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By the International Crisis Group

Delivering Yemen from Dual Peril

Houthi attacks on Red Sea shipping have had global repercussions, while Yemen's civil war remains unresolved. In this excerpt from the Watch List 2025 – Autumn Update, Crisis Group looks at how the EU and member states can double down on diplomacy to end this dual peril.

Of all the theatres in the post-7 October 2023 confrontation between Israel and allies of Hamas, perhaps the least publicised is Yemen. In the aftermath of the Hamas attacks and Israel's retaliatory campaign in Gaza, Yemen's Houthi rebels (who control much of the country's north) began firing on shipping in the Red Sea and launching missiles at Israel itself. Their stated aims are to disrupt maritime commerce as a way of forcing an end to the Gaza war and to assist the "axis of resistance", Iran's now-diminished network of regional partners. Israel has hit back with strikes on the Houthis' military installations and targeted attacks on their political leaders. The reciprocal escalation has disrupted maritime commerce and involved, among others, the United States, which mounted its own military effort against the Houthis in April and May before reaching its own peace with the group. But while the Red Sea action has grabbed the headlines, the Israeli-Houthi clashes have been equally consequential for Yemen's domestic dynamics, delaying efforts to end the civil war between the Houthis and the country's internationally recognised government in Aden, and the humanitarian crisis it has created. The country faces the dual peril of the Red Sea crisis and an unresolved civil war that has drawn in international actors.

The European Union has much at stake in this theatre. Interruptions of oil and other shipments passing through the strategic Red Sea waterway amid the Houthi attacks have hit some member states hard. Most of the targeted vessels have been linked to EU states, with Greece suffering the highest number of incidents over the past two years. The crisis has also increased the dangers facing European naval deployments in the area, especially the EU's Aspides mission, which was sent into the Red Sea in February 2024 to protect cargo ships from the Houthis. Red Sea hostilities have also undermined the EU's diplomatic and humanitarian engagement in Yemen. Talks it supported to end the war are now on hold, and its aid and development efforts in Yemen have been constrained by the escalation, U.S. sanctions on the Houthis and the group's crackdown on international NGOs.

The EU and its member states should consider the following steps with respect to their Yemen policy:

- While recognising that Israel's campaign in Gaza was never a legitimate basis to attack ships in the Red Sea, press the Houthis through all available channels to end their violence now that the pretext for their attacks has been addressed by the U.S.-brokered

ceasefire, while at the same time working to help ensure the Gaza truce endures;
- Support efforts to build a viable Red Sea security architecture, whether by reviving initiatives such as the Red Sea Council, or scoping out alternatives with similar objectives. Growing EU ties with Egypt and Saudi Arabia could be used to encourage their support for a collective approach to regional security;
- Encourage the resumption of peace talks, starting with the dormant Saudi-Houthi roadmap that stalled with the onset of Red Sea hostilities, and use this as a foundation to move toward broader political negotiations, including a wide range of Yemeni actors, under UN auspices;
- Support Track II initiatives and other projects that seek to rebuild relationships between communities under Houthi control and those under the control of the internationally recognised government;
- Step up humanitarian and development support, recognising that there will be considerably more room for manoeuvre in government-controlled than in Houthi-controlled areas.

Red Sea Roiling

The Red Sea crisis occurs against the backdrop of a Yemeni civil war that saw Houthi rebels rout the internationally recognised government from the capital, Sanaa, in 2015. Efforts by a Saudi-led coalition backed until 2021 by the U.S. failed to dislodge the insurgents. The result is a divided state in which the Houthis rule the populous north from Sanaa with support from Iran, and the Presidential Leadership Council (PLC) – the current manifestation of the internationally recognised government – controls the south and east from the port city of Aden. In 2023, following the truce between the Houthis and the Saudi-led coalition, the group began consolidating its military presence in the Red Sea, including by deploying fighters to several islands, enhancing its naval capabilities, and installing radars to monitor maritime movements.

The current crisis began in October 2023, soon after Israel launched its military campaign in Gaza, when the Houthis started shooting at commercial maritime traffic in stated solidarity with Hamas and the Palestinians. The Houthis first trained their sights on Israeli-linked vessels before shifting them to other ships. Their salvoes were most intense during the first year of the Gaza war; all told, the group has attempted over a thousand attacks and damaged more than a hundred ships.

The Houthi attacks soon prompted several countries to intervene to protect Red Sea shipping. Under the Biden administration, the U.S. launched Operation Prosperity Guardian alongside the UK – a naval deployment that aimed to secure freedom of navigation in the Red Sea and Gulf of Aden. Then, in March 2024, with the Houthis still harrying maritime traffic, the EU joined the action. It launched Aspides, made up of warships from 21 nations, to protect merchant vessels transiting the Red Sea and Bab al-Mandab, the strait connecting the sea to the Gulf of Aden. From the outset, the EU stressed that Aspides was a purely defensive mission. While it escorted more than 440 ships over its first year and shot down a small number of Houthi drones, the force is too small to secure the waterways completely (it comprises three naval units, an Italian destroyer and two frigates, one German and one Greek). Nonetheless, Aspides has played an important role in rapid response, notably rescuing the Greek oil tanker Sounion after a Houthi strike nearly sank it.

Throughout the Red Sea crisis, the Houthis also attempted to hit Israel itself, first with ballistic missiles and later with more sophisticated weapons. Among the most notable attacks was the July 2024 drone strike on central Tel Aviv, in which the Yemeni group caused its first Israeli fatality. Though Israel has knocked down most of the Houthis' projectiles, the group's growing capabilities have tested its air defences.

The Houthis suspended their Red Sea campaign during the 42-day ceasefire between Hamas and Israel in the period from mid-January to mid-March 2025, but shipping companies remained wary, fearing that the lull would only be temporary. Indeed, after the truce ended, hostilities resumed with a new ferocity – this time with the U.S. re-entering the fray. The Trump administration, which had just taken office, vowed to curb the Houthi attacks, and from 15 March to 6 May, U.S. forces in the region mounted nearly 950 airstrikes on Houthi positions. But as the Houthis retaliated by firing on U.S. naval vessels, Washington decided that the costs of an open-ended campaign outweighed the benefits. Under a ceasefire brokered by Oman, the Houthis pledged not to attack U.S. commercial or military ships, while Washington halted its strikes. That ceasefire remains in place.

Yet the U.S. peace with Sanaa did not include Israel, and the Houthis and Israel kept trading blows. Moreover, the Yemeni group expanded its target list to include such sites as Ben Gurion International Airport and Ramon air base, an Israeli military facility in the Negev desert. A missile landed near Ben Gurion in May, injuring eight people and triggering the first major Israeli response.

Israel's counterstrikes aimed to degrade the Houthis' fighting strength, cut off their economic lifelines and chip away at their governing capacity. In May, Israel bombed several Houthi military installations and the Sanaa international airport, which it said the group was using for military purposes. It also attacked Hodeida, a Houthi-held port on the Red Sea, destroying the city's main energy station, an oil terminal, and several docks. In July, the Houthis sank two Greek-operated commercial vessels in their first such attacks since January. In August, Israel intercepted what it claimed was a Houthi missile carrying cluster munitions; the Houthis described it only as "advanced", without identifying its payload. In reprisal, Israel staged its most significant strike to date: it bombed a Houthi cabinet meeting in Sanaa on 28 August, killing the group's prime minister and twelve ministers and wounding dozens more. Subsequently, Israel attacked institutions under Houthi control, including a media centre and the de facto defence and finance ministries, leaving at least 40 people dead and more than 100 injured. The Houthis, for their part, declared that they would continue targeting Red Sea traffic – not only Israeli vessels but also ships belonging to 65 firms accused of dealing with Israel – as part of "escalatory steps" in support of Gaza.

The question now is how the Trump-brokered Gaza ceasefire announced in early October will change the Houthis' calculations. Prior to that, they expressed determination to continue their campaign. They appeared to be worried by the battering other axis members (Hamas, Hizbollah, the deposed Assad regime in Syria and Iran itself) have taken in the last two years, seeing these setbacks as jeopardising their own regional standing. Their geographic position in northern Yemen, looking out over critical shipping lanes, offers a strategic advantage they have not hesitated to exploit. But they also have an eye on domestic politics. Hitching their military action to the Palestinian cause was a way to rally popular sympathy while deflecting attention from governance failures, economic pressures and the shaky informal truce in Yemen's internal war. If the Gaza truce holds while U.S. economic sanctions continue, they will face a dilemma in deciding whether to continue their present course or seek a climb-down with Washington.

A Stalled Roadmap

The showdown in the Red Sea has cast a deep shadow over talks to end the conflict between the Iran-backed Houthis on one side, and the internationally recognised government and the Saudi-led coalition supporting it on the other. Before it began, Omani-mediated negotiations between the group and the Saudi-led coalition had been advancing, with the parties having reached a set of understandings about a three-phase roadmap aimed at formalising the de facto truce and implementing the humanitarian phase of the deal, which includes salary payments and revenue sharing. These talks stalled out once the Houthis commenced attacks on international shipping, however: Riyadh and Washington (and other partners) believed that to continue talks under the circumstances would legitimise and reward the Houthis. Absent progress in these talks, peace on the ground is maintained only by a de facto truce, which has governed the parties' conduct since a formal ceasefire expired in 2023. Against this backdrop, the UN special envoy has also found it hard to find a workable diplomatic lane. The Houthis have refused to discuss the Red Sea crisis or their attacks on Israel – which they frame as linked to the war in Gaza – and even in humanitarian matters such as prisoner exchanges or road openings, the envoy's office has struggled to exert influence.

Meanwhile, the Houthis' Yemeni adversaries have pursued their own military build-ups. On several fronts, especially in the central Marib province and along the western coast, fighters loyal to the PLC have fortified their positions and received reinforcements, with the Houthis also dispatching fresh troops and supplies. The Houthis attach particular importance to the western coast, fearing that their opponents might attack there, particularly from areas under the control of the National Resistance Forces, a PLC-aligned faction led by Tareq Saleh. Consequently, they have strengthened their defences in that sector, and there have been some sporadic clashes between the two sides.

Economic and Humanitarian Crisis

For all the political and military challenges it faces, Yemen's greatest challenge is the economic warfare between the Houthis and their foes. The financial system remains divided between two central banks – one in Sanaa under Houthi control and the other in Aden under the internationally recognised government. The split deepened in July 2025 after the Houthis printed new currency without coordinating with Aden, undermining understandings reached in 2024 to ease tensions. Houthi revenues are falling, due partly to the disruption of trade through Hodeida.

Against this backdrop, Yemen faces a multi-faceted and mounting humanitarian crisis. Today, more than 17 million people in Yemen are facing hunger, including at least 41,000 on the brink of famine. Around 2.4 million children under the age of five are suffering from acute malnutrition. Aid volumes have declined due to funding shortages, with the U.S. reducing contributions and many international organisations feeling the pinch. Relief programs that once supported large populations, particularly in Houthi-controlled areas, have been downsized or suspended. At the same time, the group has tightened restrictions on aid agencies, arresting dozens of staff on charges of espionage, prompting organisations to scale back activities and disrupting aid flows still more. The Trump administration's re-designation of the Houthis as a foreign terrorist organisation in March along with other economic sanctions on the group has created

further obstacles, forcing agencies to reroute or repurpose assistance.

The EU remains a key donor to Yemen. Since 2015, it has disbursed over €1 billion in humanitarian aid and €500 million in development assistance. The European Commission is the second-largest contributor to the Yemen Humanitarian Response Plan (after the UK), with EU member states also giving individually. In 2025, the EU allocated €80 million in humanitarian aid for governorates with active war fronts, sites of mass displacement and hard-to-reach areas. It had already given €126.6 million in 2024 and €145.12 million in 2023. Yet EU assistance has been on the decline amid donor fatigue and competing priorities, such as the war in Ukraine.

What the EU and Its Member States Can Do

Houthi attacks on Red Sea shipping have reverberated far beyond Yemen's vicinity, including in Europe, which relies heavily on the corridor for its supply of oil and other commerce. While coercive pressure and defensive deployments will no doubt continue to form part of the picture as outside actors seek the restoration of free navigation in the strategic corridor, it is also a good time for Brussels and its member states to double down on diplomacy.

First, while it was never a legitimate pretext for Houthi attacks, the rebels justified their Red Sea campaign as showing solidarity with Palestinians in Gaza amid Israel's military campaign. The recent ceasefire removes that pretext. Against this backdrop, the EU and member states should press the Houthis through all available channels to end their Red Sea attacks, while in parallel working with Qatar, Egypt and Saudi Arabia – and through its own pressure on Israel – to help ensure that the recent breakthrough secured by the U.S. brings a lasting end to hostilities and removes that pretext for good.

Secondly, looking further out at the horizon, the EU should invest in a long-term Red Sea security architecture that can be a driver of regional stability. Reviving initiatives such as the Red Sea Council – or supporting new frameworks with similar objectives – would enable littoral states to take ownership of regional stability. Here, Oman and Qatar can play a pivotal role, relying on their strong channels to the Houthis and Iran as well as the Arab powers. The EU should use its deepening diplomatic ties with Egypt and Saudi Arabia to push them toward progress on their support for a multilateral solution by underlining that no single country is responsible for security in these waters.

Thirdly, lasting stability also requires resolution of Yemen's civil war in all its regional dimensions – something that the EU recognised in its May 2025 Council Conclusions. The starting point for a new diplomatic push might be the Houthi-Saudi roadmap drawn up before the Red Sea crisis, which contemplates a nationwide ceasefire, payment of public salaries and the resumption of oil exports, and (critically) lays the groundwork for UN-led Yemeni-Yemeni talks that would bring in factions excluded from the bilateral Saudi-Houthi dialogue. As it encourages diplomacy to proceed along these lines, the EU and member states should also quietly engage Washington on the question of how to use the potential lifting of sanctions as an incentive for progress, while also keeping them from undermining the prospects for a political settlement.

Fourthly, Brussels could do more to encourage the rebuilding of relationships between communities aligned with the Houthis and those aligned with the government. For example, as the EU assesses its longstanding support for Track II mediation efforts in Yemen, it should consider investing more in strengthening exchanges between local mediators and reconciliation committees. It can also work to strengthen intercommunal relations by

supporting shared services. One example is the Marib electricity project, which is located in government-held areas but supplies power to Sanaa. Engaging community leaders from both sides to reactivate this service would benefit all parties and could help build confidence across battle lines.

Finally, the EU should continue – and ideally step up – its humanitarian and development efforts across Yemen. This support must extend beyond government-controlled areas to reach populations under Houthi control to the extent permitted by humanitarian licenses under the various sanctions regimes. Given the starkly different conditions in the two parts of the country, a dual approach is needed. In Houthi-controlled areas, international NGOs – the EU's main humanitarian partners on the ground – face crackdowns by the group and high delivery costs (owing to the costs of insurance and overland travel from government-controlled areas). There is no easy way to go about this but the bloc and its member states might explore alternative channels, including partnerships with local organisations and the private sector, while also using government-controlled areas as a logistical hub for reaching northern provinces.

In government-controlled areas, conditions allow for more ambitious engagement. The EU's established relations with the Yemeni government should be translated into concrete support: strengthening state institutions, enhancing the capacity of local authorities to deliver public services, and helping communities build resilience. This could include scaling up support for key institutions such as the coast guard, the Aden-based Central Bank, and local offices providing public services, to strengthen their operational capacity. The EU should also double down on assisting local authorities in supporting internally displaced persons and other vulnerable Yemenis through both humanitarian and development initiatives. Such efforts would not only improve governance in these areas but also create an inspiring model for people under Houthi control to demand better services and accountability.

The Gaza ceasefire creates an opening to ease the Red Sea crisis, but building on this opportunity will require all-hands-on diplomacy, both to ensure that the truce endures and to seek a way out of Yemen's civil war. ■