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Developments in the Yemeni scene

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www.ygcs.center



info@ygcs.center



00967718444070

00967773222566

اليمن - عدن



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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 August 2025, Yemen witnessed a series of diverse and multidimensional developments that clearly reflected the prevailing trajectories of its protracted crisis.

On the political front, several key trends shaped the dynamics of the Yemeni landscape, most notably the continued mobilisation of the Yemeni government against the Houthis, particularly in the political and media arenas. Equally notable were signs of rebellion and protest within Houthi-controlled areas, coupled with the group's escalation against the General People's Congress Party and the persistence of protest movements in Hadhramaut.

On the security front, Israel carried out targeted operations against the Houthis, resulting in the assassination of senior government officials, while the group persisted in launching attacks on Israel. At the same time, counter-terrorism and organised crime efforts continued, even as al-Qaeda activity expanded, particularly in the southern regions.

On the economic front, Yemen witnessed a marked improvement in the national currency during August 2025, coinciding with accelerated government measures within the framework of economic reform and efforts to regulate markets and prices. Meanwhile, economic crises deepened in areas under Houthi control, while the country as a whole faced severe repercussions from the damage caused by floods.

On the external front, the UN mission to Yemen intensified its efforts to revive the stalled peace process. Meanwhile, debates continued over the nature of China's relations with the Houthis, alongside growing indications of coordinated US–UK support for the Yemeni government.

The principal political developments in the Yemeni landscape during August 2025 may be summarised as follows:

Intensified media campaigns by the internationally recognised government against the Houthis:

1

August 2025 witnessed a significant escalation in what may be characterised as the “battle of narratives,” with the internationally recognised government stepping up its media confrontation with the Houthis. In this context, Yemen’s Minister of Information, Moammar Al-Eryani, accused the Houthis of misappropriating approximately USD 103 billion since their coup against the state, asserting that these funds had been channelled into sustaining the war effort rather than improving services or paying public sector salaries. He further highlighted the Houthis’ instrumentalisation of the Palestinian cause, stating in an official statement on 18 August 2025 that the firing of rockets towards Israel under the banner of “supporting Gaza” was primarily propagandistic—serving to obscure the group’s repressive practices and systematic looting of Yemen’s resources.

Concurrently, the Yemeni government sought to mobilise international opinion against the Houthis. On 12 August 2025, it called for urgent measures to counter Houthi threats to international navigation, underscoring the need to safeguard maritime routes and to coordinate collective responses to these emerging challenges. Later in the month, on 28 August 2025, the Chairman of the Presidential Leadership Council, Rashad al-Alimi, declared that the Houthi movement had become “a hopeless case as a credible partner for peace-making.” He urged the international community to intensify pressure on the group during his meeting in Riyadh with the United Kingdom’s Ambassador, Abda Sharif.



2

Government optimism regarding the future of the confrontation with the Houthis:

August 2025 revealed notable indicators of optimism within the Yemeni government regarding the trajectory of its confrontation with the Houthis. This sentiment was most clearly articulated by Presidential Leadership Council member Abd Al-Rahman Al-Mahrami, who asserted in early August that the fall of the Houthi group had become "imminent," citing ongoing preparations to enhance combat readiness and reinforce military presence across multiple fronts. He reaffirmed the commitment of both the Council and the government to supporting the armed forces and addressing the challenges they continue to face.



In a related context, Yemen's Minister of Defence, Lieutenant General Mohsen al-Daeri, emphasised on 20 August the necessity for the Yemeni Armed Forces to remain prepared to undertake any future missions aimed at regaining full control over all territories currently under the domination of the Houthi militia. His remarks were delivered during a field visit that encompassed active frontlines, military zones, and military educational institutions.

Overall, the government's optimistic outlook appears to rest primarily on the organisational disarray and internal disruptions suffered by the Houthis following recent strikes, combined with mounting popular discontent in Houthi-controlled areas amid deteriorating living conditions, as well as the significant international and regional support presently extended to the internationally recognised government.



Engagement of the Yemeni government with certain regional dynamics: 3

During August 2025, the internationally recognised Yemeni government sought to align itself with, and draw benefit from, certain prevailing regional dynamics. On 9 August, Yemen's Minister of Information, Moammar al-Eryani, urged the Lebanese government to halt the facilities extended by Hezbollah to the Houthis, including the provision of media support. His remarks were issued in response to a Lebanese decision stipulating that the possession of arms, as well as decisions relating to war and peace, should rest exclusively with the Lebanese state. Al-Eryani described this decision as a "courageous step and a long-awaited fundamental shift, representing a serious beginning towards restoring national sovereignty that Hezbollah has usurped for decades."

Instances of rebellion in areas under Houthi control 4

August 2025 witnessed signs of mounting rebellious tendencies in territories controlled by the Houthis. These were most clearly reflected in two principal incidents. The first took place on 14 August, when reports indicated that dozens of wounded Houthi fighters in the seized capital, Sana'a, prevented senior group figure Ali al-Hamzi—tasked with overseeing their medical treatment—from entering government hospitals and medical centres. The protestors accused him of engaging in racial discrimination and embezzling medical allocations and medicines.

The second occurred in mid-August, when reports confirmed that dozens of detainees in the prison of the Houthi-run Security and Intelligence Service in Sana'a launched a partial hunger strike. Their protest was driven by years of prolonged detention without legal grounds, compounded by mistreatment and torture. According to the reports, the prison administration responded with intensified repression, applying both psychological and physical pressure to suppress the protest.

Taken together, these developments indicate that segments of society in Houthi-controlled areas have begun gradually breaking the barrier of fear.



5 Continued Houthi escalation against the General People's Congress Party:

The Houthis sustained their fierce campaign against the General People's Congress Party. A key indicator of this escalation was the group's coercion of the party's leadership in Sana'a to cancel the commemoration of its forty-third founding anniversary, following days of accusations of treachery and explicit threats from Houthi leaders under the pretext of an alleged "conspiracy" to rise against them.

Reports further indicated that the Houthis' pressure extended beyond the cancellation of the anniversary celebration to the imposition of decisions to dismiss several senior GPC figures. Foremost among those targeted was Ahmed Ali Abdullah Saleh, son of the late president and party founder, Ali Abdullah Saleh.

The campaign reached its peak on 21 August, when the Houthis abducted the GPC's Secretary-General, Ghazi al-Ahwal, in the capital, Sana'a. The arrest, widely condemned by the Yemeni government, provoked significant public and partisan outrage. According to reports, an armed Houthi force intercepted al-Ahwal and his entourage, detained them, and transferred them to an undisclosed location.

In parallel, the Houthis mobilised mosque preachers across areas under their control to launch the fiercest verbal assault yet against the GPC and its supporters. Preachers were instructed to describe the party and its members as "enemies of God and His Messenger," according to the written sermon circulated by Houthi authorities to mosque imams in their territories.

These unprecedented pressures culminated on 28 August, when the GPC leadership announced the dismissal of Ahmed Ali Abdullah Saleh from both his GPC membership and his position as Deputy to GPC Chairman Sadeq Abu Ras. This decision starkly reflected the extent of the guardianship exercised by the Houthis over the GPC's leadership. On the same day, Hussein Hazebe, a member of the GPC's General Secretariat aligned with the Houthis, declared via the "X" platform that the General Committee had unanimously endorsed the organisational oversight body's recommendation to rescind the earlier decision elevating Ahmed Ali to the position of Third Deputy Chairman, and to expel him from the GPC altogether.



Growing Human Rights Violations by the Houthis Militia

6

In August 2025, multiple levels of Houthi violations were recorded in areas under Houthi control in Yemen. Early in the month, Human Rights Watch described the militia's broadcast of videos containing what it characterised as "false confessions" by the crew of the sunken vessel Eternity C, who had been detained by the group for weeks, as constituting a "war crime."

At the beginning of the month, the Houthis abducted an official of the Yemeni Arab Socialist Ba'ath Party. They besieged the home of a teacher in Dhamar Governorate (south of Sana'a), issuing direct threats against his family. The American Centre for Justice (ACJ), a US-based human rights organisation, condemned the abduction of politician Rami Abdulwahab Mahmoud, the Relations Officer of the Yemeni Arab Socialist Ba'ath Party, describing him as a "prominent political and national figure" and a "voice of moderation."

In a related context, the Yemeni Network for Rights and Freedoms documented 732 violations committed by the Houthis against civilians across ten Yemeni governorates between 1 June and 10 August 2025. These violations included killings, injuries, abductions, enforced disappearances, home raids, and looting of property. The report confirmed that such violations were recorded in Sana'a city and its surrounding countryside, as well as in the governorates of Ibb, Taiz, Hajjah, Amran, Saada, Al-Mahwit, Dhamar, and Al-Bayda. The Network stressed that the Houthis have pursued "a policy of intimidation and collective punishment" against the population in these areas."



7

Houthi Reaffirmation of Escalation Against Israel:

The Houthis have continued to adopt a pragmatic and functional approach towards developments related to the Palestinian issue, repeatedly declaring their commitment to what they term the “war of support” for the Gaza Strip. In early August 2025, Abdul-Malik al-Houthi, the group’s leader, affirmed in a speech that “support operations” for Gaza would continue, noting that his forces had launched ten missiles and drones against Israel, targeting Lod Airport (Ben Gurion Airport).

On 8 August, the Houthis escalated their threats by announcing that the fleets of 64 global shipping companies would be barred from crossing the Red Sea, the Bab al-Mandab Strait, and the Gulf of Aden. They vowed to target these vessels wherever possible, framing this as the “imposition of a naval blockade on Israel.”

On 30 August, the Chief of Staff of the Houthi Army, Muhammed Abd al-Karim al-Ghamari, declared through the Houthi-affiliated edition of the Saba News Agency that the Israeli strikes on Sana’a “will not go unpunished.” He further emphasised that “Yemen will not retreat from supporting Gaza, whatever the scale of targeting or sacrifice.”

The Houthi media discourse surrounding the Gaza war and their declared open front against Israel continues to be shaped by a propaganda-driven approach, characterised by exaggerations of self-importance and claims regarding the effectiveness of their operations. In practice, however, these actions have had only a modest impact on Israel and a limited tangible effect in supporting Gaza. It is most likely that this rhetoric serves to bolster the morale of the Houthis’ social base, particularly in light of the increasing frequency and effectiveness of Israeli strikes against the group.



Persistence of Protests in Hadhramaut:**8**

The wave of protests in Hadhramaut Governorate persisted, fuelled by widespread public discontent over prolonged power outages, lasting up to 19 hours a day in the city of Mukalla, together with severe shortages of basic services, including water and healthcare. These conditions have had a direct and debilitating impact on the daily lives of citizens, compounded by broader economic deterioration and rising prices.

Overall, the context and underlying drivers of these protests can be attributed to several interrelated factors. Chief among them are the deterioration of Yemen's economy and its repercussions on livelihoods, including rising inflation and soaring commodity prices, as well as the ongoing power struggle within the governorate.



During August 2025, Yemen witnessed several significant security developments, which can be summarised as follows:

1 Intensified Houthi Activity in Al Hudaydah:

Houthi military activity has expanded in the coastal governorate of Al Hudaydah (western Yemen), as the Houthis accelerated efforts to restore port facilities damaged by recent U.S and Israeli airstrikes. These efforts were accompanied by troop movements, field deployments, recruitment campaigns, and the mobilisation of new fighters, amid UN warnings regarding the dangers posed by landmines.

Reports on Aug. 2025 ,01, citing local sources, indicated that the Houthis have been deploying hundreds of their fighters to the coastal governorate in successive waves, accompanied by reinforcements of weapons and ammunition. Most of these reinforcements were concentrated on the southern outskirts of the governorate's capital, around the airport, al-Jabbana, Kamaran Island, and the districts of ad-Durayhimi, at-Tuhayat, and al-Munirah, alongside stricter security measures on the roads. The three ports under Houthi control, Al Hudaydah, as-Salif, and Ras Issa, are undergoing accelerated reconstruction works. At least six ships of unknown cargo have recently docked at Hudaydah port, in addition to two vessels at as-Salif port, while oil tankers have been unloading at Ras Issa port. Observers in Al Hudaydah have also reported Houthi military exercises on five islands west of al-Luhayyah, which included simulated clashes between naval boats and the targeting of ships at sea.

This heightened activity reflects the Houthis' efforts to restore their capacity to operate the ports as a principal economic lifeline, following a sharp decline in customs revenues and levies lost in recent months due to Israeli strikes. At the same time, the group appears intent on rebuilding its combat capabilities, as evidenced by mobilisation campaigns, forced recruitment, and the transfer of heavy weaponry into the governorate.

These moves underscore the strategic significance of Al Hudaydah for the Houthis. The ports constitute their most vital maritime outlet on the Red Sea, serving as a primary source of financing and a means of controlling supply flows. Moreover, the governorate's geographic position enables the group to exert influence over international shipping lanes and to wield leverage over the international community by controlling the main entry route for humanitarian aid into Yemen. For the Houthis, maintaining control over Al Hudaydah is therefore not only essential but also a matter of survival.



Continuation of Houthi Operations against Israel:

2

The Houthis sustained their attacks on Israel throughout August 2025. According to information released by the group, as well as reports carried in Israeli Hebrew-language media, the



Houthis launched approximately 13 attacks during the month. Most of these operations targeted Ben Gurion Airport, alongside missile strikes on Israeli sites in Jaffa, Ashkelon, Haifa, Beersheba, the Negev, and Umm al-Rashrash (Eilat).

The most notable development in this escalation was the Houthis' deployment of the "Palestine 2" missile. This weapon is equipped with a fragmentation warhead designed to generate multiple explosions and inflict extensive destruction within the strike zone. The use of such a warhead represents a qualitative shift in the group's methods of confrontation, significantly raising the cost of escalation for Israel.



3 Israel's Largest Attacks against the Houthis:

On 28 August 2025, Israel launched its most significant and most exceptional assault since the escalation with the Houthis began in November 2023. The operation consisted of a series of airstrikes on Sana'a, coinciding with the weekly address of Abdul-Malik al-Houthi. The strikes targeted the Presidential Palace complex in southern Sana'a, as well as raids on Al-Nahdayn Mountain.

While Israeli officials and Hebrew-language media confirmed that the attack was both exceptional and unprecedented, the Houthis initially maintained a complete blackout. On 30 August, however, the group officially announced the death of Ahmad Ghalib al-Rahwi, head of the unrecognised "Government of Change and Construction," along with several ministers, in the Israeli strike on Sana'a of 28 August. The statement further noted that several ministers had sustained moderate to severe injuries as a result of the "Israeli aggression" and were "under medical care."

The significance of this attack lay in several key considerations. First, Israel had likely achieved an intelligence breakthrough, enabling it to compile a substantial target bank specific to the Houthis and to begin implementing an "assassination plan." Second, the timing of the attack—coinciding with Abdul-Malik al-Houthi's speech reaffirming continued support operations for Gaza—was designed to underscore the heavy costs of this Houthi policy, signalling that Israeli strikes in Houthi-controlled areas would intensify and that the target bank would gradually expand. Third, the attack conveyed a broader regional message, particularly about Israel's preparedness for multi-front escalation.

Prior to this large-scale operation, Israel had already carried out a series of high-impact strikes against the Houthis earlier in August. On 17 August, Israeli forces conducted heavy bombardment of the Haziz power station, located south of the Yemeni capital, Sana'a. This marked the fifth time in a year and a half that the Haziz station, which supplies electricity to parts of the capital, had been targeted.

On 23 August, Israeli aircraft launched another wave of strikes on Sana'a, hitting multiple military sites, including Al-Nahdayn Mountain, Jabal Attan, the Presidential Palace complex, and the central Hezyaz power station, causing widespread electricity outages across the city. Additional raids targeted the Yemen Petroleum Company on 60 Meters Road in south-western Sana'a, striking its oil tanks and sparking massive fires. Further strikes hit the Gas Company on Algiers Street, the Presidential Palace, and the Presidential Protection Brigades in the al-Sabeen district.



Rising Counter-Terrorism and Anti-Crime Efforts: 4

During August 2025, Yemen's internationally recognised government undertook a series of measures aimed at dismantling terrorist cells and combating organised crime. On 5 August, at the Port of Aden, a joint operation involving security and judicial agencies alongside a presidential committee intercepted and secured a shipment of contraband containing surveillance equipment and drones. The consignment, originating from China, was reportedly destined for the Houthis. This development coincided with the release of a UN report revealing the emergence of an arms-smuggling network linking the Houthis with al-Qaeda and Somalia's al-Shabaab.

On 9 August, the Security Belt Forces affiliated with the Southern Transitional Council in Lahj Governorate announced the seizure of container cranes during an attempt to smuggle them into Houthi-controlled Al Hudaydah. On 12 August, Yemeni security authorities imposed strict measures against those involved in the trafficking of African migrants, following the deaths of more than 90 Ethiopian migrants off the coast of Abyan Governorate in southern Yemen.

On 18 August, Yemeni authorities reported the dismantling of two networks engaged in smuggling irregular migrants from the Horn of Africa, one in al-Mahra Governorate in the east and the other in Abyan in the south. Officials stated that a senior Houthi figure was overseeing one of the networks. The following day, 19 August, the Public Prosecution in Aden announced the inclusion of more than 300 individuals on terrorism and money-laundering lists, alongside 83 entities and 12 vessels, pursuant to the decision designating the Houthis as a "terrorist organisation."

In a related development, on 23 August, Yemen's Counter-Terrorism Service announced that it had foiled an attempt to smuggle a shipment of cocaine weighing approximately 599 kilograms, concealed inside sugar sacks arriving from Brazil to Aden, reportedly destined for Houthi-controlled areas. On 30 August, the Southern Giants Brigades declared that they had raided a narcotics trafficking hideout in the coastal area near the Bab al-Mandeb Strait, seizing 28,500 tablets of the narcotic substance Pregabalin and arresting two suspects.



These developments highlight several important and multi-layered implications. First, they indicate a heightened state of vigilance and effectiveness in the response of Yemen's security authorities to the intertwined challenges of terrorism and organised crime. Second, they reveal that Houthi networks are engaged in generating alternative economic resources through narcotics trafficking. Third, they underscore that the issue of Chinese relations with the Houthis remains a subject of considerable controversy.



Developments Concerning al-Qaeda: **5**

The al-Qaeda file in Yemen witnessed notable momentum during August 2025. On 7 August, several soldiers were killed and wounded in Abyan Governorate, southern Yemen, when an improvised explosive device targeted a military patrol east of Mudiyah District during a pursuit of al-Qaeda elements as part of Operation Arrows of the East. On 9 August, al-Qaeda in Yemen issued a statement describing events in Hadhramaut as a “popular uprising against corruption and American hegemony,” accusing the Yemeni government of being a tool of Washington and its allies. This marked a notable shift in the tone and objectives of the organisation’s public messaging.

On 11 August, one soldier from the Southern Transitional Council forces was killed and another wounded in a drone strike launched by al-Qaeda militants on al-Qawz junction east of Mudiyah District in Abyan. On 26 August, reports confirmed the assassination of senior commander Abdul Wasi al-Sanani, known as the organisation’s “black box,” by unidentified gunmen in Wadi Ubaidah, eastern Ma’rib Governorate. On 31 August, Yemeni media reported the killing of another senior commander, Abd al-Salam al-Khashi, also known as “Shaddad al-Khawlani,” by unidentified gunmen in al-Mahra Governorate in eastern Yemen.

With regard to al-Qaeda’s activity and positioning in Yemen, these developments highlight several key observations:

- The killings of senior commanders Abdul Wasi al-Sanani (“the black box”) and Abd al-Salam al-Khashi (“Shaddad al-Khawlani”) add to the series of leadership losses sustained by the Yemeni branch in recent months. Within a relatively short period, the organisation has lost several prominent figures, including Muhammad Salim Bahmish (Abu Yusuf al-Hadrami), Abu Asim al-Sanaani (February 2025), Fawaz al-Qasimi (Ahmad al-Qahtani), a founder of the Yemeni branch and its explosives expert (April 2025), as well as Salem Qasim al-Kazimi (Hassan al-Sanaani), Abu Muhammad al-Baydani, and Abu Ata al-Sanani (May 2025).
- While the targeted killings of al-Qaeda leaders in Yemen have had negative repercussions for the organisation, leaving some leadership posts vacant and undermining fighter morale, the threat from al-Qaeda persists. The group continues to attempt operations, albeit at a reduced tempo, to demonstrate



operational presence, particularly in Abyan, Shabwah, Ma'rib, and al-Bayda. The UN reports estimate the Yemeni branch's current strength at between 2,000 and 3,000 fighters. Since his appointment in March 2024, al-Qaeda's current leader, Saad bin Atef al-Awlaki, has worked to strengthen organisational capabilities, improve members' living conditions, and limit infiltration within its ranks. These efforts, combined with other factors, notably cooperation from the Houthis, have enabled the group to withstand sustained blows.

- The statement issued by al-Qaeda on 9 August 2025 regarding events in Hadhramaut, legitimising public anger against the recognised government, may be viewed as an indicator of tacit Houthi-al-Qaeda coordination. This is evident in two dimensions: first, al-Qaeda's rhetoric inciting against the recognised government aligns with Houthi discourse that seeks to exploit economic and political conditions in southern and eastern Yemen to deepen divisions; second, the Houthis explicitly called for taking up arms against the government in Hadhramaut, while conspicuously avoiding any reference to conditions in Houthi-controlled areas, despite the severe economic and humanitarian crises and human rights abuses affecting millions of Yemenis in those territories.



Yemen witnessed a series of significant economic developments during August 2025, which can be outlined as follows:

Multi-level economic measures by the Yemeni government:

1

During August 2025, the Yemeni government adopted a range of measures aimed at addressing the economic crises prevailing in the areas under its control. In the first week of August, the government launched field campaigns to regulate prices and monitor markets in response to the continued and unjustified rise in the prices of basic and consumer goods, following the depreciation of the national currency against foreign currencies by more than %45. At the same time, the government intensified its calls for lifting the blockade imposed on oil exports from the ports under its administration in the eastern governorates of Hadhramaut and Shabwah.

On 10 August, the National Committee for Import Regulation and Financing began receiving applications for currency exchange and transfers from businessmen, companies, and commercial enterprises through banks and exchange firms. This step was described as marking a new phase in regulating import flows and safeguarding the stability of the national currency. The measure was introduced under an executive mechanism announced by the Governor of the Central Bank of Yemen, Ahmed Ghaleb al-Maabqi, who affirmed that it operates in accordance with clear regulations designed to ensure financial stability and curb currency speculation, which had been among the principal causes of the sharp depreciation of the Yemeni rial over the past two years.



2 The Yemeni government's efforts to strengthen the energy sector:

As part of its endeavours to address the country's chronic energy crisis, the Yemeni government instructed the preparation of a realistic, time-bound, and implementable plan to restart the Aden refineries, enabling them to resume their vital role in meeting local market demand for petroleum derivatives and supporting the national economy. The refineries are considered one of the city of Aden's principal economic and investment pillars.

In parallel, the government intensified its demands for lifting the blockade imposed on oil exports from the ports under its administration in the eastern governorates of Hadhramaut and Shabwah. Crude oil exports from these ports have remained suspended since late 2022, following Houthi attacks. The Houthi leadership in Sana'a continues to insist on the adoption of a comprehensive plan for the distribution and management of oil revenues as a precondition for resuming exports.

On 16 August, reports indicated that the Yemeni government was considering a range of options to reform the energy sector through the implementation of new projects and the adoption of practical measures to phase out costly diesel-fuelled power plants across all governorates. This process is to be carried out under a scheduled programme and a flexible transition designed to avoid exacerbating the energy deficit. At the same time, multiple plans and alternatives were under review to identify strategic solutions for enhancing electricity generation capacity, including the expansion of renewable energy sources and the reduction of reliance on high-cost fuel-based generation. The Supreme Energy Council, in an emergency meeting, gave its initial approval to a proposal submitted by a German company, in cooperation with international firms and investment funds, to establish a green hydrogen plant in Yemen alongside other energy projects.



Relative recovery of the Yemeni rial: **3**

In a significant economic development, at the beginning of August 2025, the Yemeni rial registered a significant recovery, regaining around %45 of its value in areas under the authority of the internationally recognised government. This development came amid intensive central and local efforts to regulate commodity prices in line with the improved exchange rate of the local currency against hard currencies. Reports indicated that the exchange rate of one US dollar stood at approximately 1,620 rials, down from nearly 2,900 rials. This notable recovery raised public hopes of a decline in the prices of basic commodities, which had seen successive increases in recent months.

In an effort to sustain this positive trend, and within the broader framework of economic reform aimed at stabilising living conditions and public services, Prime Minister Salem bin Buraik emphasised the need to reduce gas prices, regulate markets, and stimulate investment in ways that would directly benefit citizens. According to official media, Bin Buraik instructed the immediate implementation of measures to lower gas prices in line with the recent improvement in the national currency's exchange rate. He also stressed the importance of ending illegal levies, standardising prices, and shutting down unlicensed stations.

In the same context, reports on August 2025 ,22, indicated that the Yemeni government was considering revising tuition fees in parallel with the rial's recovery. Citizens in Aden and other government-controlled areas have expressed mounting concern over the steep rise in tuition fees and education costs, which have reached unaffordable levels for many amid the broader deterioration in living conditions affecting all segments of society.



4 Worsening crises in Houthi-controlled areas:

In parallel with the positive indicators associated with economic reform under the internationally recognised government, Houthi-controlled areas have continued to experience deepening crises, primarily linked to the repressive behaviour of the militia in these territories. Reports revealed a systematic campaign targeting those engaged in the trade of electrical appliances and renewable energy, aimed at imposing absolute control over the sector and transforming it into a direct source of funding for the group's military operations and its affiliated leadership.

Further reports highlighted new practices of corruption by Houthi authorities, including the organised appropriation of funds allocated by donor entities to support reproductive health services in areas under their control. This development came only weeks after an organisation affiliated with the group acknowledged the worsening health conditions of women in those territories.

In Al-Hudaydah Governorate, the suffering of residents intensified as the Houthis tightened security measures and economic pressures. Displaced persons were required to attend the group's cultural courses to access food aid. At the same time, water and electricity services were cut, and new levies were imposed on the transport sector. In early August 2025, the Houthis issued a decision abolishing the long-standing responsibilities of neighbourhood leaders (Aqil al-Hara), who for decades had been tasked with verification and local guarantees in Yemeni cities. This decision provoked widespread concern that they would be replaced by Houthi supervisors and loyalists, particularly as the move coincided with intensified security measures.

In Ibb Governorate, amid mounting citizen complaints over the accumulation of waste in the streets and neighbourhoods of the governorate's centre and several of its districts, posing the threat of a health and environmental disaster, a senior Houthi leader stormed the headquarters of the Cleaning and Improvement Fund in the city. This incident formed part of the internal power struggles over influence and resources, as the Fund is considered one of the most essential revenue-generating institutions in the governorate.

On 10 August 2025, the Houthis targeted three commercial sectors in Hajjah Governorate, launching raids, extortion campaigns, and closures to extract additional levies. Armed Houthi members affiliated with the so-called "Standards Authority Branch" raided dozens of drinking water bottling plants, cement brick factories, and honey production workshops in the neighbourhoods of Al-Urubah and Al-Basateen, as well as on Souq, Sana'a, and Al-Arbaeen streets in the city of Hajjah.



Ongoing crises linked to the monetary conflict in Yemen:**5**

The negative economic repercussions of the monetary conflict between the internationally recognised government and the Houthis persisted during August 2025. On 19 August, the branch of the Central Bank of Yemen in Sana'a, under Houthi control, issued a circular to all banks and exchange companies operating in areas under its authority, prohibiting the submission of any applications for currency exchange or the transfer of payments for imported goods to the Central Bank in Aden. The Sana'a-based Central Bank further stressed the prohibition on banks or exchange companies submitting applications to any entity or authority in government-held areas on behalf of any importer, whether for currency exchange approvals or for transferring the value of imported goods to Houthi-controlled areas, warning violators of strict punitive measures.

These measures reflect the impact of the recent policies adopted by the legitimate government, which have placed mounting pressure on the Houthi war economy following the recovery of the Yemeni rial and the partial restoration of monetary balance. The improvement in the exchange rate of the rial in government-held areas enabled the Central Bank in Aden to reassert its leadership role. It contributed to narrowing the monetary gap between government- and Houthi-controlled regions, thereby weakening the Houthis' ability to manipulate exchange rates.

Severe negative repercussions of flooding in Yemen:**6**

August 2025 also witnessed devastating floods that inflicted significant humanitarian and economic damage across several southern governorates. The International Rescue Committee announced that more than 100,000 people had been affected, with homes and camps for displaced families destroyed, agricultural lands submerged, and severe damage caused to roads, power lines, and water and sanitation facilities, forcing thousands to flee. The Committee launched emergency operations in the hardest-hit areas of Abyan, Lahj, Taiz, and Aden, stressing that these governorates are "also facing emergency levels of food insecurity, with families suffering from acute shortages of food and high levels of malnutrition."

In response to the crisis, on 26 August, Prime Minister Salem bin Buraik chaired an expanded government meeting in the interim capital, Aden, to assess the humanitarian and material repercussions of the floods and to discuss urgent measures to mitigate their impact. The meeting focused on evaluating the scale of the damage caused by the tropical depression that struck several governorates, including the collapse of infrastructure, the submergence of agricultural lands, and the disruption of public service networks.



Yemen witnessed a number of significant external developments during August 2025, which can be outlined as follows:

1 UN discussions with the legitimate government:

On 11 August 2025, the Office of the UN Special Envoy to Yemen announced that it had organised technical meetings in the Jordanian capital, Amman, with the participation of representatives of the internationally recognised Yemeni government and the leadership of the Joint Forces in the Military Coordination Committee, facilitated by the United Nations. According to a statement, the Amman meetings—held as a continuation of earlier rounds in December 2024 and January 2025—focused on planning and coordination for a potential ceasefire, addressing related security arrangements, exploring ways to manage ongoing security challenges in Yemen, mechanisms for de-escalation, incident management, and possible means of providing security guarantees. Discussions also covered the management of frontlines in the context of a ceasefire and security arrangements concerning critical infrastructure, including energy facilities. Additionally, participants explored methods for implementing a comprehensive ceasefire on land, sea, and air as part of a broader political agreement.

Overall, the UN mission in Yemen is seeking, through multiple tracks and discussions, to inject momentum into the stagnant peace process. However, the current domestic context, marked by Houthi escalation on multiple fronts and the internationally recognised government's deepening scepticism over the possibility of establishing any political process with the militia, combined with the prevailing regional environment dominated by escalation dynamics, the entanglement of the Yemeni file with broader regional developments, the limited effectiveness of the UN mission, and the erosion of confidence among certain Yemeni actors in its approach and orientation, continue at present to undermine the effectiveness of the mission's efforts.



Ongoing debate regarding China's relationship with the Houthis:**2**

China urged the Houthis to cease violence and attacks on commercial vessels in the Red Sea and to choose the path of peace, reaffirming its readiness to contribute to Yemen's reconstruction once the war comes to an end. Shao Zheng, the Chargé d'Affaires of the Chinese Embassy in Yemen, stated in press remarks that Sino-Saudi cooperation was underway to help Yemen address its electricity shortage crisis, noting the interest of Chinese companies in working alongside their Saudi counterparts in this sector. He further affirmed China's readiness to participate in Yemen's reconstruction as soon as hostilities cease.

In general, and despite China's official statements stressing the need for the Houthis to halt their escalation in the Red Sea, many international circles continue to view China's role in the Yemeni file, and its approach to Red Sea developments, with concern. This stems from several considerations: first, growing reports of military cooperation of some form between China and the Houthi militia; second, the Houthis' avoidance of targeting Chinese vessels, which some assessments attribute to understandings established between the two sides; and third, the hypothesis advanced by some analyses that China may be leveraging Houthi escalation as a tool of pressure against the United States and Western countries.



3

US warnings on Houthi restrictions against religious pluralism:



On 13 August 2025, a US commission concerned with global religious freedom warned of the extinction of religious pluralism in areas under Houthi control in northern Yemen, stating that minorities there face the risk of “near-total extinction” as a result of systematic and severe violations of freedom of belief targeting religious minorities as well as women. In its report, the US Commission on International Religious Freedom noted that the Houthis impose strict restrictions on followers of other faiths, such as Baha’is, Christians, Jews, and members of the Ahmadiyya sect, subjecting students and detainees to forced religious indoctrination and compelling non-Muslims to engage in religious practices they do not believe in. The report added that the Houthis have altered school curricula to introduce sectarian and anti-Semitic content. According to the Commission, the Houthis have continued to commit systematic and grave violations of freedom of religion and belief, with severe consequences for religious minorities. Moreover, they enforce laws on women and girls derived from a unilateral interpretation of Shia doctrine. These warnings cannot be separated from the Houthis’ broader approach, which is characterised by the restriction of all religious, political, and social currents that oppose them in areas under their control, and by dealing with dissent through repressive means. This approach undermines the very notion of pluralism and poses a grave threat to its survival.



US-UK engagement in support of the Yemeni government:**4**

August 2025 also witnessed signs of increased US–UK engagement aimed at supporting the internationally recognised Yemeni government. In mid-August, reports citing US sources indicated that military coordination with Yemen to carry out a ground operation against the Houthis had not been finalised, due to the suspension of Operation Rough Rider, which had been intended to reduce the group's capabilities and secure navigation in the Red Sea. The sources clarified, however, that Washington remains committed to supporting the Yemeni Presidential Leadership Council and the government in their efforts towards economic reform, stabilising the national currency, strengthening sanctions on the Houthis, exposing their terrorist activities to global public opinion, tightening measures to control smuggled weapons, and implementing UN resolutions related to Yemen.

On 28 August, reports indicated that the United Kingdom was preparing to announce substantial support for the Yemeni Coast Guard to strengthen its capacities, in addition to providing further expertise and technical assistance to the Yemeni government in sectors such as health, electricity, and media. The reports affirmed that the United Kingdom is committed to intensifying its support for Yemen in the coming period, despite reductions in assistance from other countries, most notably the United States.

In this context, the President of the Presidential Leadership Council, Rashad al-Alimi, met the United Kingdom's Ambassador, Abda Sharif, in Riyadh, where he discussed bilateral relations between the two countries, the latest domestic developments, and updates regarding international support programmes for comprehensive reforms in Yemen.

In general, it appears that Western efforts, particularly those of the United States and the United Kingdom, are currently focused on enhancing the effectiveness and capacity of the Yemeni government, independently of any immediate return to direct confrontations with the Houthis, given the prevailing regional and international context. However, the option of hard power through a ground operation against the Houthis remains on the table, should Israel and lobbying groups push in that direction, particularly in the absence of any realistic prospect for reaching a comprehensive political agreement with the militia.



5 Saudi and Gulf Moves to Support Stability in Yemen:

Saudi and Gulf efforts to support the path of stability in Yemen gained traction during August 2025. On 21 August, Mohammed al-Jaber, the Saudi Ambassador to Yemen, reaffirmed his country's support for United Nations efforts aimed at promoting de-escalation and achieving a comprehensive political solution that ensures peace, security, stability, and development in Yemen. His statement, posted on the social media platform X, followed a meeting in Riyadh with the UN Special Envoy to Yemen, Hans Grundberg, during which they discussed the latest developments and dynamics in Yemen and the Red Sea.

On 26 August, Jassim al-Budaiwi, Secretary-General of the Gulf Cooperation Council (GCC), held discussions with Jonathan Peccia, the US Acting Ambassador to Yemen, on the latest developments in the Yemeni arena. The talks addressed a range of issues, most notably the prevailing challenges and unfolding developments, as well as security, humanitarian, and living conditions, alongside relief efforts and the scope of joint Gulf-US initiatives. Al-Budaiwi reaffirmed the GCC's consistent position, as articulated in the communiqué of the 45th session of the GCC Supreme Council held in Kuwait in December 2024, which underscored full support for the Presidential Leadership Council, chaired by Dr Rashad al-Alimi, and its supporting entities, with the aim of achieving security and stability in Yemen and reaching a comprehensive political settlement.






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YEMEN & GULF CENTER FOR STUDIES

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 info@ygcs.center