



MEI
Policy Memo

YEMEN: ENDING THE WAR, BUILDING A SUSTAINABLE PEACE

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MARCH 2022



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In addition to his career-long focus on the Near East and South Asia, Amb. Feierstein also played a prominent role in developing and implementing State Department policies and programs to counter violent extremism. As Deputy Coordinator and Principal Deputy Coordinator in the State Department's Counter-Terrorism bureau, Amb. Feierstein led the development of initiatives to build regional networks to confront extremist groups as well as to counter terrorist financing and promote counter-terrorism messaging. He continued to focus on defeating terrorist groups through his subsequent tours as Deputy Chief of Mission in Pakistan and as Ambassador to Yemen.

Cover photo: A Yemeni man receives humanitarian aid, donated by the World Food Programme, in the country's third city of Taiz, on Oct. 10, 2020. Photo by AHMAD AL-BASHA/AFP via Getty Images.



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EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

- In its eighth year, the Yemen civil war remains stalemated.
- Efforts by the Houthis in 2020 to regain momentum toward a military victory have stalled and a successful counter-offensive by government-aligned forces with support from the Saudi-led coalition has rolled back some of the Houthis' initial gains in Marib and Shabwa governorates.
- To put pressure on the Hadi government's regional support, the Houthis have also expanded their cross-border attacks in Saudi Arabia and the UAE and have seized a UAE-flagged merchant ship in the Red Sea.
- Despite firm support from the Biden administration, U.N.-led efforts to promote a comprehensive ceasefire and restart negotiations have also not made progress. New U.N. Special Envoy Hans Grundberg has proposed to the U.N. Security Council a new initiative to expand participation in potential peace talks to engage a broader array of Yemeni stakeholders.
- Yemeni civilians continue to bear the brunt of the civil conflict as over two-thirds of Yemenis are in dire need of humanitarian assistance, including 16 million who are suffering from hunger and over 4 million who are internally displaced. Yemen's collapsed economy remains the key driver of the humanitarian crisis.

KEY POLICY RECOMMENDATIONS

- Encourage U.N. Special Envoy Hans Grundberg to include a more diverse group of Yemeni stakeholders in potential peace talks, and review the 2013-14 National Dialogue Conference recommendations for possible openings to promote a political dialogue.
- Press for a comprehensive ceasefire, including reopening the Sana'a airport and relieving pressure on the port at Hodeida and hold the parties accountable for their response.
- Hold the Houthis accountable for their continued military aggression in Yemen and cross-border against Saudi Arabia and the UAE, including their re-designation as a Foreign Terrorist Organization (FTO) if they refuse to reengage in peace talks or use the cover of talks to continue their military campaign.
- Coordinate any Houthi FTO designation with the U.N. and international humanitarian organizations to ensure that essential relief efforts will not be constrained.
- Press the Hadi government and the Southern Transition Council in coordination with Saudi Arabia and the UAE to complete implementation of the Riyadh agreement and return the government to Aden until restoration of legitimate government in Sana'a can be achieved.

- Address economic issues, including corruption and mismanagement in government-controlled areas and the lack of legitimacy in Houthi-controlled areas. Strengthen the performance of commercial banks. Stabilize the Yemeni riyal. Work with the IMF and World Bank to restore functioning oil and gas export facilities to permit payment of civil servant salaries and welfare payments.
- Make clear to the Houthis that the U.S. will respond kinetically to efforts to interfere with shipping in the Red Sea, Bab el-Mandeb, or Gulf of Aden.
- Ensure Saudi Arabia and the UAE receive needed weapons to defend against Houthi attacks.

Introduction

Seven years on from the launch of the Saudi-led coalition's military campaign on March 26, 2015, the civil war in Yemen remains stalemated. The fundamental realities of the conflict have not changed substantially in over five years. Neither the forces aligned with the recognized government of President Abdo Rabo Mansour Hadi nor the Houthis has been able to sustain success on the battlefield. At the same time, international efforts to bring the Yemeni parties back to the negotiating table have also not progressed. Meanwhile, the conditions under which the majority of innocent Yemenis are living continue to deteriorate. Of the 377,000 estimated casualties in the war, most are not the victims of the fighting, shelling, or airstrikes, according to the International Crisis Group's (ICG) report, [Brokering a Ceasefire in Yemen's Economic Conflict](#), but of hunger and preventable diseases. The [U.N. estimates](#) that some 21 million of Yemen's 28 million people are in need of urgent humanitarian assistance. The Biden administration's commitment to support a negotiated resolution to the conflict has not changed the fundamental facts on the ground. It's time to consider measures that can promote an end to the conflict and lay the groundwork for post-conflict reconstruction.

Why Yemen Matters for the United States

At a time when the United States is focused on responding to Russia's war in Ukraine and stepping up efforts to deal with China and climate change, the Yemen war remains a challenge for regional and global security, and the conflict represents [one of the worst humanitarian crises in the world](#).

Human security. As [reported by UNHCR](#), conditions in Yemen have continued to deteriorate since the outbreak of the civil war in 2014. Some half of Yemen's health facilities are either closed or destroyed in the fighting. The crisis has been exacerbated by the COVID-19 pandemic while Yemenis have been exposed also to preventable diseases, including cholera, diphtheria, measles, and dengue fever. Meanwhile, [over two-thirds of Yemenis](#) are in dire need of humanitarian assistance, with 16 million of the country's 28 million people suffering from hunger and tens of thousands living in conditions of acute famine. Conditions are significantly worse for the [over 4 million](#)

[Yemenis](#) who are internally displaced and will almost certainly worsen as the international community responds to [rising food prices](#) and the [impact on global food security](#) as a result of the Russian invasion of Ukraine.

Regional and global security. Aside from the urgency of addressing one of the world's worst humanitarian crises, the question is often asked whether the U.S. has interests in the outcome of the Yemen conflict that should engage its attention. The answer is clearly yes. Indeed, like other conflicts on the periphery of core U.S. interests, what happens in Yemen will influence larger national security and foreign policy objectives. Prior to the outbreak of the civil war in 2014, U.S. engagement in Yemen was focused heavily on the fight against violent extremist organizations, particularly al-Qaeda in the Arabian Peninsula (AQAP) with the Islamic State (IS) establishing a presence in Yemen later on. Both AQAP and IS have expanded their presence in Yemen over the course of the conflict and the U.S. will look to a friendly, post-conflict government in Sana'a to renew efforts to defeat extremist threats going forward.

But the course of the conflict has also demonstrated that the presence of a well-armed and Iran-aided militia, hostile both to the U.S. and our regional partners, and in near proximity to Saudi Arabia and the Gulf Cooperation Council (GCC) presents a significant vulnerability to regional security. Long-term Houthi objectives in the Yemen conflict remain unspecified. Regardless of whether their objective is to take complete control of the entire Yemeni territory, to establish a rump state in northern Yemen, or simply to replicate a Hezbollah-like state-within-a-state framework as exists in Lebanon, the reality is that this will be perceived by the Saudis and other GCC states as an enduring existential threat to their security. As such, it will ensure that the Houthi presence on Saudi Arabia's southern border will remain a source of broader regional instability.

The [recent launch](#) of a Houthi missile into the Red Sea, and [its seizure](#) of the UAE-flagged vessel, *MV Rwabee*, also signal that the failure to prevent a Houthi military victory in Yemen will present a sustained threat to freedom of navigation in the Red Sea and Bab el-Mandeb. With [some 10% of the world's maritime commerce](#) passing through that vital waterway, global trade and the global economy depend on maintaining it as a secure sea line of communication.

“It’s time to consider measures that can promote an end to the conflict and lay the groundwork for post-conflict reconstruction.”

Ensuring diplomacy produces results for the Yemeni people.

There are also issues of principle and broader U.S. interests that will be influenced by the outcome of this conflict. As one of the main international partners in the mediation efforts that resulted in the [GCC Transition Initiative](#) in 2011, the U.S. has a reputational interest in ensuring that the political transition that was launched at that time should succeed and that there should be a clear demonstration that the will of the Yemeni people, as expressed at the polls that installed Abdo Rabo Mansour Hadi as the transitional president of Yemen, should not be undone in an armed insurrection. A successful completion of the transition and the installation of a popularly elected government will provide important confirmation that the process of political transition and state institutional capacity building can succeed.

A balanced approach that leads with a revived diplomatic effort backed by focused security support and cooperation to limit the regional and global impact of the conflict is the best pathway forward.

Strategic Stalemate: The Houthi Military Campaign Falls Short ... So Far

The core conflict that has devastated Yemen — the civil war following the Houthi/Saleh coup in 2014 — has been stalemated since 2016. In an effort to break the stalemate and perhaps achieve a military victory, the Houthis [expanded their military operations](#) in early 2021 in the strategic Marib Governorate. Houthi leaders may have concluded that the decision by the Biden administration to emphasize support for U.N.-led negotiations and pressure the Saudi-led coalition to reduce its operations in Yemen would enable them to capture the governorate. Success in the operation would give the Houthis nearly complete control of northern and western Yemen at least, allow them to control the country’s oil and gas production, and put them in a dominant position

to dictate terms of a negotiated end to the conflict. Despite early successes, however, and amid consistent predictions that Marib was on the brink of falling to Houthi control, the Houthi offensive has not yet achieved its objective. Since the beginning of 2022, government-aligned forces with support from the Saudi-led coalition have [successfully pushed](#) the Houthis out of neighboring Shabwa Governorate and made in-roads in Houthi-controlled territory within Marib.

Beyond the intense international focus on the fighting in Marib, however, clashes continue not only between the Houthis and government-aligned forces but other rival elements in an increasingly fractured political and security landscape. To the south, despite the Saudi-brokered Riyadh agreement in 2019, tensions persist between the southern separatist Southern Transition Council (STC) and the Hadi government that have led to fighting in Aden. Forces aligned with al-Islah, a Sunni Islamist political party that is a member of the Hadi government, have fought against southern separatists and UAE-supported militias as well as the Houthis. AQAP and IS remain threats to Yemeni stability as well as to global security. Thus, even an agreement to end the Houthi-government conflict won’t bring an end to violence in Yemen in the short term.

Revived International Diplomacy: The U.N. Pursues a New Strategy after Years of Failure

Even before the fighting started in earnest, the U.N. was deeply engaged in efforts to prevent the war and convince the parties to return to the negotiating table. As Hans Grundberg takes on the responsibility as the fourth special envoy to lead the U.N. effort since 2014, the U.N. is still grappling with the fundamental question of whether to treat the conflict as a binary one between the Houthis and the Hadi government or to expand the negotiations to include, as well, other key stakeholders, including the southerners, civil society, women’s groups, and tribes. The responsibility of outside parties in



Photo above: A Yemeni health worker marks a child with a marker after administering the polio vaccine as part of an immunization campaign in Taiz, on Feb. 19, 2022. Photo by AHMAD AL-BASHA/AFP via Getty Images.

ending the fighting, especially the Saudi-led coalition, has also been a subject of debate.

Lessons from past diplomatic attempts. The only attempt to achieve a comprehensive resolution of the conflict (ultimately unsuccessful) was in Kuwait in 2016. In [those talks](#), the only parties at the table were the Houthis and the government. Other stakeholders were not directly engaged in the negotiations, although they were present. In 2018, the [U.N.-held talks in Stockholm](#), which addressed the narrower set of issues over the port of Hodeida and other issues related specifically to the conflict, also engaged only the two immediate parties and allowed the Houthis to regroup and recommit to their aggression in Jawf and Marib governorates.

Similarly, the initiative that the last special envoy, Martin Griffiths, pursued for a Joint Declaration between the two

parties would have established a comprehensive ceasefire in exchange for reopening the Sana'a airport, expanding access to the port of Hodeida, and paving the way for the resumption of negotiations. Although his effort focused primarily on the two Yemen parties to the conflict, Griffiths sought the approval as well of the Saudi-led coalition, which would be required to concur in permitting elements of the agreement to be implemented. Despite the strong support of the incoming Biden administration for the Joint Declaration initiative, including diplomatic engagement by the newly appointed U.S. special envoy, Tim Lenderking, as well as pressure on the Saudis to reduce their military operations in Yemen, the effort foundered on Houthi recalcitrance. The Houthis demanded that the elements of the plan that they favored, particularly regarding Sana'a airport and Hodeida, be implemented unconditionally while they would only commit to discussing the comprehensive ceasefire. Rather than agreeing to talks, the Houthis redoubled

their military operations both in Yemen and across the border into [Saudi Arabia](#) and [the UAE](#).

The inability of the Houthis to articulate a clear statement of their objectives in the conflict, and the likelihood that there are internal divisions about goals and objectives within the Houthi movement, have complicated efforts to secure Houthi acceptance of a resolution of the conflict from the outset. More recently, it's quite possible that the signals sent by the Biden administration, intended to encourage the parties to return to the negotiating table, encouraged some within the Houthi leadership to believe that the door was opened for an intensified military campaign. It is also unclear whether, and to what extent, progress in gaining Houthi participation in negotiations is linked to progress in the nuclear talks in Vienna between Houthi ally Iran and the U.S. as the Iranians might perceive the Yemen conflict as leverage.

Special Envoy Grundberg [informed](#) the Security Council in February that he intended to take a different tack in his newly-defined effort to launch a negotiating process. In [his Framework plan](#), Grundberg indicated that he will “move towards an inclusive political settlement, including the establishment of a multi-track process.” To advance his initiative, Grundberg [promised](#) to “engage with multiple Yemeni stakeholders, including the warring parties, political parties, representatives of civil society, and Yemeni experts in the political, security, and economic arenas.”

Although the new approach to negotiations reflects the demands for inclusion of outside groups as well as more adequately addresses the increasingly fractured nature of the conflict, it poses risks as Grundberg will now be required to manage a number of disparate perspectives on the war in order to make progress. To ensure that he can avoid the pitfalls of such a broad-based approach, Grundberg would be smart to revisit the course of the 2013-14 National Dialogue Conference (NDC), historically the most inclusive attempt ever undertaken in Yemen to give voice to the aspirations of the Yemeni people and to address their grievances. Despite being overshadowed by the subsequent Houthi/Ali Abdullah Saleh coup and the civil war, the NDC in many ways succeeded in producing comprehensive recommendations for Yemen's future that should be evaluated.

Bringing Economic Issues into the Discussion

In [his report to the Security Council](#), Grundberg also took note of the impact of the conflict on Yemen's economy. Over the past month, he said, Yemenis have seen “particularly severe shortages in fuel and oil derivatives, notably in areas controlled by Ansar Allah, putting unprecedented strain on the everyday lives of people.” In raising the economic consequences of continued conflict, the special envoy has drawn attention to an aspect of the conflict that observers have long demanded be brought into the center of the negotiations.

In fact, as [the ICG report observed](#), the “economic conflict,” which has intensified over the past several years, has exacerbated the political and humanitarian crisis in Yemen while the U.N. has treated it as a “technical issue” or deemed addressing it as a “confidence building measure.” In [its year-end report for 2021](#), the Sana'a Center echoed the findings of the ICG report. The elements of the conflict revolve around increasing measures being implemented by the two Central Banks in Sana'a and Aden, especially over monetary policy and competing currencies. In addition, steps by the Hadi government with the Saudi-led coalition to restrict the import of fuels through the Houthi-controlled port of Hodeida and the requirement that fuel arrive at government-controlled ports at Aden or Mukalla have led to [fuel shortages and rising prices](#) in both north and south Yemen. Finally, civil servants' salaries continue to go unpaid in areas dominated by the Houthis. International efforts to inject hard currency into Yemen, from the IMF, World Bank, and bilateral donors, are stymied by the lack of government legitimacy in the north and concerns about Central Bank of Yemen management and internal controls in the south.

The intensifying economic warfare has deepened the economic pain felt by the majority of Yemenis. The inflationary effects of increasing money supply in the south and a shortage of hard currency pushed the cost of a minimum food basket up by 125%, [according to the Sana'a Center](#), while the cumulative inflation rate for consumer prices from 2015-20 reached 162.3%. Once again, [the ICG reported](#) that “the combined hunger-humanitarian crisis does not result from a lack of basic goods, such as food, clean water, and medicine, which have been generally available, but

“The Yemen conflict has been ‘frozen,’ politically, diplomatically, and militarily for years to the great cost and devastation of the country and its civilian population.”

from most people’s inability to pay for such goods because of lower incomes and higher prices.” In conclusion, the ICG recommends that “the new UN envoy should launch a mediation track to identify the economic conflict’s key players and begin to lay the groundwork for an economic truce even while the shooting continues.”

Policy Recommendations

The U.S. has an enduring interest in ensuring that the current conflict in Yemen comes to an end, permitting the stabilization of the country’s political and economic conditions, providing for urgent humanitarian relief and the reestablishment of core government functions, and eliminating the threat of regional conflict and instability rising from a chaotic internal situation, as well as reducing the global terrorist threat. To accomplish these objectives, the U.S. should:

- Support the new U.N. initiative to expand the scope of consultations to include key Yemeni stakeholders, including civil society, women’s and youth groups, tribes, southerners, the diaspora, and others.
- Sustain efforts to achieve a comprehensive ceasefire between the Houthis and government-aligned forces, including reopening the Sana’a airport and relieving blocks on Hodeida port and hold the parties accountable for their response; make clear that the Houthis will not be accepted as a legitimate participant in negotiations while they continue their military operations in Yemen and across the border.
- Re-designate the Houthis as a Foreign Terrorist Organization (FTO) if they continue to resist efforts to advance the political negotiations to end the fighting or use the cover of talks to continue their military campaign. Coordinate with the U.N., international humanitarian organizations, and NGOs to establish principles that would permit continued relief operations and private sector mechanisms in Houthi-controlled areas if the Houthis are designated as an FTO.
- Engage the Saudi and Emirati leadership to encourage their continued efforts to promote a unified Yemeni leadership committed to resisting Houthi aggression, finding a peaceful resolution to the conflict, and paving the way for resolving longstanding Yemeni grievances. Ensure their commitment and buy-in as well in the post-war reconstruction and redevelopment process.
- Continue to coordinate closely to address Saudi and Emirati security concerns, including provision of needed weapons to defend against Houthi cross-border attacks, while emphasizing the need to seek an end to coalition military operations within the context of an overall ceasefire, including an end to Houthi cross-border operations.
- Press the Hadi government and the STC in coordination with Saudi Arabia and the UAE to complete implementation of the Riyadh agreement and return the government to Aden on a permanent basis pending return to Sana’a.
- Address problems in economic management in government-held areas to eliminate corruption, reduce inflation, and resolve obstacles to the economy; strengthen the performance of commercial banks; stabilize the Yemeni riyal; and promote U.N. mediation on economic issues to end economic dislocations that victimize innocent civilians.
- With the IMF and World Bank, advance mechanisms to restart oil and gas exports with revenues to be used to fund essential services and pay civil servant salaries as well as fund the Social Fund for Development.
- Make clear to the Houthis that the U.S. will respond kinetically to further actions that threaten freedom of navigation in the Red Sea, Bab el-Mandeb, or Gulf of Aden.

The Yemen conflict has been “frozen,” politically, diplomatically, and militarily for years to the great cost and devastation of the country and its civilian population. Ending it will require in the first instance a change in the dynamics of the war. Special Envoy Grundberg’s initiative to expand the scope of the negotiations to include a much broader section of Yemeni stakeholders is one important change. Recent military gains by the government-aligned forces resisting the Houthis have the potential to reinforce the fundamental point that there is no military solution to the conflict and that the only path out is through a negotiating process. Finally, opening a second line of negotiation to address critical economic issues will help insulate the Yemeni people from some of the impacts of the conflict. As a matter of policy and approach, the Biden administration should embrace all of these efforts and support their successful implementation.



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