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Executive Summary Report

This Executive Summary focuses on the Houthi threat and its impact on key “global commons” in the Bab-el-Mandeb Strait and the Red Sea, where Houthi attacks led to a large reduction in maritime transit between the Mediterranean and the Middle East through the Suez Canal.

As we mentioned in last month’s report on [U.S. military actions in the Middle East](#), one of the outcomes of Israel’s offensive against Hamas in Gaza following the terrorist organization’s atrocities on Oct. 7, 2023, has been the mobilization of Iranian state-sponsored proxies and/or partners attacking Israel, the U.S., and other nations supporting Israel’s operations in Gaza.

There are many Iranian state-sponsored terrorist organizations, but the one currently the most problematic to international trade and the global economy are the Houthis in Yemen. In the case of the Houthis, this terror group is best categorized as a “partner” that receives support from Iran but does not consistently follow Iranian orders, vice a “proxy” that receives support and mostly follows direction from its sponsor

Key Points:

- Depending on the year, 10-15 percent of all maritime trade normally goes through the Suez Canal; this includes 12 percent of all seaborne oil and 8 percent of Liquefied Natural Gas. Top trading nations using this route are the EU nations, China, India, Saudi Arabia, and the United Arab Emirates (UAE).
- The Houthis state that they are attacking shipping headed for Israel in support of Hamas, whom they detest. Indeed, initially, the Houthi attacks used long-range cruise missiles targeting Israel, though most were shot down by either the U.S. Navy operating in the Red Sea or by Israeli air defenses.
- By November, the Houthis transitioned to targeting commercial shipping in the Bab el-Mandeb Strait and the Red Sea, mostly with drones, and so often, that much of the commercial maritime commerce that transits the Red Sea are now diverting to avoid Houthi attacks. Numerically, attacks against merchant and military vessels have surpassed 60 since November 2023.
- While it is clear the Houthis despise Israel and the U.S., and believe that neither belong in the region, there may be more practical reasons for the attacks. Namely, the Houthis might seek to distract the Yemeni domestic audience from the terrible economy, poor governance, and catastrophic humanitarian crisis. Additionally, the Houthis seek regional leadership for their long scorned and discriminated against population as Zaydi Shia (a small Shia minority).
- The U.S. has deterred Iran from initiating a major land war against Israel, but the U.S. strategy has not deterred Iran from actions below the level of armed conflict.
- U.S. retaliatory strikes on Iranian partners and proxies, to include the Houthis in Yemen, may reduce attacks on U.S. forces in the region but will not stop them – thus the kinetic back and forth will continue. This is a complex multi-variable problem, with the lack of a U.S. comprehensive strategy amongst the many challenges.
- To influence the Houthi leadership to stop the attacks through incremental retaliatory military strikes is not the best solution. It may require back-channel diplomacy in concert with kinetic attacks, including against Iran.



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Overview:

“Global Commons” are the domains that lie outside of the exclusive territory of a state but may be accessed and used by others – and they are essential. The oceans are one of many [global commons](#). The oceans are not only essential for sustaining human existence, but economically speaking, 80 percent of global trade volume travels by ship, equating to approximately \$25 trillion USD per year.

Oceanic Access Points in the Middle East:

The map below highlights the sea and access points throughout the Middle East.



Source: U.S. Energy Information Administration

The Strait of Hormuz, between Iran and UAE, has a storied history of crisis and conflict worth noting, but this critical access point is not currently at risk. More specifically, the current crisis with the Houthi attacks involves the area in and around the Bab el-Mandeb Strait that connects the Red Sea to the Gulf of Aden. This area is obviously the only way to access the Suez Canal, which connects the Red Sea to the Mediterranean Sea.

When transporting goods from the Middle East to Europe, for example, the route through the Suez Canal saves commercial shipping approximately 3,500 nautical miles over the much longer path via the Cape of Good Hope and around the African continent, reducing a week of transit time along with the expenses associated with the longer travel. The additional distance going around the Horn of Africa compared to the shortcut through the Suez Canal can grow to an additional 6,000 miles to destinations in North America.

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Houthis:

The Houthis, led by Abdul-Malik al-Houthi, are an Iran-backed group of Shiite militants who have been fighting Yemen's government for about two decades and now control the country's northwest and its capital, Sana. They are also inspired by other similar groups to target their key enemies - Israel, the United States, and Saudi Arabia. They grew in military power during and after the revolution in Yemen in 2011. As the situation evolved into a civil war, Saudi Arabia led a coalition to intervene in support of their Sunni allies in Yemen.

After years of fighting in Yemen, COVID-19 slowed the struggle and a UN-negotiated ceasefire in 2022 generally ended hostilities. In 2023, China mediated the Beijing Agreement between Saudi Arabia and Iran, with the promise to bring "security and stability" to the region – hostilities largely ended, that is, until recently.

October 2023 to the Present:

Soon after the catastrophic terror attacks by Hamas into Israel beginning on Oct. 7, 2023, the Houthis significantly increased attacks on commercial shipping in the areas around Bab el-Mandeb Strait. Prior to this, Houthi attacks on shipping would ebb and flow sporadically, but recently, the increase was dramatic. The Houthis claim that their attacks are in support of Hamas, and the attacks are against countries or shipping that are traveling to Israel. Indeed, the initial Houthi attacks used long-range cruise missiles targeting Israel, though most were shot down by either the U.S. Navy operating in the Red Sea or by Israeli air defenses. In November, the Houthis then transitioned to targeting commercial shipping in the Bab el-Mandeb Strait and the Red Sea, mostly with drones.

The Houthis in Yemen are holding regional maritime commerce at risk, so much so that almost all the commercial maritime commerce that transits the Red Sea are diverting to avoid Houthi drone and missile attacks. Attacks against merchant and military vessels have surpassed 57 since November 2023. Commercial shippers BP, CMA CGM, MSC, Hapag-Lloyd, and Maersk have suspended routing ships through the region opting for the longer, more expensive, but more secure route around the Cape of Good Hope.

In response to these attacks, the United States formed a maritime coalition named Operation Prosperity Guardian to protect commercial shipping and freedom of navigation in the Gulf of Aden and the Red Sea. Additionally, the U.S. and United Kingdom, supported by other coalition members, continue to conduct strikes against Houthi military capabilities used to target shipping. Thus far, the coalition strikes are not deterring the Houthi terrorist activities.

In mid-February, the EU initiated Operation Aspides, a naval coalition force to provide early warning in the areas that the Houthis are targeting commercial shipping. Several EU countries are participating, though the operation is purely reactive in nature – the rules of engagement are only to fire if the Houthis attack first.

Iranian Involvement:

This brings us to Iran. The Houthis have a complex relationship with the major Shia power in the Middle East, Iran. Iran and the Houthis ideologically have identical enemies highlighted above and that is their primary source of alignment. As such, Iran provides military equipment and munitions to the Houthis. Yet, the Houthis, as an Iranian partner and not under its control, maintain a high degree of independence. To Iran, this could be advantageous in the sense that Houthi actions might not draw as much attention to Iran as other proxies would, as the Houthis terrorize their enemies across the region. But, on the other hand, if the Houthis go too far in their terrorist attacks, their financial, military, and ideological relationship with Iran could lead to an unwanted escalation against Iran by the U.S. Attacking the United States without causing a major land war is in Iran's interest. However, attacks that escalate and draw Iran into a major land war with the U.S. are not, thus Iran seeks to avoid this.

In more detail, the Houthis are Zaydi Shia, which are very different from Iranian Shia. The Iranians' discrimination against them is one area of divergence. Second, the Houthis seek regional leadership. And, because they are partners, not proxies, the Houthis do not take orders from Iran, resulting in challenges to Iranian Shia leadership. In terms of these recent attacks, it is difficult to determine Iran's exact role. That said, the Iranian Regime has a long-standing relationship with the Houthi movement. Historically, Iran has provided weapons, Islamic Revolutionary Guard Corps advisors, and significant financial resources in support of the Houthis. The White House recently highlighted that intelligence confirmed that Iran is providing critical monitoring and tracking of potential targets in the Red Sea, permitting the Houthis to mount attacks in the Red Sea. Adrienne Watson, a spokeswoman for the White House's National Security Council, stated that "Iranian support to these Houthi operations remains critical."

Of note, some countries continue to have safe passage through this region, including Russia and China. Both are tightly connected to Iran – this may be another indicator of Iran conspiring with the Houthis. Specifically, Russia and China have both been mistakenly struck, however, this has not caused them to criticize Iran or the Houthis. No doubt, Russia and China both benefit from the instability in the Middle East as it is an opportunity to criticize the U.S. and further erode its global leadership.

Implications:

- The actions by Iranian partners in the region even prior to Oct. 7 has highlighted that this is a very complex problem with many variables, compounded by a lack of a comprehensive U.S. strategy for Iran. Iran remains insufficiently deterred.
- The extent of Iranian current involvement is unknown, but Iran certainly is arming the Houthis and providing intelligence enabling them to queue and target commercial shipping.
- U.S. retaliatory strikes on Iranian proxies to include the Houthis in Yemen may reduce attacks on U.S. forces in the region but will not stop them – therefore, the continuous back and forth kinetic and non-kinetic use of force will likely continue.
- To influence the Houthi leadership to stop the attacks through incremental retaliatory military strikes is not the best solution. It may require back-channel diplomacy in concert with kinetic attacks, to include against Iran.
- The repercussions of Russia's invasion of Ukraine continue to reverberate around the world. Not only has the war in Ukraine set off a geopolitical realignment, but it has caused hardship far from the epicenter of the fighting. Europe at large, NATO, and the EU are so consumed that they have little bandwidth to help the U.S. deal with the Houthi situation.
- Until the Israel-Hamas War is concluded or perhaps enters a cease fire, the Houthis will likely continue attacks in the region, to include attacks on select commercial shipping.
- Employing the U.S. military instrument of national power directly against Iran might offer a better chance of restoring deterrence than simply tit for tat strikes against Iran's proxies and partners. But this is a hard problem. To be sure, Iran does not desire to become embroiled in a war with the U.S. that it cannot win, hence, Iran does not want to trigger a major U.S. response. Iran knows this and so far, has mastered how to create challenges for the U.S. below the threshold of direct military retaliation. Packaging a combination of U.S. national power instruments that include direct military power to stop or slow Iranian misbehavior is a vexing problem.

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