligible activities and the applicable exemption period, and supervising qualifying projects, while coordinating with the tax and customs authorities to ensure the effective application of the incentive regime.



Currency conversion and profit repatriation

This assessment component examines the legal provisions governing currency conversion and the repatriation of profits by foreign investors in Yemen, including guarantees for capital transfers, the role of financial and banking authorities, and applicable capital control measures.

Article 7 of Investment Law No. 15 of 2010 permits foreign investors to transfer funds abroad, through authorized banks and in any convertible currency, after settling their tax obligations, covering share interest, capital profits, royalties, management fees, licensing fees, payments to suppliers, and other authorized costs. Foreign employees may also repatriate their wages and compensation after payment of due obligations. Foreign direct investment across different sectors is monitored by the Central Bank of Yemen and the General Investment Authority, each within its respective mandate.

Exit strategy

This assessment component assesses the legal framework governing the exit of foreign investors from the Yemeni market, focusing on provisions related to divestment, liquidation, mergers and acquisitions.

Investment Law No. 15 of 2010 does not directly address investor exit or merger and acquisition transactions, as it contains no specific provisions on divestment, liquidation or termination of investment. Additionally, the law does not set out any rules or procedures for mergers, acquisitions or the transfer of foreign investors' shares, which are instead governed by the Companies Law and the Commercial Law.

RECOMMENDATIONS

- Consider further digitalizing investment licensing and registration procedures through an integrated electronic platform.
- Introduce a legal framework governing investor exit, including mergers, acquisitions and divestment.
- Promote policies that support skills development, technology transfer and export-oriented investment.
- Enhance transparency by publishing consolidated guidance on sector-specific investment restrictions and applicable regulatory requirements.
- Clarify the implementation framework for investment incentives through implementing regulations, where appropriate.