

The Houthis Close in on the Gulf's Oil Export Lifeline

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Last week, the Iran-backed Houthis in Yemen [took control](#) of the strategic port city of Mocha and Perim Island at the mouth of the Bab el-Mandeb Strait, a narrow waterway between Yemen and Djibouti that forms the southern gateway to the Red Sea. The group has interfered with international shipping for years with drone and missile attacks, forcing vessels to forgo the vital Suez Canal and sail around the Cape of Good Hope. But the calculus has changed. With the Strait of Hormuz blocked since Operation Epic Fury began in February, the Red Sea has become the primary escape route for Gulf crude, and the Houthis now sit astride that chokepoint.

Washington may have [secured assurances](#) from the Houthis that U.S. and Israeli vessels will not be targeted, but that misses the larger danger the group now poses to global energy markets. Saudi exports now face two distinct, albeit linked, threats along the same emergency bypass route: Houthi attacks on Saudi shipping, which vessels can theoretically avoid by sailing north through the Suez Canal and around the Cape of Good Hope in southern Africa, and attacks on the East-West Pipeline, which can prevent crude from reaching the Red Sea in the first place. So long as Iran-backed groups can expose these vulnerabilities at the whim of Tehran, the routes on which oil markets increasingly depend can still be severely constrained. The United States should therefore exploit the Houthis' stated exemption for American and other non-Saudi shipping by reflagging tankers carrying Saudi crude under U.S. or other willing countries' flags and protecting their passage through the Bab el-Mandeb.



Middle East Oil Production, Middle East Oil Exports

The Middle East is the engine of global crude production. Per the Energy Institute's 2026 [Statistical Review of World Energy](#), the region produced 27 million barrels per day (mb/d) of crude, roughly 31.5 percent of the 85.8 mb/d produced worldwide and supplied 17.5 mb/d of the 44.4 mb/d in global crude trade, about 39 percent. Each day, an average of 20 million barrels [transited the Strait of Hormuz](#) en route to their final destinations, totaling 25 percent of global petroleum exports. Nearly [80 percent](#) of those oil shipments were bound for Asia.

That flow collapsed after March 1, when Iran [announced a blockade](#) of the Strait for all commercial shipping and began striking vessels attempting to transit. Ships were [immediately stuck in the Strait](#), unable to exit safely. Six months later, traffic has begun flowing again, not least [thanks to U.S. aerial protection of commercial ships](#). But daily transits toward international markets remain far below pre-war levels. Data [reported by the Washington Post](#) on September 14, citing TankerTrackers, put the 60-day average through the Strait of Hormuz at 7.9 mb/d, down roughly 61 percent from the pre-war average. With Hormuz throttled, producers and buyers alike turned to any and all bypasses, of which there are limited options.

Limited Bypasses

Middle Eastern redundancy to bypass the Strait of Hormuz is thin. The three main overland bypass routes are Saudi Arabia's East-West Pipeline, with a [nameplate capacity](#) of 7 mb/d, of which 5 mb/d is available for export, as 2 mb/d feed domestic Saudi refineries; the United Arab Emirates' Abu Dhabi Crude Oil Pipeline, with a [nameplate capacity](#) of 1.8 mb/d and current flows running near [1.5 mb/d](#); and the Iraq-to-Turkey Kirkuk-Ceyhan Oil Pipeline, with a [nameplate capacity](#) of 1.6 mb/d, though a [one-year transit deal signed in August](#) guarantees only 750,000 b/d of that capacity and [current flows run nearer](#) 180,000 to 200,000 b/d. Combined, the three cover just 10.4 mb/d of nameplate capacity—just barely half of typical Hormuz volumes when at full capacity—and only around 9 mb/d in actual operating capacity, or 45 percent of normal throughput.

Middle East Pipeline Capacity and Operating Status

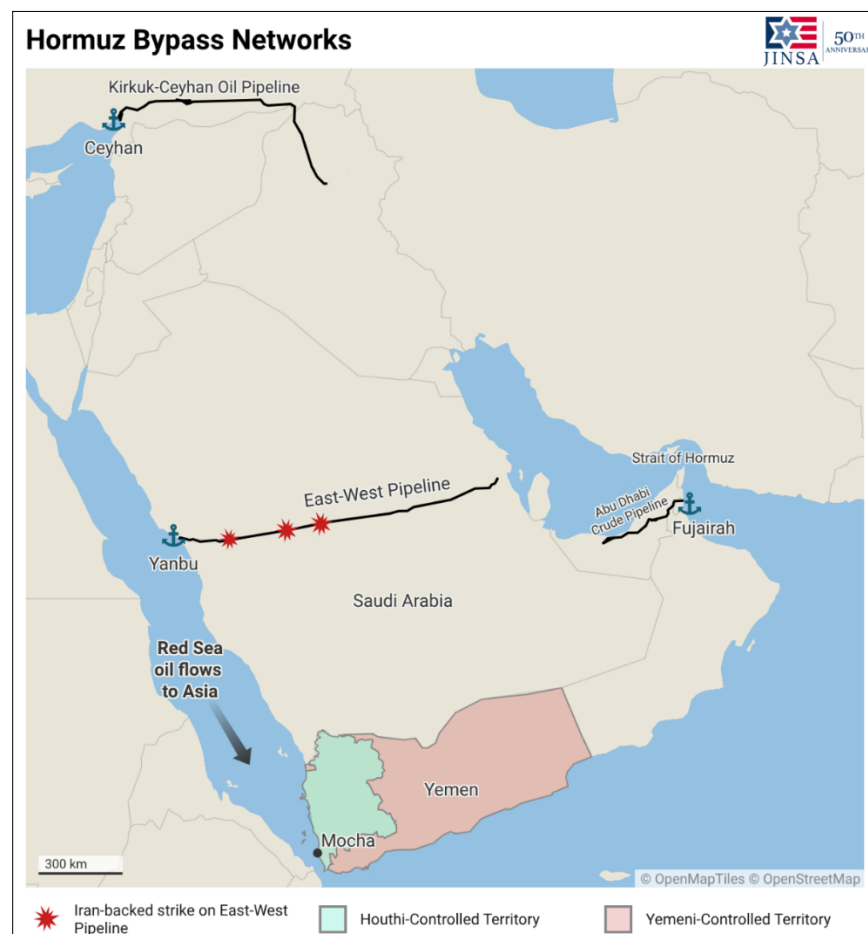
Pipeline	Full Operating Capacity (mb/d)	Actual Operating Capacity (mb/d)	Operating % vs Capacity	Status
East-West Pipeline	7.0	7.0*	100%	Offline (as of Sept. 11)
Abu Dhabi Crude Oil Pipeline	1.8	1.5	83%	Partially Operational
Iraq-Turkey Pipeline	1.6	0.2	12.5%	Partially Operational
Middle East Total	10.4	8.7	83.7%	

**Only 5 mb/d are available for export.*

Saudi Arabia's East-West Pipeline is therefore the linchpin, accounting for 5 of the 6.7 mb/d in actual bypass capacity dedicated for exports, equal to nearly 75 percent, when operational. Yet the pipeline carries two structural weaknesses: construction and geography. While the line itself

runs below ground, operations depend on [11 above-ground pumping stations](#) vulnerable to attack. And it terminates at Yanbu, on the Red Sea, so crude that escapes Hormuz on the western side of the Arabian Peninsula must still sail south through the Bab el-Mandeb to reach its buyers.

Both of those vulnerabilities have been breached in a one-two punch. First, [the Houthis effectively seized](#) the Bab el-Mandeb Strait by September 11, meaning all Red Sea exports via the Strait are within easy target of Houthi sights. Ships can still exit north through the Suez Canal, but that route reaches the Mediterranean and serves primarily European buyers. Deliveries to Asia would mean rounding the Cape of Good Hope, [adding weeks to every voyage](#). Nor would the northern route necessarily provide complete refuge for vessels, as the Houthis have already [struck Saudi ships in the northern reaches](#) of the Red Sea, and additional, [unclaimed attacks](#) have struck Egyptian infrastructure along the Suez corridor and eastern Mediterranean.

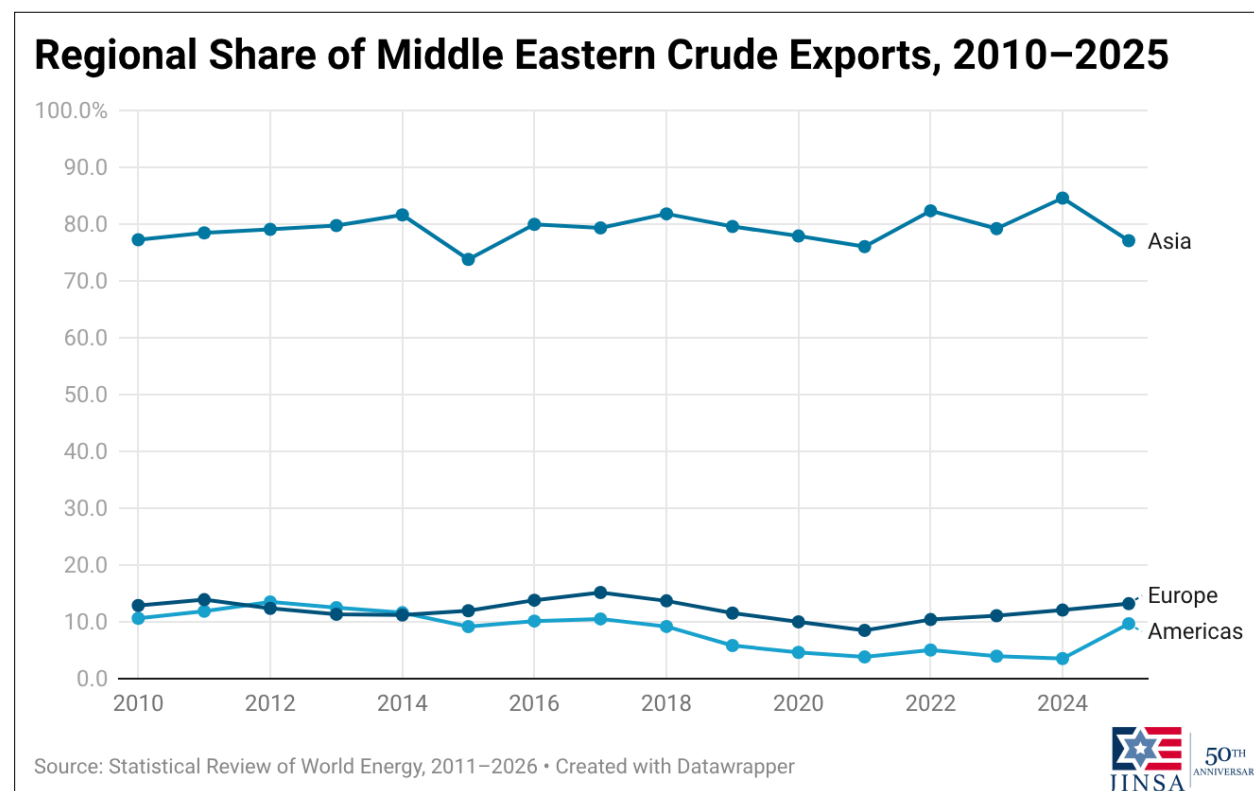


For the moment, however, the question of whether to re-route north or not is moot, the reason for which highlights that this is not solely a Houthi problem. Drones launched from Iraqi territory [struck pumping stations](#) on the East-West Pipeline on September 10, and the Saudi energy ministry [confirmed a shutdown](#), halting the flow of crude to Yanbu, with crude loadings at the port later [halted on September 15](#). The attack demonstrates how Iran-aligned groups can threaten the same export route at different points, with Iraqi-based groups preventing crude from reaching Yanbu, while the Houthis can threaten it once it enters the Red Sea. The kingdom

has not provided a timetable for when operations will restart, but Reuters, citing multiple sources, [reported](#) the pipeline could take up to six weeks to repair, although small flows could resume in stages as repairs progress. U.S. Energy Secretary Chris Wright is more optimistic, claiming on September 15 that the timeline for oil to begin flowing again “[will be measured in days](#).”

Who Gets Hurt?

The strain will show first in Saudi exports. Across 2025, the kingdom averaged 9.7 mb/d in crude production and 6.55 mb/d in crude exports, the largest share of Middle Eastern crude exports at roughly 37 percent. But since the war in Iran began, Saudi production has slipped. The International Energy Agency (IEA) [reported](#) that Saudi crude production only reached 6.2 mb/d in August, its lowest in [more than three decades](#), indicating that the export figure will also slip, especially as estimates have concluded the pipeline was [carrying nearly 4 percent](#) of the global oil supply. It is also worth noting that the decline predates the strike on the East-West Pipeline and the fall of Mocha and Perim, which means production and exports will continue to fall.



Asian buyers bear the brunt further down the supply chain. They have already felt the effects of the blockade in the Strait of Hormuz as they purchase nearly 80 percent of the crude transiting Hormuz. In addition to what flows through Hormuz, Asian buyers—including China, Japan, and India—purchase roughly 78 percent of Saudi crude exports. When the East-West Pipeline reopens, the Bab el-Mandeb will likely remain severely constrained for vessels carrying Saudi oil. Asian buyers face the long haul around the Cape of Good Hope, which will not only add weeks to the journey but increase costs for every shipment.

The United States is comparatively insulated. Its imports via the Strait of Hormuz are minimal, hovering at about [2.8 percent of maritime crude imports](#) among the lowest levels of Gulf dependence in four decades. But, since oil is a global market, a sustained squeeze on Gulf exports has an adverse effect on prices everywhere. Brent Crude pushed back above [\\$100 a barrel](#) in early September for the first time since May, topping [\\$105 a barrel](#) after Mocha fell.

Looking Forward

The recent U.S.-Houthi talks create an opening to keep Saudi oil exports through the Bab el-Mandeb flowing by shifting the nationality of the ships carrying them. In discussions in Oman over the weekend, the Houthis [reportedly assured U.S. officials](#) that they would not attack American or Israeli vessels—or other commercial shipping, for that matter. Only Saudi vessels would be targets. The United States should reflag tankers carrying Saudi crude under the U.S. flag—or those of other willing countries—to put their word to the test. If the Houthis honor their stated position, Saudi oil will continue to move from Yanbu, once the pipeline is working again, without depending on Saudi-flagged vessels. And if they do not honor their word, an attack on a vessel sailing under an expressly exempted flag would demonstrate the limits of their commitment to the [May 2025 ceasefire](#), under which the Houthis agreed not to target American vessels in the first place.

There is direct historical precedent for this move. During the “Tanker War” that occurred as a result of the Iran-Iraq War in the 1980s, the United States [transferred 11 Kuwaiti tankers](#) to the U.S. registry and escorted them through the Persian Gulf under Operation Earnest Will. And a new reflagging arrangement today would be bureaucratically easier than it was in the 1980s, as in 2025 the U.S. Coast Guard [simplified the inspection and certification process](#) to add eligible foreign-built vessels to the U.S. registry.

While reflagging would address the maritime angle of keeping oil flowing, crude still needs to get to Yanbu in the first place. Last week’s strike that shut down the East-West Pipeline was launched from Iraqi territory, which demonstrates that Saudi exports remain vulnerable to Iranian-backed groups beyond just the Houthis. The United States must therefore treat attacks on any of the Hormuz bypass pipelines and shipping as connected parts of the same Iranian challenge that is threatening the global energy trade. Keeping the Bab el-Mandeb Strait and the pipeline that feeds it open is a test of American resolve as much as logistics. The defense of freedom of navigation has been a core American interest since the Barbary campaigns in the 19th century, and holding strong to that interest would serve as a symbol of American intent.