



How Huthi-Saudi Negotiations Will Make or Break Yemen

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What's new? Yemen's war has been on uneasy pause since a UN-brokered truce lapsed on 2 October. Whether fighting will resume or not depends mostly on an opaque, Omani-facilitated Saudi-Huthi channel for talks, rather than the main UN-led track.

Why does it matter? A Huthi-Saudi compact is preferable to renewed hostilities. But if it is poorly conceived, too generous to the Huthis or simply infeasible, as previous proposals have been, it may embolden the Huthis to shirk negotiations, push other parties to act as spoilers or lead to a messier phase of combat.

What should be done? Yemen's anti-Huthi factions are despondent about the Huthi-Saudi negotiations, from which they are excluded. If the UN were to start discussions aimed at an inclusive political settlement, it would likely find considerable buy-in. The Saudis should ensure that any agreement with the Huthis funnels negotiations back in the UN's direction.

I. Overview

Yemen's war is in an anxious state of suspended animation. In April, the UN arranged a truce that lasted for six months, expiring on 2 October. Since it lapsed, the Yemeni and regional parties to the conflict have observed a truce-without-a-truce, largely holding their fire while the Huthi rebels pursue bilateral negotiations with Saudi Arabia, which they view as their true adversary. But as these talks sputter along, the Huthis and their Yemeni rivals in the internationally recognised government, the Presidential Leadership Council (PLC), have begun preparing for another round of fighting and escalated a parallel economic war. If Sanaa and Riyadh can strike a deal, the fighting will stay paused. But such a pact may also convince the Huthis that they can sidestep negotiations with the PLC, boding ill for prospects of inclusive national dialogue. If there is no deal, meanwhile, another military showdown beckons. The UN and outside powers should push the Saudis and Huthis to find common ground, while laying the groundwork for multiparty talks and making clear that a Huthi-Saudi agreement, by itself, cannot bring peace to the country.

The truce-without-a-truce is the product of hard-driving Huthi bargaining aimed at extracting the maximum benefit from negotiations with Saudi Arabia while cutting out their foes in the PLC and making few, if any, concessions of their own. It was eleventh-hour Huthi demands that blew up UN efforts to expand the six-month

moratorium on fighting in late September. The Huthis have since held fast to pre-conditions that they term “closing the humanitarian file” – lifting all restrictions on traffic in and out of Sanaa airport and Hodeida seaport, and paying the salaries of all state employees, including the military and security services in the areas they control – in exchange for restoring the *détente*. Their price for an end to the war is even higher: that the Saudis cease supporting their Yemeni rivals, and also make reconstruction payments to their side, in effect sealing the Huthis' primacy in a post-deal order in Yemen.

The military conflict has not escalated significantly since the truce lapsed in October, but a parallel economic conflict has. In October and November, Huthi forces launched drone and missile attacks on oil export facilities in Yemen's south, halting shipments and cutting off a vital source of government revenue. The Huthis also hinted at renewing their cross-border war with Saudi Arabia and the United Arab Emirates (UAE). The PLC responded in kind, designating the Huthis as a terrorist group and vowing to target their financial and media interests. With both sides reportedly building up forces and materiel at the front, the chances of fresh fighting remain perilously high.

For now, however, neither side seems ready to return to war. For all their bluster, the Huthis may recognise that renewed fighting would be costly, not least because of the tight economic constraints they face. The PLC's forces, for their part, are poorly positioned to go back to battle. Angered by the Huthi attacks on oil export facilities, their main source of income, and perhaps unnerved by Huthi-Saudi negotiations in which they have no say, PLC officials have publicly and privately mooted a return to war. But the council, formed in April to replace Yemen's internationally recognised President Abed Rabbo Mansour Hadi as the country's executive authority, has struggled to unify its ranks. Instead, while the truce was in effect, nominal allies among the PLC forces fought one another. The PLC also relies on Saudi support – and Riyadh has cautioned the council's military leaders that it may not come to their aid if they start shooting without its approval.

Most importantly, talks over another truce are under way, albeit mainly as direct Huthi-Saudi negotiations rather than UN-led ones. In what appears to be a sign of desire to end its role in Yemen's civil war, Riyadh continues to parley with the Huthis despite their attacks on oil and gas export infrastructure. The Huthis, too, appear to be striking a more conciliatory tone with the Saudis, both in private and in public. Riyadh and Sanaa have not yet found a middle ground, however, due to mismatched negotiating styles and incompatible demands. The Huthis are pushing for a detailed written agreement that fulfils their demands – notably an end to restrictions on Sanaa airport and Hodeida seaport and payment of all state salaries, including to their military and security services (in exchange for an extended truce), and that the Saudis withdraw from the war, cease supporting the PLC and pay the Huthis for reconstruction (for an end to the war) – while the Saudis seek an understanding on a path to ending the war, and hesitate to commit to anything in writing. Each assumes that the other will acquiesce, sooner or later.

The Huthi-Saudi track presents a potential quandary for the UN and other international players seeking to end Yemen's war. It has long been clear that a Huthi-Saudi understanding of some kind is necessary for bringing hostilities to a close. Indeed, the Huthis are adamant that only a bilateral agreement between the Saudis and them-

selves, and not talks with the PLC, can stop the fighting. They do envision dialogue with their domestic opponents, but only after the Saudis have withdrawn military and financial support for these forces. The rebels appear to see the negotiations as an opportunity to advance their idea of peace: not multiparty UN-brokered talks that lead to a genuine settlement, but a deal with the Saudis that excludes all other Yemeni factions. That is what the Huthis' rivals most fear.

The UN faces two central challenges. First, it must ensure that Huthi-Saudi talks go ahead but disabuse the rebels of the notion that they can avoid dialogue with their rivals. It must also make clear that international legitimacy for all parties hinges on participation in UN-led talks. Secondly, it must convince the Huthis to return to those talks before the PLC either collapses or unites behind a return to war. Pulling off these tasks will be no mean feat.

Yet, dangerous as it is, the moment is also an opportunity to fashion the narrative of what peace in Yemen means: not the Huthis' vision of domination, and not the government's half-hearted demands that the rebels surrender, but a series of compromises via multiparty talks that both acknowledge realities on the ground and signal the good faith of all parties. With anti-Huthi factions despairing at being left out of the Huthi-Saudi channel and apprehensive about the future, the UN is well placed to start high-level discussions with key Yemeni leaders about a political process it has a mandate to lead. By starting that process now, with the support of UN member states and Gulf Arab governments, the UN can assert itself as the main node of negotiations in Yemen and the only possible broker of a multiparty peace, no matter the outcome of Huthi-Saudi talks.

II. **Truce or Dare**

The year 2022 has been full of wild twists and turns for Yemen, including a military escalation, a massive economic deterioration, a truce, a sudden government reshuffle, a round of UN-led talks and, since October, a war in limbo. The net result has been to centre dialogue in the Huthi-Saudi channel while shunting Yemen's internationally recognised, and recently revamped, government further aside.

A. *Grounds for a Truce*

In November 2021, the Huthis, who control much of Yemen's north west, had an important military victory in sight, only to watch it slip away.¹ Their fighters were closing in on Marib, a north-central city near crucial oil and gas facilities, when UAE-aligned forces pushed them out of strategic positions in southern Marib province and neighbouring Shebwa the next January.² The Huthis responded with missile and drone strikes on the UAE and Saudi Arabia, slowing their opponents' momentum.³

¹ Crisis Group Middle East Briefing N°84, *After al-Bayda, the Beginning of the Endgame for Northern Yemen?*, 14 October 2021.

² Peter Salisbury, "Behind the Yemen Truce and Presidential Council Announcements", Crisis Group Commentary, 8 April 2022.

³ Jonathan Marcus, "Yemen rebel attack on the UAE throws challenge to the region", BBC, 22 January 2022.

Then, Russia invaded Ukraine, precipitating a worldwide food and fuel crisis that placed new economic pressures on the Huthis and their domestic rivals, as both sides depend heavily on imports.⁴ The mutually hurting stalemate created space for outside mediation. On 1 April, the UN announced a truce between the Hadi government and the Huthis – with the tacit approval of the former’s main backer, Saudi Arabia – to come into effect the next day.

Each party had its own reasons for agreeing to the truce. The Huthis had suffered two years of heavy casualties in Marib. They were also contending with shortages of fuel and hard currency exacerbated by rising commodity prices. The Saudis, for their part, had become increasingly disillusioned with the war, and the Hadi government was in military and economic disarray. Several days after the truce began, Hadi resigned, to be replaced by the eight-man PLC, which had been handpicked by Saudi Arabia and the UAE.⁵

B. Confidence-building Measures

From the start, the UN sought – but struggled – to get the Huthis and the PLC to follow through with the confidence-building measures designed to anchor the agreement. The accord included provisions for reopening Sanaa’s airport and increasing fuel flows into Hodeida, as the Huthis had demanded, and reopening roads in and around the city of Taiz, partially besieged by the Huthis, as the government had sought.⁶ The UN envoy’s office managed efforts to bring these provisions to fruition via shuttle diplomacy and direct negotiations in Amman.⁷

The process wound up favouring the Huthis – to the PLC’s increasing chagrin. Commercial flights began landing in Sanaa, and the PLC relaxed its restrictions on fuel shipments arriving in Hodeida, giving the rebels much of what they had asked for. But the Huthis refused to deliver on the government’s demands on Taiz’s roads, offering to open only minor side roads instead.⁸ The question of which of Taiz’s roads to reopen appeared for a time to be the main barrier to progress toward an expanded truce. Anxious about the stalemate, PLC officials claimed that the UN and Saudi Arabia had forced them into bigger compromises than they had wished to make.⁹ But subsequent events sucked much of the oxygen out of the Taiz negotiations.

⁴ “Russian forces launch full-scale invasion of Ukraine”, Al Jazeera, 24 February 2022.

⁵ “Launch of Yemeni presidential leadership council receives widespread praise”, Arab News, 7 April 2022.

⁶ See Peter Salisbury and Veena Ali-Khan, “Toward Open Roads in Yemen’s Taiz”, Crisis Group Commentary, 19 May 2022.

⁷ Crisis Group interviews, Yemeni officials, mediators, negotiators and UN officials, Riyadh, Cairo, Amman and by telephone, July, August and October 2022.

⁸ Ibid. During three rounds of face-to-face talks between Huthi and government negotiators in Amman, the latter at first demanded that all of Taiz’s major roads be reopened. When the Huthis said no, the UN proposed that they start by opening one main road, which connects the city to Huthi-held territory to the north, along with several other routes elsewhere in Yemen. The Huthis rejected this proposal, too, offering instead to open three minor roads in and around the city.

⁹ See Peter Salisbury and Veena Ali-Khan, “A Moment of Truth for Yemen’s Truce”, Crisis Group Commentary, 30 September 2022. When the truce began, the government committed to allow eighteen fuel shipments to enter Hodeida every two months, under its existing rules. The UN, the U.S. and Saudi Arabia subsequently pressured the government to relax its approval process after the

C. *An Expanded and Extended Truce*

For the UN, the truce was never supposed to be more than a stepping-stone to a more concrete set of ceasefire arrangements and multiparty negotiations. From April onward, the UN secretary-general's special envoy for Yemen, Hans Grundberg, focused on broadening the agreement's compass and extending it for six months. Twice, in June and August, he secured an extension, but on the original terms and for only two months. Then, in late September, just before the third renewal was to run out on 2 October, the UN proposed parameters for an expanded truce.

The new UN proposal largely responded to Huthi demands. Early on in the truce, Huthi officials began talking about a "humanitarian file" that would have to be "closed" for their side to agree to an expanded accord. They called for an end to restrictions on trade into Hodeida and the addition of new destinations for flights leaving Sanaa's airport. They also demanded payment of civil servant salaries in areas under their control – a long-time bone of contention the truce talks in April had not addressed. The UN draft suggested that salaries be paid (how and by whom it did not specify) to civilian state employees listed in government records produced in 2014 before the Huthis took Sanaa, that fuel keep flowing into Hodeida and that commercial flights from Sanaa go to more places.¹⁰ On the question of Taiz roads, it proposed reopening them in phases, along with other roads elsewhere in Yemen.

At first, both the Huthis and the government criticised the proposal. PLC members complained that it was too vague, particularly regarding the mechanism for salary payments.¹¹ The Huthis said it did not satisfy the requirements of their humanitarian file.¹² At the Taiz roads negotiations in Amman, the Huthis did not agree to unblock the routes the UN had named in its scheme. On their face, these challenges did not appear to be insurmountable.

But then the Huthis added to their list of demands. When Grundberg visited Sanaa on 28 September, the Huthis said a new agreement had to provide for payment of not just civil service but also defence and interior ministry salaries and pensions.¹³ They reportedly wanted payments to be made directly to a Huthi-controlled account, in

Huthis demanded that importers stop submitting approval requests, which caused delays. The government also unhappily consented to let passengers fly in and out of Sanaa on passports issued by the de facto Huthi authorities.

¹⁰ Crisis Group interviews, UN officials, Amman and by telephone, October-November 2022. The draft truce proposal, in Arabic, is on file with Crisis Group. The proposal also called for forming two committees, one to lay the groundwork for talks about a political settlement, and the other to de-escalate government-Huthi economic competition, which has compounded the country's humanitarian crisis. It sought to continue meetings of a new Military Coordination Committee to negotiate the details of a lasting ceasefire and coordinate matters like reopening roads.

¹¹ The proposal stipulated that initial salary payments would be made within a month, and Taiz's roads reopened within two weeks, of the agreement being signed. But government officials believed they would be forced to pay the salaries while the Huthis once again stalled on the roads. UN officials agree that the proposal had few details but argue that the parties would not have agreed to it otherwise. Crisis Group interviews, UN officials, Amman and by telephone, October-November 2022.

¹² Crisis Group telephone interviews, Huthi-aligned officials and UN officials, October-November 2022.

¹³ Crisis Group telephone interviews, Huthi-aligned officials and UN officials, October-November 2022. Huthi insiders say they had always demanded all these payments. UN officials say it was clear that defence and interior ministry salaries were not part of earlier conversations.

hard currency, for them to distribute as they saw fit.¹⁴ They further stipulated that salaries be paid primarily using the government's income from oil and gas exports. When, on 1 October, the UN presented its proposal to the parties, it kept the earlier language on civil service salaries and made no mention of the others, nor of oil and gas revenues. The PLC agreed to the truce "in principle" – that is, officials said they would sign the agreement if the Huthis did, too.¹⁵ But the Huthis rejected it.

D. *The Huthi-Saudi Channel*

The Huthi-Saudi channel is not new, but since October it has become the main (if not only) conduit for negotiations. As talks progressed over the summer, Omani officials – who helped the UN broker the truce in the first place – began transmitting messages between senior Huthi and Saudi officials.¹⁶ When the truce lapsed, these contacts continued. Progress to date has not been encouraging, however.

As Saudi and Western officials tell it, the Huthi-Saudi talks are centred around a Saudi proposal not just to extend the truce, but also to bring the war to a conclusion. In mid-October, regional and Western diplomats say, Saudi Arabia shared details of a peace proposal with the Huthi leadership.¹⁷ It reportedly addressed the Huthis' core demands, including civil service and even defence ministry salaries, but connected them to a phased Saudi "vision" for Yemen that Saudi officials describe as a roadmap to a settlement.¹⁸ According to these officials, the Huthis rejected the offer, sending a counter-proposal that reiterated longstanding demands.¹⁹

But Huthi officials provide a different narrative. They say they merely stuck to their negotiating positions, claiming the Saudis made no formal proposal of any kind. Rather than a sequential exchange of drafts, they said, talks were more like an informal back-and-forth.²⁰ The Saudis appear to have delivered their proposal verbally, and in broad strokes, partly explaining the discrepancy in accounts. The Huthis pushed Riyadh to provide a written proposal addressing their conditions for either renewing the truce (more flight destinations, lifting of rules at Hodeida, and payment of all salaries in areas under their control) or for ending the war (complete Saudi

¹⁴ Crisis Group telephone interviews, UN officials, Western diplomats and Huthi affiliate, October-November 2022.

¹⁵ Crisis Group interview, Yemeni official, New York, November 2022. The government may have agreed to the truce "in principle" only because it felt assured that the Huthis would say no.

¹⁶ Crisis Group interviews, Saudi and Omani officials, Riyadh, Muscat and by telephone, October 2022.

¹⁷ Crisis Group interviews, Western and regional officials, October-November 2022.

¹⁸ Crisis Group interviews, Western and regional officials, October-November 2022. The Saudi "white paper", or roadmap, is said to have three pillars: the economy, a political process and security arrangements. Each pillar has short- and long-term components. On the economic front, the Saudis say they will commit to pay salaries (to civil servants first, and then to military and security sector employees if and when a political process gets under way); to assist Yemen with reconstruction; and to align the country's post-war recovery with Saudi Arabia's own Vision 2030 development goals. The proposal reportedly gives the Huthis a share in interim governance and guarantees their inclusion in a political process to end in elections. Finally, on security, it is said to include longstanding Saudi preconditions like a border buffer zone; guarantees about the placement of heavy and long-range weapons; and near-term limits on the size of armed forces in Yemen, whether Yemeni or foreign.

¹⁹ Crisis Group interviews, Western and regional officials, October-November 2022.

²⁰ Crisis Group interview, Huthi official, Muscat, December 2022.

withdrawal from Yemen and reconstruction money). The group insists that it has little interest in Saudi proposals that fall short of these requirements.

To date, the discussions in the Huthi-Saudi channel echo the last intensive talks between the parties, held in late 2019. Those talks led to a temporary de-escalation of the conflict but failed to yield lasting political dividends. Then, as now, both sides wanted more than was on offer and believed that, given time, they would get it. Both Riyadh and Sanaa became frustrated when their opponents did not give in, and negotiations broke down with the Huthi push toward Marib in February 2020.²¹

E. Return to Economic Conflict

In parallel to the talks with the Saudis, the Huthis have escalated Yemen's economic conflict in a bid to improve their negotiating position. On 21 October, reports emerged of Huthi drone strikes near a tanker offloading oil from the Ash Shihr terminal in Hadramawt. Huthi military officials described the attack as a "warning".²² Two days earlier, local media reported strikes around the other major oil export terminal in southern Yemen, Nushayma in the Shebwa province. Then, on 8 November, government forces intercepted a Huthi drone near a smaller terminal, Qana, also in Shebwa. On 21 November, the Huthis attacked al-Dhabba port, claiming it was necessary to prevent the "plunder" of the country's hydrocarbon riches. Huthi-aligned individuals in Sanaa say these attacks should be seen as attempts at deterrence rather than destruction of oil tankers, but international shipping firms are unlikely to differentiate between the two.²³

The attacks have a self-evident purpose: to cut off government oil revenue, by halting shipments, until the PLC agrees to share this income with the Huthis. As the Huthis put it, the aim is to stop the PLC's theft of national resources and ensure that the government distributes funds equally among Yemen's regions. On 11 November, in response to a U.S.-UK-French press statement condemning Huthi attacks on oil infrastructure, de facto Huthi Deputy Foreign Minister Hussein al-Ezzi – an important interlocutor for diplomats who plays a key role in negotiations – offered a moratorium on attacks in exchange for redistribution of oil revenue at the national and governorate levels on the basis of the 2014 budget. By this scheme, the Huthis would get 70 to 80 per cent of all oil revenue.²⁴

The Huthi gambit worked, to an extent: the strikes halted oil exports. Several firms suspended oil production in Yemen, citing the threat of attack and a lack of storage capacity at southern export terminals. As a result, the government has not been able to export oil from the south, at a time of exceptionally high oil prices.²⁵ PLC-aligned

²¹ See Crisis Group Middle East Briefing N°74, *Preventing a Deadly Showdown in Northern Yemen*, 17 March 2020. As part of mediation efforts, an Omani delegation arrived in Sanaa on 21 December. See "The Omani delegation is visiting Sana'a to convey ideas and proposals for the talks with Saudis", Mehr News, 21 December 2022.

²² "UAE, GCC condemn Houthi attack on oil terminal in Yemen's Hadramawt", Al Arabiya, 22 October 2022.

²³ Crisis Group telephone interviews, Huthi-aligned officials, November 2022.

²⁴ Yemeni government officials and industry professionals say they halted oil production because the storage tanks at Yemen's major southern terminals are full, rather than because tankers could not load oil from the terminals. Crisis Group telephone interviews, government officials, November 2022.

²⁵ Crisis Group telephone interviews, government officials, November 2022.

officials, meanwhile, expressed dismay at what they perceive as a lack of international – and Saudi – response to the attacks. They spoke of launching a unilateral offensive to hit back at the Huthis.²⁶

The government sought to retaliate by designating the Huthis as a terrorist organisation, expanding its lobbying to have the group so designated abroad and, in mid-November, refusing to authorise fuel shipments to Hodeida (though Riyadh quickly overruled them on this last point).²⁷ Later, the government sought to build on its terrorism designation by banning financial transactions with Huthi-affiliated businesses, though to what effect is unclear.²⁸ Even government officials acknowledge that they can do little until they know the outcome of the Huthi-Saudi talks.²⁹ Nevertheless, both sides are preparing for a return to open warfare.

III. Strategic Calculus

The war in Yemen can take one of two paths: either the Huthis and Saudis will reach an accord, keeping a lid on fighting and possibly creating space for UN-led negotiations, or the parties will return to full-fledged conflict – including cross-border attacks. Progress toward a settlement is almost entirely dependent on the Huthi-Saudi channel. For now, all sides appear to assess that détente is in their interest. But that calculus could change.

A. *The Huthis*

Huthi strategy is based on a clearly delineated set of goals and well-trodden negotiating tactics. The Huthis say they want peace, but they mean something different from what their rivals, the UN or external actors would hope for. The Huthis argue that the war is not a civil conflict but a campaign of aggression waged by Saudi Arabia and its allies, including the U.S. and Israel.³⁰ For this reason, the Huthis contend that ending the war will first require a deal between Riyadh and themselves, followed by dialogue among Yemenis. They are open to UN-sponsored talks with the PLC – but only after they have hammered out a settlement with Riyadh.³¹ But the settlement they want would likely resemble a victor's peace, with the Huthis seeking to cut deals with their Yemeni adversaries while consolidating their control by force. It appears the rebels – who increasingly describe themselves as the Yemeni state – believe they have won the war: they think the Saudis want out, while their foes in the PLC are growing weaker. It is only a matter of time, in the Huthis' estimation, before their conditions are met or they overrun the country.

²⁶ Crisis Group interviews, Yemeni government officials, Cairo, October 2022.

²⁷ See Crisis Group Middle East Report N°233, *Truce Test: The Huthis and Yemen's War of Narratives*, 29 April 2022.

²⁸ "Yemeni Central Bank freezes the accounts of 12 companies on charges of financing the Huthis", *Al Arabiya*, 7 December 2022.

²⁹ Crisis Group telephone interviews, Yemeni government officials, November 2022.

³⁰ Crisis Group interview, Huthi official, Muscat, December 2022. See also Crisis Group Report, *Truce Test*, op. cit.

³¹ See Crisis Group Report, *Truce Test*, op. cit.

In the near term, however, the Huthis have economic problems to solve. They control the capital and the institutions of state – but not the oil and gas fields, refineries and power plants that underwrote the government’s pre-war budgets and met domestic energy needs. They are thus at an economic disadvantage compared to the government. With their push toward Marib from 2020 on, they aimed to seize the province’s hydrocarbon production facilities, refinery and power stations. But the advance stalled, leaving their balance sheets unaltered. Accordingly, the Huthis ratcheted up their economic demands in talks with the UN and, later, the Saudis.

The Huthis are not as strong militarily as they would like others to believe, either. They lost countless men in their two-year Marib offensive, a campaign that ended with a series of losses in that province’s south and neighbouring Shebwa. During the truce, meanwhile, divisions emerged among key leaders in the Huthi camp. Perhaps the clearest signal of the Huthis’ true military position is that they have not launched an assault in Marib since the truce lapsed. “Everyone is exhausted”, a Huthi affiliate in Sanaa said.³² The Huthis hold what they see as the trump card in negotiations: they are willing to go back to war, both on Yemeni fronts and with aerial attacks on Saudi Arabia and the UAE; and they calculate – likely correctly for now – that their rivals are not. Nonetheless, considering the losses they would sustain in renewed combat, they would rather achieve their aims through negotiations than on the battlefield.

To this end, the Huthis employ a bait-and-switch strategy. They engage with the UN’s mediation efforts while continuously raising demands and using the threat of returning to war as leverage. By doing so, the rebels lock their rivals, and perhaps more importantly, foreign powers and the UN, into negotiations, dangling the prospect of an end to the conflict or major concessions to prevent renewed fighting. The strategy has worked. Reopening Sanaa airport and lifting restrictions on Hodeida port, for example, once seemed all but impossible without the Huthis giving something substantial to their rivals. Now, the Huthis are after steady income via the salary payments.

Yet if they get what they want – fuel shipments, more flights and what could in effect be a flow of oil revenues to their areas – it is not clear what they would then gain from participating in national talks about a political settlement. It seems more likely that they would seek still more concessions from the Saudis with the aim of achieving their vision of “peace”.

For this reason, the Huthi approach, while serving its purpose, has also greatly deepened mistrust of the movement among diplomats working to end the war, not to speak of their Yemeni opponents, including civil society activists who already believed the group seeks to impose theocratic rule.³³ Outsiders also dislike the Huthis’ perceived tendency to “channel-jump” during negotiations, with the group focusing its efforts on the external party (the UN, Riyadh, Muscat or, at times, Western officials) it believes is most likely to advocate for meeting its conditions. (Huthi insiders make similar complaints about the Saudis, claiming that officials in Riyadh flit between different Huthi interlocutors during negotiations.³⁴)

³² Crisis Group interview, Huthi-aligned official, Sanaa, November 2022.

³³ Crisis Group interviews, Yemeni government officials and civil society activists, Aden, Marib, Riyadh, Cairo, Amman and by telephone, 2019-2022.

³⁴ Crisis Group interviews, regional and Western officials, July-December 2022.

B. *Saudi Arabia*

Hostility toward the Huthis is easing in Riyadh, in keeping with its growing recognition that the group is Yemen's most powerful faction and will likely remain so. Saudi officials describe a series of efforts to engage the Huthis since 2019, including distribution of aid in the areas they control.³⁵ Saudi-run media outlets have started referring to the Huthis as *Ansar Allah*, the name the movement prefers, rather than "Huthi militias" as in the past (the Huthis have also adopted a milder tone toward Riyadh in statements). In private, Saudi officials no longer characterise the Huthis as an Iranian proxy, labelling it instead an opportunistic Yemeni group with natural ties to Saudi Arabia.³⁶

Saudi Arabia is forthright about its desire to disentangle itself from the war. But a gap remains between Huthi demands and Saudi red lines. Whereas, in the past, Riyadh sought Huthi concessions up front, officials now say they are willing to give the Huthis more of what they want, like fuel shipments to Hodeida, more flights out of Sanaa and civil service salaries, before the group makes any moves. But the Huthis' constant escalation of their demands frustrates Saudi officials, as it does foreign diplomats. Riyadh is also unlikely to strike a bargain without clear commitments from the Huthis on border security, including pledges to stop missile and drone attacks on the kingdom and to move heavy and long-range weapons away from the frontier. It also wants the Huthis to cool down their relationship with Iran, and stop acquiring Iranian-made weapons, which in its view are the only reason the Huthis can threaten Saudi Arabia in the first place.

What is unclear is which demands of the Huthis Riyadh would be prepared to forego in hopes of extracting itself from the war and gaining a modicum of stability in Yemen. The Huthis appear to calculate that, sooner or later, the Saudis will give in to most or all of their wishes. Yet they may be mistaken. Although Riyadh wants out, and its relations with parts of the PLC have often been tetchy, and for all that the Saudis have softened their hard line on the Huthis, Saudi officials are unlikely to countenance complete Huthi domination of Yemen. A Huthi-Saudi deal that met most or all of the rebels' demands would not bring peace so much as lay the groundwork for another round of fighting between the Huthis and their rivals. If it remained a purely Huthi-Saudi pact, and neither side sought help in carrying out its provisions, it would likely be hard to implement.

C. *The PLC and Yemen's Anti-Huthi Factions*

Having, in effect, stage-managed the PLC's formation in April, the Saudis have now reduced the council and its component parts to bit players in negotiations. PLC officials and allies find this development vexing because it undermines the council's original purpose. The PLC was formed to solve two interrelated problems: infighting among anti-Huthi groups (and, by extension, their Saudi and Emirati backers) and the Hadi government's lack of credibility as a negotiating partner for the rebels.³⁷ The decree that led to the PLC's formation mandated it to oversee military integration,

³⁵ Crisis Group interview, Saudi official, Riyadh, October 2022.

³⁶ Crisis Group interviews, Saudi officials, Riyadh, October 2022.

³⁷ "Behind the Yemen Truce and Presidential Council Announcements", *op. cit.*

bringing disparate armed factions, many of which had not affirmed Hadi's authority, under a single chain of command. If the PLC were able to unify these factions, it could pose a potent military threat to the Huthis.

But if anything, the cracks among anti-Huthi groups have become more visible since April. Rival sections of the PLC fight one another for control of Shebwa.³⁸ Tensions even exist among PLC groups that are aligned with the UAE, for example between the National Resistance Forces, led by Tareq Saleh, nephew of the late President Ali Abdullah Saleh, and the Southern Transitional Council (STC), which calls for independence for Yemen's south.³⁹ The Huthi attacks on oil and gas infrastructure that cut off exports, and with them most government revenue, have left the PLC strapped for cash as well. Only in November did outside backers come to the PLC's aid, when the Arab Monetary Fund, UAE and International Monetary Fund pledged to disburse more than \$1.5 billion to the government over three years. The council's chair and Hadi's successor, President Rashad al-Alimi, looks increasingly isolated and impotent, unable or unwilling to return to Aden, the government's temporary capital, which is under STC control.⁴⁰

With little to no sway over the trajectory of Huthi-Saudi talks, the PLC has a choice: wait and see what the negotiations yield or try to scupper them by undertaking unilateral military action. "Nobody knows what will happen", a government official said. "We see that [regional and Western countries] are looking to satisfy the Huthis, and the problem is that we do not have any way to pressure the Huthis. We are just waiting for whatever Saudi Arabia decides".⁴¹ The anti-Huthi factions would have a hard time playing the spoiler because their forces are divided, but even so they could hold up efforts to convert a Huthi-Saudi compact into lasting political arrangements.

IV. A Way Forward?

Yemen's near-term future is now largely dependent on what the Huthi-Saudi channel produces. A Huthi-Saudi accommodation is clearly preferable to open war and likely a necessary step to a sustainable settlement. But a miscalibrated agreement could do significant harm. The immediate priority is to prevent the resumption of hostilities. But mediators must be careful not to scupper prospects for a more sustainable settlement, either by giving the Huthis so much that they feel free to spurn peace negotiations in the future or by completely alienating Yemen's anti-Huthi groups. "A deal between the Huthis and Saudis is not a deal to end conflict in Yemen, but to end the Saudi role in Yemen and hand power to the Huthis", a Yemeni civil society advocate said, expressing a widespread fear.⁴² Mistrust of the rebels is so rife that,

³⁸ "UAE-backed Yemeni forces seize Shabwa in tussle with rivals", Reuters, 21 August 2022.

³⁹ Crisis Group interviews, PLC officials and allies, Cairo, October 2022. South Yemen was an independent nation from 1967 to 1990. It then unified with the north.

⁴⁰ Maysaa Shuja al-Deen, "Avoiding the fate of the powerless president", Sanaa Center for Strategic Studies, 8 September 2022.

⁴¹ Crisis Group interview, Yemeni official, Cairo, October 2022.

⁴² Crisis Group interview, female Yemeni civil society activist, Amman, December 2022.

even if the Huthis and Saudis do strike a bargain, the anti-Huthi forces would fight on, inaugurating a more fractured phase of internal war.

The current state of affairs, while perilous, offers diplomatic opportunities. The first concerns the PLC and, more broadly, Yemen's numerous political factions. For much of the conflict, many figures in anti-Huthi groups and the internationally recognised government were wary of dealing with the UN, perceiving it as ineffectual and biased toward the Huthis (the Huthis, in turn, claim that the UN favours the PLC). If it treads carefully, the UN can assuage the PLC's fears about a Huthi-Saudi deal – while also putting them to productive use.

The PLC is weak and divided, but it contains key political and military constituencies. Ignoring it would be a mistake. Grundberg and his team should restart discussions with PLC members and other Yemeni factions about what a viable political settlement might look like. In doing so, the UN can signal to Huthis and the PLC that it will not simply rubber-stamp a Huthi-Saudi deal, giving the Huthis the international legitimacy they crave; instead, it will keep pursuing multiparty talks that a critical mass of Yemenis will regard as legitimate. Two important steps in this direction would be for Grundberg to launch the long-mooted mediation framework for Yemen and to convene bilateral meetings with all the country's major politicians, including key PLC officials. Thus, the UN envoy could reassure Yemenis that, regardless of what a Huthi-Saudi compact might say, the UN, with the support of outside powers, intends to broker an inclusive political settlement. Such is the view of the Yemen file in New York. Grundberg has committed to expanded negotiations, as has the UN Security Council.⁴³

The Saudis, too, could do more to reassure the PLC and more clearly articulate their vision of peace. Saudi officials could reiterate their stance that, in talking to the Huthis, they aim to establish a baseline for negotiations between the de facto authorities in Sanaa and the PLC. Riyadh could also make public its offer to the Huthis, as it did with past initiatives, both to dispel fears among its allies and to pre-empt any Huthi attempt to reinterpret the meaning of an agreement.

The PLC, meanwhile, cannot expect outside powers to do all of its work for it. Council members complain, with some justification, that the Saudis have not done enough to support their side, but they must also keep looking for a practical way forward. Given that the council is worried about a Huthi-Saudi pact, or that it might be railroaded into a deal in the future, it should enjoin its newly formed negotiating committee to begin serious discussions about what a realistic bargaining position would look like in the event of national political talks.

A second opportunity comes from the Gulf states. Regional officials are worried that a return to conflict could prove particularly costly if it leads to Huthi strikes on targets in Saudi Arabia or the UAE. With various Gulf states either directly supporting or closely tied to key Yemeni parties on the ground, the Huthi-Saudi channel could morph, in the event of a deal, into a region-wide initiative designed to back UN-led

⁴³ In a February resolution on Yemen that described the need for a multiparty settlement, the Council argued that “the only viable path forward is dialogue and reconciliation among the multiple and varied including but not limited to the Government of Yemen and the Houthis, Yemen's major political and regional parties, and women, youth and civil society”. UN Security Council Resolution 2624 (2022), S/2624/2022, 28 February 2022.

mediation. Crisis Group has long recommended forming an international working or contact group on Yemen to act as a united front in support of the UN-led process.⁴⁴ The envoy's office would chair such a group, which should at a minimum include the UN Security Council's five permanent members and representatives of the six Gulf Cooperation Council states, with the European Union perhaps joining as well. The contact group's primary objective should be to coordinate mediation tracks, determine steps that will maximise the chances of success in UN-led negotiations and establish a division of labour among its members to support the peace process.

None of these things can happen without the Huthis' say-so. It has been clear for some time that the Huthis' isolation is a significant barrier to progress.⁴⁵ Because they see so few outsiders, Huthi insiders are rarely exposed to narratives other than their own. The UN has struggled to speak to more than a handful of Huthi officials, not all of them decision-makers, and no senior UN official has met Abdulmalik al-Huthi, the group's top leader, since 2020. Someone should travel to Sanaa, stay there for a while and meet with al-Huthi, seeking to convince him that it is time to make peace. That person need not be Grundberg, and indeed might need to be an Arabic speaker, perhaps from a Gulf state that has not taken sides in the conflict, like Kuwait or Oman, or a European nation perceived as neutral, such as Sweden or Switzerland.

V. Conclusion

Not for the first time, Yemen is at an inflection point. A narrow window of opportunity may soon emerge to nudge the country toward a political process. Or the conflict parties may calculate – wrongly – that they stand to benefit from renewed fighting. While the pitfalls of the first scenario are plain, it is still preferable to more months or years of bloodshed that produce more suffering but little change in the balance of power on the ground.

Sanaa/Riyadh/Brussels, 29 December 2022

⁴⁴ See, eg, Crisis Group Middle East and North Africa Report N°216, *Rethinking Peace in Yemen*, 2 July 2020.

⁴⁵ See Crisis Group Report, *Truce Test*, op. cit.

Appendix A: About the International Crisis Group

The International Crisis Group (Crisis Group) is an independent, non-profit, non-governmental organisation, with some 120 staff members on five continents, working through field-based analysis and high-level advocacy to prevent and resolve deadly conflict.

Crisis Group's approach is grounded in field research. Teams of political analysts are located within or close by countries or regions at risk of outbreak, escalation or recurrence of violent conflict. Based on information and assessments from the field, it produces analytical reports containing practical recommendations targeted at key international, regional and national decision-takers. Crisis Group also publishes *CrisisWatch*, a monthly early-warning bulletin, providing a succinct regular update on the state of play in up to 80 situations of conflict or potential conflict around the world.

Crisis Group's reports are distributed widely by email and made available simultaneously on its website, www.crisisgroup.org. Crisis Group works closely with governments and those who influence them, including the media, to highlight its crisis analyses and to generate support for its policy prescriptions.

The Crisis Group Board of Trustees – which includes prominent figures from the fields of politics, diplomacy, business and the media – is directly involved in helping to bring the reports and recommendations to the attention of senior policymakers around the world. Crisis Group is co-chaired by President & CEO of the Fiore Group and Founder of the Radcliffe Foundation, Frank Giustra, as well as by former Foreign Minister of Argentina and Chef de Cabinet to the United Nations Secretary-General, Susana Malcorra.

Comfort Ero was appointed Crisis Group's President & CEO in December 2021. She first joined Crisis Group as West Africa Project Director in 2001 and later rose to become Africa Program Director in 2011 and then Interim Vice President. In between her two tenures at Crisis Group, she worked for the International Centre for Transitional Justice and the Special Representative of the UN Secretary-General in Liberia.

Crisis Group's international headquarters is in Brussels, and the organisation has offices in seven other locations: Bogotá, Dakar, Istanbul, Nairobi, London, New York, and Washington, DC. It has presences in the following locations: Abuja, Addis Ababa, Bahrain, Baku, Bangkok, Beirut, Caracas, Gaza City, Guatemala City, Jerusalem, Johannesburg, Juba, Kabul, Kiev, Manila, Mexico City, Moscow, Seoul, Tbilisi, Toronto, Tripoli, Tunis, and Yangon.

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