

# Energy Wars and the Future of Security after Classifying the Houthis as "Terrorist Organization"

Case Report

Strategy Analysis Unit

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## Introduction

In October 2022, the armed Houthi movement launched at least three attacks on oil export ports under the control of the Yemeni government. The attacks are the largest escalation since the armed group took control of Sana'a in September 2014 and the ensuing intense fighting following the intervention of the Saudi-led coalition in support of the internationally recognized government against the Iran-backed Houthis. Oil and gas ports have not been targeted in the strikes against the Houthis during the war. Such acts would constitute a major breach of international agreements and laws as Yemen enjoys a strategic location that is vital for international shipping.

In response, the National Defense Council declared the Houthis a "terrorist organization" for the first time since 2004 when the group was indulged in fighting the government forces. This is likely to change the dynamics of war and peace in Yemen, and will affect the efforts to end the war in the country.

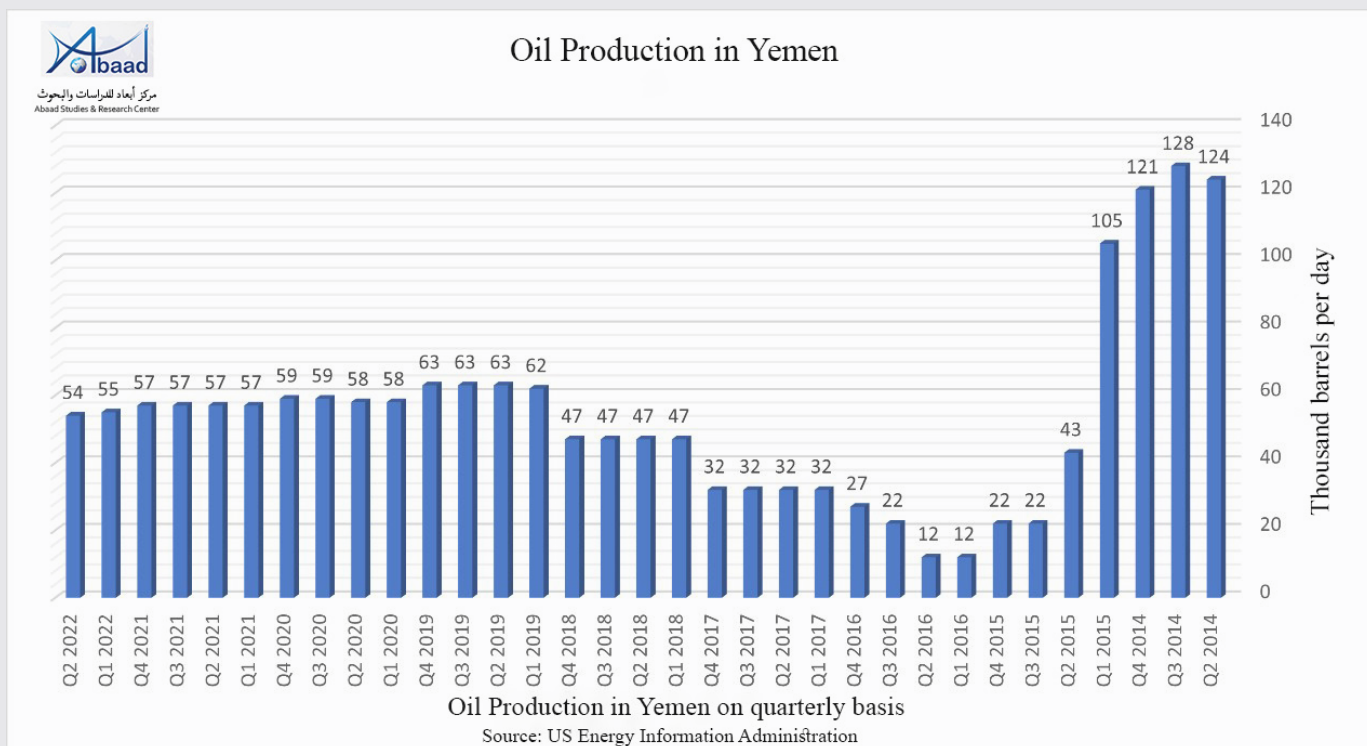
This paper assumes that local and international variables have prompted the Houthis to launch attacks on oil tankers. It discusses the economic effects of these attacks on Yemenis. It also discusses the effects of classifying the Houthis as a terrorist organization on humanitarian, political and military conditions, as well as on the dynamics of war in Yemen and regional positions towards the inter-Yemeni conflict.

### 1. Houthi attacks on ports

On October 22, the Houthis targeted Nissos Kea, an oil tanker owned by a Greek shipping company flying the flag of the Marshall Islands. They also targeted the Dhabba port in Al-Shihr district in Hadramout governorate. On 18 and 19 October, the Houthis targeted Al-Nushaimah (Al-Rudhum) oil port. The Greek company that owns the vessel Nissos Kea said that the vessel did not suffer any damage in the attack by Houthi drones laden with explosives.<sup>1</sup> The attacks came just weeks after the group threatened to attack energy infrastructure in Yemen and the wider region after the truce ended.

A year ago, the Yemeni government stated that five international oil companies had resumed their business in the country. Before the war, Yemen earned an annual revenue of more than \$2.2 billion from crude oil exports. The Yemeni government share of crude exports amounted for about 70% of the state general budget resources, 63% of the country's total exports, and 30% of the gross domestic product.

Since early 2022, Yemen has been producing an average of 55,000 thousand barrels per day, exported through the ports of Al-Dhabba and Al-Nushaima, recording an increase of 4,000 barrels from 51,000 barrels per day in 2021. According to the US Energy Information Administration data, Yemen exported 20.5 million barrels of oil in 2021. <sup>2</sup>



The attack is the first declared military action since the end of the truce between the Houthis and the internationally recognized government, which lasted for six months and ended on October 2. It is also the first time that the Houthis have bombed oil export ports. The Houthis had sent messages before and after the end of the armistice that they would bomb the oil export ports if the internationally recognized government did not pay the salaries of the 1.2 million government employees and soldiers in their areas of control and open the ports and Sana'a airport without the presence of United Nations inspection mechanisms in the ports Hodeidah,

or limiting flights from Sana'a airport to specific destinations, and the recognition of passports issued by the Sana'a authorities in the various countries.

The Houthis sent messages to shipping companies, vessels and foreign countries, explaining that they would prevent tankers from reaching Yemeni oil ports. They also sent other messages to oil companies operating in Yemen asking them to stop oil production. The Houthis want the internationally recognized government to share oil and gas revenues with them. Their effort is also an attempt to create the impression that Sana'a is the source of sovereignty over the country and national ports and that the decision is in the hands of the Houthi government.<sup>3</sup> They also want to undermine the legitimacy of the Presidential Leadership Council and the international recognition of its sovereignty over the country.

Several factors encouraged the Houthis to launch their attacks: a) the opening of Hodeidah port to the Houthis without restrictions during the armistice. b) the failure of the Houthis to reach Marib governorate to gain access to oil and gas in the governorate<sup>4</sup> and neighboring governorates, the lack of deterrence by the Saudi-led coalition, the internationally recognized government and the international community encouraged them to target oil export ports to get access to alternative sources of income to make up for the sources they were unable to secure in Marib governorate. c) The Houthis followed with interest, yet cautiously, the behavior of the Presidential Leadership Council, its failure to run the affairs in its areas of control and end the disparity among its members, the expulsion of government forces from Shabwa governorate and their replacement with paramilitary forces affiliated with the Southern Transitional Council backed by the UAE, and the failure of integrating military and security forces which was the main threat to any future movements of the group. All of these factors granted the Houthis the opportunity to launch attacks because their opponents were preoccupied with their internal differences. d) The divergent international position on Yemen and the background consultations taking place in the Sultanate of Oman with Saudi officials under British and American sponsorship and Omani coordination, seemed to reveal that the Houthi group has the upper hand in threatening their security and oil needs coming from the Gulf. Since it is difficult to strike Gulf installations in those and the other consultations between the Saudis and the Iranians, the attack on Yemeni ports is a clear message for all.

Whatever the reasons that encouraged the Houthis, their new threat to launch attacks on oil ports and facilities is reflected on two levels: the first, locally, on the Yemeni economy, and the second, regionally, on the region and the world.

## Reflection of Houthi attacks on the Yemeni people

Houthi attacks turn Yemeni waters into blazing embers of danger, prompting ships to avoid docking and dealing with Yemeni ports. This, of course, will lead to many catastrophic results.

**1. Damage to the country's foreign exchange reserves:** Pushing shipping companies to stop sending oil and gas tankers to export ports causes the Yemeni government to lose the remaining budget source that yields hard currency to the country. This leads to a decline in the value of the national currency, which has already collapsed during the war and lost two-thirds of its value.

The direct threat faced by the Greek tanker when it downed the drone flying close to it confirmed that it was difficult to accept a high degree of risk, not only by international shipping companies, but also by seafarers. The failure of the Yemeni government to get foreign exchange prevents it from announcing auctions to sell national currency to support the purchase of basic foodstuffs. The \$2 billion Saudi deposit and oil sales had contributed to enhancing the purchases. This will raise the value of basic commodities to a record level, thus intensifying famine in the country.

**2. Commercial vessels and insurance risks:** The Houthi threats will not be limited to the oil ports in the country, but will extend to the loss of commercial confidence with Yemen for a longer period if this threat recurs again. The threat includes the arrival of commercial ships to Yemeni commercial ports, including the ports under the control of the Houthis, who send a message that Yemeni waters and ports are vulnerable to bombing and targeting. This threatens international companies and forces them to avoid sending goods to Yemen, including basic commodities. Contrary to what many believe, most foreign trading companies see the Houthis as "rebels" or an unofficial "group" that threatens interests and intra-trade with Yemen.

It also increases insurance costs for ships that arrive in Yemen or pass near Yemeni waters. This will lead to a significant increase in food prices, and threaten the possibility of inter-Yemeni trade as well as commercial exchange with international markets.

**3. Threat to the oil industry:** Threatening the oil installations operating in Yemen, most of which are foreign, by actually targeting them, or threatening their ability to export oil, will have adverse results on confidence in the oil industry in the country. This will force foreign companies to leave the country and to liquidating its assets. No other foreign company will be able to invest in Yemen.

According to available data, the storage of oil has reached its maximum limit in “Al-Masila” in Hadramout, and production will actually stop because oil is not exported or transported to the ports. Aden refineries are also unable to refine oil for domestic use. This will lead to bad consequences for the country's oil industry.

## **Effect of the Houthi attacks on the region and the world:**

Oil markets certainly remember September 14, 2019, when the Houthis launched a drone attack on Aramco's oil facilities in eastern Saudi Arabia. The attacks reduced Saudi oil production and destabilized global financial markets, albeit for a brief period. Now we see the Houthis again threatening Saudi oil facilities after threats and attacks on Yemeni oil ports. The attacks will soon turn towards the Arab Gulf states if they fail to extend the armistice and reach an agreement with the Houthis.

Moreover, the Houthi attacks on oil tankers in the national ports are a direct threat to maritime security and relevant international laws. It threatens the global oil supplies that pass through international waters off Yemen. After the attacks on the ports, Houthi leaders threatened to target those vessels and interrupt international navigation until their requests are implemented. The attacks took place at the beginning of winter, when Europe is in dire need for oil and gas,

and unprecedented inflation invades the European Union. These threats can hardly be tolerated.

The Houthis used this threat, which is loaded with their recurrent disappointment at international dealings with them over the past years, to their advantage. The Houthis usually try to read the regional and international environment to achieve their local goals, and the goals of their ally, Iran, which is concerned about rapid transformations in the region at a time when it is facing the pressures of protests at home.

This pushes the international community to neutralize the Yemeni file so that it does not turn into an international barter file, which will leave countries in the region with two main options. They will acquiesce to the Houthis and their demands, but this will have high costs on the future of their national security and on the solution in Yemen, which will be a loss for them. Alternatively, there will be confrontations and military advances on the ground that will push the Houthis to compromises that include their transformation from an armed group into a political party and the delivery of heavy and medium weapons to the state. However, it seems that the West and security officials in the Arab Gulf will press for the first option after the Saudi-led coalition failed to achieve the second option over the past years, in addition to the nature of the Presidential Leadership Council which is replete with discordant views among its members and its failure so far to approve its organizing rules and integrate military and security forces under the Ministries of Defense and the Interior. This is something the Houthis use cautiously to achieve their demands.

The reactions to the Houthi attacks against the oil ports were reflected in the conditions in Europe and the United States. The latter adopted a tone of concern that the Yemeni government would escalate, in view of the approaching US midterm elections.<sup>5</sup> While the European Union expressed concerns about the violation of maritime security laws,<sup>6</sup> a concern related to the transport of oil and gas to the Continent.

## 2. Designating the Houthis as a terrorist organization

The day after the Houthi attacks on the ports of Al-Dhabbah and Al-Nushaimah (Al-Radhum), the Yemeni National Defense Council designated the Houthi group as a "terrorist organization," which is the first time that Yemen has classified the armed group as a "terrorist organization."



There is no law to regulate declaring terrorist organizations in Yemen, including Al-Qaeda and the Islamic State (ISIS).

The National Defense Council decision to consider the Houthis a terrorist organization cites the “Crimes and Penalties Law of 1994, the Arab Convention on Combating Terrorism, and international and regional conventions and treaties ratified by the Republic of Yemen.” Given the basis on which the decision is based, it suffers from many legal problems and a growing controversy that renders the designation ineffective. This decision seems to be the only decision passed by the Yemeni Presidential Council after the Houthi escalation. The ports of Al-Radhum and Al-Dhabbah are not subject to the direct control of the Yemeni government. They are supposedly protected by Emirati or Emirati-backed forces which apparently failed in defending them.

The decision is unprecedented in the Yemeni government’s relationship with the Houthis since they declared the rebellion in 2004, and the group certainly deserves this local designation in view of the numerous crimes it committed. What drew attention to this decision was that it was issued by President Rashad Al-Alimi, who had worked in the field of combating terrorism during his tenure as Minister of Interior from 2001 to 2008, a period that represents the peak of the confrontation with Al-Qaeda in Yemen.

### **The resolution draws attention to several matters related to the internationally recognized government:**

First, the decision revives the National Defense Council in a presidential council, 80% of whose members are military leaders. The Defense Council was established by Law No. 62 of 1991. It is chaired by the President of the Presidential Council and the Supreme Commander of the Armed Forces. Members included Vice President of the Presidential Council, members of the Presidential Council, Speaker of Parliament, Prime Minister, Minister of Defense, Minister of Foreign Affairs, Minister of Interior, Minister of Information, Minister of Finance, Chief of Staff, and Adviser to the Presidential Council. In addition to these, the October 22 meeting included the governors of Hadramout and Shabwa, where the ports attacked by the Houthis are located.

According to the law, “when mobilization or war is declared, the National Defense Council undertakes all mobilization issues, supervises their implementation, and manages war when it erupts in accordance with the organizing laws” (Article 3:7), and “reconsideration of draft war agreements, military alliances, armistice agreements and reconciliation treaties, and take appropriate recommendations in this regard” (Article 5).

This raises a central question: does this mean a new phase for President Rashad Al-Alimi in which he seeks to revive state institutions such as the National Defense Council to enable it to pass decisions that need seriousness and firmness, in order to prevent any veto of such decisions through consensus of the Presidential Council, especially in light of the delay in reaching consensus on approving the rules governing the functions of the Presidential Council.

It also indicates that the National Defense Council can reconsider military alliances and peace treaties at a time when reports reveal a rapprochement between the Houthi and Saudi officials in Muscat on multiple files related to the future of the transitional period. This is indicated by the GCC lack of enthusiasm for the Yemeni government decision designating the Houthis as a terrorist organization. The Speaker of the Yemeni Parliament responded to Gulf statements calling for a political solution, considering these Gulf statements: They give charity to Yemen with a political solution, when they know fully well that Al-Houthi is far from a solution.<sup>7</sup>

Second, the decision goes beyond the declaration of the transfer of power, the "presidential declaration" that transferred power from President Abd Rabbuh Mansour Hadi to the Presidential Council on April 7, 2022. The declaration clearly states that the task of the Presidential Council is to negotiate with the Houthis. The presidential declaration called the Houthis "Ansar Allah," which is the way the Houthis label themselves. It is the first time since the Houthis took control of Sana'a that they are referred to by this name. Six months after the truce was implemented unilaterally by the government, the Houthis refused to implement their obligations. Rather, they imposed additional preconditions – that were widely considered unacceptable - for accepting extension of the truce. It seems that the Houthi escalation by bombing the ports has led the Presidential Leadership Council to believe that the armed Houthi movement views it as inefficient and wants to negotiate with it from a position of strength and that it will not go to any new military confrontations, as the state of stagnation and the unofficial truce continues, even though it ended in early October.

Logically speaking, designating the Houthis as a terrorist organization leaves room only for the option of war with the group since it is not possible to return to negotiations with a “terrorist group.” It destroys all possible bridges to bring about reconciliation and nullifies previous agreements, including the Stockholm Agreement. Moreover, it assumes that it loses hope in the United Nations efforts of renewing the truce, which the UN supports as an initial step towards peace. However, government officials believe that negotiations with the Houthis will not stop even after designating the group as a terrorist organization. Saudi Arabia has designated the Houthis as a terrorist organization, but it continues to negotiate with them. In all events, placing the Houthis on the blacklist is a new complication to the Yemeni war. Most of these complications are usually caused by the Houthis.

**The internationally recognized government faces several challenges in pursuing this decision, including:**

**a. Legal challenges:** There is no article in the Crimes and Penalties Law - on which the National Defense Council relied - that refers to designating groups as terrorist organizations. Only joining an armed gang is provided for. Article 133 states, “The following are punishable by imprisonment for a period of more than ten years: (1) a person who participates in an armed gang with the intention of usurping land or looting funds owned by the state or a group of people, or to resist the military force charged with chasing the perpetrators of these crimes. (2) a person who participates in an armed gang that attacks a group of people or resists with weapons public authority officers in charge of implementing the laws. If any of the acts of the offenders mentioned in the previous two paragraphs resulted in the death of a person, capital penalty shall be enforced without prejudice to the entitlement of the blood guardian to blood money if the victim is not involved in the crime.”

The decision is based on the Arab Convention on Combating Terrorism, 1998. Although Yemen cites this convention in defining terrorism, the Convention is ambiguous on several points.<sup>8</sup> The phrase “states shall not provide any facilitation to terrorist groups on their territory” does not mention the actions that amount to facilitations for terrorist groups. Does opening an office for the Houthis, for example, in the Sultanate of Oman amount to a kind of facilitation? Do negotiations held with the Houthis by Arab countries and contacting them amount to a kind of facilitation?

Moreover, the Convention did not clarify what forms of cooperation and coordination that neighboring countries suffering from terrorist crimes should undertake. The agreement also refers to "strengthening the systems of securing and protecting personalities, vital facilities and public transport means." It did not indicate the type of "vital facilities" that must be protected, whether they include oil ports, and what steps are related to the quality of security systems and the volume of Arab aid.

The government can benefit from the "information exchange" that obliges the governments of Arab countries to provide information about terrorist groups, their leadership, the weapons provided to them and their movements. Except for Iraq and Lebanon, most Arab countries can provide such information if the Yemeni government can get out of the dilemma of who it considers a terrorist. This is also in line with the position of the Arab Interior Ministers, who declared in March 2022 that the Houthis were a terrorist group. It is not likely that this would result in more than enhancing the exchange of information.

As for international conventions and protocols, Yemen is a party to 12 international conventions and protocols on combatting terrorism. Protocols are often not binding, but Yemeni diplomacy can have an impact on countries' attitudes toward the Houthis, control the group's armaments and external sources of funding, and impose pressure to limit the expansion of dealings and recognition of the Houthis.

**b. The challenge of providing assistance:** The decision of the National Defense Council warned what it called the "entities and individuals that provide support, assistance, facilitation or any form of cooperation and dealing with this terrorist group (the Houthis), that strict measures and penalties will be taken against them." Yemen had issued Law No. 1 of 2010 on Combatting Money Laundering and Financing Terrorism. According to Article 4, "A perpetrator of the crime of financing terrorism is anyone who:

1. collects or provides funds, directly or indirectly, by any means, with the knowledge that they will be used, in whole or in part, to finance the commission of the following acts: 1. Any act of violence or threat thereof, regardless of its motives or purposes, that is an implementation of an individual or collective criminal project, and aims to spread terror among people, intimidate them by harming them and endangering their lives, freedom or security, harming the environment, public or private facility or property, occupying or seizing it, endangering a national resource, or forcing a government or an international organization to do any unlawful act or refrain from any lawful act.

2. Any act that constitutes a crime within the scope of one of the relevant conventions or treaties which the Republic has ratified or acceded.

3. Any act that constitutes a crime stipulated in the Anti-Kidnapping and Highway Robbery Crimes Law.

c. Anyone who attempts to commit, participates, incites or assists in the commission of any of the above-mentioned acts.

Most of the financial and economic centers are located in Sana'a. They deal directly with the Houthis, who impose taxes, customs, and levies as war efforts in violation of the law. It also includes politicians, including the headquarters of the General People's Congress in Sana'a, which most of the leaders of the authorities in the southern governorates follow, in addition to civilian public employees in Houthi areas, and local and international humanitarian relief organizations operating in Houthi-controlled areas, and even UN planes arriving at Sana'a International Airport.

The Central Bank of Yemen exchanges the local currency in US dollars. Most businessmen who apply for bank tenders in Houthi areas regularly pay funds to the armed group, which are used in the war effort. The ports are also a major source of income for the Houthis, including the port of Hodeidah. Will the Yemeni government push for closing this port, or what measures will it take?

## Effect of developments in Yemen on the war and the region

Recent events, including designation of the Houthis as a terrorist group, their targeting of oil ports, threatening oil companies, and the end of the truce in Yemen, are likely to affect the dynamics of the war in Yemen and change the policies of countries in the region towards the Yemeni conflict.

**On the economic level,** the country's oil industry is already threatened. Oil companies will either freeze work in the oil fields or exit the country, and thereby limit oil and gas exploration that has been commenced by French, German and American companies since early 2022. This puts pressure on the Yemeni government to find quick solutions to transport and empty the oil tanks, most of which seem to have been filled within a week of the Houthi attacks. Prices and insurance of navigation to Yemeni ports will rise, and the country's economy will be affected by further devaluation of the national currency, especially in the absence of the supposed and expected treatments from Saudi Arabia and the UAE regarding the announced financial grant of three billion dollars.

**On the political and military levels,** the Presidential Leadership Council may seem united over the decision of designating the Houthis as a terrorist organization. It is difficult for any party participating in the Presidential Leadership Council and the government to accept the Houthi attacks on the only source yielding hard currency into the country, and the damage of the image of the Presidential Leadership Council as a sovereign body - responsible for protecting the ports, navigation and oil companies in their areas of control - in favor of the Houthis. However, the risks of disputes cannot be excluded, and may lead to a new internal battle, especially as the Southern Transitional Council continues to mobilize forces to conquer Hadramout Valley and target local tribes, invading the neighboring Mahra governorate, failure of the integration of forces, and the increasing instability in the oil province of Shabwa as a result of the expulsion of government forces.

The Houthi attacks revealed that the parties that make up the Presidential Council can unite whenever they face a greater common threat. The Houthis provided them with this advantage by attacking the ports. If this opportunity is not translated in practice into a large-scale military operation in the governorates of Al-Jawf, Al-Bayda and Hodeidah,

disputes will resurface even more intensely than before and will widen the splits within the ranks of the council, especially in view of the escalation of accusations of treason, a point which the Houthis capitalize on.

Since the National Defense Council has been revived, while the Dialogue and Consultation Committee failed to convene, President Rashad Al-Alimi will continue to use the National Defense Council to enhance his choices and decisions regarding the Houthis and perhaps on other matters related to concluding other alliances in the region. During his speech at the Arab Summit Conference, President Al-Alimi requested a collective Arab action in Yemen to confront the subversive coup project (the Houthi group);<sup>9</sup> given that the Houthis are an Iranian-backed threat to Arab national security and targeting Yemeni ports is a clear threat to navigation in the Red Sea, which many Arab countries overlook.

**At the level of the Houthis:** The decision of designating the group as a terrorist organization provokes anger within the group's leadership, but it will not put pressure on the group or deprive it of a sense of victory. It will constitute pressure only if a government military move takes place in Al-Jawf, which was seized by the Houthis in 2021, or Hodeidah where the military operation was halted in 2018 under international pressures that led to the Stockholm Agreement late in 2018, or in Al-Bayda, whose geographical overlap and high terrain pose a constant threat to the liberated areas in the south. The National Defense Council refers to this fact by stating that the Houthi escalation exempts the government from "all obligations related to the Stockholm Agreement and the articles of the collapsed humanitarian armistice, and other service facilities."<sup>10</sup> Therefore, the Houthis may push for a new attack towards Marib or Shabwa governorates to define the new battlefield, while they will continue to send drones to threaten ports, companies and oil fields in government-controlled areas to implement their threats. The government will resort to new measures, but it seems that they will not be very effective to confront it.

**At the level of negotiations:** Designating the Houthis as a terrorist organization is supposed to prevent the Yemeni government from negotiating with the Houthis, even though it reconstituted its negotiating delegation two days before the armed group's attacks on the ports.<sup>11</sup> This complicates the ongoing efforts of the United Nations to renew the armistice that expired in early October 2022, and threatens the continuation of "the articles of the humanitarian armistice and other service facilities,

including the continuation of flights Sana'a International Airport to Amman, and the arrival of oil tankers to the port of Hodeidah. However, it does not seem that the government will stop the task of holding consultations with the Houthis.

For its part, Saudi Arabia, which designated the Houthis as a terrorist organization in 2014,<sup>12</sup> will continue to negotiate with the Houthis in Muscat, which reached prisoner exchange visits - as the Houthis and the coalition stated.<sup>13</sup> However, this is merely a step, and perhaps a cover, in an advanced stage of mutual understanding over files that have been suffering from very slow progress, facilitated by Omani intelligence.

**At the international level,** it seems that the behavior of the Houthis during the truce and the concessions made by the government to reach a political solution convinced the international community, especially the countries involved in the Yemeni file, that there is a need for tremendous pressure on the armed group in order to push them to a UN-sponsored agreement. Therefore, although the attacks on the ports and the threat to oil companies, tankers and shipping represent a serious challenge to maritime security and energy supplies in light of the international need for them, and prompt them to condemn the attacks, part of the condemnation comes from the loss of confidence that the Houthis are not serious about a settlement to end the war if it does not meet their conditions and fulfill their goal of dominating Yemen during any transitional phase. Therefore, the UN Security Council described the Houthi attacks as “terrorist,” a description that was repeated for the second time. The first time was in February 2022 following the Houthi attacks on oil facilities in Abu Dhabi.<sup>14</sup> There was no international condemnation of the government designation of the Houthis as a "terrorist organization," nor was there any support for this designation, either.

There are also other urgent considerations, such as the Saudi-American tension and the Iranian need.

**US-Saudi tension:** Tension between the two countries has risen since Barack Obama's second term, and witnessed a slight improvement in Donald Trump's term, but in Joe Biden's administration, tension has reached record levels since the election campaign. In his Middle East policy during his campaign, Biden relied on abandoning Saudi Arabia, ending the Yemen war and returning to the nuclear agreement with Iran. Yet, this policy failed miserably as he visited the Kingdom in July 2022, the war in Yemen did not end,



but rather his decision to remove the Houthis from American terrorist lists encouraged their cross-border attacks and targeting international navigation, and internal battles broadened in scope.

He failed to bring the United States back to the nuclear agreement with Iran despite the concessions made by his administration. Rather, the regime in Tehran provides Russia with drones that are used in Ukraine. This angers Washington and its Western allies because of its significant impact on Ukraine's infrastructure and energy, a warning that could have been confronted in Yemen and the GCC countries before it spread to Eastern Europe.

Democrats find themselves facing their negative stance in the midterm elections in November 2022, after Saudi Arabia cuts oil production and US inflation soars. The only file in which Biden claimed progress was the Yemeni file because of the truce, but the escalation of the Houthis and the Yemeni government designation of the group as a terrorist organization opens the door to a long-running conflict in the country. Thus, Biden's policy in the Middle East during his first two years in office is a failure. The US has lost much interaction with its allies in light of the threat it faces from the Russian war in Ukraine and the rise of China as a global power.

In a reaction to the anger of Democrats and some Republicans, due to the OPEC+ decision, bills are being considered by the US Congress and White House regarding reducing arms sales to Saudi Arabia, or slowing down the delivery of a batch of Patriot air defenses that intercept Houthi missiles and drones.<sup>15</sup> In addition to the passage of the NOPEC law, which prohibits the monopoly of Cartels in the United States. This will greatly affect the relationship between the Gulf states and the United States. It is not expected that these bills will see the light soon, but they will certainly affect the extent of Washington's support for Saudi Arabia in the Yemen war, besides the possibility of bartering American positions and support in exchange for Saudi actions. But in all cases, it will come after the end of the midterm elections.

**Iranian Need:** The Republic of Iran is going through a unique case of protests. The death of Mahsa Amini, 22, on September 16, after she was detained for three days by the morality police in Tehran, prompted unprecedented protests in Iran in terms of scope.

Demonstrations spread to most Iranian cities, in the biggest threat facing the Iranian regime since the Khomeinist revolution 43 years ago. Contrary to the common view that internal threats to the regime will affect its level of support for the Houthi armed group in Yemen, Tehran has been using external threats as a tool to contain internal threats and demands.

Regardless of the results of the consultations between the Houthis and the Saudis, the Iranian regime may use the Houthis to directly strike vital facilities in the Gulf Cooperation Council countries, especially Saudi Arabia and the UAE, instead of launching a strike that ignites a war in the region. This is reinforced by two main factors: the decline of Saudi-Iranian consultations in Baghdad over the past weeks due to what Riyadh sees as the feasibility of the failure of Western negotiations for the return of the United States to the nuclear deal. The second is the presence of Israeli air defense forces in the Emirates, as Tehran believes that the presence of an Israeli air defense system in the vicinity of its territory is part of the state of war between the regime and the Israeli occupation and a violation of the security of the region. On October 20, the commander of Iran's Revolutionary Guards, Hossein Salami, issued what he described as a warning to Saudi leaders not to rely on Israel and indicated that they "are taking shelter in glass palaces."

In November 2022, Saudi Arabia exchanged intelligence information with the United States warning of an imminent Iranian attack on targets in the Kingdom.<sup>16</sup> The Iranian regime has often used external attacks and countering external threats as a tool of diverting attention from the protests. A spokesman of the US National Security Council said the United States was concerned about Iran's threats to Saudi Arabia and would not hesitate to respond, if necessary: "We do remain concerned about the threat situation in the region. We're in regular contact with our Saudi partners in terms of what information they might have to provide in that front. We reserve the right to protect and defend ourselves."<sup>17</sup> Since the protests began in September 2022, Iran has already attacked northern Iraq with dozens of ballistic missiles and armed drones, one of which was shot down by a US warplane while it was heading towards the city of Erbil, where American forces are stationed.

Tehran has publicly blamed what it describes as Iranian Kurdish separatist groups based there for fomenting unrest at home.<sup>18</sup>

Following an attack which killed 12 people in Shiraz, claimed by the Islamic State (ISIS), the commander of the Revolutionary Guards, Hossein Salami, referred to Saudi and US responsibility for the demonstrations and vowed to respond.<sup>19</sup> The Iranian rhetoric was clear that the protests carried a Saudi imprint in fueling what they called sedition because of what they describe as "Saudi Arabia's failure in Yemen."<sup>20</sup> Iran has usually used the Houthis as a tool to avoid blame for attacking Saudi Arabia. In 2019, Saudi oil facilities were subjected to a devastating attack, which was blamed on Iran, but the Houthis claimed it anyway.

Political decision-makers at the GCC and international levels are mistaken about the degree of control of Iran and the Lebanese Hezbollah over the Houthis. They maintain that on a balanced degree of exchange of interests, the Iranians and Houthis reinforce this view by giving statements that contradict actions. Yet, in fact, the relationship between the Houthis and the Iranians has strengthened during the war to reach the internal structure of decision-making within the group, where there are two deputies to the group's leader, Abdul-Malik al-Houthi, the first from the Iranian Revolutionary Guard and the other from the Lebanese Hezbollah. The group does not take any decision concerning attacks and the war authority without the approval of a council that includes these two representatives.<sup>21</sup>

## De-escalation scenarios:

**The international community has only a few de-escalation options, starting with the new developments in Yemen.**

**The first option** is to pressure the Yemeni government, Saudi Arabia, and the UAE to implement the Houthis' conditions and return to the truce to ensure the continued flow of oil and gas supplies without objection. But there is no guarantee that the Houthis, who are considered an Iran-backed faction, will abide by this truce.

**The second option** is to support a military move against the Houthis to force them to renew the truce unconditionally. This pressure will require American and British intervention to participate in protecting oil and gas export facilities and ports in Yemen and the Gulf states, and protecting international shipping from threats. It is a viable option, but it is connected to the seriousness of Saudi Arabia and the UAE in achieving this military move.

**The third option** is designating the Houthis as a terrorist organization that threatens maritime security. This will be a bargaining card with Saudi Arabia to increase oil production after OPEC+ reduced oil production by two million barrels since early November 2022. The White House had begun an assessment designating the Houthis as a terrorist organization early in 2022, <sup>22</sup>a year after the latter were removed from the list. Britain began studying the designation of the Houthis as a terrorist organization in April 2022. <sup>23</sup> The truce contributed greatly to the freezing of discussions by those authorities on the possibility of designating the Houthis as a terrorist group.

## Conclusion

Events increasingly show that the Houthis are mainly an Iranian proxy. All progress achieved in reducing escalation in the Yemen war was related to the negotiations between Saudi Arabia and Iran in Baghdad on the one hand, and between the international community and Iran regarding the nuclear agreement on the other. The resumption of hostilities in Yemen, starting with targeting oil and energy sources, is an indirect Iranian reaction that may grow to target oil facilities in the Gulf, whenever the situation inside Iran escalates.

Therefore, it is important that Iran loses the Houthi card in Yemen to mitigate its threat to oil and energy facilities and international trade corridors.



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## International conventions and instruments on combating terrorism, which are ratified by the Republic of Yemen:

**1963** Convention on Offenses and Certain Other Acts Committed on Board Aircraft, 1963

**1970** Convention for the Suppression of Unlawful Seizure of Aircraft, 1970

**1971** Convention for the Suppression of Unlawful Acts Against the Safety of Civil Aviation, 1971

**1988** Protocol for the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, 1988

**1973** Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, 1973

**1979** International Convention against the Taking of Hostages, 1979

**1988** Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, 1988

**1997** International Convention for the Suppression of Terrorist Bombings, 1997

**2005** Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms on the Continental Shelf, 2005

**1999** International Convention for the Suppression of the Financing of Terrorism, 1999

**1991** Convention for the Marking of Plastic Explosives for the Purpose of Detection, 1991

**2005** International Convention for the Suppression of Acts of Nuclear Terrorism, 2005



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