

# Between a Rock and a Hard Place: Perspectives for a Saudi-Houthi Agreement in Yemen in Times of Israeli-Hamas Escalation

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## REVITALISING **MULTILATERAL** PERSPECTIVE AND POLICY SERIES

### ANALYSIS

*By Dr. Sebastian Sons – Middle East Expert*

Saudi Arabia and the Houthis have been in direct talks for several months to de-escalate the conflict in Yemen and negotiate a political compromise. However, despite this dialogue, substantial successes have failed to materialise yet. At the same time, other Yemeni factions feel excluded from the negotiations, intensifying inner-Yemeni tensions that risks undermining a comprehensive and inclusive conflict resolution. Therefore, a long-term settlement of the conflict still seems hard to achieve. Additionally, this process could become even further complicated due to the current escalation of the conflict in Palestine and Israel, which could also have implications for the negotiations between Saudi Arabia and the Houthis.

## Yemen Conflict: Saudi Arabia's Dilemma and Prospects for Peace

For 18 months, the Yemeni Houthis and the government of Saudi Arabia have been in direct talks to settle the conflict, which began with the Houthis' capture of the Yemeni capital Sanaa in September 2014, and has escalated into the world's greatest humanitarian crisis since the beginning of the Saudi-led military alliance in March 2015. More than 377,000 people have been killed by the end of 2021, 21.6 million people need aid – including 11 million children – and more than 4.5 million are displaced. Five million people are at risk of famine, and a cholera outbreak has affected over one million people. Air strikes by the Saudi alliance, as well as attacks on civilian targets by the Houthis, have dramatically exacerbated the precarious situation of the population and massively increased the pressure on the conflict parties to end the fighting and find a political solution.

In the Saudi kingdom in particular, a growing number of observers consider the conflict a disaster: in the last eight years, Saudi Arabia has neither succeeded in defeating the Houthis militarily or driving them out of Sanaa, nor in stabilising the fragile situation within its Southern neighbour. Instead, the Saudi leadership faced massive international criticism for its air strikes that caused civilian casualties, while the Houthis' missile and drone attacks on Saudi strategic targets had, at times, become a real security threat to Saudi stability. All conflict parties have been accused of violating human rights and international humanitarian law. Moreover, the Saudi leadership under Crown Prince Muhammad bin Salman is pursuing an ambitious diversification of its oil-dependent economy and is therefore dependent on regional stability to attract foreign investment and tourists to the country, create jobs for the young Saudi population, and strengthen non-oil sectors of the economy such as tourism, entertainment, or culture. The volatile situation in Yemen affects

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these goals; consequently, the conflict with the Houthis has become a serious burden for the kingdom. Therefore, preserving the security of its southern border is considered a top priority for the Saudi leadership. In addition, Saudi Arabia aims to prevent external players such as Iran from expanding their political and military foothold in Yemen, as they directly undermine the kingdom's strategic goal to promote conflict management.

Against this backdrop, back-channel talks began in April 2022 when the United Nations and Omani mediators pushed both sides to agree to a two-month ceasefire, which was renewed twice. Despite the fact that the truce officially expired on October 2, 2022, it largely held (truce-without-a-truce), which was considered by observers as a positive signal for the commitment of all involved warring parties to find a political breakthrough. When Saudi Arabia and Iran resumed diplomatic ties in March 2023, further optimism emerged to enter a period of regional conflict de-escalation that also plays out in Yemen. In recent years, ties between Iran and the Houthis have grown stronger as the Islamic Republic provided the Yemeni group with military equipment, drones, and training. After the diplomatic deal, the Saudi leadership requested the Iranian government halt military supply to the Houthis and pushed them for diplomatic reconciliation with Saudi Arabia. In March 2023, Iranian officials confirmed the cessation of arms transfers to the Houthis. However, the Houthis do not consider themselves as Tehran's junior partner, which makes it even more urgent for Saudi Arabia to engage in direct negotiations with the Houthis.

Subsequently, shuttle diplomacy intensified and resulted in several meetings of high-ranking Saudi and Houthi representatives. The last round of talks took place in September 2023 in the Saudi capital Riyadh, where members of a Houthi delegation met with the Saudi Defense Minister Khalid bin Salman, who is the younger brother of Crown Prince Muhammad bin Salman. Such a meeting was a significant step as it

was the first visit of Houthis to Riyadh since the conflict broke out. Already in April 2023, the Saudi ambassador to Yemen, Mohammed al-Jaber, had visited Sanaa together with an Omani delegation and met with Houthi officials to broker a deal between both parties. In the aftermath, steps towards reconciliation were taken, indicated by the Saudi decision to lift restrictions on ships entering the Houthi-controlled Red Sea port of Hodeida and the agreement to allow more flights between Sanaa to Amman in Jordan and the Saudi city Jeddah. Furthermore, bodies of killed fighters were exchanged, and Houthis were allowed to perform the pilgrimage hajj to Mecca in June 2023. From a strategic perspective, the talks aim to achieve a conflict settlement on three levels: first, humanitarian relief is delivered; second, military and economic concerns are resolved; third, a long-term political dialogue is established to find an inclusive inner-Yemeni conflict resolution mechanism.

Despite such positive steps, however, substantial results are still lacking. Still, both sides are divided by major differences: first and foremost, the Saudi side accuses the Houthis of expressing exaggerated demands in order to pressure them into more concessions than initially agreed. The Houthis are well aware that the Saudis are under enormous pressure to find a political and face-saving solution, and therefore see themselves as having the upper hand. Direct talks with the Saudi side are portrayed as a symbolic triumph by the Houthis, as they consider themselves as negotiating partners on eye level with the kingdom. In this regard, the Houthis have requested that Saudi Arabia pay overdue salaries for servants in the public sector. A significant number did not receive any salary for seven years as the Yemeni government escaped to Aden and established a parallel central bank there, which did not transfer salaries to people working in Houthi-controlled areas. The Houthis demand that the Saudi-supported Yemeni government pay the salaries from the oil and gas exports, whereas governmental officials argue that such revenues do not

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even cover their own expenses. Therefore, the Houthis should collect revenues from the Hodeida port as well as from telecommunications services and taxes, which has been refused by the group. In addition, it is disputed which bank should disburse the salaries: whereas the Houthis prefer the Central Bank in Sanaa – which they control – the government argues in favour of the Central Bank in Aden. Finally, neither side agreed upon the currency the salaries must be paid in – a serious stalemate that hampers political dialogue on other levels.

During the ceasefire, the Houthis started to follow a dual approach: on the one hand, they started direct negotiations with the Saudi side, while on the other hand, they expanded their military and political position inside Yemen and consolidated their power on the ground. Although Houthi attacks on Saudi soil came to a halt, they launched drone and missile attacks on oil export facilities in Yemen's south in October and November 2022 and killed at least four Bahraini soldiers stationed at Saudi Arabia's southern border in September 2023, which again indicates the fragile situation at the Saudi-Yemeni border. The more their military stronghold in the country grows, the more the Houthis consider themselves as the only legitimate representatives of Yemen.

In contrast, other Yemeni fractions have been increasingly marginalised and stigmatised: this is especially true for the Presidential Leadership Council (PLC), which was set up by Saudi Arabia to unite Yemen's divided anti-Houthi forces and create a counterbalance to the Houthis. However, the PLC has been sidelined in light of direct talks between the Saudi government and the Houthis. The council consists of eight members from different Yemeni political movements that all oppose the Houthis but lack a unified vision and a clear strategy. For instance, the respective members disagree about the political system of a post-conflict Yemen as the Southern Transitional Council (STC) prefers the separation of Southern Yemen,

whereas others – such as the Islah – seek to keep national unity. The secessionist movement of the STC took over Aden in 2019 and posed a significant challenge to the Saudi-backed Yemeni government at that time. Supported by the UAE, the STC established itself as a powerful veto player in Southern Yemen, and formed an additional spoiler to Saudi interests in Yemen.

As such, inner-PLC conflicts and tensions have broken out in recent months. Despite the fact that the PLC negotiated with the Houthis with UN support in parallel to the Houthi-Saudi talks, only limited results have been achieved. For instance, both Houthi and PLC representatives agreed on a prisoner exchange in April 2023 that saw 887 detainees released. Nevertheless, such talks are not coordinated with the parallel Saudi-Houthi track, and risks marginalising the PLC further. Since its formation in April 2022, the PLC has been almost entirely dependent on Saudi Arabia's political and financial support, which the Houthis exploit for their own purposes – exemplified by their demand on Riyadh to stop financial payments to the PLC in order to weaken their competitor.

For a long time, a promised USD 3 billion was not paid to the PLC, which massively limited its ability to act and further weakened the body politically. Saudi Arabia considers the PLC as an instrument to unite anti-Houthi forces while directly negotiating with the Houthis. As a result, the PLC members are neither part of the negotiations nor do they receive substantial information from the Saudi side. Consequently, frustration and contestation grow on the one hand as the PLC lacks substantial political leverage.

On the other hand, Saudi Arabia presents itself as a mediator rather than a negotiating party, and thus contends that it cannot sign a settlement agreement with the Houthis. As such, inner-Yemeni parties, such as Yemen's internationally recognised government, must find a solution – a dilemma in times of the PLC's

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marginalisation, as the Houthis do not agree to enter direct negotiations with the PLC. Indeed, any agreement between the Saudi government and the Houthis serves Riyadh's utmost goal to manage its exit from the Yemeni conflict, but does not intend to solve the inner-Yemeni tensions in the long run, as the deep-rooted fault lines between the several warring parties are neither addressed nor solved.

## **Israeli-Hamas Conflict's Impact on Saudi-Houthi Relations**

Amid this complex situation in Yemen, the disastrous conflict escalation in Israel and Palestine on October 7, 2023, could also have serious implications on the Saudi commitment to finding a political solution in Yemen. The Houthis have already expressed their support for Hamas, with Houthi leader Abdul Malik al-Houthi warning the United States that if they support the Israeli military campaign on the Gaza Strip, "we are prepared to partake in missile strikes, drone attacks, and other military actions.". He further said that "there are red lines when it comes to Gaza", and added that the Houthis are in full coordination with the "axis of jihad and resistance to provide everything we can to support to the Palestinian people" – referring to Hamas, Hezbollah, and Iran.

Such a scenario also concerns Saudi Arabia in its efforts to exit the Yemeni conflict and find common ground with the Houthis: as the kingdom was engaged in talks with the United States and Israel in recent months to negotiate a potential normalisation with Israel, the current crisis could also spur anti-Saudi sentiments among the Houthis, which could pose the potential risk of attacks on Saudi soil (i.e. on US facilities). Therefore, the conflict in Gaza presents a multi-fold challenge for the Saudi leadership: in its first statement, Saudi Arabia's Foreign Ministry appealed to both the "Palestinian factions" and "Israeli occupation forces" to de-escalate, before it took a more pro-Palestinian position in another statement urging support for Palestine.

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The conflict has put overall regional stability on the brink and poses the risk of a regional conflagration. Such a scenario would undermine the Saudi approach to promoting economic diversification, and thus Riyadh is not interested in further escalation. In response, Crown Prince Muhammad bin Salman met with US Secretary of State Anthony Blinken in Riyadh and had a phone call with Iran's President Ebrahim Raisi to discuss the situation in Gaza. Notably, the Hamas-Israel crisis diverts attention away from the conflict in Yemen, limiting the Saudi efforts to find a diplomatic solution with the Houthis.

In such a situation, the Houthis could use the current momentum to maximise their leverage on Saudi Arabia and to exert more pressure on the Saudi leadership to demand more concessions in order to prevent Houthi attacks on Saudi Arabia as a sign of retaliation for the Israeli campaign in the Gaza Strip.



## About the BIC

The BIC is an independent, non-profit, think-and-do tank based in the capital of Europe that is committed to developing solutions to address the cyclical drivers of insecurity, economic fragility, and conflict the Middle East and North Africa. Our goal is to bring added value to the highest levels of political discourse by bringing systemic issues to the forefront of the conversation.

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## Author

**Dr. Sebastian Sons** | Middle East Expert and Senior Researcher at CARPO

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 @BICBrussels  @bicrhr  BIC

 [www.bic-rhr.com](http://www.bic-rhr.com)  [info@bic-rhr.com](mailto:info@bic-rhr.com)

 Avenue Louise, 89 1050, Brussels, Belgium  Tel: +32 027258466