Yemen: an Opportunity for Iran-Saudi Dialogue?

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When the Houthi rebels took control of Yemen’s capital Sanaa in September 2014, Arab Gulf officials and Western pundits claimed that Iran was aiming to export its revolutionary ideology and establish a Shia empire throughout the Middle East.¹ They claimed that Iran was doing so by backing, perhaps even controlling, the Shia Houthis. The Houthi takeover came at a critical point for the region: Tehran was in the midst of negotiations to resolve the crisis surrounding its nuclear program. The resulting deal provided Tehran with sanctions relief and removed some of the barriers to Iran’s reintegration into the international community. Some already wary Gulf Arab states viewed the success of the talks as an end to Iranian isolation, with the country fixing its broken ties to the West and reasserting itself as a top regional power.
As a result, when it became clear that the Houthis had made substantial progress in Saudi Arabia’s backyard—with the Yemeni government effectively out of the picture—Saudi officials were rattled. Following exaggerated reports of wholehearted Iranian backing of the Houthis, the Saudi-led coalition strikes against Yemen were portrayed as part of a proxy war between the two regional rivals, in which both had an equal involvement. Today, this view is prevalent among Gulf Arabs, whose fear of a resurgent Persian Empire dictates the course of events in Yemen.

Yemen is a primary zone of influence and a high priority for Riyadh. For decades, Saudi Arabia has been involved in Yemen’s affairs, influencing various communities for its own leverage. While Yemen does not have much to offer by way of resources, Saudi control over Yemen is a point of prestige and legitimacy for the house of al-Saud. Operating from a perceived position of weakness, Saudis portray Iran’s role in Yemen as one of pure power play, an effort to strategically surround and pose an existential threat to the Arab Gulf state.

But Tehran’s involvement in the conflict has been more nuanced and limited. Yemen is far from a priority for Iran. Unlike Iran’s strategy in Iraq and Syria, Tehran’s Yemen policy is patchier and lacks an ultimate goal. Tehran provided some level of support for the Houthis, but it will not go as far as deploying its elite forces, as it did in both Iraq and Syria. In fact, even when Riyadh continued its air campaign in Yemen after it cut diplomatic ties with Tehran in early January 2016—days after the Saudi embassy in Tehran and consulate in Mashhad were sacked in reaction to the execution of Shia cleric Nimr al-Nimr in Saudi Arabia—Iran did not react.

This is significant because to resolve the current crises in the Middle East, Iran and Saudi Arabia need to find common ground or a Zone of Possible Agreement (ZOPA) - the range of outcomes in a negotiation that will be acceptable to both parties. While Iran is finally sitting at the table on Syria, discussions are still tense and the two sides are still too far apart. Iran stopped
threatening to leave the negotiations; indeed, both sides have stated that the end of diplomatic relations with each other would not affect their willingness to sit at the same table to resolve the Syria crisis. Yemen is the area of overlap: it is a high priority issue for Riyadh and a low priority for Tehran. Iran can and is willing to compromise on Yemen. This is where the conversation should begin to work toward stabilizing a region on the verge of collapse.

**Yemen: A Fragmented Country**

The history of modern Yemen begins in May 1990, when the Yemen Arab Republic (North Yemen) and the People’s Democratic Republic of Yemen (South Yemen) united as the Republic of Yemen under President Ali Abdullah Saleh. Sanaa, formerly the northern capital, became the capital of united Yemen, while Aden, the former southern capital, became the country’s economic pulse. Today, the divisions between the former North and South regions persist.

In addition to these rifts, a number of other factors contribute to the complexity of the Yemeni situation. Identity politics lie at the center, but these are not limited to sectarian issues. While the Shia–Sunni divide is a reality in Yemen—an estimated 65 percent of the population is Sunni, contrasting with 35 percent Shias—ethnic, linguistic, and tribal affiliations also shape the country’s politics. Among these groups, several stand out in the context of the ongoing conflict. The Zaydis are a Shia group, existing only in Yemen and parts of Saudi Arabia. They are a substantial part of the Yemeni population, but many of their leaders converted to Sunni Islam to receive Saudi blessing and support. Another faction of Zaydis formed a political party, Al-Haq, of which the Houthis were a youth-oriented wing. The youth group developed into a well-organized militia in the decade following its formation. The Houthis have since become the symbol of Shia forces in Yemen, which have opposed the government in Sanaa. For its part, the
now-ousted government is supported by southern Sunni tribes and militia known as the Popular Resistance Committees,\textsuperscript{12} indigenous movements based on “the tribal tradition of collective responsibility.”\textsuperscript{13}

While the Houthis follow the Shia school of thought, their rejection of certain Shia beliefs fundamental to Iranian Shi’ism actually brings them closer to Sunni Islam. In fact, some in Iran and in Gulf Arab states do not see them as Shia at all.\textsuperscript{14} Moreover, Iran knows it does not have a lot of influence, much less control, over the group.\textsuperscript{15} By branding the Houthis as Shias and agents of Iran, President Saleh and Saudi Arabia contributed to a self-fulfilling prophecy, pushing the group into Tehran’s all-too-willing hands. In a way, Saleh, Hadi, and the Saudi government forged a narrative that portrays the Houthis as a non-indigenous group, one groomed by Iran and sent to Yemen to oppose the actual population of the country. This narrative gained traction across the Gulf Arab countries, where many now believe the Houthis to be an agent of Iran.\textsuperscript{16} In reality, the Houthis are a native group that shares more with the rest of the peninsula than with Iran. And while Iran is happy to use the Houthis to poke Riyadh in the eye, it neither can—nor does it want to—have deep ties to the group.\textsuperscript{17}

The Yemeni rebels’ grievances are real, legitimate, and very much local.\textsuperscript{18} They include proportional representation, the protection of Shia minorities generally, and an end to corruption and the spread of Salafism. Ultimately, they want Yemen to be independent from any foreign influence, including Iran, despite having ties to Tehran that can be traced back to the 1980s, when the founder of the Houthi movement Hussein Badreddin al-Houthi, the current leader Abdul-Malik al-Houthi’s brother, traveled to Tehran in 1986. This helps explain why initially the Houthis insisted on maintaining a certain distance between themselves and Tehran, for fear of being seen as an Iranian puppet. As a result, despite welcoming and using Iranian assistance as
the conflict worsened, the Houthis maintained their tribal and Zaydi principles of governance. Today, the Houthis are an important actor with significant popular support in parts of Yemen; they cannot simply be ignored or disposed of.

The nearly 26 million Yemenis in these various ethnic groups compete for limited resources in their country. At the forefront of these environmental and resource challenges lies the shortage of water—a source of conflict in the country and a likely increasing challenge for the future. Sanaa risks becoming “the first capital in the world to run out of a viable water supply.”

Indeed, water scarcity led to the spread of water-borne diseases in the country on an unprecedented scale. As a result, the lack of sanitation and clean water account for 50 percent of child and infant mortality in Yemen. Additionally, small-scale farming uses approximately 90 percent of the water supply in Yemen; however, the agricultural sector only constitutes 6 percent of the country’s GDP. Clearly this doesn’t add up. Why use so much water for such a lackluster sector? Part of the problem is that about 50 percent of water used by the agricultural sector goes toward the cultivation of qat, a narcotic plant chewed by a vast number of Yemenis.

Yemen’s economic troubles are not limited to its water scarcity: it is a low-income country, highly dependent on declining oil resources. Approximately 25 percent of its GDP is based on oil revenues, and the country’s pipelines are frequently targets of terrorist attacks. Yemen also suffers from food shortages and high levels of unemployment. In a country with a high population growth rate of 2.5 percent, the youth unemployment rate is estimated at 33.7 percent. Poor governance, corruption, as well as the country’s instability and insecurity further worsen these economic challenges. Yemen also ranks second worldwide in gun ownership. For such an unstable country suffering from a lack of a strong central authority, resources, and opportunities, this is a key problem. The combination of these factors has made Yemen an
instable and insecure environment, which has provided a fertile ground for radicalization and terrorism.

Since the establishment of the modern Republic of Yemen in 1990, the country has undergone a number of major crises including separatism, insurgency, and terrorism. The state saw clashes between the government and insurgency groups, while also becoming the home to al-Qaeda in the Arabian Peninsula (AQAP) and a target for ISIS. AQAP in particular gained ground in the country starting around 2006, and reaching its peak around 2011-12 as Yemen descended into chaos and became increasingly fragmented. Al-Qaeda initially had different cells in the Arabian Peninsula, but its Saudi and Yemeni branches joined forces and formed AQAP. The 2000 attack against the USS Cole and the Christmas Day bombing of 2009 determined U.S. policy in Yemen, most of which focused on counterterrorism, in particular involving its drone program.

The 2011 pro-democracy Arab Spring protests in Yemen seemed to point to a brighter future for the country. But discontent remained, and the Gulf Cooperation Council (GCC) countries tried to help resolve the situation by ensuring the peaceful transition of power to Saleh’s successor, Abd Rabbuh Mansur Hadi, after the 2012 elections. But the transition was shaky—despite efforts to the contrary, the Houthis did not feel as though their demands were being met. The year 2011 did not lead to Yemen’s democratization as many hoped. Instead, it paved the way for the Houthis’ increased power on the one hand, and AQAP’s ability to establish itself there on the other.

In September 2014, the Houthis took control of Sanaa, ignoring Iran’s advice of restraint. Tehran was wary of shaking the boat too much and wanted to avoid the escalation that would inevitably ensue. It was also painfully aware of the risks of “overstretch,” especially
given the extent of its involvement in Iraq and Syria. Second, Tehran did not want to become too involved in Yemen and was concerned that the Houthis would drag it into the conflict. This fear was compounded by Tehran being unaware of Houthi plans because they did not consult with Iran, surprising it on numerous occasions. The takeover was partly the result of the Houthis’ general discontent over the government’s unwillingness to include them in decision-making. After protests, some attempts by the government and the group to find a negotiated solution through the National Dialogue process (held from March 2013 until January 2014), and further escalation, the Houthi mobilized popular support using the momentum from anger over subsidy cuts. Following the takeover, the United Nations intervened and brokered a deal to form a national unity government, after which the Houthis partially withdrew from the cities they had seized. By January 2015, a new constitution was drafted, which the Houthis rejected, leading them to take control of Sanaa. The Hadi government denounced this as a coup and resigned.

The decade-long history of Saudi–Houthi conflict is specific to Yemen. It reflects the fear within Saudi governing circles that they had lost traction in what had been their most important hinterland for nearly a century – something that could potentially be repeated in the rest of the region. Reports of Iranian involvement in the conflict only exacerbated these fears. In March 2015, the Islamic State in Iraq and Syria (ISIS) targeted Shia mosques in Sanaa, killing 137 people, as the Saudi-led coalition began its airstrikes against Houthi targets. Iran for its part, tried to deescalate the situation somewhat and condemned the ten-nation coalition, composed of all GCC states except for Oman, and other Arab countries, including Egypt, without making a move.

**Iranian Interests in the Region**
Some commentators in the West discuss Iranian involvement in Yemen through the lens of Tehran’s regional hegemonic ambitions, echoing the narrative one hears from many Gulf Arab political and military elites. They argue that Iran is trying to re-establish its old empire by empowering Shia groups throughout the Middle East to tip the balance of power in its favor. As a result, they often lump Iraq, Syria, and Yemen together, discussing them as part of the comprehensive Shia agenda led by the Iranian regime. But Iran’s goals in the Middle East are much more complex than reviving the ancient glory of the Persian Empire or promoting a revolutionary Shia ideology.

Iran views itself as an isolated actor, unable to rely on anyone else to defend its national security and interests. The devastating Iran–Iraq War (1980–88)—where Saddam Hussein struck Iranian cities with chemical weapons and heavy conventional force—entrenched this view. Iraq invaded Iran in what it believed to be a moment of weakness following the Islamic Revolution and the changes in Iran’s powerful military. The international community neither condemned the invasion nor Iraq’s use of indiscriminate means and methods against Iran. The war continues to haunt the Iranian psyche, and the lessons of the war guide Tehran’s regional decision-making. As a result, Iran’s regional strategy aims to deter a similar attack in the future.

Power struggles and conflicts in the region force Iran to juggle two categories of states in its neighborhood. First, Tehran needs to contain, deter, balance, and counter strong states that pose a threat to its national security and interests, as it did with Iraq before 2003 or Saudi Arabia today. Second, Iran must pursue that goal while preventing states becoming so weak that their central power collapses, allowing for unwanted non-state actors to increase their influence in the region. For example, while Iran does not want to contend with a powerful Iraq, the current chaos in its neighboring country does not serve Iranian interests. Any chance of Iraqi fragmentation
threatens to stir desires for independence among other minority communities, including in Iran. This would force Tehran to multiply its efforts and resources in order to maintain the same level of influence in a divided Iraq. Finally, ISIS gains have peaked U.S. interest in Iraq once more, something Tehran has attempted to check for many years.

Additionally, because of Iranian isolation in the region—stemming from its history, ethnic composition, religion, and politics—Tehran tries to expand its influence in the region by befriending compliant and cooperative actors. These are often non-state entities, such as Lebanon’s Hezbollah, rather than states. As a result of this strategy, Tehran projects power and gains influence in various parts of the Middle East. Finally, the Islamic Republic is by nature a reactionary power. This translates into Iran’s regional policies, which are also often reactionary.

The most coherent part of Iran’s regional strategy lies in its Iraq policy: it is a “first order priority” for Iran, not least because of the long border and shared ethnic and religious ties between the two. Iran also has a significant economic relationship with Iraq—which reached $12 billion in 2013, a significant amount for a country under international sanctions. Syria and Lebanon follow Iraq on the list of Iran’s key strategic regional interests, allowing Tehran to extend its reach to the Mediterranean and, more importantly, right up to Israel. Syria also allows Iran to arm its proxies in the Levant—in particular its most loyal and useful proxy Hezbollah—serving as conduits for Iranian money, weapons, personnel, and expertise. This is made possible by the long-standing and loyal alliance Tehran maintained with the Assad family. Iran is concerned about its sunk costs should a key friendly government finally fall—Iran has invested a great deal of money, equipment, and above all, political capital.

Despite its reactionary nature, Iran’s strategy for Iraq and Syria is comparatively clear. Yemen, however, is different. Unlike Iraq and to a lesser extent Syria, Yemen is not a priority for
Iran; it will not allocate many resources to Yemen. Nevertheless, especially as Iran shifts its attention to regional security from the nuclear file following the success of the nuclear deal, it is critical to understand Iran’s intentions, strategy, policies, and capabilities regarding Yemen.\textsuperscript{33}

While some viewed the nuclear deal as a first step toward a more measured Iranian regional policymaking agenda, others believed the agreement made this less likely. Some Gulf Arab states, particularly Saudi Arabia, worry that the nuclear deal would end Tehran’s isolation and allow it to resume its pre-1979 privileged relationship with the United States.\textsuperscript{34} They view the nuclear deal, after the Arab Spring, as the next phase in the U.S. policy of retrenchment from the region, working with Tehran and abandoning other regional partners, while pivoting to Asia.\textsuperscript{35} This would, by extension, propel Riyadh to a backseat role. These views were reinforced by the rapid rise of the ISIS. In Iraq, Tehran’s interests and priorities aligned with those of Washington: both wanted to preserve Iraq’s national sovereignty and territorial integrity, while pushing back ISIS. By the time Yemeni President Abd Rabbuh Mansur Hadi left Aden and the Houthis began to advance toward southern Yemen in March 2015, Iran turned the potential threat posed by ISIS to its national security and borders into an opportunity.

Islamic Revolutionary Guard Corps (IRGC) Commander General Qassem Soleimani and his elite Quds Force were present and active in Iraq starting the early days of ISIS expansion in Iraq in 2014, when the international coalition was reluctant to take action beyond the airstrikes on ISIS targets. This presence was advertised heavily in Iran and abroad. Soleimani is arguably the most visible face in the fight against ISIS. This helped Iran project power abroad and increased the Guards’ popularity at home. Tehran’s campaign against ISIS also supported the Iranian Foreign Ministry’s position—that Iran constitutes a natural ally in the fight against terror, while Saudi Arabia and other Sunni Arab states indirectly support terrorist groups.
In Syria, by March 2015 the world powers no longer discussed a potential replacement for the Assad regime; rather, they focused on how to contain both Assad and ISIS. In October 2015, with the comprehensive nuclear deal in hand, Iran took part in talks on solutions to the Syrian crisis. But this occurred as Tehran's presence in Syria became increasingly apparent, especially with the rise in the Iranian IRGC death toll and its publicization by Tehran. In fact, Riyadh’s worry deepened as it watched Iran increase its influence and presence, having turned both ISIS and the Syrian civil war into opportunities.

**Saudi Arabia in Yemen**

According to Khaled Fattah, a Carnegie Middle East scholar, the Saudi intelligence and security apparatus views Yemen as “the weakest link in the chain of security of the Arabian Peninsula, and thus easy prey for Tehran to penetrate and manipulate.” But to date, the Saudi campaign in Yemen has been costly and ineffective. It exemplified Riyadh’s panicked decision-making following the successful outcome of the nuclear negotiations between Iran and the world powers. Saudi airstrikes have killed thousands in Yemen, mostly civilians, and worsened the country’s humanitarian crisis. Riyadh’s involvement has cost it militarily and in political capital. Yet, despite Saudi efforts in Yemen yet having to bear fruit, some analysts believe it is important for the United States to continue to support this policy in order to counter Iran. But, what is Riyadh’s end goal in Yemen if one removes ‘countering Iran’?

Yemen is a failed state. With a population of over 25 million, of which over 60 percent is under the age of 25, it is poor and lacks basic resources. War, lack of opportunities, unemployment, drug addiction and other health issues are factors, at best encouraging many to escape to find a better life, and at worst pushing youths to join AQAP and other terrorist groups.
For the former, Saudi Arabia is a natural destination. Despite reported abuses and mistreatment in Saudi Arabia, many try to return there after being deported. Migration is clearly a major reason why Yemen is important to Riyadh, with more than a million refugees seeking sanctuary with their northern neighbor, a source of tension in the traditionally asylum-averse Kingdom. Yemen is also crucial to the War on Terror, since AQAP is now largely based in and operates from Yemen. The group poses a clear threat to Saudi Arabia.

Efforts to integrate Sanaa into the GCC have been on-going since 2007. This would become an issue for Riyadh if Iran maintains and expands its influence in Yemen. Indeed, if Yemen accedes to the GCC and the Houthis assert themselves as clear winners, Riyadh would emerge as a loser. Having a clear Iranian sympathizer in the GCC would undermine Saudi Arabia in its own backyard, and in the institution created to preserve the Saudi-led Gulf Arabs’ interests.

As a result, Riyadh keeps a close watch on Yemen. But Saudi Arabia’s Yemen policy has only served to further deteriorate the situation in its neighboring country, driving greater numbers of Yemenis out of their country or towards extremism. In that sense, the Kingdom’s policies do not support its strategic goals, and are in fact counterproductive.

But the main reason for Saudi Arabia’s current Yemen intervention is the Iranian presence in its backyard. Riyadh’s concern is twofold: religious and political. It believes the conflict in Yemen to be a “religious war,” where it is reestablishing the “balance between sects” (Sunni and Shia). Beyond the religious and sectarian dimension of the conflict, Saudi thinking is also shaped by political and strategic considerations: Riyadh must curb Iran’s “influence” in the Arab world, and stop its “expansion.” Saudi officials also believe that unless stopped, the Houthis will become the next Hezbollah, operating in their backyard.
The Iranian enemy serves two purposes for Saudi Arabia, stemming from both domestic and foreign policy considerations, and the ongoing conflict in Yemen is a big part of it. First, the Saudi establishment believes that it needs the Iranian enemy to preserve its legitimacy domestically. Second, it sees Iran, and its opposition to it in Yemen, as a galvanizing force within the Arab world, and particularly the GCC. Indeed, since Egypt’s weakening following the Arab Spring, Riyadh sees itself as both the natural leader of the GCC and the broader Arab and Sunni world. This leadership, the Saudi establishment believes, comes with a responsibility to stand up to and check Iran.

As a result, today, Riyadh’s ultimate goal in Yemen is a “decisive victory,” which it cannot achieve. The Yemen conflict is far too complicated to be resolved by a simple air-campaign. Saudi Arabia’s failure is not lost on its GCC allies and Tehran. Today, the conflict is creating tensions within the GCC, and slowly driving even those states once close to Riyadh away. This is because the war is imposing significant costs on other GCC states, who have also committed troops and resources to the efforts in Yemen, the United Arab Emirates in particular. Today, the results are far from what the leadership of the GCC anticipated and bargained for when they got involved: Body bags are coming back, but the situation in Yemen is not improving. Iran for its part is aware of this division, the lack of a cohesive strategy and an exit plan, and the Saudi inability to reach its ultimate goal.

**Iranian Influence in Yemen**

As events in Yemen unfolded starting in 2015, the conventional wisdom was that Iran backed the Houthis. Regional leaders took it a step further, believing the Houthis were under direct Iranian
control. In April 2015, U.S. Secretary of State John Kerry confirmed Iranian involvement in the conflict in an interview: “There are obviously supplies that have been coming from Iran. There are a number of flights every single week that have been flying in, and we trace those flights, and we know this.” As a result, Saudi officials in particular saw the battle against the Houthis in their own backyard as part of their struggle against Iranian expansionism and the Shias in the region.

Some Iranian officials played into this, especially as the Houthis gained ground. After all, the successful takeover of a country by an ostracized minority group, which Iran allegedly controls, makes Tehran look like a master puppeteer, further enabling it to project power and dominance over the region. When the Houthis took control of Sanaa, Ali Reza Zakani, an Iranian member of parliament, boasted that Tehran was now in control of four Arab capitals: Baghdad, Beirut, Damascus, and Sanaa. U.S., Israeli, and Arab officials repeated these claims, and Iran’s direct involvement in the conflict became a fait-accompli. Today, many GCC officials express concerns that if they do not push Tehran away from its fourth capital, a fifth will follow.

But the extent of Iranian influence over the Houthis is unclear. In a December 2009 cable, then-U.S. Ambassador to Yemen Stephen Seche stated that “contrary to…claims that Iran is arming the Houthis, [they] obtain their weapons from the Yemeni black market…” He further quotes a Yemeni official saying the “Houthis easily obtain weapons inside Yemen…the military ‘covers up its failure’ by saying the weapons come from Iran.” But in 2012, reports emerged that Iran was actually upping its shipments of arms to Yemen. Again, in January 2013, reports of shipments of weapons with Iranian markings surfaced after the Yemeni government intercepted a ship headed for Yemen. But in March 2015, then-Iranian foreign ministry spokesperson Marzieh Afkham categorically denied that Iran supplied Yemen with weapons,
calling the allegations “completely fabricated and sheer lies.”\textsuperscript{55} Today, there is recognition of Iran’s increased role in the conflict, including the occasional seizure of cargo ships carrying military supplies and hardware from Africa, and allegedly originating from Iran.\textsuperscript{56} But Western intelligence sources, along with analysts, continue to agree with the U.S. ambassador’s 2009 assessment that Yemen itself is awash with small arms—it would not have been difficult for the Houthis to draw on those supplies to arm themselves.

Tehran focused instead on building capacity among the Houthis. It helped build a culture of effective internal administration and management of security.\textsuperscript{57} Tehran also welcomed individuals from the Houthis and other Yemeni groups for religious education.\textsuperscript{58} More recently, this type of activity increased as Houthi officials travelled to Iran to discuss economic and political ties. The result was a series of Memorandum of Understandings (MOUs) on bolstering aid, modernizing the Al-Hudaydah port, and cooperating in naval transportation.\textsuperscript{59} This followed another MOU later in February 2015 increasing the number of flights between the two countries.\textsuperscript{60} A fact that is not lost on GCC officials, who state that the number of flights between the two countries are a testament to Iran’s presence and involvement in Yemen.\textsuperscript{61}

While Tehran has likely provided the Houthis with training and some form of material and weapons support,\textsuperscript{62} its level of involvement is not like its presence in Iraq and Syria. For Iran, deploying its elite Quds Force in Yemen, for example, is not an option. Competing resources combined with Yemen’s relative lesser importance in the Iranian mind-set ensure that. Instead, Tehran took on more of a “back-seat role,” responding to calls for assistance rather than taking the lead in helping its alleged proxy.\textsuperscript{63}

In addition to its direct support for the Houthis, Iran also indirectly influences the group via its closest actual proxy, Hezbollah. The Islamic Republic's support for Hezbollah is no secret,
and includes significant financial, political, and military support. For its part, Hezbollah leadership indicated that the connection with the Houthis is not new. Hezbollah helped train the Houthis in the art of guerrilla warfare. A Hezbollah fighter told the Financial Times, “we are the guerrilla experts, so we give advice about the best timings to strike back, when to hold back,” while a Houthi confirmed that the Houthis and Hezbollah “exchange experience and ideology.”64 After all, Hezbollah leader Hassan Nasrallah has reiterated time and again that Hezbollah’s guerrilla politics and military strategy should be a model for other non-state actors.65 But like the Iranian Quds Force, the Hezbollah presence in Yemen is likely limited to advice and coordination efforts. The group is already overstretched because of its efforts to support President Assad in Syria and its limited involvement in Iraq. Yemen is far away from its area of focus.

In April 2015, an unnamed Gulf official estimated that 5,000 Iranian, Hezbollah, and Iraqi Shia militiamen were present in Yemen helping the Houthis.66 But in fact, according to the White House, the United States had yet to see any evidence “that Iran is exerting command and control over the Houthis’ activities in Yemen.”67 An Iranian Ministry of Foreign Affairs official said, “Iran doesn't have a physical presence in Yemen,” further emphasizing that Tehran does not believe the Houthis to be a viable “proxy” for Iran, and consequently will likely not increase their support in any significant way.68 U.S. President Barack Obama went a step further and denied that Iran orchestrated the Houthi takeover of large swathes of Yemen: “When the Houthis started moving on Sanaa, that wasn’t on orders from Soleimani, that wasn’t on an order from the IRGC,” referring to the branch of the Islamic Republic normally in charge of dictating regional policy.
Indeed, the Houthis do not respond to Iran as its proxy in Lebanon in the same way Hezbollah does. Rather, they are similar to Hamas: they receive varying degrees of resources and support from Iran without fully reporting to it. In fact, Iranian influence over the Houthis’ decision-making seems tenuous at best. For example, the Houthis sometimes ignored Tehran’s calls for restraint.69 Hamas and the Houthis are at the bottom of the “proxy ladder” for Iran, while Hezbollah is at the top; groups such as the Shia militias in Iraq, Assad’s supporters, and the Kurds fall in between. Notably, while the Shia militias and the Kurds are not as important to Iran as Hezbollah, their current efforts in combatting ISIS mean that they receive support they may not receive otherwise. Tehran’s support for the Houthis is more hands-off, compared to its strategy in Iraq and Syria, which is very much hands-on.

Importantly, Iran is aware of its inability to influence Houthi decision-making. Indeed, Iranian officials believe that due to their decades of experience, strategic understanding of the country, organizational structure, and military knowledge, the Houthis do not fundamentally need Iran.70 In the weeks leading to the Houthi takeover of Sanaa, many in Tehran believed that the Houthis were not looking to overstretch. Tehran was surprised by the Houthis’ ability to move forward and do so successfully71. As a result, Tehran was not as assertive in its attempt to restrain the Houthis. Iran also does not believe it is “stuck” with supporting the Houthis. Much like Iran snubbed Hamas because it would not follow Tehran’s instructions (and because, ultimately, their strategic interests did not align), Tehran could similarly disengage from the Houthis.

Initially, the Iranian government limited itself to voicing support for the Houthis. As the Saudi intervention progressed, however, Iran took an increasingly public stand against it. Throughout spring 2015, Tehran sent ships and planes with aid to Yemen, forcing the United
States and Saudi Arabia to turn them back. In order to counter the perception of Iran as a regional destabilizer, Tehran also embarked on a major media campaign where it drew attention to the humanitarian catastrophe unfolding in Yemen as a result of Saudi airstrikes and their blockade of Iranian aid, while emphasizing the importance of Shia-Sunni unity.

While the nature and scale of Iranian involvement in Yemen is often exaggerated, it would be naïve to dismiss it as trivial. Like much of its foreign policy, Tehran took advantage of an opportunity that presented itself in Yemen: assist and attempt to influence the actions of what it describes as an oppressed group with a similar ideology in order to project power and further assert itself as a force to be reckoned with in the Middle East, with the collateral benefit of poking Riyadh in the eye. As the Saudi strategy in Yemen continues to fail and the Kingdom sees itself as unable to extract itself from the situation, Tehran continues to gain without much effort.

**An Opportunity for Engagement**

“Iran is willing to compromise on Yemen with Saudi Arabia,” according to an Iranian official. And some GCC officials recognize that while Syria and Iraq are too challenging, Yemen could provide the basis for negotiation. There are possible starting points for engagement between Iran and Saudi Arabia: Yemen’s relative unimportance to Iran and consequently, Tehran’s willingness to use its involvement in Yemen as a bargaining chip, coupled with its essential position in Saudi security calculations could result in a ZOPA between the two countries. Iran could, for example, back away from the conflict in Yemen, in exchange for an understanding that “no one can win in Syria.”
Such engagement, however, must be conducted without preconditions. Iran and Saudi Arabia must also clearly understand each other’s priorities. Historically, the two countries have talked past each other and have misunderstood and miscalculated each other’s goals and intentions. For the foreseeable future, Iran’s hands will be tied: The situations in Iraq and Syria, Tehran’s primary and secondary priorities in the region, are unlikely to improve. This means that Iran’s resources will be finite, and they will go towards containing ISIS in Iraq and supporting Assad in Syria. Riyadh’s reputation and prestige, in turn, will suffer from its continued military involvement in Yemen and the worsening humanitarian crisis. In addition, as the conflict continues, the GCC will likely grow further apart. Operation Decisive Storm was neither decisive nor viable. As a result, it evolved into Operation Restoring Hope. But today, more GCC officials whose countries are involved in the conflict see less hope in a positive outcome in Yemen. And Saudi Arabia can no longer sustain its efforts in Yemen by finding new labels for them. Riyadh must choose between maintaining Yemen in its sphere of influence and standing up to Iran in Syria and Iraq.

The events of early 2016 make it increasingly difficult, but equally as important, for the two sides to engage. The Saudi execution of a Shia religious leader, the sacking of Saudi interests in Iran by hardliners, and the subsequent move by Riyadh to sever diplomatic relations with Tehran (which galvanized other Arab states to follow course), have made the grim prospect of dialogue even more unlikely. Today, some in the GCC believe that dialogue with Iran on Yemen is not possible, because Tehran should not be at the negotiation table when it comes to Arab affairs. Even prior to these developments, Riyadh feared engaging with Iran. Following his election, Iranian President Hassan Rouhani made it clear that after the nuclear agreement and boosting Iran’s economy, engagement of Iran’s neighbors was top of the policy agenda. Tehran
reached out to Saudi officials a number of times at the highest levels of the diplomatic corps, but did not receive a positive answer.\textsuperscript{78} The window of opportunity for such engagement could close in summer 2017, if the Rouhani government is not re-elected for a second four-year term. As a result, the next year-and-a-half is crucial to the future of the region. Across the region, including in Tehran and GCC capitals, many recognize that the key to bringing stability and security to the region lies in Saudi-Iran dialogue.

The United States could use its considerable influence in the region and on the Kingdom to affect the course of events in Yemen. First, the United States could push Riyadh to return to the table and engage with Iran. While Washington’s ability to sway Riyadh may have diminished following the Arab Spring and the nuclear accord with Iran, it is still the Kingdom’s main ally. Washington could leverage its military and security ties to the Kingdom in order to convince Riyadh to talk to Tehran. Some GCC officials and experts go as far as stating that the United States “must” convince the Saudi establishment to engage Iran.\textsuperscript{79}

Second, Washington should stop supporting Riyadh’s counterproductive regional policies. Since the change in Saudi leadership, the country, traditionally more contained in its foreign policy, has become more aggressive and adventurous, both in terms of its check-book diplomacy but also in its military forays. Yemen is at the forefront of this. But Riyadh still needs Washington, and the latter can use its influence to moderate Saudi policies. The United States should also stop supporting Saudi action in Yemen with intelligence and material and political support. This is particularly the case as Washington’s halfhearted support for Riyadh’s policies is not assuaging GCC fears of abandonment. Today, few in the GCC believe that the United States is a reliable partner.\textsuperscript{80}
Third, the United States should make sure the direct channel created during the nuclear negotiations with Tehran is sustained once the next administration is sworn in in January 2017. This will allow the United States to intervene as a mediator and help avoid miscommunications and miscalculations, so as to deescalate potential crises with Saudi Arabia in Yemen or elsewhere. The United States’ European partners can also play a constructive role in encouraging this process.

According to conventional wisdom, the events in Yemen are the direct result of a Saudi–Iran proxy war. In reality, one side is more involved in that war than the other. The Saudis are not fighting an Iranian-backed foreign entity in Yemen; they are trying to push back an indigenous Yemeni force, which receives some support from Tehran. Saudi Arabia is paying a high price for its overly ambitious goal of a “decisive victory,” lack of an exit strategy, and miscalculation, without the hint of a clear victory in sight.81

Among the current conflicts in the Middle East where Saudi–Iranian engagement is a prerequisite to a solution, Yemen presents the most ground for optimism. Indeed, while Saudi Arabia views Yemen as its backyard and a primary zone of influence, Iran sees Yemen as a low-priority area. As such, it can offer Yemen as a bargaining chip in regional discussions with Saudi Arabia. But Riyadh must be willing to take the bait. In the words of President Obama, “What we’ve seen, at least since 1979, is Iran making constant, calculated decisions that allow it to preserve the regime, to expand their influence where they can, to be opportunistic, to create what they view as hedges against potential Israeli attack, in the form of Hezbollah and other proxies, in the region. I think what Iran has been doing in Yemen is a perfect illustration of this.”82 If, however, the opportunity to disengage from Yemen and engage with Saudi Arabia on regional issues, including Syria, comes along without preconditions, then Tehran would likely take it
because conflicts in the region are draining its resources and popularity, both of which are necessary for regime survival.

Notes


3 Former and current Gulf Arab officials and academics, interviewed by the authors, Abu Dhabi, Doha, Muscat, and Kuwait City, April and May, 2016.


5 Current Saudi officials and Qatari experts, interviewed by the authors, Doha, May 16-18, 2016.


“Saudi Arabia, Iran say dispute won’t affect Syria talks,” Reuters, 10 January 2016, http://www.reuters.com/article/us-mideast-crisis-syria-group-idUSKCN0U00AJ20160110


Former and current Gulf Arab officials and academics, interviewed by the authors, Doha, Muscat, and Kuwait City, May, 2016.

Current Iranian official, interviewed by the author by email, December 16, 2015.

Former and current Gulf Arab officials and academics, interviewed by the authors, Abu Dhabi, Doha, Muscat, and Kuwait City, May, 2016.

Current Iranian official, interviewed by the author by email, December 16, 2015.


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The domestic dynamics and shifting balance of power in Yemen are beyond the scope of this paper. For more on this see for example, “Yemen: Corruption, capital Flight and Global Drivers of Conflict,” Report, Middle East and North Africa Programme, Chatham House, September 1, 2013, https://www.chathamhouse.org/publications/papers/view/194239.


Current Iranian official, interviewed by the author, email, June 14, 2016.


Current Iranian official, interviewed by author, Vienna, June 2015.


Former and current Gulf Arab officials and academics, interviewed by the authors, Abu Dhabi, Doha, Muscat, and Kuwait City, April and May, 2016.

Former and current Gulf Arab officials and academics, interviewed by the authors, Abu Dhabi, Doha, Muscat, and Kuwait City, April and May, 2016.


Current Saudi official, interviewed by the authors, Doha, May 18, 2016.
Former and current Gulf Arab officials and academics, interviewed by the authors, Abu Dhabi, Doha, Muscat, and Kuwait City, April and May, 2016.

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Former and current Gulf Arab officials and academics, interviewed by the authors, Abu Dhabi, Doha, Muscat, and Kuwait City, April and May, 2016.

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Former and current Gulf Arab officials and academics, interviewed by the authors, Abu Dhabi, Doha, Muscat, and Kuwait City, April and May, 2016.


Ibid.


Former and current Gulf Arab officials and academics, interviewed by the authors, Abu Dhabi, Doha, Muscat, and Kuwait City, May, 2016.


Current Iranian official, interviewed by the author by email, December 16, 2015.


Current Iranian official, interviewed by the author by email, December 16, 2015; Current Iranian official, interviewed by phone, June 14, 2016.
Current Iranian official, interviewed by the author by email, December 16, 2015.

Kay Armin Serjoie, “Iran Challenges U.S. and Saudi Arabia by Sending Aid Ship to Rebels in Yemen,”


Former and current Gulf Arab officials and academics, interviewed by the authors, Doha, Muscat, and Kuwait City, May, 2016.


Current Gulf Arab officials, interviewed by the authors, New York, Washington, February 2016 and Abu Dhabi, April 2016


Former and current Gulf Arab officials and academics, interviewed by the authors, Doha, Muscat, and Kuwait City, May, 2016.

Former and current Gulf Arab officials and academics, interviewed by the authors, Abu Dhabi, Doha, Muscat, and Kuwait City, May, 2016.
