



The Cambridge Security Initiative

## SAUDI ARABIA USING PANDEMIC TO SAVE FACE IN YEMEN

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APRIL 2020

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The Saudi-led coalition's April decision to declare a [unilateral ceasefire](#) in the long-running Yemen war allows Riyadh an opportunity to retrench in light of falling oil prices and the domestic strain of a COVID-19 outbreak that has prompted the government to [close Mecca during Ramadan](#). Though couched in humanitarian rhetoric regarding the [spread of COVID-19 in Yemen](#), the unilateral action was announced prior to the [first officially diagnosed case](#) in Ash-Shihr, Yemen. In addition, the ceasefire points to Riyadh's consideration of the unique opportunity the pandemic offers to step back from the high-cost conflict without causing the conflict's architect, [Crown Prince Muhammad bin Salman](#) (MBS), to lose face.

Significant reduction in demand for oil, thanks to the pandemic, is maxing out storage facilities globally, which will continue to result in low oil prices; Brent crude recently dipped below [\\$19 per barrel](#). For comparison, the 2015 oil prices that caused international concern bottomed out in January 2016 at [\\$30.70](#). Oil still accounts for [50 per cent of Saudi's GDP](#), contributing to an estimated breakeven price in Saudi Arabia at [over \\$80 per barrel](#). With oil prices anticipated to remain low, MBS will have to choose between funding his expensive war and pursuing the ambitious development agenda he has pushed through [Vision 2030](#).

In addition, Riyadh may have considered the potential costs of dealing with a widespread COVID outbreak in Yemen, which could be transferred back to Saudi Arabia's dwindling coffers as a result of international pressure relating to the Saudi coalition's previous targeting of [Yemen's medical infrastructure](#). Yemenis are at particular risk from COVID-19 thanks to [food and clean water shortages](#) that have been a consistent by-product of the war.

Saudi Arabia may also be banking on the combination of COVID and oil prices putting sufficient strain on Iran that it will curtail Iranian aid to the Huthi during the ceasefire, and potentially enable Riyadh and Tehran to both quietly step back from the conflict. It is also important to note that while the Saudi-led coalition declared the ceasefire, the Huthi have not honoured it, which forces coalition troops to respond to repeated [Huthi military actions against Marib, Hudaydah](#), and other key areas. Therefore, this is a ceasefire in name only, but Riyadh still gets the credit, not only for laying down arms in the face of a health crisis, but during the holy month of Ramadan.

### OUTLOOK

Saudi disengagement in the war in Yemen would significantly reduce Riyadh's expenditures at a time when its ability to manage its vast budget will have to come from cuts rather than oil

profits. Additionally, and more important to MBS' Vision 2030 economic diversification goals, extricating itself from the Yemen conflict would improve the foreign investment climate in Saudi Arabia by removing a consistent stream of international criticism. Riyadh also recently announced further human rights reforms, abolishing the [death penalty for minors](#) and [flogging](#), indicating a concerted push to burnish the country's international reputation. Saudi Arabia's human rights record has been one of the most consistent stumbling blocks for foreign corporations and governments alike, which have to carefully weigh how their investments and sales will be perceived by shareholders and judged by the international public.