Labor Regulations

Labor regulations in Yemen are in place and cover matters regarding Unions, Social Security, Working Hours, Foreign Workers and Foreign Business Owners. These are codified in the Yemeni Labor Law and Investment Law.

Labor Unions in Yemen:

In 2002, by PRESIDENTIAL DECREE, a law was issued concerning the organizing of the labor unions; the decree provides for organizational structure of a Labor Union.

The organizational structure has a pyramid form:

- Union Committee
- Branch Union
- Branch Association
- General Union

Article no. (14) states that any group of workers (who have the same occupation) for more than fifteen workers have the right to form a Labor Union committee in any facilities or enterprises.

Article no. (15) states that the Union Committee has the right to establish committee to facilitate its tasks according to previous law.

Article no. (16) states that the Branch Union constitutes several union committees.

Article no. (17) states that the General Union constitutes of committee or branch union

Representatives and based on the common occupation.

Article (19) states that the General Union has the right to establish branches if it is necessary.

Article (20) states that the different Branches Associations have the right to form its own General Union, to have its legal independency, and that the headquarters should be in the capital of Sana'a.

The Objectives of the Labor Union in Yemen:

- Defend the rights and gains of Labor and their trade union movement and care of their common interests and work to improve their social, economic, culture and health.
- Instilling the spirit of respect and observance of labor regulations, and to work to achieve a real association of labor relations and increase production.
- Protection of union rights and the pursuit to respect the Arab and international conventions. It has an essential role to achieve Labors interests and meet their basic needs. The most common methods used to pressure on the government are to organize strike.

Social Security:

Article (3) of the Labor Law states that there should be applied to all the employees in the private sector and workers who have reached the age of fifteen and Yemeni workers abroad. Social security costs are deducts 9% from companies and 6% from employee of the total salary.

Working Hours in Yemen:

The working hours ranges between 8 – 9 hours per day. Some companies have one shift and others have two shifts per day. All these information is mentioned in the job contract when signed by the employee.

Foreign Workers in Yemen:

Non-Yemenis are able in Yemen with the proper work permits obtained through the Ministry of Labor or one of its offices. Any employer can hire or recruit a foreign worker provided that the necessary documentation and paperwork are arranged with the Ministry of Labor. This codified in Article 19 of the Labor Law. Articles 19 to 26 of the Yemeni Labor Law clearly and briefly summarize the rules and procedures in place for foreigners to work in Yemen.

Moreover, article 17a of the Investment Law allows for investors to recruit foreign workers*: ". . . project may recruit non –Yemen in accordance with the requirements stated in its requirements list and are entitled to obtain work permits and residence visa for such personal for three – year period renewable upon a recommendation of the authority*"

Foreigner Owning Businesses

With regard to foreigner owning their businesses, this is an investment aspect allowed and facilitated by the General Investment Authority, as enumerated notably in Articles 4,5, & 10 of the Investment Law.

Article 4: The state shall guarantee Yemeni , Arab and foreign investors freedom to invest in investment projects in accordance with the provisions of this law.

Article 5: Arab and foreign capital and Arab and foreign investors shall be on a par with Yemeni capital and investors without discrimination with respect to the rights.

Article 10: Investors shall be entitled to manage their projects light of their appraisal of economic condition and the status of their businesses.

الهيئة العامة للاستثمار
General Investment Authority

Transport   Tax   and supplies   Living environment   Real estate

Cost Comparison Matrix

Cost Category	Notes	Unit	Haiti	Dominican Republic	Mexico	India	China	Pakistan	Bangladesh	Cambodia
Labor Cost		U.S.$/hour	0.48	0.90	1.86	0.83	1.44	0.55	0.32	0.33
Hours Worked	Without overtime	Normal hrs/ operator/day	8	8	8	8	8	8	8	8
	Without overtime	Normal hrs/ operator/week	48	44	44	48	48	49	48	42
	National holidays	Days/year	16	13	14	17	11	18	10	25
	Without overtime, per year (less holidays + assumed 10 days vacation)	Hours/year/ worker	2,288	2,104	2,096	2,280	2,328	2,324	2,336	1,960
Electricity	Cost to industry	U.S.$/KwH	0.23	0.14	0.15	0.086	0.065	0.071	0.053	0.17
Building	Cost of industrial space construc-tion	U.S.$/square meter	160	220	250	140	97	150	120	130
Transport	From factory to source port	U.S.$/40-ft container	0	0	800	400	470	300	250	600
	From source port to Miami/Long Beach	U.S.$/40-ft container	800	800	0	2,100	1,800	2,000	1,900	1,900
Duty payable	U.S. import duty, Chinos (using Asian fabric)	%	0	16.6*	16.6*	16.6	16.6	16.6	16.6	16.6
	U.S. import duty, T-shirts (using Asian fabric)	%	0	16.5*	16.5*	16.5	16.5	16.5	16.5	16.5
Taxation	Corporate tax on profits	%	0	N/A	35	33.66	25	35	35	20
	Sales tax	%						15		
	Value-added tax	%	0	0	0	12.5	17	15	15	10

*NOTE: * Duties payable upon import are zero-rated if made from American, Mexican, or Dominican fabric.*
SOURCE: Werner International, validated against Werner and international databases

Apparel Industry Value-Chain Outline, Globally and in Haiti

complex products: sports jogging suits, ladies' casual and formal tops, dress shirts, denim jeans, men's and boys' pants, T-shirts and knit polo shirts, nightwear, hospital scrubs, and formal men's suits. Most products are 100% cotton, but factories are also working with woolens and man-made fiber fabrics as well.

Haitian factories operate as cut-make-trim companies, subcontractors, and even full-package service companies. Across the industry, some factories have automatic fabric spreading or computer-aided cutting or manufacturing facilities, others offer their own pattern marker and embroidery capabilities. They produce for a wide range of clients in North America, including not only the two well-known undergarment and active wear companies (Hanes and Gildan) but also a wide variety of fashion, performance, active, and work wear companies.

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