

ANALYSIS

Caught between the Straits

Saudi Arabia's Double Dilemma in Yemen

Sebastian Sons

The Occasion

The Houthis' advance since mid-September has sparked a new escalation in the Yemen conflict. However, the escalation had been building for some time and therefore **came as no surprise**. By **seizing the West Coast**, the Houthis now control the geostrategically vital access to the Red Sea and one of the world's most important trade routes. They have also stepped up coordinated attacks on **Riyadh** and other **Saudi targets** near the Yemeni border. Saudi Arabia has further **accused** the Houthis of carrying out an attack on Mecca. Fighting over the coastal area around Bab al-Mandab is ongoing, while the Houthis have meanwhile opened another front around Ta'iz in an effort to seize the strategically important road linking Ta'iz and Aden. As a result, heavy fighting continues between the Saudi-backed Yemeni government and the Houthis.

Relevance

Since **August**, the Houthis have been preventing Saudi vessels from passing through Bab al-Mandab. In addition, the East-West Pipeline, a key alternative route for transporting Saudi oil from the Persian Gulf to the Red Sea, was

targeted by attacks originating from **Iraq**, forcing a **shut-down of the pipeline**. The Houthi advance and their control of geostrategic chokepoints around Bab al-Mandab thus pose a double challenge for Saudi Arabia: First, for the first time since the **onset of the fragile ceasefire in 2022**, the Kingdom is once again facing an increase in attacks emanating from Houthi-controlled territory. Second, its economic situation is deteriorating. With Bab al-Mandab blocked, Saudi Arabia now risks losing not only the Strait of Hormuz but also the most important alternative maritime route for its oil exports. Overall, Saudi capacity has fallen by **2.3 million barrels per day** to below 6 million barrels, the **lowest level** since 1990.

The blockade of both straits thus compounds the **structural challenges facing the Saudi economy** as it pursues its "Vision 2030" modernisation agenda. In the wake of the Houthi attacks, real GDP is projected to contract by **6.5 percent** in 2026. Assuming that oil production gradually increases from around 5 million barrels per day in September to 8 million barrels per day by December, real oil GDP is projected to contract by **22 percent** in 2026. Meanwhile, the cost of rebuilding critical infrastructure is estimated at **USD 10–20 billion**. At the same time, foreign investment fell by 60–70 percent in the first quarter. This also puts pressure on Saudi Arabia's strategy of establishing itself as an international hub for investment and major events. The **World Rally Championship** sched-

uled for November has already been cancelled, while the ↗ **Formula 1 race** in March was also called off. Looking ahead, Jeddah is due to host the AFC Asian Cup in spring 2027. A cancellation would represent a significant setback for Saudi Arabia's sports policy.

The Bigger Picture

In this crisis, Saudi Arabia feels abandoned by its international and regional partners. So far, neither Egypt, Turkey nor Pakistan has intervened in the conflict on Riyadh's behalf. Although Riyadh recently concluded a ↗ **defence alliance with Islamabad and Ankara**, both partners so far appear reluctant to intervene militarily in Yemen despite ↗ **intensified talks**. Egypt, too, has expressed ↗ **solidarity with Saudi Arabia** but has so far offered no concrete military assistance. The same applies to US President Donald Trump, despite a ↗ **direct request** from Mohammed bin Salman. This is adding to Riyadh's frustration with Washington and creating a further dilemma: While the Kingdom needs to project strength to safeguard its interests, it is also aware that acting alone against the Houthis is unlikely to yield military success. Riyadh thus recognises that the transactional approach to conflict management pursued in the past has failed to produce lasting stability, just as rapprochement with regional rivals such as Iran and the Houthis has failed to do so.

Next Steps

For Riyadh, a key question will be whether the Kingdom can further regionalise the Yemen issue and share greater responsibility with local and international partners. The Saudi government will therefore seek to regain room for manoeuvre in several areas:

→ **Saudi Arabia will push to build a multilateral coalition against the Houthis and ↗ diversify its partnerships.**

In particular, Riyadh will look to Turkey and Pakistan for tangible support within the framework of the trilateral defence alliance, whether through troop deployments or arms deliveries to the government. The ↗ **Red Sea defence alliance** initiated by Riyadh could also serve as a platform for closer coordination against the Houthis. As the 'Custodian of the Two Holy Mosques' in Mecca and Medina and a leading power in the Islamic world, Saudi Arabia could seek to invoke religious solidarity in the fight against the "enemies of Islam" in an effort to persuade its reluctant partners to reconsider their positions.

→ **Saudi Arabia will continue its efforts to persuade the United States to provide greater support in countering the Houthis.** ↗ **Washington** could expand intelligence sharing with Saudi Arabia, strengthen its air and missile defence capabilities, enhance maritime domain awareness, support efforts to interdict arms shipments, and impose targeted sanctions. After all, US troops are also

stationed in the region, including at ↗ **Camp Lemonnier** in Djibouti. Sustained Houthi control of Bab al-Mandab could therefore also pose a threat to the US military presence in the region. Yet Trump has so far ↗ **refrained from ordering air strikes** against the Houthis as he did in 2025, despite repeated Saudi appeals and a ↗ **meeting between Trump and the Gulf states** on the sidelines of the UN General Assembly in New York. Instead, the United States appears for now to be pursuing dialogue, as indicated by a ↗ **meeting between US officials and Houthi representatives** in Oman.

→ **Saudi Arabia will continue its efforts to overcome the ↗ internal fragmentation of the anti-Houthi forces.**

Following the withdrawal of the United Arab Emirates (UAE) from Yemen, Saudi Arabia must shoulder the task of equipping, training and coordinating its Yemeni partners on its own, a ↗ **formidable undertaking**. Persistent communication shortcomings and difficulties in establishing effective command structures appear to further hamper the effectiveness of the forces fighting the Houthis. The Houthis' rapid advances have also further eroded public ↗ **confidence** in the Yemeni government. Moreover, the planned ↗ **South-South Dialogue** has yet to take place, further undermining the government's legitimacy. Progress in the battles in Marib and Ta'iz will therefore be essential for both the government and Saudi Arabia. Otherwise, the Houthis could capture two strategically crucial areas and thereby consolidate their power in Yemen over the long term. From Riyadh's perspective and that of its Yemeni allies, this would constitute yet another worst-case scenario. Preventing this, however, will require ↗ **secure supply lines**, reliable intelligence, close coordination between the various command structures, and coordination with local tribes. At the same time, Saudi Arabia will need to further ↗ **operationalise** the Red Sea alliance and the Mecca alliance in order to mobilise additional support for its efforts against the Houthis.

→ **Saudi Arabia will need to continue pursuing a combination of deterrence and engagement.** Although the Houthis have already crossed several red lines and are pushing Riyadh towards forceful retaliation, an escalation of the fighting is not in Saudi Arabia's interest. Saudi air strikes now appear to be more precise than they were between 2015 and 2022, with the aim of minimising civilian casualties while avoiding further provocation of the Houthis. At the same time, Saudi Arabia could seek to resume direct or indirect talks with the Houthis, mediated by Oman, in an effort to reach a ceasefire. This, however, may require Riyadh to offer concessions to the Houthis, who are likely to leverage their strengthened position to their advantage. These could include payments to the Houthis, lifting restrictions on Sana'a airport, and other concessions.

→ **Saudi Arabia may find itself compelled to seek a rapprochement with the UAE.** Following its withdrawal from southern Yemen amid the ↗ **Emirati-Saudi rivalry**, Abu Dhabi could seek to turn Saudi Arabia's predicament to its own advantage. The UAE sees itself as holding the stronger hand vis-à-vis Riyadh and is adopting a wait-and-see approach. The greater the pressure on Saudi Arabia, the more urgently the Kingdom will need to seek support. Given their experience in Yemen, the UAE would be an obvious partner, especially as they continue to enjoy a high degree of trust among certain forces within the anti-Houthi coalition. For Saudi Arabia, however, such a move would amount to a painful loss of face.

→ **Economically, Saudi Arabia will seek to reduce its dependence on the Strait of Hormuz and the Red Sea.** Saudi oil is already being shipped via the ↗ **Omani port of Sohar**. Egypt also serves as an alternative transit route for Saudi oil exports to Europe: Oil is transported via the port of Ain Sokhna and the ↗ **Egyptian SUMED pipeline** to Sidi Kerir on the Mediterranean. In the medium term, Saudi Arabia will intensify its cooperation with Syria, Iraq, Turkey and Jordan to invest in alternative routes and new ↗ **corridor projects**. The reactivation of the mothballed ↗ **Trans-Arabian Pipeline (Tapline)** to Lebanon and the construction of a new ↗ **pipeline to Oman** are also under discussion. However, both projects face significant political and logistical obstacles and therefore offer no short-term solution.

Recommendations

Germany and Europe have so far played only a limited role in this complex conflict. Nevertheless, there is scope for closer cooperation.

Short-term Measures

→ **Support for drone production:** Militarily, Saudi Arabia is seeking to reorient its domestic capabilities. Rather than relying on expensive weapons systems, it intends to place greater emphasis on the cost-effective production of drones and effective counter-drone capabilities. The Yemeni government already possesses effective drones that can be used to push back the Houthis. In this area, partnerships with Europe, including Germany, could become increasingly important for strengthening technological cooperation. Ukraine's experience, in particular, combined with the close ties between Berlin and Kyiv, could pave the way for closer cooperation on counter-drone capabilities. A basis for such cooperation already exists: Saudi Arabia and Ukraine recently concluded an ↗ **agreement on cooperation in drone production**.

→ **Political support for the government:** Alongside military assistance, European and German partners should work with Saudi Arabia to strengthen the Yemeni government's ↗ **governance capacity** and enhance its legitimacy. They should also support efforts to implement the South-South Dialogue in order to strengthen public support for the government in southern Yemen as well as the integration and combat readiness of southern Yemeni security forces.

→ **Coordination in the Red Sea:** In addition, the EU could expand its engagement through the EU's ASPIDES mission in the Red Sea and strengthen ↗ **coordination** with the Saudi-led maritime alliance. Although there currently appears to be little appetite in Europe for such a step, an announcement at the summit between EU political representatives and the Gulf Cooperation Council states in Riyadh on 24 October could send an important signal of support while underscoring Europe's reliability as a partner. So far, the EU has shied away from taking this step, partly out of concern that the Houthis could target not only Saudi but also European vessels. Yet ↗ **international shipping** through Bab al-Mandab has already declined significantly, and Saudi Arabia has been forced to ↗ **suspend oil shipments to Europe**.

Long-term Measures

→ **Discussion on a regional security architecture:** At the summit, the Gulf states could reiterate their calls for Iran to be integrated into the regional security architecture despite existing differences, as the UAE and Qatar have done recently. Saudi Arabia, too, has so far maintained diplomatic relations with Tehran despite attacks by Iran and the Houthis. The EU should be prepared for such a position, respect the perspectives of the Gulf states, and consider a solution-oriented approach aimed at de-escalating the conflict with Iran.

→ **Diplomatic approach:** European partners should work within the international community to condemn the Houthis' actions and press Washington to step up its engagement. At the same time, however, they should continue to work diplomatically with regional partners such as Oman and Pakistan to persuade the Houthis and Iran to agree to a ceasefire. Finally, through careful diplomacy, Europe could seek to de-escalate existing tensions between Riyadh and Abu Dhabi, thereby helping to stabilise the situation in Yemen.

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