

Implications of US Relisting of the Houthis as A Terrorist Group

Situation Assessment

Political Analysis Unit

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Introduction

On January 17, 2024, the US announced relisting the Houthis as a specially designated global terrorist group. The decision was justified by Houthi involvement in unprecedented attacks against American naval forces operating in the Red Sea and the Gulf of Aden and international vessels, endangering U.S. personnel, civilian mariners, and US partners, jeopardizing global trade, and threatening freedom of navigation. According to the official statement, the decision aimed to pressure the group to stop its attacks. The decision raised many questions about how realistic and serious it was, and raised concerns about its repercussions on the situation in Yemen and the region as a whole.

Goals and Implications of the Designation

A statement by the National Security Adviser, Jake Sullivan, revealed that Washington considered this decision an important tool to impede terrorist funding to the Houthis, further restrict their access to financial markets, and hold them accountable for their actions. Washington left the door open to back down from this decision, and said that if the Houthis ceased their attacks, it would reevaluate the designation immediately. But at the same time, the US threatened that it would not hesitate to take additional measures to protect US citizens and the free flow of international trade. Thus, the designation is linked to the ongoing confrontation with the Houthi group because of the attacks it has launched on ships in the Red Sea and the Gulf of Aden. It is part of the US response to the attacks and has a specific goal; namely, to pressure the Houthis to stop their attacks on commercial vessels. While the declared goals are clear, they do not tell the whole story. Obviously, the US decision was prompted by several interconnected factors. Yet, the declared goals are what matters to us.

The designation indicates that the US may have been convinced that the strikes against Houthi targets were not sufficient to compel the Houthis to stop their operations. On the other hand, it indicates that the US did not want to expand the scope of the strikes, which is in line with its aversion of military escalation that might transform confrontations with the Houthis into a wider regional conflict, especially as Houthi attacks are presented as a response to the war in Gaza.

It does not seem that the designation would achieve its declared goal; i.e., forcing the Houthis to reassess their position and stop their attacks on shipping,

or even negotiate a solution or settlement of the issue being disputed. The days following the US announcement of the designation witnessed not only a discursive escalation, but also—and this more important—a clear operational escalation. There is no indication that the group has changed its position or that the relisting can force it to do so. All actions of the group so far indicate its stubborn position and that it continues to attack ships; its attacks have even intensified. Therefore, the forthcoming days and weeks will very likely witness escalation by the United States and its allies.

Assessing possible outcomes

Focus has been placed on the outcomes and repercussions of this designation on the Houthi group, but obviously things go beyond the group. The designation may affect other Yemeni parties and the Yemeni political scene in general. It may affect the peace process and humanitarian conditions in the country. It may even have regional effects. Thus, while the Americans have clearly intended to use this designation as a tool to pressure the Houthi group, putting the Houthis back on terror lists may have some uncalculated risks and unintended and undesired consequences as well, including outcomes that are antithetical to the interests of the US and its allies.

1. Effects on stakeholders

a. Direct effects on the Houthi group

This designation supposedly aims to restrict Houthi access to international finance markets, which makes it more difficult for the Houthis to secure the resources necessary for their military activities, including materials they need for manufacturing of weapons. However, they are unlikely to be affected by these restrictions to the degree that would hinder or paralyze their capabilities, especially in view of their previous experiences in which they were able to circumvent sanctions in various ways, including through informal networks and regional allies. However, the survival of such a long-term designation will continue to be a burden on the Houthis and cause them troubles, regardless of the alternatives and tactics they may have.

The designation will likely have negative political repercussions on the Houthi group. It will complicate its external relations with the international community and increase its international isolation.

Being placed on the terrorist group lists may affect its internal dynamics, contribute to internal instability and exacerbate internal divisions. The militant wing in the group, for example, may view the designation as a proof of their approach and demand more escalation and extremist positions. This is antithetical to the moderates within the group, who favor dialogue and believe in the need to open up to, and deal with, the international community and keep good relations with it. Moreover, various factions with varying degrees of ideological commitment may compete for control, which leads to internal instability. But such effects can materialize only in the long run. In other words, the designation and the restrictions it imposes shall remain in place politically and economically for a long time, which is dubious. It may even be excluded out of hand, since stopping the war on Gaza and lifting the blockade mean ending Houthi attacks on shipping. Ceasing to launch any attacks, the Houthis will have engaged positively with the call and offer made by the United States; that is, stopping the attacks in return for immediate reconsideration of the designation.

b. Effecting the ongoing conflict with the US and Britain

Clearly, the Houthis and their allies prefer to escalate and carry out more attacks on ships, including warships owned by the US and its allies. This is, in fact, what they have shown so far. The Houthi tendency to escalate puts the United States and its allies in a critical position in which they have no choice but to respond to such escalation in kind. In other words, they are dragged into a broader military engagement, and are thus brought face to face with the risks and apprehensions that originally prompted them to make the designation. The US and its allies will have to adopt a cautious approach to ensure mitigating those risks to a minimum. This, in turn, requires broadening regional and international participation in the coalition to fight the Houthis and protect navigation. The US will also have to engage in close consultations with regional allies, the United Nations and other stakeholders to coordinate responses and build a consensus against the Houthis, and will have to exert great pressure towards this goal. A collective approach, in the last analysis, is the best and least expensive way of confronting the group and minimizing risks, and to ensure that military operations against it achieve maximum results. The US will also have to continue dialogue and diplomacy, and to keep communication channels with the Houthis open.

Because of the timing of the relisting and the series of events that led to it, its effects may end with the end of the war in Gaza, as already pointed out. Therefore, it is not unlikely that the US will opt for this option and put pressure on Israel to stop the war. The fact that Washington has recently started to show impatience towards Israel for various reasons may be a prelude to ending the war.

2. Impact on the situation in Yemen: A deep dive into outcomes

a. Local parties to the conflict

This designation is in the interest of the parties opposing the Houthi group, especially the internationally recognized Yemeni government. It enhances its legitimacy and gives it strong moral and political support. It may also be reflected in increasing material support for the government. Understandably, these parties will take advantage of the "Houthi terrorist" narrative to further legitimize their positions and may view the designation as an implicit support for their actions. However, the implications of the American designation for these parties remain uncertain, especially in the long run.

b. Economic and humanitarian effects

According to the US National Security Advisor, the relisting will enter into force in 30 days to ensure that sufficient humanitarian aid is provided to Yemen. Unprecedented licenses are provided to help prevent negative effects on the Yemeni people. The US also allows the entry of commercial shipments to Yemeni ports, through which food, medicine and fuel are imported and are not covered by the sanctions.

However, this designation still raises concerns about its potential impact on humanitarian operations in Yemen, and that it may exacerbate the existing weaknesses, hinder the flow of aid to the country, and lead to critical gaps in food, medicine and other basic supplies. These concerns are based on the fact that the declared humanitarian exemptions may not be sufficient and that the designation may cause organizations and those in charge of humanitarian programs to hesitate. It can hinder the entry of humanitarian aid to the country as relief workers may be reluctant to work in Houthi-controlled areas because of fears of potential legal consequences.

Moreover, it can restrict the flow of financial resources into Yemen and may also limit the ability of the Houthis to reach international financial markets and hinder their ability to import basic commodities. Furthermore, this designation carries opportunities to escalate the conflict and increase military operations, which translates into more civilian victims, more displacement, etc. Inasmuch as it creates the need for more aid, such escalation will hinder the distribution and delivery of aid.

c. Peace efforts

While this designation aims to deter the Houthi group, compel it to stop its attacks and disrupt its financing, it is highly likely that it will disrupt the peace process because it risks strengthening extremist voices within both the Yemeni government and the Houthi leadership. It can lead to the alienation of the Houthi leadership and further radicalizing it, which means making it less prone towards negotiations and dialogue. Those leaders may view the designation as a hostile act rather than a diplomatic tool of pressure. Given the various outcomes and the isolation it may impose on them, they may feel that they have nothing to lose. Therefore, they may resort to more aggressive methods and launch reprisal attacks. On the other hand, the designation and the "Houthi terrorist" narrative may push the internationally recognized government to be more demanding. It may even go as far as viewing this designation as an implicit support for its actions. Such perceptions can create an atmosphere conducive to inflaming the conflict. As a result, the term "terrorist" risks more erosion of trust between the Houthis and other parties, a reality that may affect the quality and scope of communication, and ultimately deepen existing divisions and solidify the political stalemate.

Critics of the US move add that it may affect and complicate diplomatic endeavors. Because of the relisting, diplomatic efforts, international mediators and regional bodies may have to deal with a more challenging situation. Communication channels that facilitated limited progress towards peace will also be affected. This can undermine current confidence-building efforts and make it difficult to create reliable channels for future negotiations. Above all, this designation will help create a fertile ground for extremist ideologies, which will create their own obstacles to peace.

3. Wider geopolitical implications in the Middle East

The impact of the US designation of the Houthis as a terrorist group is not limited to Yemen, but has regional dimensions. It is also linked to the broader regional dynamics and serves the American strategy of countering Iranian influence in the region and deterring the destabilizing activities by the Iranian-backed groups. It can create some tension and increase diplomatic friction in the region. As much as it pushes the Houthis to strengthen their ties with their Iranian backers, this designation will fuel anti-American feelings in the region and contribute to creating some sort of alignment and cooperation between the Houthis and their allies on the one hand and extremist groups on the other. Consequently, that would help create a more fertile ground for terrorist groups to recruit more fighters. Countries in the region will have to deal with these new dynamics cautiously to prevent further destabilization. Finally, it should be emphasized that the longer and broader the confrontation between the Houthis and the United States and its allies, the more durable the designation and the greater its radical effects. Time alone will tell whether the US maneuver of resorting to this measure would pay off or would bring adverse outcomes. What is certain so far is that this US move has undoubtedly made the Yemeni and regional scenes more complicated and troubled.



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