Implications of the Houthi-Saudi Conflict for the United States and its Regional Allies

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While the world's eyes are fixated on the continued fighting and tensions between the U.S. and Iran around the Persian Gulf, a second, recently dormant civil-turned-regional war has reignited in Yemen. Saudi Arabia's decade-long conflict with the Houthi rebel group, a U.S.-designated terrorist organization that controls northern Yemen, has shifted in recent weeks from an uneasy, but largely frozen confrontation into open fighting as the Houthis have launched a successful offensive to seize control of southern Yemen from the internationally recognized Yemeni government. In doing so, the Houthis have gained control of the strategically important Bab al-Mandeb Strait, threatening to further undermine the already fragile global economy and disrupt trade and energy markets.

Saudi Arabia has long been a key supporter of the anti-Houthi coalition inside Yemen led by the internationally recognized Yemeni government based in the southern port city of Aden. The Kingdom has used that alliance to try to prevent an increasingly capable, Iran-aligned Houthi state from expanding its control of Yemen to threaten Saudi territory, energy infrastructure, and its access to one of the world's most critical maritime corridors. Following a resurgence in fighting this fall, however, momentum has shifted in favor of the Houthis with significant consequences should Saudi Arabia's war-weary allies (including the U.S.) continue to hold back direct support for the Kingdom.

Origins of the Conflict: A Civil War with Regional Consequences

While Saudi Arabia's war against the Houthis is often viewed through an Iranian lens, the movement's origins are rooted in domestic political divisions exacerbated by Yemen's failed Arab Spring transition. The Houthis, also known as Ansar Allah, emerged from a Zaydi Shiite region of northern Yemen and seized control of the capital city of Sanaa in 2014 – motivated by a range of grievances related to economic marginalization and Saudi and U.S. influence – sending the internationally recognized government into effective exile in southern Yemen.

Over the course of several years, the Houthis fortified their arsenals and positions and developed increasingly close ideological and military ties with Iran. Recognizing the Houthis' potential to become an important strategic partner in its own regional ambitions, the regime in Tehran ramped up its funding, training, and arming of the terror organization. While the Houthis have often been referred to as an Iranian proxy, they have maintained their own leadership and ideological objectives, as well as command and control over their substantial (and often Iranian-supplied) weapons capabilities.

Saudi Arabia entered the fray in 2015, leading an Arab coalition intended to restore the internationally recognized government and prevent the Iran-aligned Houthis from consolidating power along the Kingdom's southern border. To do so, they relied heavily on the United States and other allies for increasingly controversial intelligence, military, and logistical support as civilian deaths mounted. The conflict ultimately devastated Yemen, but did not result in victory for either side. The anti-Houthi coalition became increasingly fractured, leading Saudi Arabia and the UAE to back different factions (The UAE's support for the Southern Transitional Council, a separatist

movement seeking independence for South Yemen, was a major factor in the tensions we see today between the UAE and Saudi Arabia).

A truce was declared in 2022 and froze the conflict for several years, but subsequent negotiations failed to achieve a durable political settlement that would address its underlying causes. The UAE-backed Southern Transitional Council then attempted in late 2025 to seize additional territory, disrupting the fragile ceasefire and leading Saudi Arabia to ultimately push back its advances militarily. This series of events further weakened the internationally recognized government in Aden. They motivated the Houthis to reinforce their own capabilities and positions, specifically threatening to cut off Saudi access to Red Sea shipping through the Bab al-Mandeb. In June 2026, the Houthis announced a new phase of confrontation with Saudi Arabia and moved to retake control of ports and airports within their territories.

Impact of War: Maritime Security, Energy Markets, and Humanitarian Costs

In recent months, and coinciding with the parallel war between the U.S. and Iran, open fighting has resumed between Saudi Arabia and the Houthis, who successfully exploited divisions in the anti-Houthi coalition to expand their territorial control and strengthen their position along the strategically critical Red Sea coastline. The Houthis have also renewed missile and drone attacks into Saudi territory, effectively and repeatedly targeting civilian air travel and energy infrastructure.

The most immediate consequence of the renewed conflict has been the loss of reliable access to the Bab al-Mandeb Strait, which connects the externally facing Arabian Sea to the Red Sea and, ultimately, the Suez Canal and is responsible for some 9 percent of global seaborne trade. That waterway's strategic importance has skyrocketed in recent months as the U.S.-Iran war disrupted shipping through the Strait of Hormuz, making alternate routes for Gulf energy exports and commercial traffic even more important. While the Houthis have, to date, only used their control over the Bab al-Mandeb to stop Saudi-origin trade, international shipping has nonetheless been impacted by higher insurance premiums, accounting for the increased potential for missile and drone attacks or cargo seizures. Some shipping companies have rerouted vessels around the Cape of Good Hope, despite the significantly higher costs associated with the much longer route.

For Saudi Arabia, the economic and reputational costs have been staggering. The Kingdom's Vision 2030 economic transformation relies heavily on expanded foreign investment, tourism, and infrastructure. With ongoing threats to energy production, air travel, critical infrastructure, and civilian facilities in the capital of Riyadh and beyond, financial costs are mounting, and GDP is expected to decline sharply. Additionally, it has been forced to cancel or postpone several signature events scheduled to take place in Riyadh in recent months, including Crown Prince Mohammed bin Salman's flagship Future Investment Initiative, or "Davos in the Desert." Increasingly, Saudi Arabia's ability to present itself as a safe, predictable destination for international investment is being challenged even as it gears up to host Expo 2030 and the 2034 FIFA World Cup.

Beyond Saudi Arabia: Implications for the United States and its Allies

For President Trump, whose second-term economic agenda rested heavily on his relationships with the Gulf countries, the renewed conflict with the Houthis represents a further economic hit beyond the already severe impact of his war with Iran on Saudi Arabia and the rest of the Gulf Cooperation

Council. It also leaves Washington facing a difficult decision as to whether to provide direct military support to its close ally Saudi Arabia and risk further regionalization of its already protracted war with Iran. Thus far, Washington's reticence to provide such offensive support is understandable given the likely additional economic toll and further depletion of already low weapons stockpiles. When Washington last got involved in supporting a Saudi intervention in Yemen, it also led to significant civilian casualties and contributed to a famine, bringing sharp criticism of the U.S. for its decision to intervene.

On the other hand, and despite legitimate reasons for caution, U.S. credibility as a security guarantor for the Gulf is coming under even further scrutiny as a result of its unwillingness to directly defend Saudi security even after putting the Kingdom and the other Gulf countries directly in Iran's line of fire as a result of the U.S. and Israel initiating this ill-advised war of choice. There is also significant risk in allowing the Houthis to further consolidate their recent gains. The movement has continued to evolve from a domestic insurgency into a relatively capable military actor with a substantial arsenal of weapons and maritime capabilities. Allowing it to establish an even more enduring position along the Bab al-Mandeb and further threaten global shipping would represent a meaningful amount of leverage not just for the Houthis themselves, but for their close ally Iran, which has already demonstrated this year the ability to disrupt traffic through the Strait of Hormuz.

This leaves the Trump Administration with only bad options. Whatever the U.S. ultimately chooses, a prolonged and costly war seems an inevitable, if indirect, outcome of the broader war with Iran. Saudi Arabia will bear the cost most directly, and it will further delay its realization of the Vision 2030 objectives. The other Gulf states, already struggling to regain their footing amid the continued economic and security costs of the Iran war, will also pay a steep price for further degrading the region's reputation as an oasis of calm in a volatile region. The new U.S. Congress and, eventually, a new U.S. administration will need to urgently develop a better vision for a sustainable regional security order that stems these losses.