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YEMEN & GULF CENTER FOR STUDIES

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Developments in the Yemeni scene

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Comprehensive Yemen Report

Through its monthly publication «Developments in the Yemeni Scene,» the Yemen and Gulf Centre for Studies endeavours to comprehensively address key developments pertaining to Yemen throughout each month. These encompass political, security, and economic aspects and external interactions. This initiative reflects the centre's research mandate, aimed at offering nuanced perspectives on the Yemeni situation.

The centre's primary objective is twofold: first, to provide a scholarly resource for stakeholders such as decision-makers, researchers, and journalists invested in the Yemeni file, facilitating informed decision-making and policy formulation. Second, it serves to maintain current awareness of Yemen's evolving dynamics, complementing other research outputs generated by the centre.

The monthly report adopts a systematic monitoring and analytical approach. It entails identifying noteworthy political, security, economic, and foreign developments within the Yemeni landscape throughout the month and analysing them comprehensively. This analytical treatment extends to the report itself and other research outputs of the centre, including analyses, reports, and assessments.

Executive Summary

Throughout March 2024, Yemen experienced a series of multifaceted developments, illuminating the complex trajectories of the Yemeni crisis in the contemporary era. While security dynamics took centre stage amidst heightened Houthi activity in the Red Sea region, stemming from the aftermath of the Al-Aqsa Flood Operation in October, significant political shifts also unfolded. These included ongoing Houthi efforts to exploit political and media platforms to amplify the reverberations of the Gaza conflict. Moreover, concerning indicators emerged pointing towards disruptions in the Yemeni peace process, coinciding with escalating mobilisation and counter-mobilization efforts between Yemen's legitimate government and the Houthi insurgency.

Security-wise, Yemen witnessed notable interactions primarily revolving around developments in the Red Sea region, given the sustained Houthi activities therein. Concurrently, Western nations intensified measures against the Houthis in response to these attacks. Additionally, Houthi factions persisted in conducting retaliatory operations against Yemeni groups amid ongoing threats posed by Al-Qaeda in Yemen.

On the economic front, Yemen grappled with developments underscoring the severity of its economic crisis, exacerbated by the ramifications of dual power struggles on the country's financial stability. Moreover, Yemeni markets faced acute shortages of essential goods, further compounded by the economic fallout from heightened tensions in the Red Sea.

Externally, attention centred on American endeavours to mitigate and contain the Houthi threat in the Red Sea, alongside indications of potential Chinese-Russian agreements aimed at mitigating risks associated with Houthi escalation in the region. Saudi Arabia continued its efforts to bolster peace initiatives in Yemen, notwithstanding UN reservations regarding the viability of these efforts, particularly in light of ongoing Houthi escalations in the Red Sea.

The most prominent main trends in the Yemeni political scene in March 2024, can be discussed as follows:

Continued Houthi Exploitation of the Gaza Conflict 1

The Houthi insurgency persistently capitalised on the Israeli war in Gaza, a strategy evident through various key indicators. Notably, through its speeches, the organisation's leadership endeavoured to bolster the narrative of the efficacy of Houthi operations in the Red Sea. This was exemplified by Abdul-Malik al-Houthi's address in early March, wherein he asserted that the group had targeted 54 vessels since the commencement of its assaults,



ominously hinting at forthcoming «military surprises» within Red Sea operations. Furthermore, Al-Houthi's pronouncement on March 14 conveyed the group's intent to obstruct the passage of vessels associated with Israel, extending its influence even to maritime routes traversing the Indian Ocean and from South Africa towards the Good Hope Road.

In a related development, Palestinian sources disclosed to Agence France-Presse on March 16th that an unusual gathering took place between leaders of Palestinian factions and the Houthis, aimed at coordinating resistance efforts against Israel. Senior figures from Hamas, Islamic Jihad, and the Popular Front for the Liberation of Palestine reportedly convened with representatives from the Yemeni Ansar Allah (Houthis) group to strategise on Palestine's liberation. The meeting underscores efforts to bolster solidarity within the «Axis of Resistance» while discussing security coordination mechanisms and pertinent developments concerning the Gaza conflict. Notably, discussions touched upon potential Israeli military actions, including the prospect of an assault akin to the Rafah military operation shortly.

Significant interactions concerning the Gaza war resonated within Yemen, notably evidenced by a mass demonstration in Taiz on March 1st. Thousands of Yemenis congregated in the city centre, vehemently condemning ongoing massacres in the Gaza Strip and decrying purported plans for a major assault in Rafah. Concurrently, they voiced opposition to the siege imposed by the Houthi group on Taiz. Organised by various political factions in Taiz, the rally saw demonstrators calling for the salvation of Gaza's residents from the Zionist entity's campaign of extermination, violence, siege, and deprivation. Additionally, demands were made for the Houthis to lift the blockade on Taiz and reopen its roads. Slogans denouncing the Israeli occupation's blockade of Gaza and the Houthi siege of Taiz echoed throughout the march, underlining the sentiment that support for Gaza would not be withheld from those who lay siege to Taiz. This demonstration reflects a perceived correlation among specific segments of the populace between the Palestinian cause, the Gaza war, and Houthi actions.



2

Obstruction of Political Solution Efforts in Yemen



Opening The Sanaa-Al Dhalea-Aden Road

March witnessed no breakthrough in the enduring political crisis gripping Yemen, which is evident through several key indicators. Firstly, efforts to reopen roads between governorates, which had been shuttered since the onset of the conflict, remained futile. Consequently, governorates remained under siege, forcing citizens to resort to longer, more hazardous alternative routes, exacerbating their plight.

Secondly, on March 17th, a Houthi military convoy, comprising hundreds of militants and numerous military vehicles, moved towards opening the Sanaa-Al Dhalea-Aden road from one end. This action prompted an exchange of gunfire between the Houthis and southern forces amid mutual accusations. Both factions claimed responsibility for the shooting. Thirdly, the issue of prisoners and detainees continued to stagnate following the cessation of meetings between representatives of the internationally recognised government and those of the Houthi authorities. Lastly, discussions regarding the UN initiative, unveiled by UN envoy to Yemen Hans Grundberg in late December, witnessed a conspicuous absence and decline in engagement.



Escalating Tensions Between the Houthis and the Legitimate Government 3

In March, Yemen teetered on the brink of a deepening and reciprocal escalation between the Houthis and the legitimate government, manifested through several notable indicators. Firstly, the Houthi group embarked on a comprehensive mobilisation effort, actively recruiting and preparing equipment in readiness for what they termed «the promised conquest and holy jihad.» This heightened state of preparedness signalled their intent for potential military engagements.



Secondly, on March 26th, the Presidential Leadership Council of the Republic of Yemen convened an extensive meeting under the auspices of the Ministry of Defense and the Presidency of the General Staff. Attendees included heads of agencies, commanders of various military factions, regions, and the Joint Operations Authority. During this gathering, there was a resolute affirmation of Yemeni forces and army readiness, accompanied by accusations leveled against the Houthis for favoring the path of conflict. These developments elicited concerns regarding the resurgence of chaos and armed clashes, raising alarms about the country's precarious stability.

Escalating Human Rights Violations and Societal Crises in Yemen 4

Throughout March, Yemen grappled with a slew of indicators underscoring the mounting burden of human rights abuses and the worsening societal conditions across multiple fronts.

On the educational front, Save the Children issued a stark warning on March 25th, revealing that a staggering two out of every five Yemeni children were not attending school despite a relative decrease in conflict intensity over the past two years. The organisation's report



highlighted the dire situation, stating that «after nine years of conflict in Yemen, two out of every five children, or 4.5 million children, are out of school.» The ongoing violence and severe economic crisis stemming from the conflict have displaced approximately 4.5 million people, representing 14% of Yemen's population. Notably, 14% of surveyed families cited violence as a primary reason for abandoning education, while 20% cited financial constraints preventing access to education due to prohibitive monthly fees and book costs.



Meanwhile, reports from Yemeni sources in Sanaa on March 26th indicated that the Houthi group had repurposed numerous mosques in the capital city into recruitment and mobilisation centres. Allegedly, approximately a thousand teenagers were congregated in these mosques to receive sectarian-oriented instruction as part of an intensive «intellectual program» orchestrated by the Houthis during the month of Ramadan. This program encompassed a series of courses and sessions aimed at ideological indoctrination and mobilisation for deployment to battlefronts.

Furthermore, amid mounting concerns over Houthi practices, a Yemeni human rights network documented thousands of casualties resulting from mines planted by the Houthis across 13 governorates over six years. The Yemeni Network for Rights and Freedoms revealed that from January 2018 to February 2024, 1,219 Yemenis lost their lives due to explosions of anti-personnel and anti-armour mines scattered throughout the country.

5

Appointment of a New Yemeni Minister of Foreign Affairs

On March 26th, the Chairman of the Presidential Leadership Council in Yemen issued a decree appointing Shaya Mohsin Zindani as Minister of Foreign Affairs and Expatriate Affairs, as reported by the Yemeni News Agency. Zindani, who had served as Yemen's ambassador to Saudi Arabia since 2017, succeeded Ahmed Awad bin Mubarak, who assumed the role of Prime Minister of Yemen in early February. Zindani brings a wealth of diplomatic experience to his new position, having previously served as Deputy Minister of Foreign Affairs and Yemen's ambassador to various countries, including Britain, Italy, and Jordan, among others, as well as holding roles as a non-resident ambassador and a permanent delegate to the Food and Agriculture Organization (FAO).



Shaya Mohsin Zindani

This appointment holds significance for several reasons. Firstly, it is intertwined with the ongoing restructuring of the government following the instalment of a new prime minister. Secondly, Zindani's selection is underscored by his extensive four-decade-long diplomatic affairs career and involvement in shaping Yemen's diplomatic legislation. Thirdly, the appointment occurs within a pivotal context, marked by pressing external challenges that Zindani will confront. Moreover, he will inherit the challenging task of continuing the efforts initiated by his predecessor, Ahmed Awad bin Mubarak, in restructuring Yemen's diplomatic corps and missions worldwide.



The principal trends illustrating security developments in Yemen throughout March 2024, can be summarised as follows:

Continuation of Houthi Operations in the Red Sea

1



The pace of Houthi operations in the Red Sea region persisted during March, maintaining a trajectory consistent with recent months, particularly following the organisation's entanglement in the aftermath of the Israeli conflict in Gaza. Throughout the month, the Houthis executed approximately 12 operations, primarily utilising drones, ballistic missiles, and guided cruise missiles. These operations predominantly targeted ships, including those of Israeli origin or transiting to and from occupied territories. Moreover, a notable qualitative escalation occurred with the targeting of American and British destroyers deployed in the Red Sea. Additionally, southern Israel, particularly Eilat, was subjected to drone attacks on multiple occasions, underscoring the breadth of Houthi actions in the region.

Houthi Adoption of Specific Escalation Patterns

2

March witnessed numerous indications suggesting that the Houthis were gravitating towards adopting distinct escalation patterns, fraught with heightened risks. This evolution was manifested through a series of key indicators.

Firstly, the announcement of an inclination towards broadening the geographical scope of Houthi operations to encompass ships associated with Israel, spanning across the Indian Ocean and from South Africa towards the Good Hope Road. Secondly, on March 3rd, the Houthis faced accusations of targeting three marine cables crucial for global internet and communication connectivity, as reported by Hong Kong-based Global Communications Limited (HGC). Thirdly, there was a discernible Houthi inclination towards preemptive operations against select American and British destroyers deployed in the Red Sea. Notably, on March 6th, two American destroyers were reportedly targeted in the Red Sea with missiles and drones, a scenario repeated on March 13th. Fourthly, on March 14th, the Russian news agency RIA Novosti, citing an unnamed official, disclosed the possession of a new hypersonic missile by the «Ansar Allah» movement (Houthis) in Yemen. This development raises concerns



about heightened risks associated with their ongoing attacks on shipping in the Red Sea and its surrounding waterways.

Additionally, Yemeni military sources revealed on March 30th that the Houthi group persisted in digging trenches near the coast. Furthermore, they redeployed missiles and amassed forces among farms and rock salt mines following Western airstrikes that inflicted substantial losses on the group, thereby limiting its capacity to target ships. This indicates a concerted effort to establish new infrastructure facilitating operations in the Red Sea region.



3- Western Focus on Defensive and Proactive Operations

In response to escalating Houthi attacks, Western countries and their forces operating within the Red Sea adopted a strategy combining defensive and proactive measures. Defensive operations, numbering approximately 10, aimed to thwart Houthi assaults, whether via ballistic or cruise missiles or drones. Concurrently, proactive operations, totalling about 7, targeted Houthi infrastructure in strategic locations such as Hodeidah, the areas of Attan, Jarban, and Al-Nahdin in Sana'a, and the Qatinat area in the Baqim District of Saada.

Moreover, on March 12th, the British government announced its decision to deploy the Navy's warship, «Diamond,» to the Red Sea and the Gulf of Aden, assuming the responsibility of safeguarding global shipping traffic from the vessel, «Richmond.» Similarly, Italian legislators endorsed, on March 5th, their country's participation in a European Union naval mission aimed at protecting cargo ships in the Red Sea from Houthi attacks in Yemen. Italian Foreign Minister Antonio Taiani assured lawmakers that the mission, initiated the previous month, is exclusively defensive in nature.



4- Continuing Threats Associated with Al-Qaeda in Yemen

On March 10th, Al-Qaeda in Yemen announced the death of its leader, Khalid bin Omar Batarfi, while simultaneously disclosing the name of its new leader. The Site Intelligence Group website reported that the cause of Batarfi's death was undisclosed, but Saad bin Atef Al-Awlaki was appointed as his successor. The new leader faces significant challenges, particularly in reconstructing the organisation's leadership structures following substantial losses incurred in recent years. Furthermore, he must contend with his incomplete control over the organisation's Shura Council and navigate challenges concerning the group's relationship with the Houthi organisation.



Khalid bin Omar Batarfi

Despite profound structural crises, Al-Qaeda in Yemen continues to pose a significant threat to Yemen's security and stability. The organisation remains highly active in the Omran Valley in Modiya, Abyan, and Zinjibar, Abyan Governorate's capital. Moreover, it maintains a presence in Wadi al-Rafd in Abyan, serving as a key stronghold for orchestrating terrorist operations against the «Southern Forces» in Abyan and Shabwa governorates. Additionally, Al-Qaeda is concentrated in the As Said District and the Al-Musaina area in the Shabwa Governorate. In a recent incident on March 24th, an attack launched by Al-Qaeda in southern Yemen resulted in the deaths of two soldiers loyal to the Southern Transitional Council. The assault, occurring in the mountainous Wadi Omran region in Abyan Governorate, also left four soldiers from the Southern Armed Forces injured. These events underscore the persistent threat posed by Al-Qaeda in Yemen and its ongoing activities targeting security forces in the region.





5- Continuation of Houthi Retaliatory Operations against Yemenis

On March 19th, in the city of Rada'a in Al-Bayda Governorate, central Yemen, 12 civilians lost their lives, and others sustained injuries after the Ansar Allah group, commonly known as the Houthis, bombed a house with citizens inside it. Armed individuals affiliated with the Houthi group detonated the residence of citizen Ibrahim Al-Zailai, resulting in the tragic deaths of at least 12 people, predominantly women and children. While the Houthi group did not deny the occurrence of the incident, it attempted to deflect responsibility by characterising it as an individual act. Abdul Khaleq Al-Ajri, the official spokesman for the Ministry of the Interior in the Sanaa government, asserted that the incident was the result of «some individuals, in an irresponsible reaction, [who] used excessive and illegal force without taking directions from the security leadership or the knowledge of the Ministry of Interior.»

Contrary to the Houthi group's claims of individual responsibility, data from human rights organisations reveal a pattern of systematic targeting. Reports spanning from 2015 to 2022 indicate that the Houthis seized control of at least 1,030 homes. Al-Bayda Governorate ranked highest on the list, with 118 houses affected, followed by Taiz with 110 houses, and Al-Jawf with 76 houses. Additionally, significant numbers of homes were destroyed in Saada (73 houses), Ibb (62 houses), Sanaa (57 houses), Ma'rib (53 houses), Dhamar (37 houses), and Hajjah (31 houses). Furthermore, Al-Dhale' witnessed the destruction of 23 houses, Lahj 22 houses, Amran 21 houses, Al-Hudaydah 14 houses, Shabwa 10 houses, Abyan 5 houses, and Aden one house. These statistics underscore the gravity of the situation and highlight the widespread impact of Houthi retaliatory operations on Yemeni civilians and communities.



Along with Yemen's intensive political and security developments in February 2024, the country experienced several critical economic developments. These developments were undoubtedly affected by those political and security developments mentioned above, and some were a reflection of them. These developments can be summarised as follows:

Major Economic Repercussions of the Escalation in the Red Sea

1



The unfolding events in the Red Sea region have cast a shadow over working conditions within Yemen, significantly impacting the Yemeni labour market. Among the most affected groups are fishermen, whose livelihoods have been severely disrupted. With tens of thousands employed in the fishing profession, a large percentage find themselves unable to access fishing areas due to the escalating conflict.

Furthermore, the conflict in the Red Sea has exacerbated existing challenges, including the proliferation and expansion of the tax system, internal transportation crises exacerbated by blocked roads, high external shipping costs, and limited employment opportunities in both the public and private sectors. Specialised professions have borne the brunt of these conditions, experiencing decreased demand and returns coupled with heightened risks and stress. In a related vein, analysts anticipate that disruptions in the Red Sea, coupled with Chinese demand and oil production issues in several oil-producing nations, may lead to an upsurge in oil prices in the months ahead. According to a report in the «Oil Price» bulletin on March 5th, Helima Croft of the Royal Bank of Scotland (RBC) posited that escalating conflicts in the Middle East could prompt a significant rise in oil prices. The bulletin highlighted the resilience of oil demand in China as a crucial factor influencing prices, noting, «While the overall picture of the Chinese economy may indicate weak demand, actual demand has held up well in China.»





2- Challenges Related to Securing Goods in the Markets

Yemeni markets grapple with mounting pressure to secure goods ahead of Ramadan amidst supply disruptions aggravated by the escalating conflict in the Red Sea. Despite assurances from the private sector regarding market stability and the availability of commodity stocks, consumers have voiced grievances, accusing commercial entities of offering expired or nearly expired goods during this critical period. However, organisations representing the private sector refute these claims, affirming their adherence to standard specifications mandated by competent authorities. Moreover, Yemen's annual merchandise import bill stands at approximately \$15 billion, with food imports and petroleum derivatives constituting about 60% of total imports, while other goods and products comprise the remaining 40%. These figures exacerbate economic pressures on Yemen, amplifying the challenges of securing essential goods. Reports further highlight the proliferation of counterfeit and adulterated goods in Yemeni markets, presenting a lucrative opportunity for unscrupulous merchants. Despite accusations levelled against relevant authorities for failing to address this phenomenon, it continues to expand unabated, particularly amidst the deteriorating purchasing power of the majority of citizens.

3- Continuation of Efforts to Reform the Banking Sector

Yemeni authorities persist in evaluating and reviewing the program's progress to diagnose the banking sector's situation, laying the groundwork for a comprehensive reform program with assistance from the World Bank. In collaboration with international financial institutions, monetary and banking authorities are deliberating on several plans encompassing reform priorities crucial for various economic and service sectors that consume significant resources. A recent government meeting addressed existing challenges and the Red Sea events' repercussions on these increasingly dire circumstances, underscoring the World Bank Group's pivotal role in mitigating the ongoing crisis's economic and humanitarian consequences.

Progress in developing payment systems, funded by the World Bank, was also discussed. This project aims to equip the Central Bank with systems, equipment, and technical support necessary for infrastructure development, facilitating public institutions and the private sector's efficient utilisation of financial technology advancements in digitising payments.



In a significant development, on March 23rd, the Central Bank of Yemen in Aden, located in the southern part of the country, decided to cease dealings with the five largest banks in areas under the legitimate government's control and 13 banking companies in Marib, situated in the north. This decision stemmed from violations of instructions regarding financial transfers to areas influenced by the Houthi group amidst Houthi-imposed restrictions on transfer companies operating in government-controlled areas.



Furthermore, amidst the crisis of dual financial authority, the Central Bank of Yemen in Aden voiced its opposition to the Houthi group's announcement of issuing a 100-riyal coin. Describing it as a «dangerous and illegal escalation,» the Central Bank stated that the coin, aimed at addressing a severe liquidity crisis in areas under Houthi control, is considered counterfeit as it is issued by an illegitimate entity.

Moreover, the Central Bank's Board of Directors issued a stern warning against the Houthi's unauthorised printing of national currency notes, threatening stringent measures against any institution or financial body engaging in such activities. Such actions, the Board cautioned, would jeopardise efforts to sustain the exchange of goods and services across various governorates.

4- Efforts to Contain the Crisis of Onion Crop Scarcity

In response to the escalating crisis of onion crop scarcity, the Yemeni government, headquartered in Aden in the southern region of the country, has taken decisive measures. It has halted the export of onions until comprehensive arrangements for local and international marketing are organised in coordination with competent authorities. Furthermore, all onion exporters are mandated to swiftly distribute available quantities and shipments for export at land and sea ports within a maximum timeframe of one week.



This action comes amid a dire situation in local Yemeni markets, where the onion crop faces severe shortages, leading to skyrocketing prices reaching unprecedented levels. Onions rank as the second most significant agricultural crop in Yemen, with an estimated annual production of about 232 thousand tons, following potatoes, which boast a yearly production of around 282 thousand tons. These crops are cultivated across an agricultural area spanning 15.5 hectares.

Across Yemen, the encroachment of khat onto agricultural lands continues to expand, exacerbating shortages in various crops and disrupting market dynamics. Consequently, both the internationally recognised government and Houthi authorities in Sanaa have implemented measures to ban the export and import of several crops. This strategy aims to bolster local production, ensure goods availability, and stabilise market conditions amidst the prevailing challenges.



Prominent trends in International interactions towards Yemen in March 2024, can be observed as follows:

1 Secret Discussions Between Washington and Iran Regarding the Houthis

The Financial Times uncovered on March 13 that the United States engaged in clandestine discussions with Iran earlier this year concerning the Houthi attacks in the Red Sea. The aim was to apply pressure on Tehran to leverage its influence and halt the Yemeni group's assaults. These indirect negotiations, which also addressed concerns about Iran's expanding nuclear program, occurred in Oman last January, marking the first dialogue between the two parties in ten months. Heading the US delegation were White House Middle East Advisor Brett McGurk and Special Envoy to Iran Abram Paley. Meanwhile, Iranian Deputy Foreign Minister Ali Bagheri Kani, Tehran's chief nuclear negotiator, represented Iran.



Brett McGurk



Ali Bagheri Kani

These revelations underscore Washington's multifaceted approach to addressing the Houthi threat in the Red Sea region. On the one hand, there's a military dimension characterised by bolstering the American military presence in the Red Sea and executing preemptive and defensive operations against the Houthis. On the other hand, there's a political dimension involving exerting pressure on the Houthis through clandestine discussions with Iran.



US Efforts to Curb Arms Smuggling to the Houthis 2

Reports indicate that the administration of US President Joe Biden is actively working to expand operations aimed at monitoring and intercepting Iranian weapons being smuggled to the Houthi group in Yemen. This initiative follows the failure of recent US and British military strikes, initiated about six weeks ago, to deter the group from targeting maritime navigation in the Red Sea. However, several obstacles hinder the execution of this mission.



According to The Washington Post, citing US officials on March 16, the mission aims to map the sea routes utilised by Tehran and interdict arms shipments during their transit. This effort is part of a broader strategy that encompasses sanctions and diplomatic pressure, signifying an acknowledgement that the Houthis may continue to pose a significant security challenge in the foreseeable future.

Chinese-Russian Understandings Regarding Houthi Attacks 3

China and Russia have reportedly reached an understanding with the Houthis in Yemen, allowing their ships to navigate through the Red Sea and the Gulf of Aden without fear of attack. This revelation, sourced from the American Bloomberg Network on March 21, cites individuals familiar with discussions among these parties. The understanding was achieved following diplomatic talks between Chinese and Russian diplomats in Oman and the Houthi group's official spokesperson, Mohammed Abdul Salam. These discussions remain within private circles, as Bloomberg's sources requested anonymity.



In return for this arrangement, China and Russia are said to provide political backing to the Houthis in forums such as the United Nations Security Council. However, the specifics of this support remain unclear. It potentially includes preventing further punitive measures against the group. However, contrasting this development, the US military declared on March 24 that the Houthis had targeted a Chinese oil tanker with ballistic missiles, with one missile striking the vessel off the Yemeni coast. The US Central Command (Centcom) revealed this information on the «X» platform, stating that the Panamanian-flagged ship Huang Pu, owned and operated by China, issued a distress call but did not request assistance. The statement added that there were no reported casualties, and the ship had resumed its voyage.

This announcement by the US military can be interpreted in two main ways. Firstly, it could be seen as an effort by Washington to drive a wedge between China and Iran, which supports the Houthis. Secondly, there's a possibility that the report is accurate and the operation was conducted based on erroneous intelligence by the Houthis, especially considering their avoidance of targeting any Chinese ships since the beginning of their escalation.



4 UN Pessimism Regarding the Yemeni Peace Path

March brought forth indicators reflecting a prevailing sense of pessimism within the United Nations regarding the trajectory of peace in Yemen. This sentiment is mainly influenced by the escalating tensions in the Red Sea region, exacerbated by the Houthis' involvement in the aftermath of the Israeli war in Gaza. Hans Grundberg, the Special Envoy of the United Nations Secretary-General for Yemen, articulated this sentiment during his monthly briefing to the UN Security Council in New York. Grundberg emphasised that the mediation landscape in Yemen has become increasingly intricate, influenced significantly by the unfolding events in the broader region.



Hans Grundberg

5 Continued Saudi Involvement in the Yemeni File

On March 21, Saudi Defense Minister Prince Khalid bin Salman convened with Prime Minister Ahmed Awad bin Mubarak to discuss ongoing efforts aimed at advancing the political process between Yemeni factions and fostering the path to peace to ensure Yemen's security and stability. During the meeting, the Saudi Defense Minister highlighted discussions on Yemen's developments and the endeavours to finalise and implement the United Nations-sponsored roadmap. He reiterated Saudi Arabia's steadfast support for the Yemeni government and its people, aiming to fulfil their aspirations and contribute to Yemen's development and prosperity.



In the previous month, Saudi Foreign Minister Faisal bin Farhan expressed his country's readiness to endorse the UN-proposed roadmap for resolving the Yemeni crisis, announced in December. However, in mid-March, the Yemeni Prime Minister announced a suspension of the roadmap, previously endorsed by the government. This halt was attributed to the Houthi escalation in the Red Sea and their threat to international navigation. Consequently, the suspension of the roadmap has cast a shadow over the prospects of a political resolution.



Economic Impact on Israel and India due to Houthi Escalation

6



In March, notable indicators underscored a substantial economic impact on Israel and India resulting from the escalating tensions in the Red Sea region due to Houthi attacks. The Indian government, on March 22, voiced concerns over the repercussions of Red Sea disruptions, citing potential risks to inflation and economic growth in India due to the consequent surge in oil prices. This underscores the imperative of diversifying trade routes. Approximately 80% of India's merchandise trade with Europe, encompassing vital commodities such as crude oil, auto parts, chemicals, and textiles, traverses the Red Sea Route. However, missile and drone attacks by the Yemeni Houthi group have compelled many shipping companies to reroute ships from the Suez Canal to the Cape of Good Hope route around the southern tip of Africa. The Indian Finance Ministry, in its monthly economic review, warned that escalated shipping costs, insurance premiums, and extended transit times could substantially increase the cost of imported goods. Moreover, India's exports of agricultural commodities, textiles, chemicals, capital goods, and marine and petroleum products are likely to face disruptions, potentially affecting their price competitiveness.

Israel faced significant economic repercussions in March, particularly concerning the Port of Eilat, following disruptions in shipping lanes in the Red Sea. Officials disclosed on March 20 that approximately half of the workers at the Eilat port are at risk of losing their jobs due to a severe financial crisis. The port administration announced plans to lay off half its 120 employees, prompting dockworkers to organise protests.

The Port of Eilat primarily handles car imports and potash exports from the Dead Sea. While smaller in size compared to the Mediterranean ports of Haifa and Ashdod, which manage the majority of the country's trade, Eilat's strategic location adjacent to Jordan's sole coastal port in Aqaba provides Israel with a vital gateway to the East. Eilat Port CEO Gideon Golber emphasised that these layoffs represent a last resort following months of losses and a marked slowdown in activity.






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YEMEN & GULF CENTER FOR STUDIES

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Our mission is to contribute pioneering knowledge that upholds scientific rigour and rationality, particularly emphasising Yemen and its neighbouring regions. We aim to play a key role in shaping public policies, rationalising decision-making processes, and enhancing awareness of the issues we study among the elite and the general public.

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