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National Conference on Qat

Under the Auspices of H.E
The President of Yemen
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National Conference on Qat

Conference Discussion Materials

Gatter, Peer, Qahtan Abdul Malik & Khlalid Sae'ed (Editors)

Organized by
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and
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CONFERENCE DISCUSSION MATERIALS

Sixth Topic

The Qat Factor in Yemen's Economy

Qat and Yemen's Economy

By

Faissal Said Fare and Peer Gatter

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I. Introduction

Writing on the economics of qat is beset with a number of difficulties. The most striking of these is the lack of data on the crop due to a government policy that all too long neglected this important issue. Two agricultural surveys have been carried out in the past decades. Their results seem however little reliable since the surveys were based on samples, limited in number and area. What is more, the surveys failed to differentiate between qat qualities and varieties (price differences), as well as between tree heights (production volumes).

Problematic for obtaining accurate data on the crop is also that qat prices are never stable, neither seasonally nor geographically. In spite of the spread of the qat habit throughout the country prices depend on the abundance of rainfall, temperatures, and on the distance of the production areas from the markets.

Consequently, until today no reliable data bases exists on vital issues such as production volumes and costs, extent of planting area, methods of production, qat taxes, as well as value added of qat.

Therefore even official government statistics on qat are estimates. Actual figures may be much higher than currently available data suggests. The reader should therefore bear in mind, that the data discussed in this study needs to be treated cautiously (compare also the article on "*Statistical Data on Qat*" in this book).

This is all the worse, considering the effects of qat on Yemeni society and the country's economy. Qat cultivation affects food security, prices, foreign trade, economic performance, production efficiency (loss of working hours), and last but not least, the health of its consumers since the profitability of qat cultivation leads farmers to use fertilizers and pesticides to accelerate its maturity and increase yields.

At the same time the exceptional profit generated by qat cultivation has created an army of laborers involved in qat production and marketing. The crop also created novel incomes that affect the economic structure in general - a development which not necessarily is all negative.

This study is trying to address the unbalanced relationship between the qat economy and long-term development in Yemen. Since qat penetrates virtually every aspect of Yemeni life, a study on the role of Qat in the country's economy will necessarily also have to include agriculture, the alimentary situation, and the country's job market. In addition the effects of qat on social position, work performance, as well as its consequences for family spending and government revenue are discussed.

II. Qat and the Gross Domestic Product

Yemen is considered to be one of the countries where most qat is produced and consumed. The area cultivated with Qat has expanded from 8,000 hectares in 1970 to about 100,000 hectares in 1999. Today the plant accounts for a vast and ever rising share of the total agricultural production, a development which began in the 1970s. Migrant worker revenue sent back to Yemen from abroad lead to deep

changes in agriculture and triggered a shift from the cultivation of fruits, vegetables, and cash crops to the predominant planting of Qat (see table 5).

It was however only in 1996 that Qat figures have been included in national statistics and thus in GDP calculations. Despite this, when defining the share of Qat in agriculture and Yemen's GDP, one is all to often confronted with differing official figures.

Qat production is estimated to amount to 14,786 million Rials in 1990 (current rate), i.e. 12.6 percent of GDP, whereas it was about 25,077 million Rials in 1995 (current rate), i.e. about 7.6 percent of GDP (see table 1). Other calculations suggest 12.0 and 5.6 percent respectively (see table 2).

When comparing the different sectors of the economy during the 1990s (using current rates), Qat's GDP share tends steadily to be decreasing in comparison to other sectors. This is however not due to diminishing Qat production but mainly due to the increasing output of the oil sector (14 percent of GDP in 1990 and 30.3 percent in 1996). Consequently agriculture's GDP share decreased from 28 to 16.5 percent over the same period (see table 1). Considering the visibly increasing volumes of qat sold in the markets and the ever increasing consumption levels in Yemen, it seems also possible that government data is simply incorrect.

But even government data does not fail to illustrate the importance of qat in Yemen's economy. It needs to be stressed that in the years 1991-1994 the output of qat even exceeded the GDP share of petroleum (see table 1).

Table 1: Structure of Yemen's GDP for 1990-1998 (in Percent per Sector, at current rates).

	1990	1991	1992	1993	1994	1995	1996	1997	1998
Agriculture (total)	27.94	24.51	25.85	25.23	25.97	21.57	16.54	15.15	16.66
Qat Agriculture	*12.59*	*11.86*	*10.5*	*10.23*	*10.39*	*7.58*	*5.68*	*5.56*	*6.65*
Oil Sector	14.04	10.57	7.7	6.41	7.49	16.58	30.31	29.55	18.91
Transformational Industries	8.11	9.76	11.1	9.81	9.24	10.21	10.69	11.06	12.19
Electricity, water, gas	3.43	3.02	2.71	2.62	2.23	2.03	1.69	1.67	1.77
Construction	2.68	3.16	3.59	3.9	3.72	3.82	3.58	4.35	4.97
Commerce (wholesale, retail), restaurants, hotels	12.64	14.16	14.17	15.23	16.15	14.68	11.11	10.88	12.35
Transportation and stock	6.86	7.3	7.66	8.9	8.74	7.45	6.41	7.15	9.19
Finance and assurance	5.6	7.41	6.76	6.98	8.07	6.92	5.61	5.13	6.49
Services	1.67	1.66	1.8	1.99	1.69	1.98	1.88	2.33	2.61
Gov. service products	15.84	17.24	17.77	18.57	18.08	14.69	11.29	11.43	14.29

Source: CSO 1998, Ministry of Planning April 1999, and *Central Bank of Yemen* 1998.

42.5 percent of the overall agricultural output (representing 14,786 million Rials) were generated by Qat production in 1990. For 1995 the share of Qat in agricultural production was somewhat lower with 26.2 percent or 25,077 million Rials (at 1990 rates) but still represents over a quarter of agricultural production

(see table 2). The crop accounted in 1998 for 48.7 percent of the agriculturally used trees and for 57.9 percent of the area cultivated with cash crops (compared to 15.3 and 18.2 percent for coffee respectively). In 1995 Qat was responsible for 24.8 percent of value added of the agricultural sector (*Ministry of Planning* 1996, First five-year plan for economical and social development 1996-2000).

Table 2: Share of Qat Agriculture in GDP for 1990-1999 (at current rates in million Yemeni Rials).

Year	GDP	GDP of the Agricultural Sector	Plant Production	Qat Agriculture in the GDP *	Percentage Share of Qat *	
					of GDP	of Agric.
1990	123,343	34,816	30,420	14,786	12.0 %	42.5 %
1991	146,012	36,057	31,311	15,927	10.9 %	50.9 %
1992	182,786	47,507	39,743	17,300	9.5 %	36.4 %
1993	220,249	52,785	43,735	18,949	8.6 %	35.9 %
1994	268,789	70,996	52,227	22,134	8.2 %	31.2 %
1995	447,753	95,778	68,740	25,077	5.6 %	26.2 %

Source: Calculations based on CSO brochures 1990-1995 and the CSO Statistical Yearbook 1997 (Ministry of Planning, Sana'a, Yemen). * Note that the share of Qat in GDP does not exactly correspond with the figures in table 1. This is due to the inaccuracy of government data.

Despite the relative decrease of Qat's GDP share over the past decade (see tables 1 & 2). Qat plays a prominent role in Yemen's economy and has a strong impact also on related sectors. These include transportation, marketing, and commercial margins (wholesale and retail). Qat related economic activities therefore positively affect national revenue, and Qat directly contributes to the growth of the Yemeni economy, well beyond the agricultural sector.

III. The Profitability of the Qat Sector and its Importance for generating Employment

In 1990 the annual output of one hectare of Qat was YR 185,760 before deduction of taxes and intermediaries' profits, and YR 145,635 after the deduction of taxes and intermediaries' profits. In 1995 figures were YR 413,316 and 320,733 respectively 1995 (at current prices) (*al-Mohajed* 1998).

The above figures show that the annual farmers net income from Qat has increased between 1990 and 1995 by 120.2 percent (at current prices). Tax deductions and intermediary profits have roughly remained the same for 1990 and 1995, with 21.6 percent and 22.4 percent for the respective years (*al-Mohajed* 1998).

The profitability of one hectare of Qat is a manifold of that of other crops. In 1997 a hectare of Qat generated a gross income of 515,000 Rials compared to only YR 26,000 for a one hectare of wheat (i.e. only 5 percent of the profitability of Qat). The profitability of Qat is double that of fruits, three times that of vegetables,

and more than six times that of forage. Therefore it is quite simple to understand why many farmers abandon cereal production in order to plant Qat. This however leads to a sharp decline in Yemen's food production.

Today the Qat sector (production, transport, and marketing) provides work opportunities for many Yemenis. In 1995 the Qat sector offered employment for 16 percent of the total workforce and for 28 percent of agricultural sector employees (ca. 500,000 people) (*World Bank* and *CSO*, various years).

IV. Qat and Government Revenue

The qat sector contributes to government revenue in two ways: by a qat consumption tax (levied on qat transport and marketing) and a religious *Zakat* duty (levied on qat production). While *Zakat* is collected at the farm level by *Zakat* assessors, the consumption tax is collected at checkpoints located at the bottlenecks of the roads leading to the main consumption centers, as well as in the qat markets of each city. The portion of government revenue derived from the qat sector is however nearly negligible(for more detailed information on qat taxation see also article *Statistical Data on Qat* in this book).

Zakat on Qat

Zakat is collected based on the Zakat assessor's and the farm owner's estimates of the annual output of a qat field. Based on the religious law, the *Zakat* duty is set to 10 percent of profit in rainfed farming areas. Since artificial irrigation has its cost, *Zakat* on irrigated farming is set to 5 percent. The first applies to about three quarters of the cultivated area (rainfed), the latter to another quarter (irrigated by wells) as the 1989 agricultural survey revealed.

Qat Consumption Tax

Law has set qat tax to 10 percent of the value of qat (Law No.14 of 1980) and later to 20 percent (Law No. 70 of 1991). According to government calculations qat consumption tax should make up about 10 percent of state revenue.

Taxes actually levied fall short of that (see table 3). It is well known that due to tax evasion, especially in the case of qat, the state loses annually millions of Rials. It seems likely that 70-90 percent of qat consumption tax that should be levied is not being collected. In the year 1998 this would represent a loss of 4,239 to 16,351 million Rials.

Table 3: The Role of Qat in Tax Revenue in the Years 1990, 1994 and 1998.

	1990	1994	1998
	in 1000 Rials	*1000 Rials*	*1000 Rials*
Total Tax Revenue	13,733,075	25,358,569	79,949,512
Qat Consumption Tax	298,417	664,864	1,816,732
Qat Zakat	193,091	181,359	325,965

Source: Taxation Department, Ministry of Finance, Sana'a, Yemen

In 1990 total revenue income was 13,733 million Yemeni Rials (YR). *Zakat* made up only YR 193 million (1.4 % of total revenue) and qat consumption tax YR 298 million (2.2 %) in the same year (see table 3).

In 1994 state tax revenue was with YR 25,358 million about the double of 1990. This is also true for qat consumption tax that amounted to YR 665 million in 1994 (2.6 %). However, *Zakat* lagged behind with YR 181 million (0.7 %).

Four years later, in 1998, government revenue amounted to YR 79,950 million. Qat consumption tax was YR 1,817 million (2.3 %) and Zakat only YR 326 million (0.4 %)

From the above it becomes apparent that while the share of qat consumption tax in total government revenue was rather stable over the years with about 2.4 percent, the share of qat *zakat* was steadily diminishing from 1.4 percent in 1990 to 0.4 percent in 1998.

When analyzing *Zakat* statistics of the past decade and comparing them with qat production area and its rapid increase over the past years, it becomes obvious that only a minor fraction of the total *Zakat* due on qat production can actually have been collected. Yemeni qat production attained YR 14.8 billion in 1990 and went up to YR 25.1 billion in 1995 (current prices).

The loss for the state treasury due to *Zakat* evasion is likely to amount to about 80-90 percent of what should actually be levied. This represents losses of about 1,304 to 2,934 million Rials in 1998.

Reasons for this might be the weak performance of tax organs, unclear laws, the methods by which Qat taxes are levied at checkpoints or at Qat markets, as well as widespread corruption among tax collectors (for more details also see the article *Statistical Data on Qat*, for the taxation system see *Ward & Gatter* 2000).

V. Qat and Food Security in Yemen

The agricultural sector plays a key role in a country's economy, because it guarantees the alimentation of its population. Misbalance between population growth, growth of the agricultural area and agricultural output can result in a loss of self-sufficiency and can make foreign food imports necessary. Often this results in balance of payment problems and rising foreign debt of which many third world countries are suffering.

In Yemen the imbalance of these factors led to the alimentation problems the country Yemen is facing today. While the population increased by four times since the mid twentieth century (4.3 million in 1950, 18 millions in 2000) agricultural production and expansion of arable land area lack far behind. With an annual population growth rate of 3.5 - 3.7 percent (one of the highest in the world) Yemen is facing a population of around 27.5 million by 2010. Population growth led to a considerable decrease of the individual's share of cultivable land: In 1975 1 hectare of agricultural land was shared among 4.76 persons, in 1997 this had risen to 15 (*Mojahed* 1998). The urbanism (with the spread of construction on arable land) has contributed to this to some degree, as has the erosion of cultivated land (decrease of 30 percent between 1975-1997) (*Mojahed* 1998).

Rapid population growth also soon had to lead to food imports. The first shipload of wheat (some 14,000 tons) arrived as a gift of the USA in Yemen as early as 1959. This was soon to be followed by regular wheat shipments that were either gifts or were bought at a low price (*al-Awlaqi* 1998). Yet, until the late 1960s Yemen was self-sufficient to an extent of 86.4 percent (see table 4). The country even exported cash crops like coffee and farmers cultivated cereals in such quantities that they were able to sell or exchange their produce for things in need. But by 1995/96, the country's self-sufficiency rate had fallen to 34 percent.

Table 4: General Self-Sufficiency of Cereals

	1969/70	1975/76	1977/78	1995/96
Local production (thousand ton)	794	1058	700	810
Imports (thousand ton)	125	210	290	1505
Total	919	1268	990	2315
Proportion of self-sufficiency	**86.4%**	**83.4%**	**70.7%**	**34%**

Source: Al-Awlaqi 1998 (For the 1980s unfortunately no data could be found).

One of the main factors that lead to the decline in food security must be seen in rising Qat production. No other crop was as profitable as Qat. Cereal production decreased from 1,275,000 tons in 1975 to 720,000 tons in 1997, while Qat production increased over the same period from about 31,390 tons to 88,772 tons.

The share of growing area of each crop also made a shift towards Qat production. While the land share of cereal decreased between 1970 and 1996 from 85 to 61 percent of the overall agricultural area, Qat area rose from 3 percent to 7.6 percent in the same period of time (see table 5).

The area of Qat attained 90 percent of the area of wheat cultivation, three times that of coffee, and also passed that of vegetables and fruits in 1997 (see table 5). Nevertheless the, also the cultivation of other cash crops, fruits and vegetables experienced an upwards trend. Production area of vegetables has increased in from 2 percent in 1970 (183,000 tons) to 5 percent in 1996 (more than 747,000 tons). A similar development is observed in fruits. Here production area increased from 2 percent in 1970 (128,000 tons) to 7 percent in 1996 (554,000 tons) (see table 5).

Table 5: Use of Agricultural Land in 1970 and 1996 (in Percent)

Product	**1970**	**1996**
Cereals	85 %	61 %
Qat	*3*	*7.6*
Cash Crops (Cotton, Coffee, etc.)	5	11.4
Fodder	3 %	8 %
Fruits	2 %	7 %
Vegetables	2 %	5 %

TOTAL	100 %	100 %

Source: Al-Awlaqi 1998 and CSO 1999.

Despite these partial production increases as well as slight increases of the agricultural area, food imports *(including drinks)* make up the major share of Yemen's imports today (around 30 percent in 1996/97) (*al-Afoury* 1999).

By 1990, imports of wheat and flour exceeded 800,000 tons per year, and were in the year of 1995 even supported by the government with 400 million US-Dollars. Even when government support was off, imports of wheat and flour still increased and reached 2,000,000 tons by the end of 1996. For the year 2000 the figure is expected to rise to about 2,300,000 tons (*al-Alwlaqi* 1998).

Also isolated government efforts to curb food imports (1984 was *declared Year of Agriculture* and imports of fruit and vegetables were temporarily abandoned in order to encourage local production) have had little impact until now and the trend to more outside dependence is likely to continue due to a number of factors, such as:

- population growth,
- decrease of arable land due to urbanism and erosion
- rising water shortage problems,
- the ongoing expansion of Qat cultivation at the expense of food crops, due to high profitability and ever rising demand
- immigration from rural areas to the urban centers and thus a relative decrease in numbers of farmers,
- decreasing investment in the agricultural sector, or its misuse.

VI. Qat and Income

A. Effects on the Family Budget

The 1992 and 1998 Household Budget Surveys revealed that family expenditure on Qat is substantial. After cereals and animal products it takes third place on the expenditure ladder (excluding non-food items, luxury goods, and services). In 1992 Qat expenditure accounted for 8.3 percent of family spending (YR 1,090/month). In 1998 8.6 percent of the family budget were consecrated to Qat (YR 2,797/month) (see table 6).

Table 6: Household Budget Surveys of 1992 and 1998 (Relative Expenditure in Percent in Urban and Rural, as well as the Republic as a whole).

	1992 Survey			1998 Survey		
	Urban	Rural	Republic	Urban	Rural	Republic
Cereals & their Products	10.3	17.1	15.5	8.5	17.2	14.8
Legumes	1.9	1.8	1.8	1.4	1.3	1.3
Vegetables	5.9	4.6	4.9	6	4.6	5
Fruits	2.5	2.3	2.4	2.6	2.9	2.8
Meats, Poultry, Fish, Eggs	14.6	11.7	12.4	10.4	10.3	10.3
Milk and Dairy Products	3.4	3.3	3.3	3.6	5.5	5
Edible Fats and Oils	3.5	4.4	4.2	2.5	5.1	4.4
Sugar & its Products	4.4	5.6	5.3	2.8	5	4.4
Condiments & Spices	1.6	1.3	1.4	3.4	2	2.4
Tea, Coffee, Cocoa	1.8	2.8	2.6	1.1	2.1	1.8
Mineral Water & Soda Drinks	1.1	1	1	1.1	0.8	0.9
Tobacco	3.3	3.2	3.2	2	2.2	2.1
Qat	*9.5*	*7.9*	*8.3*	*8.7*	*8.5*	*8.6*
Other Non-Food Items & Luxuries & Services	36.2	33	33.7	45.9	32.5	36.2
TOTAL	100	100	100	100	100	100

Source: Central Statistical Organization, Household Budget Survey 1996 and 1999.

It is therefore evident that Qat has a direct impact on family life. This also explains the fact why most Yemenis do not possess any savings, which is especially true for those with limited income (majority of people). Qat thus negatively affects not only the social and economic situation but also of the entire economy of the country. Qat must also be held responsible for rising prices of alimentary products. This obviously affects the cost of living as well as production costs, particularly in the handicraft sectors. Diminishing purchasing power is the result. High prices are also responsible for the susceptibility of many to bribery, in order to enable them to buy qat. Quantitative data on this is however not available.

A recent survey by *Lenaers & Gatter* suggests that the 1992 and 1998 Household Budget Surveys greatly understate the importance of qat in family expenditures. In this survey, results show an average spending as much as 28 percent of the family bufget on qat. Regional and rural-urban differences were found, but figures never dropped below 23 percent. In some areas, such as the coastal plain of the Tihama, the share spent on qat was even as high as 33 percent of financial resources available to a family each month. The share was lower in qat producing areas such as Mahwiet since market prices are lower there and many families that plant some qat on their land for home consumption even if they are not qat farmers (*Lenaers & Gatter* 1999).

A limited survey carried out by the authors among Sana'a University employees in early 2000 (sample size = 79) came to similar conclusions. It shows that today qat expenditure is much higher than established by the household budget surveys. The average salary of a Sana'a government employee (at Sana'a University) amounts to around YR 10,000 per month. The average expenditure on qat amounts to YR 300 per day and the average number of chewing days/week was found to be 4. An employee thus spends YR 4,800 per month on qat; i.e. 48 percent of his regular monthly income. It however has to be noted that many Yemenis (46 percent of the sample) have another job after official working hours and have thus

an additional income. For those 46 percent the share of qat in family spending is consequently lower. Since many respondents however declined to reveal their after working hour earnings, it was not possible to determine the actual extent of qat spending in the income of these individuals.

B. Qat and its Effects Income Distribution

Besides its effects on family expenditure qat also has a significant impact on savings and income distribution. The groups of people that are able to save money in Yemen, are agricultural landowners and businessmen (many of whom sell qat). Since qat is essentially a domestic consumer product, qat money circulation is mostly an internal phenomenon and takes place between consumers, retailers, transporters, and qat producers. This results in a tremendous accumulation of money on the side of those involved in qat production and retail.

Profits generated by the Qat sector are also responsible for tremendous financial transfers from the cities to the countryside. At first sight this could be considered a positive development. It however needs to be emphasized that the ownership of Qat farms is concentrated in the hands of a few, since land ownership in Yemen is based on inequality (see table 7). Consequently Qat money is controlled by a very small part of society and is not used to the best of the country, as to finance projects of rural development or the building up of a powerful industrial and handicrafts sector. Qat money is rather invested in the construction sector which promises high returns in a short period of time, or is used to finance smuggling of leisure products and commodities like refrigerators, cars and generators. It is also used to buy gold and foreign currency (phenomenon of dollarization) and is used to finance well drilling to guarantee a further expansion of Qat agriculture, since this promises high returns.

Table 7: Land Ownership in Yemen in 1993 (Number of Land Owners and Size of their Land Holdings in Hectare)

Agricultural land possession (in Ha.)	No. of land owners	Area per ownership category (in Ha.)	Average land possession (in Ha.)
Less than 0.5 Ha.	455,851 (52.1%)	90,740 (5.8%)	0.2
0.5 – 2	258,947 (29.6%)	250,914 (16.0 %)	1.0.
2 – 4	81,990 (9.4%)	208,988 (13.3%)	2.5
4 - 20 and more	77,483 (8.9%)	1,019,211 (64.9%)	13.2
Total	874,271 (100%)	1,569,853 (100%)	1.8

Source: Calculations by the author on the based on the Agricultural Land Possession Survey of 1993.

Table 7 shows a considerable difference in the ownership average of agricultural land in Yemen. While the majority of land owners (52.1 percent) possesses only 5.8 percent of the agricultural land (average of 0.2 ha. per person), a minority (8.9 percent) possesses 64.9 percent of fertile land (average of 13.2 ha. per person).

Land cultivated with Qat is estimated to occupy about one third of total land possessions in Yemen. Considering the above figures, this confirms that there is only a limited number of people who is able to generate high revenues and to save money.

VII. Qat and Social Position

The considerable profits generated by the Qat economy help producers and merchants to maintain their high social position. By creating jobs in rural areas, the Qat sector is supporting the tribes. Business relations between producers, intermediaries and retailers forge bonds between various economic, tribal, and political classes that are involved in the Qat economy. Once within this "qat-system", one is unable to put pressure on Qat producers or merchants.

The political, economic, and tribal elite is split into two camps: The ones that profit directly from Qat and the others that profit indirectly from it. The first are unlikely to take a stand against Qat, because it is the Qat sector that generates their wealth. The second may also be reluctant to join the campaign against Qat, since their status is based on good personal and business relations with the Qat sector. Thus they rather prefer to keep good relations with the Qat sector, than to fight it.

VIII. The Impact of Qat on Work Efficiency and Economic Performance

Some researchers consider Qat to be the main reason for wasting precious working hours, that are supposed to be devoted to production. Often calculations due to time loss have been presented in order to describe Qat as an obstacle to development (e.g. *al-Zubeidy*):

> "Supposing that those who chew Qat in Yemen amount to around 2,924,500 million people (both male and female) and supposing 4-6 hours to be the average of daily chewing time (= wasted hours), then this would result in about 11,698,000 to 17,547,000 wasted working hours per day."

This hypothesis is however only correct if no work is carried out during Qat chewing, and if Qat is chewed during working hours. But chewing habits vary from one person to another. Construction workers, farmers, taxi drivers, and craftsmen work actively while chewing Qat. For them it is a stimulant providing energy, in other words, they believe that they cannot work without chewing. Employees of private enterprises or the government often chew Qat after working hours, so no working time is lost due to active chewing. In addition to this it should be noted that in many offices chewing is not accepted. In government institutions it is even illegal since 1998.

The actual figure for lost working hours is thus considerably lower. Nevertheless Qat consumption provokes insomnia and a loss of appetite. Right after chewing Qat many users feel incapable to perform work. Result can be that people who have chewed Qat the previous day, perform poorly dung official working hours. It is however hardly possible to assess the amount of hours lost due to this.

IX. Recommendations on how to Address the Qat Phenomenon

The Qat phenomenon has a broad dimension which is difficult to face in the short run. Addressing it therefore requires a long-term strategy, providing gradual solutions rather than brusque official decisions. Alternatives must be created for Qat chewers, as well as for those who economically benefit from the Qat sector.

Some examples for long term measures dealing with the Qat problem are given in the following:

A. Support Further Research in order to Update Data on Qat and fill Research Gaps

When approaching the Qat phenomenon we are often confronted with research gaps and outdated data. Research centers that study the economic, social, and health impacts of Qat should therefore be encouraged in their work and be financially supported.

In a number of fields the lack of information is already apparent now. Further studies should determine the:

- real size of area of qat cultivation (including the area of each variety of qat),
- geographical distribution of qat cultivation (concentrations),
- size and ownership of qat-land holdings,
- irrigation methods,
- water, fertilizer and pesticide requirements according to each qat-type and compare these to those of alternative products,
- suitability of land for cultivating other products,
- productive margins, marketing and transport margins, as well as marketing methods compared to those of other crops,
- method used in collecting taxes,
- contribution of qat to the GNP and GDP, as well as its effects on related sectors, investment, savings, inflation, unemployment, balance of payments, and overall development,
- actual sources of income that go towards the purchase of qat,
- reasons why people consume Qat (differentiate by their social, educational, and economic status).

B. Create Alternative Leisure Opportunities

The roots of Qat consumption go back hundreds of years, which makes it a well established social and cultural custom. The high level of qat consumption in Yemen is often attributed to the lack of alternative leisure opportunities. Following this logic, it seems likely that consumption may be reduced by creating alternative opportunities for leisure. To create leisure facilities that will be accepted by the public, an assessment is necessary of why different individuals or groups chew qat.

Therefore different chewer categories should be identified and leisure opportunities created according to their needs (some are given here):

- Many Yemenis chew qat because they have nothing else to do in their free time. To address this chewer type the government could provide facilities such as public parks and clubs, or public libraries with their attractive facilities such as internet access, video films, seminars, cultural and scientific tours and courses.
- For the group using qat due to the lack of work at the workplace, the government and the public sector should revise their working hours and adapt them to an efficient exploitation of the energies of their employees (such as splitting the working hours into two periods - a morning and an afternoon period - with an increase of pay to make it attractive for the employees to return to work during the afternoons).
- For those using qat because they are unemployed, public projects should be set up that generate jobs. In addition the private sector should be encouraged or pressured to create jobs and employ such people after an adequate study of their capabilities and skills.
- For the group that uses qat because of social customs (weddings), religious, and political occasions, the appropriate alternative would lie in providing (free of charge or at a low charge) attractively equipped public areas for such occassions (in clubs, hotels, mosque facilities, on the premises of political parties and community organizations). In these places the use of qat would however be banned.

C. Raising of Public Awareness

The media (television, radio, and press) should participate in the public mobilization against Qat in order to create an awareness of the harmful social, economic, and in particular health effects of Qat. An effective campaign would have to include the Qat issue in TV shows, and theater plays.

Other institutions that should include the Qat issue in their activities include the Ministry of Education, that should include the Qat issue in the school and university curricula, the Ministry of Health (including health centers and hospitals), the Ministry of Guidance with its affiliated mosques and prayer leaders, and the Ministry of Information & Culture.

Also research centers, associations, clubs, hospitals, mosques, women-institutions, charity organizations, agricultural cooperatives, political parties and community organizations should become involved.

D. Prohibition of Chewing in Public Places

When addressing the Qat phenomenon the method of persuasion should be followed rather than that of compulsion, taking into consideration that all that is forbidden becomes more desirable. The prohibition of Qat consumption in general is not likely to meet much success. But chewing should be prohibited at the workplace and in public areas (such as parks, clubs, movie houses, busses, airports,

seaports, schools and hospital etc.). Fines should be imposed on those who chew qat at the workplace or in public areas. Their Qat should be confiscated and destroyed.

E. Possibilities for Crop Substitution

The profitability of Qat asks for lucrative alternatives for its producers, marketers and transporters. Alternative agricultural products generating high returns could help to convince growers to substitute qat.

This could be achieved by raising the returns of alternative crops, which would require an increase in their prices and a reduction of their growing cost. Raising the returns of alternative crops could require the opening of foreign markets. This would require the setting up of marketing companies for alternative products. These need to be run by able individuals in the view of strong competition on international markets and of competing foreign products on the domestic market, especially if Yemen opts for the liberalized trade approach.

It would also require to improve of the quality of domestic agricultural products so that they will meet international standards, and thus will be able to compete with similar foreign products. This would require optimal use of nursery plants or seeds, as well as fertilizers, pesticides and irrigation. This in turn requires the existence of centers for agricultural research in many of the areas where qat is grown.

These centers will need to carry out tests and experiments that are appropriate for the climatic conditions of Yemen (soil, quantity of water), so that alternative crops can be produced at lower costs and improved in quality which would guarantee higher returns. This would make the provision of support and facilities for farmers who work towards replacing qat with such products necessary. Such a strategy would need the participation and support of the Ministry of Agriculture, cooperative societies, political parties and community organizations.

Export will also work towards reducing the supply of these alternative products in the domestic market. This would consequently lead to price increases and to higher returns for farmers. Eventually these alternative crops would be able to compete with qat in terms of profitability.

To set an example the government should not just encourage qat farmers to turn towards alternative crops, but should also replace qat in its own government farms and on land holdings of the religious endowments. To make the private sector turn away from qat, financial government support should be made available for qat substitution efforts. Privileges can be given to farmers cultivating any crops other than Qat. Support could include the placing of seedlings and agricultural machines at the disposal of farmers at a low price or even free of charge. Agricultural credits should be limited to farmers planting other crops than Qat. Markets for alternative crops should be created not only abroad, but also locally.

The government should also encourage the private sector to reclaim non-farmed land, especially in large unused land areas in Wadi Hadhramaut, al-Mahara, Mareb, Shabwa, Abyan, al-Jawf, and the Tihama (areas that are too low or too hot for Qat production, but where water sources are available), and plant alternative

crops on these so that the share of food products in Yemen's agricultural output rises. The government should support them by the construction of rain water dams, in the maintenance of terraces, and in the construction of an infrastructure that will contribute to the reclamation process.

F. Confronting Qat as an Economic Phenomenon

Addressing qat as an economic phenomenon needs substantial financial resources. It is therefore elmentary for the government to make Qat taxation efficient and use these resources towards the creation of a fund for economic and social development. The resources of such an entity could be used to support qat substitution and to generate other sources of income for the qat transport and marketing sectors.

Measures could include:

- Imposing on farmers and landowners to cultivate crops other than qat. Per farm, qat area should not exceed the area of food crops planted. This would still allow farmers to plant some qat, but it would also force them to produce food crops of strategic importance.
- Imposing standards for Qat merchandising: merchants would need to have sales permits, appropriate places for Qat selling would have to be assigned to them, inspections of the merchandise would need to be carried out (pesticide use, variety, etc.), distributors would have to wash and clean qat leaves prior to selling them, control organs would need to monitor the implementation of the above, severe punishments for violations, especially for the violation of health regulations would need to be imposed.
- An new system of taxation should be designed to ensure efficience of tax collection. Part of this revenue income should be used to promote agricultural development projects in which fruit, vegetables and cotton are grown.
- Why not import Qat from Ethiopia? International competition could lead to a lowering of Qat prices in Yemen, since Ethiopian Qat is known to be much cheaper than Yemen grown Qat. This could take pressure of the family budget. Ethiopian Qat is also said to not be treated with pesticides, which would have positive effects on the health of consumers.

G. Protect Water Resources

The high water use of Qat is a waste limiting groundwater resources. To prevent a water crisis in Yemen stricter laws for water use and well drilling should be designed. The methods of irrigation need to be improved. Dams and cement canals need to be built, and techniques like drip irrigation or babbler systems should be promoted. Also water use in the industrial sector and in private households should be revised and made more efficient.

H. Assure International Support

Contacts with regional and international organizations (like FAO, UNESCO, WHO) should be established in order to obtain funds for the studies and programs described above.

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