



مركز اليمن والخليج للدراسات
YEMEN & GULF CENTER FOR STUDIES

July 2025

Developments in the Yemeni scene

Prepared by the Yemen & Gulf Centre for Studies



www.ygcs.center



info@ygcs.center



00967718444070

00967773222566

اليمن - عدن



Table of Contents



First - Political Developments

- 1.The Legitimate Government's Escalatory Posture Towards the Houthis.
- 2.Latent Tensions Between the Legitimate Government and the UN Envoy.
- 3.Efforts to Revive Parliamentary Activity.
- 4.Continued Instrumentalisation of the Palestinian Cause by the Houthis.
- 5.Escalation by Yemen's Legitimate Government Against Iran.
- 6.Mass Protests in Hadramaut.
- 7.Houthi Escalation Against the General People's Congress.

Second - Security Developments

- 1.Continued Houthi Escalation Against Israel.
- 2.Israeli Operations Against the Houthis.
- 3.Israeli Pressure to Resume US Strikes Against the Houthis.
- 4.Arrest and Dismantling of Terrorist Cells.
- 5.Seizure of an Iranian Arms Shipment Bound for the Houthis.
- 6.Multi-Level Internal Escalation.
- 7.Developments Concerning Al-Qaeda.

Third - Economic Developments

- 1.International Warnings over Yemen's Economic Situation.
- 2.Ban on the Use of the US Dollar in Houthi-Controlled Areas.
- 3.Demand for Fuel and Food Imports into Houthi-Controlled Areas.
- 4.Yemeni Government Efforts to Address Urgent Crises.
- 5.Negative Economic Repercussions of Houthi Policies.
- 6.Houthis Ignite Currency Conflict in Yemen.
- 7.Rising Trend of Capital Flight from Yemen.

Fourth - International Interactions

- 1.Widespread Reactions to Escalating Houthi Attacks.
- 2.Israeli Approaches to Houthi Attacks.
- 3.Renewal of the Mandate of the UN Mission to Support the Hudaydah Agreement.
- 4.Continued U.S. Pressure on the Houthis.



Yemen report

Through its specialised monthly publication *Developments in the Yemeni Landscape*, The Yemen and Gulf Centre for Studies (YGCS) examines the most significant political, security, and economic developments related to the Yemeni file over the month, alongside external responses and engagements. This publication forms part of the Centre's broader research agenda, offering deeper analytical approaches to the Yemeni dossier. It aims to provide decision-makers, researchers, and journalists engaged with Yemeni affairs with a comprehensive, in-depth resource that can support both policy monitoring and informed decision-making. This report complements the Centre's wider body of research outputs.

The YGCS's monthly report adopts a dual approach, combining monitoring and analysis to track key developments across the political, security, economic, and external dimensions of the Yemeni file throughout the month. These developments are subsequently analysed within their temporal and contextual frameworks. The most critical of these developments may also be explored in greater depth through the Centre's additional research outputs, including analytical papers, reports, and strategic assessments.

Executive Summary

In July 2025, Yemen witnessed a range of multi-dimensional developments that vividly reflected the current trajectories of the country's ongoing crisis. Politically, several dominant trends shaped the dynamics of the Yemeni landscape, most notably the continued mobilisation of pro-legitimacy forces against the Houthis, the mounting tensions with the United Nations mission, both from within the legitimacy camp and from the Houthis themselves, and the rise of public protests in Hadhramaut, driven by deepening socio-economic crises. Meanwhile, the Houthis persisted in instrumentalising the Palestinian cause for political gain.

On the security front, Yemen experienced a series of significant developments. Chief among these was the continued Houthi offensive against Israel, coupled with a renewed wave of Houthi attacks targeting maritime navigation in the Red Sea. In response, Israeli strikes against the Houthis persisted, alongside Israel's efforts to pressure the United States into resuming its military campaign against them. Additional security-related events included notable escalations in Houthi violations and internal repression, as well as renewed terrorist attacks by al-Qaeda in southern regions.

On the economic front, various international and UN-affiliated organisations continued to sound the alarm over Yemen's deteriorating economic conditions. This concern coincided with the worsening economic and social crises in Houthi-controlled areas, driven by a series of decisions adopted by the group, marked by intransigence and increasing restrictions on the Yemeni population. These hardships were further compounded by the repercussions of the ongoing escalation with Israel. Meanwhile, Yemen saw a sharp intensification of the monetary and financial rivalry between the Houthis and the internationally recognised Yemeni government. Externally, international engagement with the Yemeni file in July was dominated by widespread condemnation of the Houthis' attacks on maritime navigation in the Red Sea. The United States pursued further measures to tighten pressure on the group, while the United Nations renewed the mandate of its Mission to Support the Hudaydah Agreement.

The principal political developments that characterised the Yemeni landscape during July 2025 can be summarised in the following key indicators:

The Legitimate Government's Escalatory Posture Towards the Houthis:

1

Throughout July 2025, the internationally recognised Yemeni government adopted a series of escalatory positions vis-à-vis the Houthis. This began with a call by Presidential Leadership Council (PLC) Chairman Rashad al-Alimi at the beginning of the month to unify national ranks and strengthen political partnership in confronting the existential challenges facing the country, chief among them, "the Houthi coup backed by the Iranian regime and its resulting economic repercussions."

Further, on 22 July 2025, the government welcomed the announcement by the U.S. Department of the Treasury of new sanctions targeting a Houthi-linked oil smuggling and money laundering network, which included two individuals and five entities.

On 23 July 2025, Prime Minister Salem bin Braik reaffirmed his government's commitment to implementing its recovery plans despite the prevailing challenges. He emphasised the imperative of confronting the economic war waged by the Houthis through all available means and in coordination with international partners.

Subsequently, on 31 July 2025, the Prime Minister approved a package of fiscal and monetary policies aimed at mitigating the worsening economic crisis. This was paralleled by a high-level military meeting focused on assessing combat readiness along frontlines against the Houthis and reviewing logistical efforts to support the Yemeni Armed Forces.

Beyond the official statements issued by the Yemeni government, which may be perceived as rhetorical or propagandistic, particularly in light of recent criticism levelled at the PLC over its performance in managing the country's affairs, the prospect of engaging in a substantive escalation against the Houthis remains fraught with several core challenges. Foremost among these is the complex reality in government-held areas, including the inability to establish a unified political centre within its zones of control. This is further compounded by the composition of the pro-legitimacy alliance itself, which often obstructs the formation of a coherent political stance on key issues.

Secondly, the non-centralised nature of the Yemeni Armed Forces and the fragmentation of military power within the legitimacy camp present significant obstacles, in addition to other pressing financial, logistical, and operational challenges.

Thirdly, Western approaches to the Houthi threat have proven largely ineffective, lacking the necessary strategic coherence to deter or constrain the group's activities.

Finally, the current regional approach, led by Saudi Arabia, prioritises the pursuit of a comprehensive peace agreement in Yemen, markedly distancing itself from any military-led resolution to the conflict.



2 Latent Tensions Between the Legitimate Government and the UN Envoy:

July 2025 witnessed several indicators pointing to underlying tensions between the internationally recognised Yemeni government and the UN Special Envoy to Yemen, Hans Grundberg. Reports surrounding Grundberg's visit to Yemen at the beginning of the previous month highlighted mounting criticism from Yemeni officials and political figures regarding the performance of the UN mission in addressing the trajectory of the crisis. These tensions were exemplified by the fact that Grundberg concluded his visit to the interim capital, Aden, without securing a meeting with Chairman Rashad al-Alimi. In a rare move, Yemeni officials publicly questioned the seriousness and credibility of the UN mission's work in Yemen, referring to what they described as a "serious breach" in the Envoy's adherence to the core principles of international work. A well-informed Yemeni source confirmed that Grundberg's request to meet with the PLC Chairman, Rashad al-Alimi, was declined, an unusual sign of discontent from the country's legitimate leadership. Commenting on Grundberg's visit to Aden, the source remarked, "He is attempting to make an appearance amid the stagnation," adding, "He tried to meet the Chairman, and we refused." The source further noted that the Yemeni leadership had initially delegated Vice Minister of Foreign Affairs and Expatriates, Mustapha Noman, to meet with the Envoy, a gesture intended to signal the perceived futility of Grundberg's role and presence. However, it was later agreed that he would instead meet with Prime Minister Salem bin Braik, given that this would be their first official engagement since the Prime Minister's recent appointment.



The most significant development in this context emerged on 4 July 2025, when media reports revealed that discussions held by UN Envoy Hans Grundberg saw the Yemeni government raise the long-stalled issue of oil exports, which had been suspended since October 2022 due to Houthi attacks. One of the proposals reportedly tabled during the talks involved linking the resumption of oil exports to the reopening of Sana'a International Airport.



Under this proposal, an emergency arrangement would be agreed upon whereby oil exports would resume from government-controlled ports in Hadhramaut and Shabwah, in exchange for a solution to restart operations at Sana'a International Airport. This could potentially involve the reactivation of Yemenia Airways flights, as the national carrier still retains three aircraft in its fleet, one of which may be allocated for operations through Sana'a International Airport. Alternatively, oil and gas exports could resume under a broader agreement that would allocate a portion of the revenues to purchase a new aircraft to strengthen the Yemenia Airways fleet, which would in turn commit to making it available for routes operating from Sana'a International Airport.

Conversely, on 12 July 2025, the Houthis accused the UN Envoy of "partiality and bias" in his positions regarding developments in the Red Sea, hinting at the possibility of severing official communication with him and his office. This stance followed what the group described as his "wilful disregard for the Israeli aggression against Yemen and the Gaza Strip."

The accusation was issued in a statement by the Ministry of Foreign Affairs of the Houthi government, unrecognised internationally, and published via the Houthi-run version of the Saba News Agency. It came a day after Grundberg released a statement urging the Houthis to halt their maritime attacks and expressing concern over their potential consequences.

In this context, it may be argued that the growing strain in the relationship between the UN Special Envoy to Yemen and the internationally recognised government adds further layers of challenge and complexity to the mission's efforts, and to its overall capacity to broker either partial or comprehensive settlements in the Yemeni file.

More broadly, since 2011, successive UN missions to Yemen have faced a constellation of structural obstacles that have significantly limited their effectiveness. Chief among these is the persistent entanglement of the Yemeni crisis, much like other conflicts in the Middle East, in the competing agendas of regional and international actors.

This dynamic is further compounded by a range of political, geographical, and security factors that lend the Yemeni conflict its particular character and complexity, ultimately shaping the contours and feasibility of any prospective settlement.



3 Efforts to Revive Parliamentary Activity :

In a notable development, reports have circulated regarding internal deliberations within the Yemeni PLC concerning a potential move to suspend the House of Representatives and enhance the effectiveness of the Consultation and Reconciliation Commission. These reports appear to have prompted the House of Representatives Speaker, Sheikh Sultan al-Barakani, to initiate efforts aimed at reactivating certain parliamentary functions, notably by issuing a decision to establish new parliamentary committees.

The decision to form these committees followed a meeting of the House of Representatives Praesidium held in early July in the interim capital, Aden. According to the official Yemeni News Agency (SABA), the meeting was dedicated to discussing the necessary arrangements for resuming parliamentary sessions. These efforts have repeatedly failed over recent years, whether in Aden or other liberated governorates.

SABA reported that the Praesidium reviewed a forthcoming parliamentary action plan and approved the formation of special committees mandated to conduct field visits across several governorates, namely: Aden, Taiz, Lahij, Ad Dali, Hadhramaut, al-Mahrah, Socotra, Shabwah, Marib, and Abyan. The committees were tasked with examining the performance of local authorities, assessing financial and administrative practices, scrutinising the management of central and local public resources, and evaluating the operations of administrative institutions.

However, available information suggests that these committees have largely failed to fulfil their mandates, due to the prevailing complexities on the ground and the deep political divisions within the liberated territories.

It is worth noting that the current Yemeni House of Representatives is the longest-serving in the country's history, with no parliamentary elections having been held since 27 April 2003. However, efforts to reform and reactivate the parliamentary institution face a host of complex challenges, chief among them the entrenched political and institutional fragmentation that continues to divide the country.

These difficulties are further compounded by logistical obstacles, including the absence of a permanent parliamentary headquarters and the fact that the majority of Yemeni MPs, and political figures more broadly, remain in exile.



Continued Instrumentalisation of the Palestinian Cause by the Houthis: 4

Throughout July 2025, the Houthis persisted in their instrumental approach to developments in the Gaza war, leveraging the Palestinian cause not only as a pretext for operational escalation but also as a political narrative tool to serve their objectives, from mobilising fighters to deflecting responsibility for their domestic governance failures.



In a speech delivered on 3 July 2025, Abdul-Malik al-Houthi asserted that Israeli threats would not deter the group from supporting the Gaza Strip, reaffirming the continuation of its military operations in solidarity with the Palestinian cause. In another address on 31 July 2025, al-Houthi reiterated the group's commitment to what he termed "support operations" for Gaza, stating that the Houthis had launched ten missile and drone attacks against Israeli targets within a single week, including an attack on Ben Gurion Airport.

During the same televised speech, he announced the launch of the fourth phase of these operations, which, he claimed, entailed targeting vessels belonging to any company engaged in commercial dealings with Israel or transporting goods to it, provided his forces could strike them. Al-Houthi described the declaration of this fourth phase as a "necessary step" in light of the worsening situation in the Gaza Strip.

It may be argued that, despite a general decline in escalatory behaviour by Iran and its regional proxies in the wake of a series of blows dealt to this axis, the Houthis in Yemen continue to respond actively to both the dynamics of the ongoing negotiations between Hamas and Israel and the broader developments of the war in Gaza. This responsiveness is underpinned by several key factors, foremost among them the instrumental manner in which the group engages with the Palestinian cause.

In addition, the failure of the United States, Israel, and other Western actors to establish a credible deterrent against the Houthis has emboldened the group. This posture is further reinforced by the array of domestic political gains that Abdul-Malik al-Houthi continues to extract from sustained escalation, using it to bolster internal legitimacy and consolidate control.



5 Escalation by Yemen's Legitimate Government Against Iran:

Throughout July 2025, Yemen's internationally recognised government adopted a more confrontational stance towards Iran.

On 18 July, Vice Minister of Foreign Affairs and Expatriates, Mustapha Noman, issued intense criticism of what he described as "Iran's hostile policies against the Yemeni people," citing Tehran's continued provision of large quantities of weapons to the Houthis movement, a move he said was contributing to the protraction of the conflict. His comments were made in an interview with Asharq Al-Awsat newspaper.

Subsequently, on 25 July, the Yemeni government formally lodged a complaint with the United Nations Security Council (UNSC) over what it termed Iran's persistent and blatant interference in Yemen's internal affairs, its efforts to destabilise the country, and its violations of relevant UN resolutions and the Charter of the United Nations. Shaya Zindani, Minister of Foreign Affairs and Expatriates, addressed an official memorandum to Ambassador Asim Iftikhar Ahmad, President of the Security Council and Pakistan's Permanent Representative to the United Nations in New York. The letter, delivered by Yemen's Permanent Representative to the UN, Ambassador Abdullah al-Saadi, concerned the seizure of an Iranian weapons shipment en route to the Houthis by sea during July 2025. The development was reported by Yemen's state news agency Saba and the Ministry of Foreign Affairs.

This Yemeni political and diplomatic escalation against Iran comes against the backdrop of several key considerations. First are the indicators pointing to Iran's continued efforts to invest in the Houthis through financial and military support. Second is Iran's adoption of new patterns of engagement in backing the Houthis, including attempts to bring the Yemeni militia closer to the terrorist organisation al-Qaeda in Yemen and Somalia, an alignment confirmed by several recent reports. Third is the internationally recognised Yemeni government's endeavour to capitalise on Iran's growing international isolation and the weakening of its regional proxies, in a bid to pressure Tehran and curb its ties with the Houthis.



Mass Protests in Hadhramaut: 6

In recent days, Hadhramaut Governorate has witnessed large-scale protests, particularly in the streets of Al-Mukalla, the provincial capital, as well as in areas such as Al-Shihr and others. Protesters blocked both primary and secondary roads using burning tyres and stones, disrupting daily activities and bringing traffic to a standstill. The unrest escalated to the storming and closure of currency exchange shops, with threats to target other establishments for closure or attack.

Broadly speaking, the recent protests and unfolding developments in this resource-rich Yemeni governorate can be understood in light of several key factors. First is the severe deterioration of electricity services, exacerbated by the control exerted by influential actors over fuel transport routes essential for powering electricity generation stations. Added to this are soaring prices, an ongoing challenge, and the overall decline in public services beyond electricity alone, amid worsening economic and living conditions.

Second, the governorate has long been the site of political rivalries and power struggles between various factions, a dynamic that has intensified significantly since the beginning of 2025.

Third, some observers suggest that there are growing concerns that the situation in Hadhramaut could spiral to the point of reviving calls for regional self-rule.

Houthi Escalation Against the General People's Congress: 7

Tensions have markedly escalated in recent days between the Houthi militia and the General People's Congress (GPC), amid rapidly unfolding political developments. The latest flare-up began when armed individuals affiliated with the Houthis stormed a meeting of the GPC's Permanent Committee, held at the Al-Mithaq Institute under the chairmanship of Sadeq Amin Abu Ras, the GPC's Chairperson in Houthi-controlled areas. According to reports, the meeting was convened to prepare for the party's anniversary celebrations. However, the Houthis viewed the gathering as an unacceptable breach of their authority and forced the attendees to vacate the premises, warning against holding similar meetings without prior coordination. In a related development, a Houthi-affiliated military court had earlier issued a death sentence in absentia against Ahmed Ali Abdullah Saleh, the son of Yemen's late president and the GPC's deputy Chairperson.

This development cannot be viewed in isolation from a series of key contextual factors. First are the rapid political shifts taking place in Yemen, which suggest a possible reshaping of the political landscape. These shifts coincide with calculated manoeuvres by the internationally and regionally backed legitimate government, which has signalled a readiness for a new round of confrontation.

Second, there are growing indications of an effort to unify the GPC with the Yemeni Congregation for Reform (Al-Islah) into a consolidated political front. Third, the escalation against the GPC appears to be a pre-emptive move by the Houthis, who are increasingly feeling the pressure of mounting political challenges both domestically and abroad. The group is reportedly concerned about moves to reunify the GPC into a cohesive political bloc capable of challenging their dominance, and potentially tipping the balance of power in northern Yemen.



Yemen witnessed a series of significant security developments in July 2025, the most prominent of which were:

1 Continued Houthi Escalation Against Israel:

Throughout July 2025, the Houthis maintained operational escalation in the Red Sea and against Israel, within what it describes as an approach to “support and assist the Gaza Strip”. In this context, the group carried out approximately 15 operations targeting Israel during the month, focusing on objectives including Ben Gurion Airport, the ports of Ashdod and Eilat, the Ashkelon power station, and sites it claimed were military facilities in the Negev, Umm al-Rashrash, Be’er Sheva, Ashkelon, and Jaffa.

The most serious aspect of the Houthi escalation was the resumption of attacks on maritime navigation. The group conducted several operations in the Red Sea, the most notable of which was the attack on 9 July 2025 that resulted in the sinking of the Liberian-flagged, Greek-operated bulk carrier Eternity C, following strikes by unmanned boats and Houthi missiles. Maritime officials reported that four crew members were killed in the attack, ten were rescued, and eleven remained missing. Another Liberian-flagged, Greek-owned bulk carrier, Magic Seas, sank on 6 July 2025 after sustaining severe damage from gunfire, missile strikes, naval drones, and four remotely operated explosive-laden boats. All crew members were evacuated to Djibouti aboard a passing commercial vessel. Shortly thereafter, Houthi-affiliated media outlets released video footage of the attacks and the subsequent armed boarding of the ship.

This qualitative escalation by the Houthis carried several important implications. First, in recent months, the group’s operations had followed a principle of gradual escalation, reaching their peak at the end of what it termed the “third phase” with the sinking of the Magic Seas and Eternity C.

Second, the movement is seeking to demonstrate its ability to impose what it calls a “naval blockade” on Israel, effectively presenting global shipping companies with a choice: continue operations to the Port of Haifa, thereby risking the sinking of their vessels in the Red Sea, or cease sailing to Haifa altogether, thereby advancing the group’s goal of enforcing a maritime blockade on Israel and its key ports. Third, the coincidence of this escalation with indications that Iran is moving to provide increased support to the Houthis reveals that it was carried out in coordination with, and with the explicit approval of, Tehran.



Israeli Operations Against the Houthis: 2

Israel, for its part, sought to address the Houthi threat by intensifying strikes on areas under the group's control in Yemen. On 6 July 2025, Israel carried out airstrikes on sites in Al-Hodeidah Governorate in western Yemen, minutes after issuing warnings to those present in the ports of Al-Hodeidah, Ras Issa and Al-Salif, as well as the Al-Hodeidah – Ras



Al-Khatib power station, which it described as being “under the control of the Houthi terrorist regime”. The strikes also targeted the Galaxy Leader, a vessel reportedly used by the Houthis for surveillance and intelligence purposes. On 21 July 2025, Israel targeted the Port of Al-Hodeidah once again. Notably, Israel has begun to rely on its naval forces in its operations against the Houthis, as seen in the June 2025 attack.

The recent patterns of Israeli escalation against the Houthis and the growing reliance on naval power carry several important implications. First, Israel appears intent on broadening the range of military options available for dealing with the Houthis. Second, it is pursuing the imposition of a naval blockade on Yemeni ports. Third, the reliance on naval assets enables Israel to conduct long-range operations without the need for aerial refuelling or air support, as is the case with air operations. This is particularly significant given that the operational costs of deploying fighter aircraft—especially beyond their natural range—are considerable, with aircraft such as the F35- and F16- requiring in-flight refuelling as well as protective escort aircraft. By contrast, the naval option offers greater flexibility and reduced cost.



3

Israeli Pressure to Resume US Strikes Against the Houthis:

On 11 July 2025, Hebrew media reported that Prime Minister Benjamin Netanyahu's government had urged the administration of US President Donald Trump to resume its strikes against the Houthis in Yemen. According to the Israeli Broadcasting Authority, "Tel Aviv informed Washington that Houthi attacks on maritime navigation are not solely an Israeli problem, but a global one," and called on the United States to "launch more intensive joint attacks against targets belonging to the Houthi regime—not only through airstrikes by Israeli fighter jets, but also by renewing American strikes and forming a coalition that includes additional countries." The broadcaster quoted an Israeli official as saying: "There is a need for a broader coalition to make the Houthi regime aware that it is in danger."

In light of these reports of Israeli pressure on Washington to resume its operations against the Houthis, alongside the Houthis' renewed targeting of maritime navigation in the Red Sea—an issue historically considered a red line by the United States—together with the intensification of Houthi strikes deep inside Israel and Iran's entry into the equation in support of the Houthis, it can be said that a shift may occur in Washington's approach to the Houthi threat. This is particularly likely given that the prevailing regional context suggests that the United States no longer sees any strategic benefit in pursuing de-escalation with the Yemeni militia.



Arrest and Dismantling of Terrorist Cells:

4

During July 2025, Yemen's internationally recognised government undertook a series of measures to apprehend and dismantle terrorist cells. On 2 July 2025, security forces in Marib Governorate, north-eastern Yemen, announced they had foiled a sabotage plot by members of a cell described as linked to the Houthis, which had been preparing to carry out activities aimed at destabilising the security and stability of the governorate. On 8 July 2025, Yemeni government forces captured senior Houthi figure Mohammed Al-Zaidi during a military operation at the Sarfait border crossing with the Sultanate of Oman in Al-Mahra Governorate, eastern Yemen.

In a related and notable development, on 16 July 2025, the Yemeni government announced that it had thwarted plans to assassinate the United Nations Special Envoy to Yemen, Hans Grundberg, by one of the most dangerous Houthi cells specialised in carrying out assassinations in liberated areas. Dr Rashad Al-Alimi, Chairman of Yemen's Presidential Leadership Council, stated that the group's objective in targeting the UN official was to create instability in the liberated governorates and influence the international community's assessment of the government's ability to secure its territories.

These developments indicate the presence of a pre-emptive escalation drive by the legitimate Yemeni government and its associated security structures, reflecting the prioritisation of countering the Houthis. This approach seeks to capitalise on what appears to be a consensus among all components of the government on this priority, while aiming to generate tactical disruption within the Houthi ranks, thereby wresting the initiative from the group and closing off any avenues for its potential military manoeuvres.



5 Seizure of an Iranian Arms Shipment Bound for the Houthis:

On 16 July 2025, Yemeni Presidential Leadership Council member Tariq Saleh announced that his forces on the western coast had intercepted “750 tonnes of Iranian weapons en route to the Houthis.” Writing on the X platform, Tariq Saleh stated: “We have seized 750 tonnes of weapons, including naval and aerial missile systems, an air defence system, modern radar units, unmanned aerial vehicles, surveillance devices, anti-tank missiles, B10- artillery, tracking optics, sniper rifles, ammunition, and other military equipment.” He added that “the National Resistance Navy took control of the shipment following detection and tracking by the Resistance’s intelligence division.”

This operation assumed considerable significance given that—according to the US Central Command, which commended the action—the shipment was the largest ever intercepted in the history of thwarting arms smuggling to the militia. It carries two main implications: first, contrary to the conclusions of numerous prior assessments, Iran may be moving to expand the scope of its military support to the Houthi militia; and second, there is a potential for intensified regional and international efforts, in coordination with Yemen’s legitimate government, to curb Houthi arms supplies in the coming period.

6 Multi-Level Internal Escalation:

July 2025 saw numerous indicators of internal escalation within Yemen. On 1 July, Houthi gunmen launched an attack with various types of weapons on the home of Sheikh Saleh Hantous, one of the most prominent Qur’an teachers in the village of Al-Bayda, Al-Salafiyah District, in Raymah Governorate, central Yemen. The assault resulted in the killing of the sheikh and the severe injury of his wife.

The Houthis also intensified their campaign of arrests, detaining dozens of activists and community figures in Ibb Governorate, located 193 kilometres south of Sana’a. Now in its second month, the campaign has targeted doctors, teachers, academics, and notable social personalities. On 8 July, Houthi gunmen raided the home of a man named Mohammed Al-Zera’i in Shu’ub District, assaulted him, and abducted him to an unknown location, accusing him of collaborating with what they term “the enemies”—a reference to the United States and Israel. In a related incident on 13 July, five children were killed in Al-Ta’iziyah District, Taiz Governorate (south-west Yemen), when an explosive device planted by the Houthi group detonated. On 20 July, five people were killed and others wounded in armed clashes between the Houthis and residents of Al-Hufrah neighbourhood in the city of Rada’a, Al-Bayda Governorate, central Yemen.

These incidents reveal the Houthis’ adoption of multiple patterns of escalation towards various Yemeni actors. Such actions are aimed at achieving a set of objectives for the group, most notably instilling fear across societal segments within areas under their control, as well as deterring opposing parties in anticipation of any potential escalatory moves against them.



Developments Concerning Al-Qaeda: 7

The Al-Qaeda presence in Yemen experienced relative momentum in July 2025. On 11 July, reports revealed that the organisation had set an ambush targeting a patrol of the 3rd Support and Reinforcement Brigade of the Southern Forces in the town of Ourmah, opposite Qarn Ashal, east of Mudiyah District in Abyan Governorate. The attack, which resulted in the killing of one soldier and the injury of another from the 3rd Support and Reinforcement Brigade, coincided with suspicious movements by the organisation in the eastern areas of Mudiyah District. A day earlier, on 10 July, soldier Abdrabbu Ali Al-Mos'abi was killed and another was injured in a treacherous terrorist bombing with an improvised explosive device that struck their patrol in the town of Al-Masaynah, in Al-Saeed District, Shabwah Governorate, southern Yemen. Al-Qaeda in the Arabian Peninsula (AQAP) claimed responsibility for both attacks in Al-Masaynah and Ourmah in Shabwah and Abyan, with accounts linked to the organisation vowing to escalate the tempo of such treacherous assaults in southern Yemen.

In July, AQAP issued a statement through Al-Malahem Media (AMM), the group's media arm, entitled "Urgent Call to Aid Our People in Gaza." The statement detailed scenes of killing and starvation in the Gaza Strip, describing them as a moral curse upon all who remain silent. It directed a specific appeal to Egyptians, implicitly accusing them of "silent treachery," and urged the bypassing of armies, governments, and institutions, and the breaching of geographical borders, stating: "Storm the artificial borders... give your brothers food, water, and medicine."

On 22 July 2025, AQAP also released an official statement expressing its praise for the military escalation in East and West Africa by Al-Qaeda-affiliated branches, most notably Harakat al-Shabaab in Somalia and Jama'at Nusrat al-Islam wal-Muslimin (JNIM) in the Sahel region.

In the context of countering the organisation's threats, the US State Department announced on 29 July 2025, via its Rewards for Justice



programme, an increase in the bounty for information leading to the identification or location of Saad bin Atef Al-Awlaki, the emir of AQAP, to USD 10 million, up from the previous USD 6 million. On 30 July 2025, AQAP-



linked accounts in Yemen announced the killing of the senior leader and emir of the organisation in Al-Masaynah, Shabwah Governorate, Abu Awad Saleh Al-Tawsili, during clashes with government forces. The commander was killed in fierce fighting with government units in the Ard Aal Ghasil area of Hatib District, near the border with Abyan Governorate.

An analysis of Al-Qaeda's activities in Yemen during July yields two key observations. First, the organisation is attempting to reactivate its dormant cells in southern Yemen, exploiting the political infighting afflicting Yemen's legitimate political system. This dynamic undermines the latter's ability to maintain firm security control over certain territories under its authority. It is also capitalising on its relationship of mutual accommodation with the Houthis, aimed at destabilising security in areas held by the Yemeni government.

Second, the organisation is seeking to compensate for its limited operational capabilities by attempting to generate momentum on the media front. This involves framing developments in the Palestinian cause within narratives that serve the group's objectives in promoting its global jihadist agenda, as well as highlighting the successes achieved by Al-Qaeda affiliates in Africa, most notably Jama'at Nusrat al-Islam wal-Muslimin in the Sahel and Harakat al-Shabaab al-Mujahideen in the Horn of Africa. These efforts aim both to provide a morale boost for the organisation's fighters and to compete with its jihadist rival, the Islamic State (ISIS).



In July 2025, Yemen experienced a series of notable economic developments, the most significant of which were as follows:

International Warnings over Yemen's Economic Situation:

1

Several international organisations issued stark warnings regarding the worsening economic conditions in Yemen and their profound societal impact. On 1 July 2025, the United Nations Economic and Social Commission for Western Asia (ESCWA) reported that Yemen continues to suffer from persistently high levels of multidimensional poverty, emphasising that no tangible progress has been achieved in alleviating this phenomenon over the past decade due to the protracted conflict and its devastating repercussions. In a related development, the World Bank once again ranked Yemen among the 39 most fragile and conflict-affected countries worldwide, and among eight such states in the Arab region, for the fifth consecutive year. Similarly, the Food and Agriculture Organization of the United Nations (FAO), in its latest report, underscored the severe deterioration of Yemen's agricultural conditions, driven by prolonged drought and rising temperatures, warning of profound implications for the country's food security and livelihoods.

Ban on the Use of the US Dollar in Houthi-Controlled Areas:

2

Reports in early July 2025 indicated that the use of the US dollar had been prohibited in areas under Houthi militia control, particularly in the capital, Sana'a. Residents complained that exchange companies, financial institutions, and currency exchange shops were refusing to disburse remittances sent by relatives abroad in the original currency, most notably US dollars.

Through such measures, the Houthis seek to monopolise access to the dollar by restricting its circulation. These policies also amount to a form of "legalised theft," as Yemenis in Houthi-controlled areas are unable to obtain their full financial entitlements or receive the entirety of their remittances.



3 Decline in Fuel and Food Imports into Houthi-Controlled Areas:

Fuel and food imports through ports under Houthi control on Yemen's Red Sea coast registered a significant decline during the first five months of 2025, falling by 17 per cent compared with the same period in 2024, according to a recent report by the United Nations World Food Programme (WFP). The report stated that the ports of Hodeidah, Al-Salif, and Ras Isa, all controlled by the Houthis, received approximately 3.021 million metric tonnes of fuel and foodstuffs between January and May 2025, compared with 3.64 million tonnes over the same period last year. This marks the lowest level of imports through these ports since January 2023.

The decline is likely attributable to damage sustained by port infrastructure as a result of recent U.S. and Israeli airstrikes, which have diminished their unloading and storage capacity. With the escalation between the Houthis and Israel ongoing, imports through these ports are expected to fall further, compounding the losses incurred and deepening the hardship faced by Yemeni civilians in these areas.



Yemeni Government Efforts to Address Urgent Crises:**4**

The legitimate Yemeni government has sought to address several pressing economic and social challenges faced by citizens in specific areas. On 2 July 2025, the Local Water and Sanitation Corporations (LWSC) in the cities of Taiz and Al-Hawban reached a technical agreement to manage water supply systems jointly. This accord represents a significant step towards restoring essential services in one of Yemen's provinces, most severely affected by water scarcity, with the potential to alleviate the suffering of hundreds of thousands of residents. It is expected to facilitate the reconnection of water and sanitation networks in Taiz and the restoration of basic services that have been disrupted for nearly a decade due to conflict and institutional fragmentation.

In a related development, on 8 July 2025, the Yemeni government approved an emergency plan to mitigate the electricity deficit in Aden, the country's temporary capital, where power outages had reached up to 20 hours per day. In this context, the Cabinet convened an extraordinary meeting dedicated to addressing the electricity crisis and the prolonged, recurrent blackouts that have worsened living conditions for residents in Aden and other liberated provinces, particularly amid soaring temperatures. The meeting reviewed urgent solutions and potential alternatives to address the sector's decline and endorsed a package of immediate remedial measures. According to official media, the government authorised the provision of emergency fuel supplies to Aden's power stations, increased daily allocations of crude oil and local diesel, and secured sufficient reserves to maintain a strategic stock capable of meeting the stations' needs for at least one month, in anticipation of any unforeseen disruptions.



5

Negative Economic Repercussions of Houthi Policies:

Areas under Houthi control have experienced a series of economic crises in recent months as a direct result of the group's policies and directives. On 10 July 2025, the Houthi militia imposed new levies on truck drivers transporting construction materials. Reports indicated that Houthi commanders had established checkpoints to collect these charges on roads leading to several districts and areas from which such materials are sourced, particularly Bani Hashish District, located northeast of Sana'a. This has created further challenges for the construction sector, which is already struggling with multiple crises.

Widespread concern prevails among commercial and consumer circles in Yemen over a severe market crisis, characterised by the disappearance of dozens of goods following the ban imposed by Houthi authorities on many imported products—ostensibly to promote local production. However, traders and analysts argue that prevailing conditions are wholly unsuited to the implementation of such a measure, as Yemen is already facing worsening food security caused by disruptions in trade flows due to regional geopolitical tensions, a shortage of humanitarian aid, prolonged drought affecting agriculture and livestock production, and the broader decline of the national economy.

In a related development, the Houthis seized control of another commercial bank, adding to the list of financial institutions they have appropriated since their coup against the legitimate government. Reports stated that the group appointed Raed Al-Shaer, nephew of the so-called "judicial custodian" Saleh Al-Shaer—one of the group's most prominent financial operatives—as judicial custodian of Yemen and Gulf Bank, owned by a consortium of businessmen. According to the reports, Al-Shaer exploited his position and family connections to take over the bank's management, appointing another individual as chairman of the board, who subsequently reduced employees' salaries by up to 60 per cent without any legal justification.



Houthis Ignite Currency Conflict in Yemen: 6

On 16 July 2025, the new 200-rial banknote issued by the Houthi-controlled Central Bank entered limited circulation in Sana'a, once again drawing attention to the intensifying currency conflict between the Houthi-run Central Bank in Sana'a and the internationally recognised government's Central Bank in Aden. This development came two days after the Houthis introduced a new 50-rial coin, and more than a year after placing a 100-rial coin into circulation to replace damaged banknotes of the same denomination.

As part of the Yemeni government's and pro-legitimacy camp's strategy to mitigate the impact of the Houthis' disruptive economic policies, the Board of Directors of the Central Bank of Yemen approved support for banks and financial institutions that have relocated their operations from Houthi-controlled areas to the city of Aden. On 20 July 2025, the Governor of the Central Bank of Yemen – Aden, under the internationally recognised government, issued a decision to transfer the headquarters of the Deposit Insurance Corporation from Sana'a to Aden. This move formed part of the government's broader effort to consolidate financial institutions under its administration and to strengthen their independence from Houthi control.

Rising Trend of Capital Flight from Yemen: 7

Reports in July 2025 highlighted the growing phenomenon of capital flight from Yemen, noting that numerous Yemeni businessmen have established their residence and investments in the Jordanian capital, Amman, since the outbreak of the war. These investors have launched a range of projects, including retail outlets, restaurants, and major industrial enterprises such as the Al-Kbous Group and the Yemen Tobacco and Sulphur Company.

Data from the Jordanian Ministry of Investment indicate that Yemeni investments benefiting from the country's investment law reached approximately USD 12 million by 2023, spread across various sectors. In May 2025, King Abdullah II inaugurated Al-Kbous Group's factories in Jordan, which produce tea distributed in more than 35 countries. This development underscores the accelerating trend of capital flight from Yemen, driven by the pursuit of more favourable conditions and opportunities available to Yemeni capital in the Hashemite Kingdom of Jordan.



Yemen witnessed several significant external developments in July 2025, most notably:

1 Widespread Reactions to Escalating Houthi Attacks:

July 2025 saw a diverse array of reactions to the intensification of Houthi attacks, particularly in the Red Sea. On 1 July 2025, Israeli Defence Minister Yoav Gallant vowed retaliation against the Houthis after the Israeli army intercepted a missile launched from Yemen towards Israel. Gallant declared, "Yemen's fate will be that of Tehran," adding, "After we struck the head of the snake in Tehran, we will also target the Houthis in Yemen. Whoever raises a hand against Israel will have it cut off."

On 7 July 2025, the United Kingdom issued a warning over the risk of an environmental disaster in the Red Sea as a result of continued Houthi attacks on commercial vessels navigating international waters. The British Ambassador to Yemen, Abda Sharif, stated in a post on her X (formerly Twitter) account:

"The appalling Houthi attack on the commercial vessel MV Magic Seas not only endangered the lives of innocent crew members but also caused damage to another vessel in the Red Sea, further raising the risk of an environmental catastrophe."

Human Rights Watch has condemned the Houthis' attacks on two commercial vessels in the Red Sea between 6 and 9 July 2025, which resulted in their sinking and caused multiple deaths and injuries among crew members. The organisation described the incidents as a flagrant violation of international humanitarian law, warning that such acts may amount to **war crimes**. It further urged the Houthis to cease targeting civilian maritime traffic immediately.

For his part, UN Secretary-General António Guterres strongly condemned the resumption of Houthi attacks on civilian ships transiting the Red Sea, particularly the assaults that occurred in July 2025. In a statement attributed to his spokesperson, Guterres stated that the sinking of the Magic Seas and Eternity C Vessels, along with the killing of at least four crew members and the injury of others, marked a dangerous new escalation in this strategically vital waterway.

On 15 July 2025, the UNSC voted to continue reporting on attacks against vessels in the Red Sea carried out by the Houthis in Yemen, which have thus far ignored the UNSC's prior demands to halt such operations immediately. The resolution passed with 12 votes in favour and three abstentions, Russia, China, and Algeria, who expressed their protest against ongoing attacks on Yemen, in a veiled reference to recent U.S. airstrikes targeting Houthi positions in northern Yemen, where the group maintains control over large areas, according to the Associated Press.



Israeli Approaches to Houthi Attacks:**2**

Throughout July 2025, several Israeli proposals and approaches emerged in response to the growing threat posed by Houthi attacks. The official Israeli strategy has primarily centred on continuing military strikes targeting infrastructure in Houthi-controlled areas of Yemen, alongside efforts to press the U.S. to resume its strikes against the group.

Notably, a report by the Israeli newspaper Haaretz on 8 July 2025 cited Israeli sources as saying that Israel is weighing several potential scenarios to bring the confrontation with the Houthis to an end. These include a political agreement, either explicit or implicit, with Hamas or Iran that would entail a cessation of fire from Yemeni territory. Another scenario involves the continuation of Israeli military operations, possibly in coordination with other armies joining the effort against the Houthis, in a strategy aimed at gradually weakening the group's capabilities and motivation to target Israel. Among the options also under consideration is encouraging the internationally recognised Yemeni government to launch strikes on Houthi targets, an approach that risks further fuelling the country's ongoing civil war.

In light of the indicators and developments surrounding the war in Gaza, particularly those pointing to a further escalation of the situation and the increasing difficulty of reaching a ceasefire agreement, it appears that Israel may resort to encouraging certain Western powers, notably the U.S. and the U.K., to resume attacks against the Houthis. Moreover, there is a possibility that Israel, through select Western actors, could seek to incite forms of internal escalation against the Houthis.



3

Renewal of the Mandate of the UN Mission to Support the Hudaydah Agreement:



On 14 July 2025, the UNSC unanimously renewed the mandate of the United Nations Mission to Support the Hudaydah Agreement (UNMHA) until 28 January 2026, a period of six and a half months. While the renewal was primarily technical, certain amendments were introduced to the resolution. Chief among them was the

UNSC's request to UN Secretary-General António Guterres to submit, by 28 November 2025, an additional review of the UNMHA's operations "focusing on enhancing efficiency, structural coherence, and coordination among UN missions in Yemen."

The revised text also reflected U.S. concerns and reservations, with the inclusion of a paragraph indicating the UNSC's intention to reassess the "range of options" available regarding the UNMHA, including "evaluating the UNMHA's future viability and the possibility of its termination."

In light of these developments, it may be said that the UN Mission in Yemen faces a set of key challenges. First, signs that Washington does not support the continuation of the UNMHA's work and believes it to be ineffective, a view that affects the level of U.S. support. Second, the UNMHA's strained relations with both the internationally recognised Yemeni government and the Houthis. Third, the grave violations committed against the UNMHA in Houthi-controlled areas impede its ability to carry out its duties effectively.

4

Continued U.S. Pressure on the Houthis:

The U.S. has persisted in its financial and military pressure on the Houthis, despite halting its direct strikes against the group. This reflects Washington's continued reliance on a "maximum pressure" strategy. In this context, on 23 July 2025, the U.S. imposed sanctions on two individuals and five economic entities involved in oil imports and money laundering in support of the Houthis. The move is part of a broader and ongoing series of actions by the U.S. Department of the Treasury targeting illicit financing networks.





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info@ygcs.center