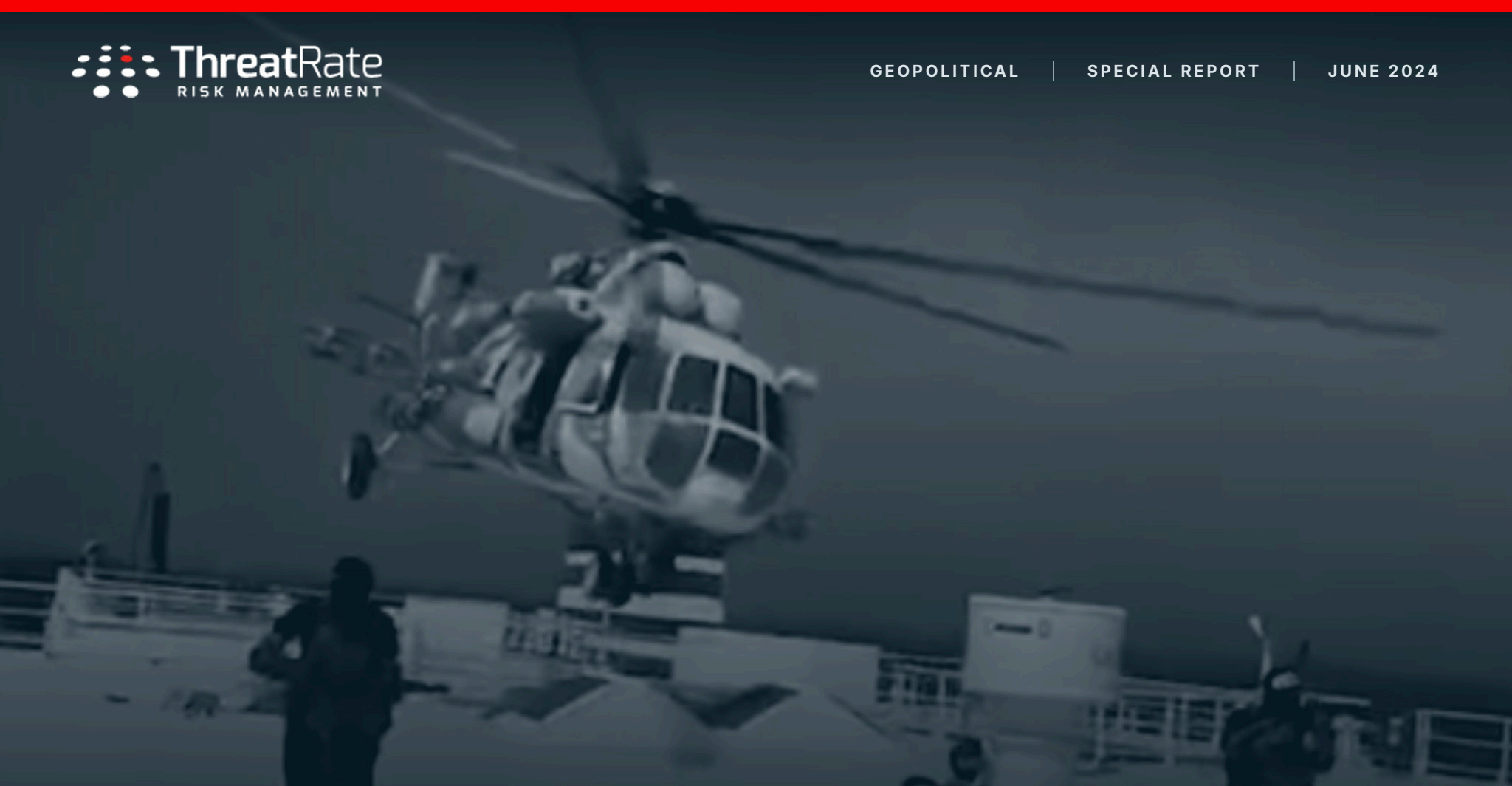


THE HOUTHIS ATTACKS EFFECTS ON GLOBAL TRADE

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The Houthis Attacks Effects on Global Trade

Historical Context And Recent Escalations

The Houthis, an armed political movement from Yemen officially known as Ansar Allah, emerged in the early 2000s as a Zaydi Shia revivalist movement in northern Yemen. Over time, their grievances expanded to include broader socio-economic and political issues, leading to their involvement in the Yemeni Civil War, which began in 2014. Since then, the Houthis have gained control over significant portions of Yemen, including the capital, Sanaa.

The Houthis have escalated their maritime attacks since the Yemen conflict intensified in 2015. These attacks have been primarily aimed at disrupting Saudi Arabian interests and international shipping lanes, with a significant focus on the strategic Bab-el-Mandeb Strait. This chokepoint is crucial for global trade, with millions of barrels of oil and tons of goods passing through daily, making it a target of strategic importance for the Houthis.

Since the escalation in Gaza on October 7, 2023, there has been a noticeable intensification in Houthi maritime activities. This escalation aligns with Iran's broader regional objectives and the Houthis' strategic goals, exacerbating regional tensions and impacting global maritime security.

Main Attacks Since October 7, 2023

Since the war between Israel and the Gaza based Hamas terrorist organization, the Houthis have carried out several significant maritime attacks, primarily in the Red Sea and Gulf of Aden, targeting both military and commercial vessels. Here is a detailed timeline of some of the notable incidents:

- 1. **October 19, 2023:** The Houthis launched three land-attack cruise missiles and several drones from Yemen, targeting Israel. The USS Carney intercepted these missiles and drones.
- 2. **October 31, 2023:** More ballistic missiles and drones were fired by the Houthis towards Israel.
- 3. **November 2023:** The Houthis escalated attacks, including a notable incident on November 19, when a Houthi helicopter approached the cargo ship Galaxy Leader in the Red Sea.
- 4. **December 2023:** The US announced the formation of an international maritime coalition to counter Houthi missile and drone attacks. Despite this, attacks continued, highlighting the difficulty in securing the vast maritime area.
- 5. **January 9, 2024:** The Houthis launched a large-scale attack involving 18 drones, two anti-ship cruise missiles, and one anti-ship ballistic missile. US and British forces intercepted all these threats.

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- 6. **January 15-18, 2024:** A series of attacks saw the Houthis targeting multiple vessels, including the M/V Gibraltar Eagle and the M/V Chem Ranger. US and coalition forces continued to intercept missiles and drones during this period.

Implications On Global Markets

These maritime disruptions have direct implications for global markets, particularly the oil market. Any perceived or actual threat to maritime routes leads to volatility in global oil prices, affecting economies worldwide. The targeted attacks on oil tankers and shipping lanes exacerbate this issue, leading to economic instability and increased shipping insurance costs.

The Houthis have reportedly provided competitive advantages for Chinese and Russian shippers by offering free Red Sea passage with guarantees against attack in exchange for unspecified support. This selective strategy has imposed economic penalties similar to sanctions, disproportionately affecting EU-based firms and Egypt.

According to the International Monetary Fund (IMF), trade volume passing through the Suez Canal decreased by 50% in the first two months of 2024, while trade transiting around the Cape of Good Hope surged by 74% year-on-year. The U.S. State Department stated that the Houthi attacks on commercial shipping in the Red Sea are doubling shipping costs to the U.S. and increasing food, medicine, and fuel prices.

Broader Geopolitical Stakes

The potential for further escalation is significant. Increased Houthi activities could lead to more direct military responses from the Saudi-led coalition and potentially broader regional conflicts involving Iran and its adversaries. This could derail ongoing peace efforts in Yemen and further destabilize the region.

- **Saudi-Iran Rivalry:** These attacks exacerbate the ongoing regional rivalry, with Yemen acting as a proxy battleground.
- **International Interests:** Global powers, including the United States, have vested interests in keeping these waters open for trade. The international response often involves naval patrols and heightened security measures.
- **Regional Security Concerns:** Countries along the Red Sea are directly affected, impacting their economic stability and security posture.

Conclusion

The Houthis' maritime activities represent a critical aspect of the Yemen conflict with implications that extend beyond regional borders. Their increased attacks following the Gaza conflict highlight a strategic shift towards more high-profile maritime disruptions. This situation demands ongoing international attention and robust diplomatic and military responses to ensure regional stability and global economic security.

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