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## The Economics of Qat Why Qat is more than just a bad habit

By Wessam Sherif

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In a time where the calamitous economic situation in Yemen is on the spotlight, together with the country's political problems, an old tradition might play a big role in perpetuating Yemen's economic sickness.



Some years back, a 12 year old Yemeni child was accidentally hit and killed by a former German ambassador to Yemen who was taking a drive in his car

around the country side. One would think that a situation such as this would manifest grave consequences incorporating a lawsuit at least, if not attempts at settling the issue through violence. Smart and experienced as he was however, the German ambassador resorted to solving the dilemma in a Yemeni fashion. The German ambassador arranged a meeting with the family of the deceased boy to settle the matter. Supported by a truckload of Qat as an apologetic gesture, the ambassador sat with the boy's family for a few hours and announced his willingness to accept any decision taken by the family. Due to his respect to Yemeni traditions, the ambassador was declared forgiven by the father of the boy and reprisal was not necessary. Through knowing the crucial role that Qat plays as a cornerstone in the Yemeni community, the German ambassador reached the optimum resolution to the situation.

Harvested from the top of Qat trees, Qat is a plant that is said to stimulate brain activity owing to a number of compounds it contains. It is stated as legal by the government of Yemen, while assigned by the World Health Organization in a drug group in which it is the sole member. Qat is enmeshed in all social strata of the Yemeni community, causing numerous social dilemmas seeing that 90% of men chew Qat, as opposed to 50% of women, not to mention its recent spread to children. Nevertheless, Qat goes far beyond being a mere Yemeni tradition or habit, since its economic influence is at least as potent as its social one.

Struck by poverty, food insecurity and high unemployment, Yemen lingers as the only LDC in the Middle East. Yemen depends on agriculture as the single and most important contributor to the economy, partaking in about 17.6% of the GDP. The potential for agricultural and hence economic development is foreseen to be greatest in the Arabian Peninsula, despite that only 3% of Yemeni land is arable. This potential however is severely hindered by primitive farming methods and more importantly, Qat.

In an agriculture dependent country, Qat plays an immense role in resource allocation, agricultural production and trade and even goes as far as wavering agricultural imports and exports from year to year. If Yemeni agriculture was a clock, Qat would be the main gear moving the arms, or halting them thereof.

Agriculture provides a source of living for about 54% of the total Yemeni workforce, and 74% of the rural inhabitants, thus becoming a lifeline to a large sector of the Yemeni population and the economy as a whole. The insidious plant is estimated to compose more than 40% of the Yemeni agriculture, by that affirming its place as the country's number one agricultural crop, even replacing Coffee which was once Yemen's major cash crop. Furthermore, a staggering 25% of the workforce depends on the agriculture of Qat. Qat has become the most profitable cash crop in Yemen throughout the last decade, swaying farmers to Qat agriculture instead of competing

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crops; coffee and grapes. According to growers, Qat is 5 times as profitable as grapes and 20 times as profitable as potatoes, since it produces leaves year round and is always under high demand. As a result, Qat – Yemen's primary cash crop – occupies over 145,000 hectares of land, and throws in an astonishing 9% of the GDP.

Based on the previous statistics, and considering that Qat does not exceed being a non-exportable drug, Qat agriculture and production are seen as a major factor in creating ruptures that hinder progress in an already crawling economy. Qat agriculture is estimated to be growing by 12% per year, taking up more of the arable land and diminishing agriculture in necessary food products. Over the past few years, there was a 75%-92% gap between the consumption and production of wheat. According to Dr. Ismail Muharram, the director of the General Authority for Agricultural Research, Yemen could produce a 100 times more than its current wheat production if proper methods to stop Qat production are applied. Accordingly, wheat imports have doubled since 2004, whereas domestic grain production covers only about 8% of the local market needs. Vegetables have also recorded an inadequate domestic production per year despite the slight increase in production.

Yemeni agriculture is heavily dependant on ground water, since 90% of irrigation depends on it. This is where another serious problem caused by Qat agriculture appears. Qat alone uses up to 30% of the country's ground water due to farmers' traditional methods of irrigation, by that gravely threatening the country's water resources. San'aa basin is expected to dry up by 2025 if no swift action is taken, since the water table is dropping up to six meters per year in some areas. This has placed Yemen's per capita use of water among the lowest in the world. The severe decrease in water resources is not giving room for agricultural growth, seeing that the extraction of water is becoming more difficult by the day.

The dependence on ground water and depletion of water resources are also highlighting another major issue, which is state subsidized diesel. The process of water extraction requires ground pumps that work by diesel to bring water to the surface. Diesel subsidies, are on one hand making Qat agriculture and market prices cheaper, and are on the other hand considered a waste of the state's limited financial resources. Since diesel subsidies have become a way of indirectly subsidizing Qat, most government ministers agree that removing subsidies on diesel would be the most efficient way in curbing Qat production.

Aside from hindering economic productivity and draining water resources, Qat is also a direct reason in the massive downfall of work productivity in Yemen. It is estimated that about 22 million working hours are wasted daily on Qat consumption. Disposable income for household needs is also slashed by the daily spending on Qat which ranges from 300-5000 YR. This of course further worsens the state of food insecurity and malnutrition experienced by the people, since money is spent on Qat rather than food that is already experiencing a rise in prices.

A World Bank regional development expert, Julie Vilorio-Williams, noted that "Qat use in Yemen is a national emergency." In a country stricken by poverty, the fact that the average Qat chewer spends about YR 600 ( \$3 approximately) per day on Qat, in addition to beverages and cigarettes, is alarming and clearly detrimental to Yemen's prospect of development.

Yemen currently has serious development issues, reflected in its economic indicators. For example, Only 54% of the population is literate, and approximately 15% of the population lives under \$1 a day, yet the average household spends on average \$3 a day on Qat. The problem that Qat poses has been clear for some time now. In the 1970's the former Prime Minister, Muhsen Al-Aini, went as far as to issue directives to uproot Qat trees. Unfortunately for Yemen, the public was not ready to support these measures, and very little has been done to change the status quo.

Qat production has created a ripple in the Yemeni economy, affecting agricultural production, exports and imports fluctuations, household economies, government subsidies and public health. That is all topped by the eminent threat posed by water scarcity to the Agricultural sector as a whole.

Whether the answer to Qat control is taxation, removal of diesel subsidies or planting other cash crops instead, the government has to overcome social and political pressures to control Qat production and trade to save the economy from further demise.

*Wessam Sherif – Egyptian Journalist*

## Yemeni Development Indices

Human Poverty Index

38% (HPI-1)



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GDP per capita	930 (ppp US\$)
Population living below \$1 a day	15.70%
Life Expectancy at Birth	61.5 years

**Human Development Report (2007)**

Lorenz Curve and Concentration of Qat expenditures \*

\* Milanovic, Branko. "Qat Expenditures in Yemen and Djibouti: An Empirical Analysis". *Journal of African Economies*, Vol 17, No. 5 Pp 661-687

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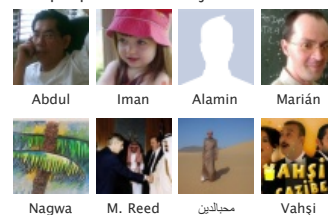
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