RiskIntelligence

Client briefing - updates
The Houthi threat to shipping in the Red Sea

December 2023

The Houthi threat to shipping in the Red Sea

Risk Intelligence client briefing

Date of the report: 8 December 2023

Advice given and recommendations made do not constitute a warranty of future results by Risk Intelligence, or an assurance against risk. Recommendations made are based on information available at the time of writing. No express or implied warranty is given in respect of any judgment made or to changes or any unforeseen escalation of any factors affecting any such judgment.

Documents are for the benefit of the recipient only and may not be disclosed to any third parties without the prior written consent of Risk Intelligence; such consent not to be withheld unreasonably. The recipient agrees to indemnify Risk Intelligence against any claims and any resulting damages that may be caused by any unauthorised disclosure of such documents.

Table of Contents

Overview

Following the seizure of the vehicle carrier GALAXY LEADER by Houthi forces in the Red Sea, there is now a significant threat to vessels linked to Israel from similar actions. Future targets are likely to be vessels that are similarly linked to Israel through ownership and the threat to these vessels is the highest. At the same time, this is a dynamic and evolving threat and merchant ships linked to Israel through other connections might also be potential targets. For most vessels in transit through the Red Sea, the threat has not changed from previously.

Yemen's Houthi rebels seizing control of the cargo ship GALAXY LEADER
(Photo: Houthi Military Media)

Houthi intentions

The Houthi-led government in northern Yemen has been fighting a civil war against the Saudi and UAE-backed government in southern Yemen since 2015. The Houthis have received varying levels of political and military support from Iran. Houthi forces have previously targeted Saudi and UAE vessels in the Red Sea with anti-ship missiles and waterborne drones, Saudi ports and military vessels in the Red Sea with drones, and oil industry targets in southern Yemen, Saudi Arabia, and the UAE with drones and missiles.

In all these cases, the intention has been to demonstrate their capabilities and to increase the 'costs' of the conflict for Saudi Arabia and the UAE to improve their bargaining position in ongoing peace talks. Prior to the escalation of the conflict in Israel/Gaza, there were no significant maritime strikes for 12 months.

An important motivation for the Houthis has been to act like a responsible state government and not a 'terrorist' entity. The US, for example, removed them as a Foreign Terrorist Organisation in February 2021. As such, their maritime campaign has been limited and focused on a narrow set of targets as noted above – not an indiscriminate threat to vessels in transit.

Previous vessels seizures of smaller vessels in Yemeni waters have been related to their enforcement on their area of control in the northern part of the country, particularly off Hudaydah (Hodeida). Nonetheless, collateral damage for merchant vessels in the area has been a concern, particularly for calls at Saudi ports. Risk Intelligence has therefore assessed the threat in the Red Sea as elevated for some time, although the actual threat would depend on specific vessel and routing considerations.

Yemen's Houthi-aligned armed forces military parade
(Photo: YouTube video)

Houthi escalation

Following the escalation of the conflict in Israel/Gaza, the Houthis combined vocal condemnation of Israel with a series of missile and drone attacks launched towards southern Israel (specifically the Red Sea port area of Eilat). Houthi Prime Minister Abdul Aziz bin Habtur confirmed that four cruise missiles and 15 drones intercepted by the US warship USS CARNEY on 19 October had been launched by Houthi forces.

Bin Habtur stated that the projectiles had been targeting Israel and threatened more attacks if the Israeli military campaign in Gaza continued. The CARNEY was well positioned to intercept the attacks and Saudi Arabia took no action despite the missiles and drones traversing its Red

Sea coast. As these attacks continued, they appeared to be more symbolic than effective, but an important tool for the Houthis to show their capabilities and to take action on behalf of the 'Arab street' and the so-called Axis of Resistance militias in Syria, Lebanon, and Iraq, perhaps also encouraged by Iran.

After a series of similar attacks, the Houthis made a public statement on 14 November explicitly stating their intention to target Israeli shipping: "Our eyes are open to constantly monitor and search for any Israeli ship in the Red Sea, especially in Bab el Mandeb, and near Yemeni regional waters," Houthi leader Abdulmalik al-Houthi said in a broadcast speech. The warning was issued for other countries not to crew on Israeli ships. Five days later, the GALAXY LEADER was boarded and seized by Houthi forces.

GALAXY LEADER boarding and seizure

The Bahamas-flagged vehicle carrier GALAXY LEADER was detained by Houthi forces in the Red Sea around 50 nautical miles west of Hudaydah during the early afternoon on 19 November 2023. The vessel was transiting southbound and unladen. and is now being held off Hudaydah.

Previous Houthi operations to seize locally-trading vessels have not shown the same level of sophistication as this operation. A widely-circulated video shows this sophistication in action, as well as a professional video shot for propaganda purposes, including the symbolic flying of the Houthi and Palestinian flags on the seized vessel. The operation is very similar in *modus operandi* to the boarding carried out on merchant vessels by Iranian military forces in the Gulf of Oman and Persian Gulf, leading to an inevitable comparison and speculation on Iranian involvement or support for this operation.

If this playbook is followed by the Houthis, the GALAXY LEADER will be detained until there are negotiations and compromises made. Iran has typically sought to repatriate foreign crew members in the vessels it has seized, holding onto the vessel (and the cargo) itself rather than the crew as 'hostages'. The Houthis are again likely to follow this lead, to demonstrate that their opposition is to Israel and not to neutral crew-providing countries.

The boarding and seizure operation was unexpected in the sense that the Houthis have not used this tactic before and have not shown the ability to use helicopter-borne forces for such a purpose. A limited drone strike against the vessel would have been consistent with Houthi tactics to date in the Red Sea, so this does represent a shift in intentions and capabilities. That the operation was carried out some distance from the coastline also suggests a new confidence in being able to operate in this wider area, which was perhaps enabled by the relative détente that has been in place between the Houthis and Saudi Arabia for the past 12 months and the generally improved security situation in the Red Sea.

Links to Israel

Risk Intelligence assesses that there is now a significant threat for vessels linked to Israel through ownership. It is unlikely to be a coincidence that the first vessel targeted by the Houthis

also fits with the pattern of attacks that Iran engaged in against Israeli shipping, as part of the tit-for-tat campaign that has been ongoing. Although this is not an exclusive list, there have been some commonalities. It is likely that such targeting lists were drawn up using publicly accessible records that – even if they do not always reflect the most accurate structure of ownership/management – have been used to identify 'Israeli' shipping targets that can be used to apply pressure to business and political groups in Israel.

These three vessels are linked by ownership or operated by Ray Shipping Ltd, Tel Aviv, which is owned by Israeli businessman Rami Ungar.

GALAXY LEADER – seized by Houthis in the Red Sea in November 2023.
HYPERION RAY – approached by 2 small craft off Fujairah in April 2021, initially reported as attacked and incident may have been an aborted attack.
HELIOS RAY – hit by Iranian mine or drone in Gulf of Oman in Feb 2021.

Damage to the Israeli cargo ship HELIOS RAY after explosion
(Photo: Channel 13 News)

These three vessels are linked via ownership by Zodiac Maritime Group, formerly in the UK but now listed in Monaco, owned by Israeli businessman Eyal Ofer.

CAMPO SQUARE (now HAI SHANG) – hit by a drone in the Arabian Sea in February 2023.
LORI – hit by a drone in the Arabian Sea in March 2023 (managed by XT Management in Israel, formerly Ofer Brothers).
MERCER STREET (now SPRING STREET) – hit by a drone in the Gulf of Oman in July 2021.

The Israeli government has pointed out the international characteristics of the GALAXY LEADER, and it is important to note that it does indeed have an international flag and crew and was operating for NYK. Nonetheless, the vessel was highly likely to have been specifically targeted because of the ownership link to Israel. However, the incident underscores the broad nature of the threat, particularly for crews that might be affected by a seizure operation that has all the appearances of a hijacking and where their welfare will be affected even if not directly threatened as the detention remains ongoing.

AOM SOPHIE II

The AOM SOPHIE II was reportedly struck by a projectile while steaming south of Mocha on 3 December 2023. The crew retreated to the citadel and there were no injuries. The details of the strike have not been confirmed. The USS CARNEY responded to the incident and reported no significant damage.

Risk Intelligence has seen no indication that the vessel was effectively struck although an explosion may have taken place in proximity. Until there is further confirmation, this incident may have been a case of mistaken identity or collateral damage while in proximity to other drone or missile attacks.

Threats to shipping

The Houthis have scored a significant propaganda goal with their seizure and have demonstrated both the intention and willingness to act in opposition to Israeli actions in Gaza. Whether there are similar vessel seizures in the future will depend on several variables:

- Whether the Houthis achieve any 'gains' from the seizure, such as concessions made through negotiations (that could also involve Saudi Arabia).
- The ability of the Houthis to manage the seizure, such as to accommodate and possibly repatriate the crew, and to secure the vessel at Hudaydah.
- Any direct response taken by Israel, or an increase in US naval presence in the area.
- Pressure applied on the Houthis behind the scenes, either through Saudi Arabia or other intermediaries, or a deal involving Iran.

It is therefore difficult to predict how this situation will play out. Based on our current assessment of the situation, Risk Intelligence sees the following threat levels.

Vessel type	Threat type	Threat level
Vessels specifically linked to Israel through ownership.	Seizure and detention; limited kinetic attack such as a drone strike.	High
Vessels engaged in trading directly with Israeli ports.	Seizure and detention; protests and harassment.	Elevated
Vessels in transit without any involvement in Israeli trading.	Potential proximity to the above threats.	Moderate

The above analysis does not rule out kinetic attacks against Israel-linked ships, following the template established by Iran in previous incidents. However, as noted, the intention of the Houthis is not to directly disrupt shipping but to score symbolic points and achieve propaganda victories. There will be some tolerance for collateral damage and casualties, but the intention is to minimise such possibilities.

Damaged Yemeni port vessel
(Photo: Kais Makhlouf / Risk Intelligence)

It is not clear whether vessels trading with Israeli ports might be targeted. As this time, it is assessed as more likely that explicitly 'Israeli ships' will be targeted, but similar operations – that could involve harassment or targeting for protests – against other vessels to disrupt Israeli trading cannot be ruled out. Elsewhere, protests in the Middle East (and around the world) have targeted Israeli shipping and even ships that have previously called at Israeli ports. Therefore, some disruption might be possible.

Iranian motivations

Israel and the US have directly accused Iran of being involved in the Houthi operation, prompting an official Iranian response: "Those accusations are void, and a result of the complicated situation the Zionist regime is struggling with," Iranian Foreign Ministry spokesman Nasser Kanaani was reported saying. "We have said many times that resistance groups in the region represent their own countries and people, and they make decisions based on the interests of their own countries and nations."

Iran spends significant resources on its rivalry with Israel. Perhaps most importantly, this policy is meant for domestic consumption. Iran's frontal opposition to Israel serves to legitimise its foreign policy and justify the resources allotted to the security apparatus despite scarcity at home and Western economic sanctions. This also helps it capitalise on a widespread sentiment in the Middle East that most regional governments are "collaborationist regimes" which perpetuate what is perceived as a colonial occupation of Palestine. To those who will listen, Iran can argue that it is the only state willing and able to act.

Iran's projected "willingness to act" is the linchpin of its regional influence policy. Iran has largely capitalised on recent history and sought to project itself as a steadfast ally. Iran shows an intractable hostility to the "Great Satan" and "the Zionist Entity", as it calls the US and Israel, respectively. Iran has often, and to great fanfare, claimed the mantle of anti-imperialism. That Iran thereby props up regimes and meddles in others' domestic affairs is seemingly of no concern to its supporters.

This image has served Iran greatly, and the regime will go lengths to preserve its soft power in the galaxy of armed groups with no inclination, or hope, for alternative backing. To preserve the loyalties of its proxies, Iran must therefore show that it stands by them in times of crisis. Now, having built its foreign policy around anti-Israeli policies, Iran finds itself in a bind when the anti-Israeli act *par excellence* is committed by someone else – in this case Hamas. Iran must support its perpetrator, regardless of whether it has a say in its behaviour, and of how nihilistic the protégé is. Anything less would substantially weaken Iranian influence with such groups.

Yet, Iran does not want war. Iran must therefore pursue two almost contradictory priorities: preserving its proxy network and preserving its reputation of reliability, which implies active hostility to Israel. To square this circle, it has opted for a slow escalation via its proxies, leveraging the Houthis, the Hashd and Hezbollah into taking at least some military action against Israel (possibly also US military forces), in the expectation that retaliation will befall

those groups rather than its own assets. Certainly, Iran will have made the calculus that Israel, like itself, does not want a wider conflict to erupt.

Therefore, limited support of the Houthis – whether through the sharing of intelligence on vessel targeting, or even direct support through training and logistics (and video production) – fits within the overall Iranian strategy. Iran has not taken direct action against Israeli shipping since February 2023 and may be reluctant to do so currently: in fear of a more unpredictable Israeli response in the current climate. Iran might prefer to see how this particular Houthi operation plays out before taking its own action. But this is unpredictable, and there is a potential for escalation in the coming months.