

A Goldilocks Approach to Sanctioning Yemen's Houthis

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Brief Analysis

Although the group undoubtedly merits FTO designation, issuing targeted sanctions with broader UN buy-in may achieve better results without the humanitarian complications.

Recent drone and missile attacks on civilian infrastructure in the United Arab Emirates have revived the debate over whether Washington should designate the militant Yemeni group Ansar Allah (aka the Houthis) as a Foreign Terrorist Organization (FTO). On its face, Ansar Allah certainly meets the legal standard for this label. Yet the financial measures of an FTO designation alone would be limited in their ability to pressure an organization that primarily relies on smuggled Iranian arms and can raise significant funds locally. More important, compelling evidence indicates that a blanket designation **would impede humanitarian efforts** (<https://www.washingtoninstitute.org/policy-analysis/houthi-terrorism-designation-more-likely-deliver-famine-and-entanglement-leverage>) in Yemen.

Fortunately, the U.S. government has alternatives that may achieve better results with greater international buy-in and less impact on the flow of basic goods to civilians caught in the Yemen war. The most effective approach would be to expand the use of targeted U.S. sanctions against Houthi leaders, operatives, and key financial and procurement nodes, while simultaneously working with partners at the United Nations to adopt and implement more robust international sanctions.

Uptick in Houthi Attacks Abroad

Following a Houthi-claimed [attack on January 17 \(https://www.washingtoninstitute.org/policy-analysis/houthi-strikes-uae-open-another-front-yemen-war\)](https://www.washingtoninstitute.org/policy-analysis/houthi-strikes-uae-open-another-front-yemen-war) that killed three civilians in Abu Dhabi, Emirati officials called on the Biden administration to re-designate Ansar Allah as an FTO. The group had previously been added to the FTO list in the final days of the Trump administration—a decision that came after a lengthy interagency and public debate over the humanitarian implications of sanctioning a group that controls major population centers

amid one of the worst famines in modern times. In addition to financial sanctions that block terrorist assets, FTO designations broadly criminalize dealings with such groups.

The Biden administration revoked the designation shortly after entering office, citing humanitarian concerns and a renewed commitment to end the decade-long war via diplomacy. Despite robust efforts by U.S. envoy Tim Lenderking and UN officials, however, a ceasefire has remained elusive. Instead, the Houthis have rejected diplomatic overtures, ramped up attacks on civilian infrastructure in Saudi Arabia and the UAE, and expanded their hostile maritime activity around the Arabian Peninsula.

Considering the Humanitarian Implications

The challenge of the Houthi designation issue becomes clearer when one takes a closer look at the complexity of U.S. counterterrorism sanctions, which are typically applied via an FTO designation or Executive Order 13224, the post-9/11 formula by which groups such as the Taliban have been sanctioned. In contrast to country sanctions or other targeted programs, counterterrorism sanctions do not traditionally have humanitarian carve-outs. A few narrow exceptions have been made in recent years—for licenses issued alongside the Houthi FTO decision in January 2021 (see below), for dealings in Afghanistan after the Taliban takeover last August, and for humanitarian trade with the Central Bank of Iran in 2019. Yet the practical impact of these exceptions has become part of the broader debate about how sanctions affect humanitarian activities.

In Yemen, UN officials and respected international aid organizations have raised concerns about the effectiveness of licenses or other exemptions in protecting humanitarian activities. On that basis, they oppose re-designating the Houthis. They cite the fact that 90 percent of Yemen’s food is imported commercially—a heavy dependence that humanitarian groups are not set up to replace on their own. Rather, such groups commonly provide cash assistance in the form of social support, cash-for-work programs, or other grants.

Another challenge lies in the fact that when assistance providers operate in areas where a designated terrorist group is present, they themselves are primarily responsible for ensuring that prohibited individuals do not receive or divert the assistance. Even securing access to such areas often entails developing burdensome vetting processes and end-use verification programs, as well as following donor-specific rules about contact with designated groups.

Sanctions also affect the risk calculus of commercial operators such as banks, traders, and shipping agencies, further complicating access to basic goods. For example, during the brief period when the Houthi FTO designation was in place, the Treasury Department’s Office of Foreign Asset Control issued licenses that carved out exemptions for transactions by international organizations and NGOs, as well as trade in agricultural commodities and medicine. Yet Yemeni traders still reported cuts in banking ties, and some NGOs suspended assistance to consider how to navigate the new constraints.

Among other questions, organizations were unsure

([https://reliefweb.int/sites/reliefweb.int/files/resources/Yemen%20-](https://reliefweb.int/sites/reliefweb.int/files/resources/Yemen%20-%20US%20terrorist%20designation%20of%20Ansar%20Allah%20-%20Risk%20alert%20and%20humanitarian%20impact%20%2814%20January%202021%29.pdf)

[%20US%20terrorist%20designation%20of%20Ansar%20Allah%20-](https://reliefweb.int/sites/reliefweb.int/files/resources/Yemen%20-%20US%20terrorist%20designation%20of%20Ansar%20Allah%20-%20Risk%20alert%20and%20humanitarian%20impact%20%2814%20January%202021%29.pdf)

[%20Risk%20alert%20and%20humanitarian%20impact%20%2814%20January%202021%29.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/Yemen%20-%20US%20terrorist%20designation%20of%20Ansar%20Allah%20-%20Risk%20alert%20and%20humanitarian%20impact%20%2814%20January%202021%29.pdf)) whether the

licenses offered protection from prosecution under U.S. material support statutes or were limited to exempting

banks from exposure (<https://crsreports.congress.gov/product/pdf/IN/IN11585/1>) to sanctions. Criminal liability

only attaches when material support is provided willfully or “knowingly,” so the Justice Department could help

clarify matters by emphasizing that it sets a high bar for prosecutions against humanitarian actors, which are rare

already. Yet such a declaration may not give adequate comfort, particularly in the case of FTOs. A notable distinction

between FTO designations and E.O. 13224 sanctions is the expansive and extraterritorial nature of criminal liability

for providing material support to an FTO.

Calling a Spade a Spade

There is no doubt that Ansar Allah qualifies as a terrorist organization and deserves the political and diplomatic penalties that come with such a designation. On its own, however, re-designating the group as an FTO would have limited practical effects on Houthi capabilities and would likely complicate the local humanitarian situation.

A better alternative is to target individual Houthi figures as terrorists using other authorities. In fact, the United States has already shown the utility of sanctioning Houthi leaders, key operatives, and operational networks without triggering negative implications for humanitarian activities in Yemen.

Under E.O. 13224, Houthis can be sanctioned through so-called “derivative designations” that tie their activities to previously designated entities such as Iran’s Islamic Revolutionary Guard Corps, the IRGC-Qods Force, or Lebanese Hezbollah. Consider the June 2021 designation of a Qods Force-affiliated Houthi financing network. According to [the Treasury announcement \(https://home.treasury.gov/news/press-releases/jy0221\)](https://home.treasury.gov/news/press-releases/jy0221), the network generated “tens of millions of dollars in revenue from the sale of commodities, like Iranian petroleum, a significant portion of which is directed through a complex network of intermediaries and exchange houses in multiple countries to the Houthis in Yemen.” So far, such designations have been limited, but there is ample space to expand them given the group’s reliance on Iran. Targeted sanctions of this sort could also be more effective in exposing and disrupting key operational nodes, including intermediaries and front companies in third countries.

At the same time, the United States should advocate for additional sanctions at the UN level, promoting broader buy-in and implementation. For instance, E.O. 13611—which the Obama administration issued in 2012 to target individuals and entities that destabilize Yemen—corresponds to UN Security Council Resolution 2140. Last May, the U.S. government sanctioned senior Houthi official Muhammad Abd al-Karim al-Ghamari under E.O. 13611 for his role in orchestrating attacks on Yemeni civilians during the Marib offensive. The UN then sanctioned him in November. Likewise, senior Houthi military officer Saleh Mesfer Alshaer, who was added to UN lists at the same time as Ghamari, was first sanctioned by the European Union in October. A close ally of Houthi leader Abdul-Malik al-Houthi, Alshaer has also been accused of appropriating hospital revenues and confiscating money associated with internationally funded projects, according to the subsequent Treasury designation under E.O. 13611. Going forward, U.S. diplomats should lobby for additional UN sanctions against Houthi figures for violating Resolution 2140.

Conclusion

Designating the Houthis as an FTO has been commonly characterized as an either/or issue, pitting victims of Houthi terrorist attacks in faraway countries against aid advocates who worry that designations will increase human suffering in Yemen. There is a third option, however: issuing targeted sanctions against Houthi leaders, operatives, and institutions.

On one hand, such sanctions hold the potential for highlighting support from Iran and Hezbollah while calling out the Houthis’ human rights abuses and broader destabilizing behavior. Yet they may serve an even more powerful purpose by focusing attention on terrorists and their supporters, restricting their activities, and drawing attention to the fact that the Houthis refuse to engage seriously in diplomatic efforts to resolve the broader conflict—all while mitigating negative effects on humanitarian access. To make this third way a reality, the United States should pursue additional targeted sanctions of its own, share actionable intelligence with partners in jurisdictions where procurement and financing networks continue to operate, and work with UN partners on more robust international sanctions against the Houthis and their supporters.

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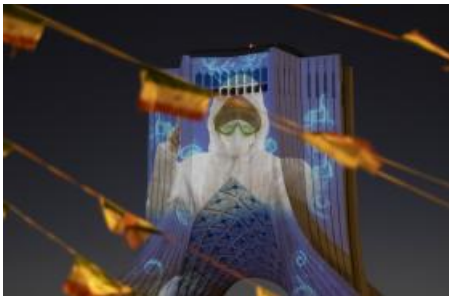
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