India

Money, Military & Markets-XLV

Iran's pincer: Saudi oil under siege, USA's options narrow

- Iran's pincer threatens Saudi Arabia's oil routes and their alternatives – uncertainty over the next tanker is enough to impose economic pain.
- Expensive weapons cannot guarantee safe commerce or victory on land, while a prolonged disruption carries the war's cost into USA fuel prices and politics.
- Washington's rational exit is to narrow its war aims and negotiate: the ability to inflict damage does not guarantee a worthwhile victory.

Iran has turned Saudi Arabia's geography against it

Saudi Arabia's primary export route and its fallback routes face pressure simultaneously. Iran threatens passage through the Strait of Hormuz, Iran-aligned militias reportedly attacked the East-West Pipeline, and the Houthis threaten Saudi-linked shipping through Bab el-Mandeb. Each route was supposed to provide insurance against disruption elsewhere. The pincer undermines that insurance. Iran does not have to sink every tanker or defeat the American fleet. It only needs to make the next shipment sufficiently uncertain for shipowners, insurers and crude oil buyers to change their behaviour.

The Houthis are delivering disproportionate returns for Iran

Yemen's political collapse created the Houthis; years of fighting hardened them; Iranian assistance expanded their reach. Missiles, drones, technical knowledge and financial networks enabled a local movement to impose costs far beyond Yemen. The Houthis retain their own political agenda, but their interests overlap substantially with Tehran's. **Iran has helped build a force that compels its adversaries to spend heavily merely to contain the threat.** Saudi Arabia entered Yemen seeking to prevent an Iranian foothold. The prolonged war instead deepened the partnership it wanted to weaken.

The marginal barrel is becoming more powerful than the missile

The production decline, pipeline disruption and higher oil prices cited in our report point to the same vulnerability: military escalation carries an economic bill that Washington cannot indefinitely keep outside its borders. Every delayed tanker tightens supply expectations; every fresh attack raises the cost of insurance and protection. Successful interceptions offer limited reassurance if another attack remains possible tomorrow. **Iran does not need battlefield superiority to impose economic pain.** Sustained uncertainty over oil supply can transmit into fuel prices, inflation expectations and domestic political pressure, steadily raising the cost of continuing the war.

Expensive weapons cannot purchase a decisive land victory

Saudi Arabia's experience in Yemen exposes the gap between possessing advanced equipment and achieving lasting control. Aircraft can destroy identified targets, but securing difficult terrain requires capable ground forces, dependable local partners and the willingness to sustain casualties. The Houthis have survived by combining combat experience with local networks and familiarity with the terrain. Pakistan's reported hesitation over the Makkah Pact compounds Riyadh's difficulty: promised support is useful only when it becomes available. **A defence commitment earns its credibility when fulfilling it becomes costly.** Without that support, another air campaign risks extending the conflict without resolving its underlying weaknesses.

Washington's rational exit is to reduce its war aims

Our report's conclusion is that a negotiated retreat offers Washington a more credible route to restoring commerce than an expanding war across Iran, Iraq and Yemen. America retains enormous destructive power, but destruction alone cannot guarantee safe shipping, affordable oil or a stable regional settlement. Narrowing its objectives and negotiating reciprocal de-escalation would recognise those limits. **The relevant test is whether the next military action improves the eventual outcome enough to justify its cost.** We believe that balance increasingly favours negotiation – making retreat a strategic choice, even if it is not literally America's only available option.

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From a local rebellion to Iran’s western maritime front: the full Houthi-Saudi equation

The Houthis have evolved from a local Zaydi revival movement born out of Yemen’s political failure into a formidable regional military force capable of threatening Saudi cities, energy infrastructure and global shipping. Iran did not create the movement, but its supply of missiles, drones, components, financing, smuggling networks and technical expertise accelerated this transformation, turning the Houthis into an autonomous but strategically aligned partner. The latest offensive – combining missile and drone attacks on southern Saudi Arabia with the capture of Mokha and strategic positions near Bab el-Mandeb – has completed an Iranian pincer around the kingdom: Iran pressures the Strait of Hormuz, Iraqi militias threaten the East-West Pipeline, and the Houthis endanger Saudi exports through the Red Sea. Saudi Arabia’s technological superiority cannot solve its fundamental weakness – the absence of a sufficiently motivated, battle-hardened land army capable of defeating the Houthis in Yemen’s rugged terrain. This was precisely the situation in which the Saudi-Pakistan-Türkiye Makkah Pact should have demonstrated collective deterrence. Instead, Pakistan has condemned the attacks while avoiding meaningful defensive action, exposing the pact as an agreement whose commitments weaken as soon as fulfilling them becomes costly.

Houthis began as a local Zaydi revival movement

The Houthis began as a local Zaydi revival movement fighting the Yemeni government. They were not created by Iran. But over two decades – and particularly after Saudi Arabia intervened in 2015 – Iran transformed an increasingly powerful local ally into a regional missile, drone and maritime force. The relationship is therefore neither complete Iranian control nor innocent political sympathy: it is a deep strategic partnership built around overlapping interests.

Yemen’s structural weakness aided Houthis

North and South Yemen unified in 1990, but the new state never developed strong institutions. Tribal networks, competing military commanders, religious movements and regional identities remained more powerful than the central government. Former President Ali Abdullah Saleh managed these groups through patronage and shifting alliances rather than building a stable political order.

The Zaydi background – while it is Shia Islam but differs from traditional Shia state like Iran

The Houthis emerged from Yemen’s northern Zaydi community. Zaydism is a branch of Shia Islam, but it differs substantially from the Twelver Shiism dominant in Iran. Zaydi religious and political authority existed in northern Yemen for centuries before the Iranian Islamic Republic was created.

Saudi funded Salafis which was unpalatable to Zyadi groups

During the 1980s and 1990s, Saudi-funded Salafi institutions expanded in Yemen, including traditionally Zaydi areas. Many Zaydis saw this as an attempt to dilute their religious and cultural identity. The Believing Youth movement emerged partly as a Zaydi educational and cultural response to Saudi-supported Salafism.

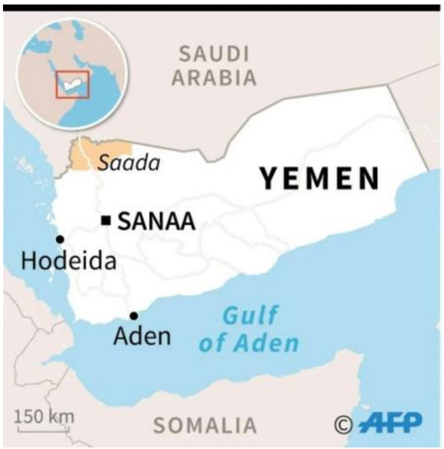
Taking advantage of the unrest, Hussein Badreddin al-Houthi created Houthi movement ➤

Hussein Badreddin al-Houthi converted this revival into an organised political challenge. He criticised Saleh's corruption, Saudi influence and Yemen's co-operation with USA. When government forces killed him during the first Saada war in 2004, he became a martyr and his followers became known as the Houthis.

Figure 1: Yemen's Houthi movement started as demand for more rights for Zaydis

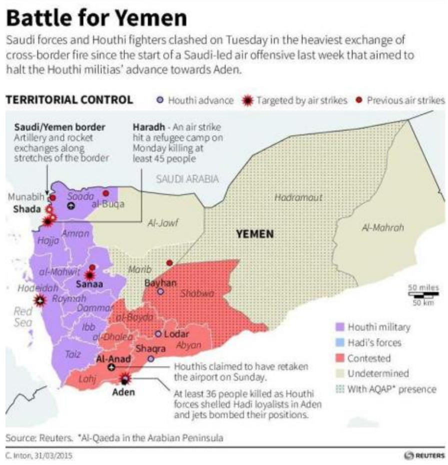
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: The influence areas of Houthis are at the border of Saudi Arabia



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Saudi and Houthi forces are clashing



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Houthi capability was built over six wars they fought with Yemeni government ➤

Between 2004 and 2010, the Yemeni government fought six rounds of war against the Houthis. Every campaign was intended to eliminate them. Instead, the Houthis captured weapons, recruited more fighters and learned how to disperse, conceal forces and exploit northern Yemen's difficult mountain terrain.

The sixth war in 2009 spilled into Saudi Arabia and Saudis learnt a bitter lesson that technological prowess doesn't always matter in a land war in a rugged terrain ➤

The sixth war spilled across the Saudi border in 2009. Saudi Arabia used aircraft, artillery and ground forces against Houthi positions. The fighting demonstrated a lesson that would later become central to the conflict: Saudi technological superiority did not automatically translate into battlefield control against mobile forces operating in familiar terrain.

The Arab Spring of 2011 led to political vacuum in Yemen and new settlement left Houthis with bitterness ➤

The Arab Spring forced Saleh to relinquish power to Abdrabbuh Mansour Hadi. However, the transition changed the leadership without fixing the state. The army remained fragmented, economic conditions worsened and several political groups –including the Houthis – believed the new political settlement excluded their interests.

This led to unlikley Saleh–Houthi alliance ➤

The Houthis then formed a tactical alliance with their former enemy, Saleh. Military units loyal to him facilitated their advance towards the capital. Saleh wanted to regain influence; the Houthis wanted access to the state and its military arsenal. Their interests temporarily converged.

Emboldened Houthis captured Sana'a in 2014

In Sep 2014, the Houthis seized Sana'a and progressively took control of state institutions. President Hadi eventually escaped to Aden and then Saudi Arabia. Houthi-Saleh forces subsequently advanced south, creating the possibility that they would control most of Yemen and the approaches to Bab el-Mandeb.

Saudi Arabia intervened and tried to restore Hadi government

In Mar 2015, Saudi Arabia assembled a coalition and launched Operation Decisive Storm. Riyadh intended to restore Hadi's government, destroy Houthi missile capabilities and prevent an Iran-friendly movement from becoming entrenched along the Saudi border. The UAE became the coalition's principal ground partner.

But, as usual, the expected short war failed

Saudi Arabia expected air power and economic pressure to force a rapid Houthi retreat. Instead, the war became a costly stalemate. Bombing destroyed visible infrastructure but could not remove a movement embedded in the northern population, while the anti-Houthi camp fragmented among the government, southern separatists, Islamists, tribal forces and UAE-supported formations.

This is where Iran became critical

Iran's relationship with the Houthis existed before 2015, but its military importance expanded dramatically after the Saudi intervention. The war gave Tehran an extraordinary strategic opportunity: Saudi Arabia had placed itself inside a conflict where Iran could impose costs without deploying a conventional Iranian army.

Iran did not create the Houthis, but Iran accelerated their transformation

The Houthis possess an indigenous leadership, local religious legitimacy, a territorial base and their own political objectives. Their rebellion began because of Yemeni grievances, not because Tehran ordered Iran's Revolutionary Guards to manufacture a proxy.

Local origins do not mean operational independence from Iranian assistance. Iran supplied weapons, components, financing, training and technical knowledge that allowed the Houthis to progress from rifles and captured rockets to long-range ballistic missiles, cruise missiles, sophisticated drones and anti-ship weapons.

Iran supplied ballistic missiles and drones to Houthis

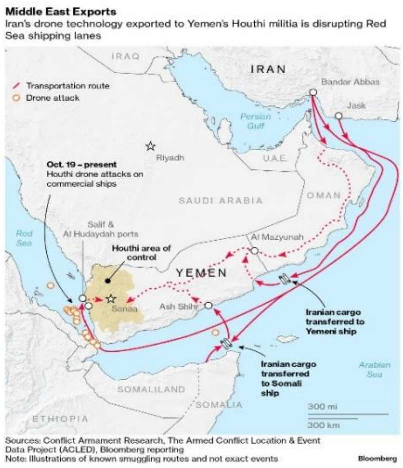
Investigations of intercepted shipments and Houthi weapons have identified components and design features associated with Iranian systems. Rather than always shipping complete missiles, networks can move engines, guidance components, electronics and specialised materials that are subsequently assembled or modified inside Yemen.

Drones were particularly valuable because they are comparatively inexpensive, can fly at low altitude and can be launched in large numbers. Iranian designs and technical assistance helped the Houthis develop systems capable of reaching deep into Saudi Arabia. Combining drones with missiles also complicates Saudi radar and interception decisions.

Iran also supplied the know-how, not merely hardware

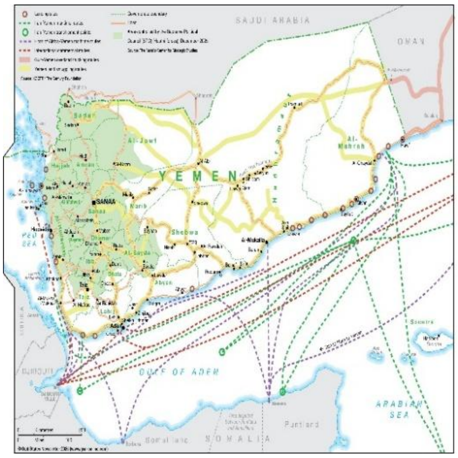
Technical specialists can teach local forces how to assemble weapons, improve range, programme flight paths, select targets and coordinate simultaneous launches. This transfer of knowledge is more durable than an individual shipment because the recipient eventually acquires the ability to manufacture, modify and operate systems domestically.

Figure 4: Iran's drone technology has been critical to Houthis



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Houthis created a vast smuggling network



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Houthis' missile capability grew in leaps and bounds with Iranian support

SOURCE: INCRED RESEARCH, COMPANY REPORTS

The smuggling ecosystem supported weapon and financial support system for Houthis

Weapons and components have reportedly entered Yemen through maritime routes, smaller ports, overland networks and commercial supply chains. Dual-use parts are particularly difficult to block because electronics, engines and navigation equipment may have legitimate civilian applications. The UN Panel of Experts has documented evidence concerning Houthi weapons, financial structures and external supply networks.

The financing architecture is courtesy Iranian experience of avoiding sanctions

Iran's support also involves financial and commercial networks rather than simple state-to-state transfers. Oil and commodity trading, front companies, exchange houses, shipping intermediaries and informal transfer systems can generate money for Houthi operations. The Houthis supplement this with taxes, customs revenue, confiscations and control over economic activity in the territory they govern.

Hezbollah provides the much necessary combat training

Lebanese Hezbollah has historically provided Iran's partners with training, media expertise and organisational knowledge. Hezbollah personnel have been in advisory and training roles in Yemen. This does not mean Hezbollah commands the Houthis, but it provides another channel through which Iranian-developed operational knowledge can be transferred.

But remember Houthis are not another Hezbollah

Hezbollah is more structurally integrated into Iran's regional security architecture and has a longer history of Islamic Revolutionary Guard Corps (IRGC) involvement. The Houthis have greater territorial autonomy and a stronger independent domestic agenda. They co-operate with Iran because the relationship strengthens them, not merely because they mechanically obey every Iranian instruction.

Through Houthis Iran gained a low-cost strategic asset

Iran did not need to finance the entire Houthi state or deploy tens of thousands of troops. Limited supplies of specialised equipment and expertise generated disproportionate returns. Saudi Arabia spent billions of dollars operating combat aircraft and missile defences while Iran's partner launched much cheaper drones and rockets.

The Houthis can best be understood as an autonomous ally that has become deeply dependent on Iranian technology and strategic support. Tehran may influence objectives, timing and target selection – especially during major regional confrontations – but it may not control every tactical decision or every escalation.

Houthi incentives are their own ›

The Houthis want recognition as Yemen's dominant political and military force. They seek revenue, access to ports, control over state institutions and guarantee against future Saudi attacks. Co-operation with Iran helps them pursue these objectives, while attacks on Saudi Arabia strengthen their bargaining position.

Iran's incentives are regional ›

Tehran wants to surround American partners with multiple pressure points. Hezbollah pressures Israel from Lebanon, allied Iraqi militias threaten American and Gulf interests, and the Houthis threaten Saudi Arabia and Red Sea shipping. The result is a distributed network that can stretch adversary defences without requiring Iran to fight every battle directly.

The 2019 attack by Houthis on Saudi Arabia was a warning ›

The attack on Abqaiq and Khurais temporarily disrupted roughly half of Saudi oil production. The Houthis claimed responsibility, while USA and Saudi Arabia attributed the sophisticated operation directly to Iran. Regardless of the precise launch point, the episode demonstrated that the Saudi energy system could be disrupted by missiles and drones despite enormous defence spending.

The 2022 truce between Houthis and Saudi Arabia paused rather than resolved the war ›

A United Nations-brokered truce sharply reduced Saudi-Houthi attacks from Apr 2022. Even after the formal agreement expired, an informal calm largely continued as Saudi Arabia sought a negotiated exit. But the Houthis retained their weapons, territorial control and organisational structure; the pause did not reverse their military transformation.

The Red Sea campaign after Oct 2023 expanded Houthis' role ›

After the Gaza war began in Oct 2023, the Houthis attacked vessels they associated with Israel and later with Western powers. American and British strikes destroyed some infrastructure but failed to eliminate their attack capability. The Houthis discovered that they could affect global commerce – and acquire international political relevance – by threatening shipping.

The mindless US blockade and bombarding of Iran had changed the strategic value of Houthis ›

The wider confrontation involving Iran and USA has changed the strategic value of Yemen. Iran can exert pressure around the Strait of Hormuz, while the Houthis can pressure Bab el-Mandeb. Together, these positions threaten the two maritime entrances surrounding the Arabian Peninsula.

Reuters reported, citing Iranian, Yemeni and regional sources, that Iran encouraged the latest escalation, promised additional funding and weapons, and provided IRGC guidance to the Red Sea offensive. Some sources alleged that senior IRGC commanders travelled to Yemen. Iran denies directing the Houthis, and the precise command arrangements cannot be independently verified; nevertheless, the reporting indicates deeper co-ordination than generic political support.

The current Houthi operation has disrupted the lifeline of the kingdom – the oil-loading ports near Bab-al-Mandeb ➤

The Houthis launched missiles and drones at Abha, Khamis Mushait, Jizan and Najran. Targets included Aramco facilities and King Khalid Air Base. Saudi Arabia reported 73 injured, including women and children, while fires and temporary operational suspensions were reported at energy facilities.

Simultaneously, Houthi forces advanced rapidly along Yemen's Red Sea coast, captured Mokha and reached strategic islands near Bab el-Mandeb. Iranian weapons and advice reportedly assisted this campaign. Capturing these positions gives the Houthis better access to shipping lanes and potentially improves their ability to monitor or attack Saudi-linked vessels.

The Houthis announced that shipping would remain safe except for Saudi vessels. This amounts to a selective blockade. They do not need to close Bab el-Mandeb completely; merely demonstrating the ability and willingness to strike ships can increase insurance costs and divert commercial traffic.

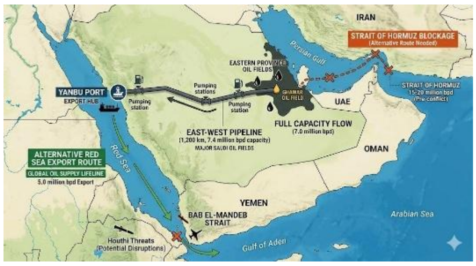
Figure 7: Tanker traffic flow has been disrupted, and Western nations will feel the impact

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Iraqi militia have attacked the East-West Pipeline as well, which is key for Saudi Arabia

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Houthis apparently have snatched one loading terminal as well



SOURCE: INCRED RESEARCH, COMPANY REPORTS

The Iranian pincer – courtesy Houthis and Iraqi militia – is complete ➤

Saudi Arabia traditionally exports oil through the Persian Gulf and Strait of Hormuz. When the Strait of Hormuz is disrupted, it relies more heavily on the East-West Pipeline to Yanbu and subsequent Red Sea exports. Iran can pressure the first route, while the Houthis threaten the second. That is the essence of the pincer strategy.

The drone attack that forced the shutdown of Saudi Arabia's East-West Pipeline was reportedly launched from Iraq, where Iran-aligned militias operate. It should not automatically be described as a Houthi attack. But strategically it complemented the Houthi campaign: one Iran-aligned theatre attacked the pipeline while another threatened shipping beyond Yanbu (Source: Reuters).

Houthis' action provide the much-needed plausible deniability to Iran ➤

Iran can deny responsibility for Houthi operations and insist that Yemenis are acting independently. This complicates retaliation because Saudi Arabia or USA must decide whether to attack the Houthis, Iranian advisers, supply networks or Iran itself. Ambiguity helps Tehran impose costs while managing escalation.

Iran also gains bargaining leverage ➤

Pressure on Saudi energy infrastructure and global shipping raises oil prices and creates urgency for negotiations. Tehran can potentially offer de-escalation across its network in exchange for concessions involving sanctions, maritime access or the wider Iran conflict. The Houthis thereby become both a military instrument and a negotiating asset.

Saudi Arabia's dilemma – technology cannot defeat the enemy in land battle – you need a motivated army, which Saudi lacks ›

Saudi Arabia can purchase the world's most advanced combat aircraft, precision-guided weapons, surveillance systems and missile defences. These technologies can destroy visible targets and protect critical assets, but they cannot capture mountains, hold territory or eliminate a deeply embedded insurgency. Land wars are ultimately won by motivated soldiers who are prepared to fight, suffer casualties and remain deployed for years. The Houthis possess precisely this motivation: they are fighting on familiar terrain, within their own social networks and for what they regard as their political and religious survival. Saudi Arabia, despite its enormous defence expenditure, lacks a comparably motivated and battle-hardened land army. This explains the central paradox of the Yemen war: Saudi Arabia enjoys overwhelming technological superiority yet remains unable to achieve a decisive military victory against a materially inferior opponent.

Why the Makkah Pact matters now to Saudi Arabia? ›

This is precisely why the Saudi-Pakistan-Türkiye agreement should have been activated at least for consultations and defensive support. The problem is no longer merely a Yemeni insurgency. It is a networked attack involving Houthi missiles, Iranian strategic pressure and separate Iran-aligned militias operating from Iraq.

Pakistan's familiar retreat: The Makkah Pact fails its first test ›

As usual, Pakistan has found a way to retreat from its commitment precisely when that commitment has acquired a cost. Islamabad condemned the Houthi attacks, expressed "complete solidarity" with Saudi Arabia and endorsed Riyadh's right to defend itself – but declined to discuss any military response under the Makkah Pact. Its foreign ministry now argues that the agreement is merely an "umbrella", that operational mechanisms are yet to be established and that it is premature to discuss activation. This is not a formal repudiation of the pact, but it is a clear retreat from its spirit. The agreement was presented as a collective-defence arrangement under which an attack on one member would be treated as an attack on all. Saudi territory has now been attacked by missiles and drones, civilians have been injured, and critical infrastructure has been targeted. If this does not trigger even visible defensive assistance, what exactly will? Pakistan wants the financial and diplomatic benefits of its Saudi relationship while avoiding the military and geopolitical costs of confronting the Houthis and, behind them, Iran. A defence pact that is operational only after committees, frameworks and convenient political conditions have been created is not a defence pact – it is a press release. Pakistan has not technically renounced its obligation; it has done something more familiar and equally damaging: postponed performance until the commitment becomes meaningless.

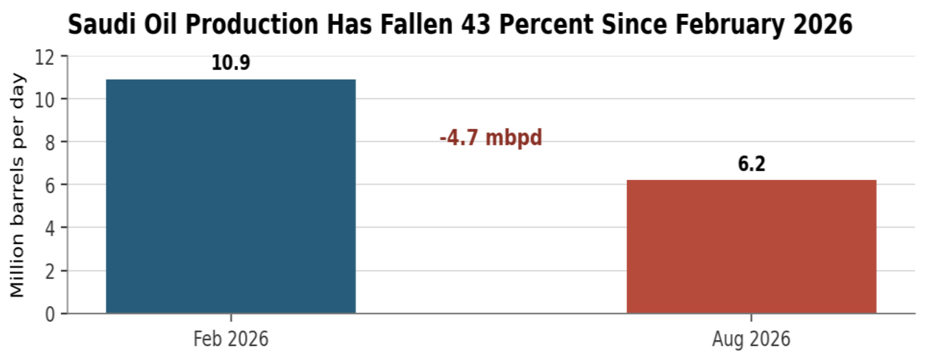
Given the pincer move by Iran, USA has only one option – retreat

Iran has converted geography into a weapon. Pressure at the Strait of Hormuz constrains the Gulf exit; Iran-aligned Iraqi militias have struck the East-West Pipeline that bypasses Hormuz; and the Houthis have moved towards the Bab el-Mandeb outlet used by Saudi Red Sea exports. USA can win individual air and naval engagements, but it cannot guarantee continuous commercial traffic across all three pressure points without expanding a seven-month war into Iran, Iraq and Yemen. Its only strategically rational option is retreat: reduce maximalist war aims, negotiate the reopening of shipping routes and shift the burden of regional security back to Gulf partners.

The war has already failed its economic test ➤

USA entered the confrontation believing that military pressure could remain intense enough to hurt Iran but contained enough to protect the American economy. That separation has collapsed. Saudi oil production fell from 10.9m bbl per day in Feb 2026 to 6.2m bbl per day in Aug 2026, a decline of 43%. Brent crude oil topped US$108/bbl on 14 Sep 2026. High fuel prices are feeding inflation, lifting bond yields and weakening the political coalition sustaining the war.

Figure 10: Saudi oil production has fallen 43% since Feb 2026



SOURCE: INCRED RESEARCH, REUTERS, 13 SEPTEMBER 2026. FEBRUARY AND AUGUST PRODUCTION REPORTED BY SAUDI ARABIA TO OPEC

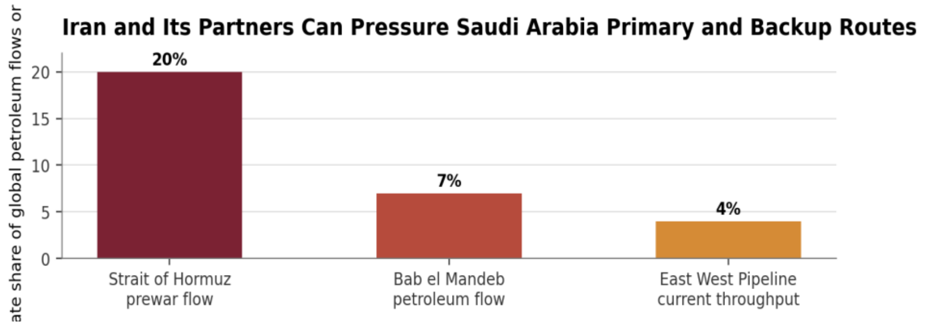
This is the crucial shift. Iran does not need to defeat the US Navy. It must keep enough risk in the system to reduce tanker traffic, raise insurance premiums and make every Saudi fallback route unreliable. The economic damage then travels through petrol prices, inflation expectations and elections. Iran is fighting the war at the point where American military superiority is least useful: the marginal barrel of oil.

Iran has closed the escape routes ➤

Before the war, roughly one-fifth of global oil passed through the Strait of Hormuz. Current oil flows have reportedly fallen to 6-9m bbl per day, while vessel traffic remains far below historical levels. Saudi Arabia tried to escape the Hormuz constraint by routing about 4m bbl per day through the East-West Pipeline to Yanbu. A drone attack traced to Iraq, where Iran-aligned militias operate, forced that pipeline offline.

The Red Sea route offered the second escape. The Houthis have now captured Mokha and reached Perim Island inside Bab el-Mandeb. That strait carried about 7% of global petroleum supplies and around 12% of global trade before the latest escalation. The Houthis do not need to close it completely. A credible threat to Saudi-linked ships is sufficient to deter owners, raise freight costs and redirect traffic.

Figure 11: Iran and its partners can pressure Saudi Arabia's primary and backup routes

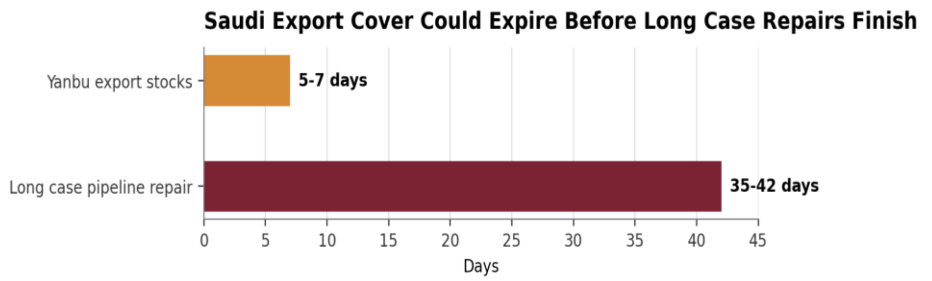


SOURCE: INCRED RESEARCH, REUTERS, 12-14 SEPTEMBER 2026. APPROXIMATE SHARES ARE NOT ADDITIVE BECAUSE THE ROUTES CAN CARRY OVERLAPPING BARRELS

The repair clock now works against Washington

Saudi oil buyers and traders estimated that Yanbu held only five-to-seven days of export stocks if the pipeline remained shut. One long-case repair estimate was five-to-six weeks. Even if repairs finish sooner, the mismatch reveals the fragility of the alternative route. Markets must price the possibility that export cover expires before full throughput returns.

Figure 12: Saudi export cover could expire before long-case repairs finish



SOURCE: INCRED RESEARCH,

Military escalation cannot reopen commerce reliably

USA can strike Iranian launch sites, escort selected tankers and destroy exposed Houthi equipment. None of these actions restores normal commercial confidence. Historically, about 125 ships crossed the Strait of Hormuz each day; recent commodity-vessel traffic averaged only about 14 daily transits. Convoying a few ships is not equivalent to restoring a market in which owners, crews and insurers expect routine passage.

Air power has already met its limits in Yemen

Saudi Arabia bombed the Houthis for years without eliminating them. USA and Britain subsequently struck Houthi launchers, radars and storage sites, yet the organisation retained the capacity to attack shipping and mount a rapid coastal offensive. Technology can destroy a visible target. It cannot hold Mokha, clear mountain networks or replace a motivated army on the ground.

A land campaign would be worse. Saudi forces possess expensive aircraft and air-defence systems but lack a battle-hardened army willing to absorb years of casualties in Yemen. Pakistan has declined to operationalise the Makkah Pact despite Houthi attacks on Saudi territory. Türkiye can provide drones and intelligence, but neither ally has shown willingness to fight a large ground war on Riyadh's behalf.

Opening a second front strengthens the pincer

Saudi Crown Prince Mohammed bin Salman reportedly asked President Donald Trump for direct US strikes on the Houthis. Washington refused and offered intelligence and targeting support instead. That refusal was rational. A new campaign in Yemen would divide aircraft, munitions and political attention while Iran continued to pressure Hormuz. USA would be responding to Iranian horizontal escalation by stretching itself horizontally.

Attacking Iraqi militias creates the same problem. The pipeline strike reportedly originated in Iraq, but retaliation there risks destabilising Baghdad and widening the war. Direct attacks on Iran might punish the sponsor, yet they could also trigger more missiles against Gulf bases and more disruption in Hormuz. Every military option can impose damage; none guarantees the commercial outcome Washington requires.

Deterrence has reversed direction

Washington intended to force Tehran to choose between economic survival and concession. Iran has instead made USA choose between escalation and inflation. The Houthis provide plausible deniability in the west, Iraqi militias create pressure in the centre and Iranian forces control the eastern escalation ladder. The pincer converts Iran's weaker conventional position into stronger political leverage.

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