

Roundtable Takeaways

Alarm in the Red Sea! What to expect and how to ensure the security of this vital maritime artery

School of Government, Luiss Guido Carli

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Moderating:

- Luigi Narbone, Director, Luiss Mediterranean Platform
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Speakers:

- Alessandro Politi, NATO Defense College Foundation
- Cyril Widdershoven, Verocy, Luiss Mediterranean Platform
- Betül Dogan-Akkas, Ankara University
- Cinzia Bianco, European Council on Foreign Relations, Luiss Mediterranean Platform

Introduction

Over the past two years, the Red Sea has become a focal point of global trade and geopolitical tension. Serving as a major trade route, it handles a fifth of the world's seaborne trade, linking Europe and Asia efficiently. Countries like Egypt, Ethiopia, Somalia, Yemen, and the Gulf states heavily depend on it for economic activities and diversification strategies. However, recent challenges such as the war in Ukraine, unpredictable navigation through the Panama Canal, and heightened military presence by global powers like the US, NATO, Russia, China, and Iran have increased the risks in the region. Additionally, disruptions from Houthi attacks, particularly affecting the Suez Canal/Gulf of Aden passage, have significantly reduced container tonnage, posing serious threats to international shipping and the global economy.

How are the Houthis using the Red Sea as part of a broader geopolitical conflict?

Cinzia Bianco

What's going on in the Red Sea and why is it important?

The Houthis have escalated their military activities in the Red Sea to an unprecedented scale.

The rebel group based in north Yemen has controlled the capital Sanaa since 2014, as well as other key positions along the Red Sea coast. The Red Sea is a critical waterway, and controlling it allows the Houthis to project power and use it as a tool of leverage against their local, regional, and global rivals, which enhances their strategic position and bargaining power.

Are the Houthis controlled by Iran?

The Houthis are part of a network of regional groups supported by Iran. The country provides them with political backing, logistical support, military advisory, and training. At the same time, the Houthis – like other groups in this network – also pursue their own local objectives and maintain a degree of autonomy and capability.

Can you give us an example of this autonomy?

The Houthis have used the Red Sea to achieve their military objectives against Saudi Arabia at least since 2015–2016. They specifically targeted Saudi vessels in response to the Saudi military operations that were attempting to stop their control over Yemen. In September 2019, they carried out missile and drone attacks on two core oil installations which put over half of the Saudi oil production offline.

How has the Houthis' strategy evolved after the war in Gaza?

After the war in Gaza, the Houthis decided to use their capabilities to put pressure on the international community so that they would put pressure on Israel to adopt a permanent ceasefire.

How has this reflected on the operations?

Here you see a jump in the quality of these operation. It has gone from a clear local objective, from specifically targeting regional rivals, to a wider regional objective, which intersects with many different rivalries. For example, their objectives intersect with the Iran and Israel rivalry, on the one hand, and with Iraqi and Syrian militias' operations against the US presence in the region, on the other.

What has been the effect of this changes in strategy and operations?

That change in strategy and quality of Houthi operations has put them in the limelight and improved their own reputation and credibility, not just locally or regionally, but also globally.

Why is this important?

Because it tells us that this escalation is not simply about the operations taking place in the Red Sea. It is about the validity of the idea that geopolitical objectives can and should be pursued through maritime security.

How can this expand into a broader issue?

If the Houthis achieve their geopolitical objectives through maritime security pressure, it would be the first step to a wider maritime conflict. Therefore, it is necessary, from a US perspective, to invalidate that argument by stopping them from achieving their objectives.

Gulf states' navigation of the Red Sea dynamics

Betül Dogan-Akkas

What has been the general impression of Gulf states toward the developments in the Red Sea?

What's happening in the Red Sea is not really a surprise for the Gulf states as they've dealt with other maritime security issues there before. They're used to the Houthi management of Yemen and haven't had any expectations of security on the coastal borders. In fact, there was always a potential tension that could come out at any time from the Houthi side, since they're operating the Hudayda port, which is quite important for the maritime security on the Red Sea.

Why is Yemen a problem for the Gulf?

The Gulf states have militarily intervened in Yemen since 2015. Muhammad bin Salman expected to have a short and practical intervention, which could bring peace to Yemen. But that didn't happen. Rather, now we have a failed state with three or more components and several state institutions, including several central banks and currencies.

So, the problem for the Gulf states is not only the security in the Red Sea, but the security problem on their border in the Arabian Gulf.

What have been the results of the Gulf intervention in Yemen?

None of the military interventions or political solutions have brought peace to Yemen.

Who will lead the peace process and what will it look like?

Since Saudi Arabia started the military intervention in Yemen, it will have to find a path towards a peace process. This will need to include the US and the UN, which is part of the negotiation process.

However, the Gulf states may choose an easier, short-term solution which will be basically to deal with the Houthis and declare them as the legitimate state actors in Yemen.

What are the consequences of going for the easier solution?

The Red Sea attacks will be always a possibility. Whenever the Houthis need global attention, economic power, or support from other regional axis of resistance, then they may resort to attacks.

What does this mean for the security of the region?

This is tricky for the Gulf states and the Middle East region. It's difficult because the Gulf states are now balancing between a war in Yemen, a war in Gaza, and an entire maritime security and commercial trade route security issue.

So, I believe this wasn't the expectation from the Yemen war once it started, but there's a huge effort in the Gulf capitals right now to manage Yemen and the Red Sea.

What are the Gulf states' policies on Gaza?

They won't be involved militarily, but they'll either be part of the mediation or reconstruction. In terms of mediation, there's an intraregional rivalry in the GCC in foreign policy: who is going to lead the mediation in Gaza?

Which external actors do the Gulf states have to watch out for?

The Gulf states have to deal with Iranian involvement in the Middle East. Iran has become one of the most important external actors in the region as they support the Houthis in Yemen, and Hamas in Palestine.

Another actor is China, whose recent landing of maritime forces near the Horn of Africa and Aden brings another level of strain. The US and UK are similarly active and were involved immediately after the attacks on their ships. So, for Arab Gulf states, this is a quite tricky situation.

Economic implications of the Red Sea crisis

Cyril Widdershoven

What are the economic implications of the Houthis operations in the Red Sea?

I think it's a vicious circle. The media and analysis approach treats it as if the crisis would be solved if we deal with the Houthis. But I don't believe that to be totally true.

There are several sides to the economic implications, and we'll go through them one by one.

Impact on Asia and Europe Trade

First of all, 85 percent of global trade happens through ships. Of this, 12 to 15 percent, goes through the Bab el-Mandab, Red Sea, and Suez Canal routes. And that's when we look mainly at the trade between Asia and Europe.

Impact on Intraregional Trade and Investment

If we look at interregional trade, so Saudi Arabia to Africa, Egypt to Africa, or Egypt to Saudi Arabia, the total is much more crucial because the ongoing economic diversification efforts in the region are built on increased imports from either Asia or Europe or the USA.

If that's being constrained, then Saudi Vision 2030 or Abu Dhabi 2030 or Egypt's economic diversification plans are all being put under extreme duress because investors don't like to invest in a region with instability and violence. If it's related to major multi-billion projects then they'll look somewhere else.

There are some inhibitions from Asia to ship semi-products through the Red Sea, so they need to go via Africa. Saudi Arabia feels that because 40 to 60 percent of their new projects in Saudi Vision 2030 are on the West Coast of the country. So are NEOM, Octagon, Red Sea Islands, five new ports, and three new airports. They're all in that area where instability is increasing.

Investors are still very interested. But definitely looking at what is going on and rockets flying from Yemen to Israel. So that's not to the liking of the bankers in London city or Eni in Italy.

When you look on the other side, Egypt is in a very financially unstable situation. Investments are going to be threatened by instability on the coast and definitely in the Suez Canal. Egypt's economic dire situation will increase.

Impact on Europe

For Europe, it's even much more critical than we understand. It's not only 12 percent of maritime trade. Every single semi-product that we need to get from Asia, more or less, will need to come through the Red Sea area. Tesla in Germany shut down because the ships were not reaching the ports in Europe on time. It's not only oil and gas even.

How will trade change?

Any increase in instability in the Red Sea area will divert trade to inland routes. This could benefit India, which has planned a major route and announced it before the Gaza war.

How does this impact the energy transition?

The energy transition is definitely being hit because renewable energy projects in Egypt are largely in the Suez Canal area or the Red Sea area and investors do not like that. Similarly, most green hydrogen projects in Saudi Arabia are in the Red Sea area.

The global oil market is being supported by this crisis because extra maritime movements around Africa already have boost up demand for shipping fuel by 100,000 barrels per day.

NATO's role and the impact of Houthi operations in the Red Sea crisis

Alessandro Politi

What role is NATO playing in the Red Sea crisis?

There are currently some escorting missions in the Red Sea area, but NATO is not involved in the direct escorting of trade ships, as it is not a defensive but an offensive mission.

How are the Houthis instrumentalizing the Gaza war?

The Houthis know very well that if there is agreement between Tehran and Riyadh, that they lose their importance. So, their current operations in the Red Sea are a very good way of attracting attention or showing that they are important. It's interesting to see that they threatened to strike ships even in the Indian Ocean.

Who is most affected by the attacks in the Red Sea?

The most vulnerable actor is Europe. It is already paying a very high price of energy and food. Europe is also paying a lot of money in supporting Ukraine. It does whatever it can with supplying weapons, but it's also incomparable to NATO.

Therefore, the disturbances in navigation through the Suez Canal are frankly very unwelcoming and very problematic because they have political and social repercussions. The street becomes agitated.