

Houthi Terrorism Designation More Likely to Deliver Famine and Entanglement Than Leverage

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Brief Analysis

To stave off a potential humanitarian disaster in Yemen, keep communication lines open, and avoid getting drawn into the war, the Trump administration should not designate the Houthis.

For the last several weeks, the Trump administration has been signaling that a terrorism designation is imminent for Yemen's Houthi rebel movement. Saudi Arabia, the United Arab Emirates, and the Yemeni government support such a move, but many international bodies, Yemen experts, U.S. allies, and even U.S. officials have warned publicly and privately that a designation may catalyze unintended consequences—chief among them a potential famine—without creating the intended leverage.

Amid this debate, the hope was that the Houthis would limit their attacks to avoid adding fuel to the fire. Instead, they targeted an Aramco oil distribution facility in Jeddah, Saudi Arabia, on November 22. Such attacks on nonmilitary sites have served as kindling for the Trump administration's designation argument, as have the Houthis' [ongoing missile upgrades \(https://www.washingtoninstitute.org/policy-analysis/view/the-un-exposes-houthi-reliance-on-iranian-weapons\)](https://www.washingtoninstitute.org/policy-analysis/view/the-un-exposes-houthi-reliance-on-iranian-weapons) and their [ties with Iran's Islamic Revolutionary Guard Corps \(https://www.washingtoninstitute.org/policy-analysis/view/yemen-relationship-matrix\)](https://www.washingtoninstitute.org/policy-analysis/view/yemen-relationship-matrix) (IRGC). The Aramco strike is therefore likely to strengthen the administration's resolve.

WHY DESIGNATE?

For the most part, the sudden focus on designation appears to stem from the administration's maximum pressure policy against Iran. Formally listing the Houthis as terrorists—an option championed by Secretary of State Mike Pompeo—would prohibit any entity from providing them with material support, cutting them off from their sources

of funding by making businesses or traders hesitant to work with them.

The current debate is also born of frustration over [the protracted state of the Yemen war](https://www.washingtoninstitute.org/policy-analysis/view/saudi-leverage-not-enough-to-achieve-peace-in-yemen) (<https://www.washingtoninstitute.org/policy-analysis/view/saudi-leverage-not-enough-to-achieve-peace-in-yemen>). The administration apparently sees designation as one of the few tools capable of providing leverage against the Houthis. According to this argument, the option of later rescinding a U.S. designation would give the coalition a carrot worth trading for a major Houthi concession in future negotiations.

To meet the statutory criteria for designation, the Houthis must be found to have engaged in terrorist activity (broadly defined) and threatened U.S. national security. This was already a low bar to reach, and the [controversial 2019 decision](https://www.washingtoninstitute.org/policy-analysis/view/what-will-irgc-designation-actually-do) (<https://www.washingtoninstitute.org/policy-analysis/view/what-will-irgc-designation-actually-do>) to designate the IRGC as a terrorist organization makes the Houthis particularly low-hanging fruit, since the Iranian military branch is known to back them. The Trump administration also highlights the Houthis' attacks on civilians and civilian infrastructure, their hostile slogans (including "death to America"), and their kidnapping of Americans.

Saudi Arabia believes that a designation would put the rebels on the back foot, providing a perceived "win" for the coalition amid recent Houthi ground advances in Yemen. The UAE backs the idea as well, and the government of Yemeni president Abdu Rabu Mansour Hadi apparently hopes that a listing would raise the cost of aligning with the Houthis, forcing other Yemeni actors to abandon the movement. In the government's view, labeling the rebels as terrorists could also reinforce its legitimacy and dilute any future Houthi attempts to achieve wider diplomatic recognition by claiming "possession is nine-tenths of the law," since the movement currently holds de facto control over much of the country.

WHY NOT DESIGNATE?

Despite these arguments, many Yemen watchers and stakeholders fear the negative consequences would outweigh any gained leverage. In particular, they worry that designation would lead to famine in struggling Houthi-held areas of the country by curtailing aid and the private sector—just as a terrorism designation did in Somalia a decade ago.

Hindering aid. Many figures in the aid community are deeply concerned that listing the rebels would restrict their ability to deliver much-needed assistance to the 80 percent of Yemenis who live under Houthi control, or more than 20 million people. Countries have already under-pledged humanitarian aid to Yemen, and the U.S. Agency for International Development suspended its \$73 million program earlier this year, leading several international agencies to shutter projects aimed at staving off famine.

It is possible to implement waivers or licenses that would allow humanitarian actors to continue operating in Houthi-held territory despite a designation, but such efforts have fallen flat elsewhere. According to the *Los Angeles Times*, just three years after the United States designated al-Shabab as a terrorist organization in 2008, Somalia underwent a severe famine due in part to unclear waivers. Such exemptions take significant time to properly prepare, yet the waivers currently being drawn up for Yemen have been rushed, raising concerns that they will be inadequate. Even if the waivers are eventually sound, past precedent in Somalia and other jurisdictions indicates that many aid organizations would still steer clear of Yemen rather than risk inadvertently running afoul of American authorities.

Constricting the private sector. A Houthi designation would also restrict the private sector's ability to provide basic goods to Yemen—another major risk factor for famine given that 90 percent of the country's food is imported. Traders, bankers, insurance companies, and commercial shippers cannot avoid the Houthis' economic tentacles in north Yemen, so they may shut down or shift their business away from the country rather than risk legal trouble.

Moreover, the Trump administration does not appear to be considering private-sector waivers. For now, Yemeni grocery stores are stocked, but many citizens cannot afford to buy basic goods due to unpaid salaries and the currency crisis. The situation would worsen dramatically if a terrorism designation takes food and other goods off the shelves entirely.

Hampering mediation and peace talks. A designation might also impede the peace process—whether by making it diplomatically difficult for Washington to support Hadi government talks with a terrorist group, or by limiting mediators’ ability to work with the rebels, since even giving them advice could be deemed “material support.” This may apply to the UN special envoy’s office as well as Oman, which hosts Houthi representatives in Muscat. It may also inadvertently end mediation related to offloading oil from the *FSO Safer*, a tanker that is currently moored off the coast of Yemen and under Houthi control. Experts fear the vessel may leak or rupture, causing an environmental disaster larger than the infamous *Exxon Valdez* spill.

Concerns about reputational risks and the precise parameters of material support could also have a chilling effect on Yemen researchers. This would cut U.S. officials off from a critical source for understanding the complex conflict, widening the knowledge gap that already exists due to the lack of an American embassy in Yemen.

RISK OF ENTANGLEMENT

Most U.S. officials believe they have limited leverage in the Yemen conflict short of joining as a full-scale military partner (which very few advocate) or cutting off arms sales to the coalition (which the Biden administration may do). Advocates of designation therefore argue that a terrorism listing is America’s only viable form of leverage on the one actor seemingly immune to foreign pressure. Yet in addition to raising the risk of famine, designating the Houthis would make the United States party to the conflict in a way it has thus far avoided. The terrorism label would become yet another item that needs to be negotiated in order to end the war—an unnecessary entanglement for an administration that has prided itself on getting out of Middle East conflicts.

Indeed, the Houthis and their supporters would point to a designation as further evidence for their belief that America is secretly behind the war. Those who already accuse the Hadi government of [engaging in economic warfare \(https://www.washingtoninstitute.org/policy-analysis/view/in-damning-report-un-panel-details-war-economy-in-yemen\)](https://www.washingtoninstitute.org/policy-analysis/view/in-damning-report-un-panel-details-war-economy-in-yemen) would perceive an American hand joining that campaign if a designation further constricts them financially. Washington has long faced [perceptions of culpability in the coalition’s air campaign \(https://www.washingtoninstitute.org/policy-analysis/view/the-dilemma-of-an-imperfect-ally\)](https://www.washingtoninstitute.org/policy-analysis/view/the-dilemma-of-an-imperfect-ally), which plays well into Houthi narratives, so it does not need to expose itself to similar accusations on the economic front.

The latest Houthi attack on Saudi Aramco does not appear to have changed minds on either side of the argument, and if the diverse efforts to sway the Trump administration fail, the rebels may be designated as soon as December 1. In the near term, the Houthis are unlikely to respond by coming to the table; rather, they may see a terrorism listing as evidence that the coalition does not want to make a deal with them. The Houthis often point to the Taliban in Afghanistan as a model, arguing that the United States waited two decades before agreeing to talk to the group. Given this long view of history, they seem willing to wait it out, while neither side of the U.S. political aisle nor the Saudis are similarly dispositioned. Thus, to stave off potential famine, keep communication lines open, and avoid entanglement, the Trump administration should not designate the Houthis.

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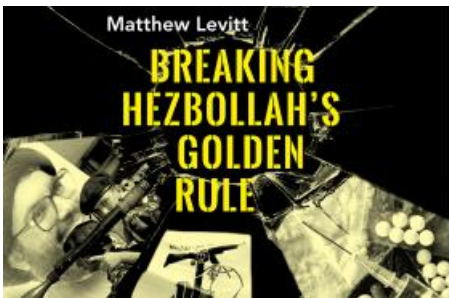
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