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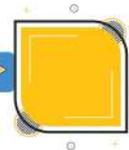


## Medications As Weapons:

# Iran's Secret Strategy to Fund the Houthis in Yemen

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## Iran's Funding the Houthi through Pharmaceutical Exports

### Introduction

- **In the hidden corridors of geopolitics, where states exert influence through unconventional means, the interaction between Iran and the Houthis in Yemen reveals a chilling narrative of power, dependency, and the exploitation of medicine (symbol of healing and life) as a weapon in the ongoing conflict in Yemen after Iran's export of medications to Houthi-controlled areas has transcended mere trade; it serves as a covert mechanism for financing war, enhancing control, and perpetuating chaos.**
- **This report uncovers the complex network of Iran's funding strategy, where high-quality and safe medications are systematically replaced with Iranian alternatives through granting exclusive agency rights to companies affiliated with the Houthis. In this way, Tehran has transformed the pharmaceutical sector into a lifeline for its Houthi proxy through a meticulous strategy that not only supports the Houthis but also undermines Yemen's fragile healthcare system, exacerbating the suffering of the community, particularly vulnerable groups.**
- **The story of Iran's exploitation of medicine as a tool of war is not isolated to Yemen. Across the Middle East, Tehran has employed similar tactics to empower its proxies, destabilize competitors, and entrench its influence. This report aims to reveal the origins, mechanisms, and consequences of this strategy in Yemen, providing a comprehensive analysis of its impact on society and the Yemeni pharmaceutical market. Through this, we seek to highlight the urgent need for collective action to confront this malignant form of economic warfare and restore hope to the Yemeni community.**



## ▶ Background :

- **The use of economic tools such as trade, smuggling, and counterfeit goods to finance militias is not new for Iran. Similar tactics have been employed in Lebanon, Iraq, and Syria, where Iran-backed groups like Hezbollah and various militias have benefited from trade monopolies and smuggling networks. In Yemen, the strategy involves granting Iranian pharmaceutical agencies to companies affiliated with the Houthis, replacing high-quality and effective medications with low-quality Iranian products. This not only generates revenue for the militias but also deepens Iranian influence within the social and economic fabric of Yemen.**



## ▶ Historical Context:

- **Early Intervention:** Iran's support for the Houthis began to increase in the mid-2000s, coinciding with the escalation of the Yemeni civil war.
- **Exporting Iranian Medications:** Iran's pharmaceutical exports to Yemen began to rise in 2015, alongside the intensification of the Yemeni civil war. This strategy evolved as part of a broader support package provided by Iran, which included weapons, training, and logistical assistance. Over time, Iranian pharmaceutical agencies were established in Yemen, granting exclusive rights to Houthi-affiliated companies. These companies then replaced internationally trusted medications with low-quality Iranian products, creating a revenue stream that directly funds Houthi operations.

## **Iran's Goals in Funding the Houthis through Pharmaceutical Exports**

- **Iran seeks to achieve multiple goals by funding the Houthis through the pharmaceutical sector, employing a covert strategy with both short- and long-term implications. This includes supporting the battles and maneuvers of the Houthis, prolonging the conflict, and deepening its influence in Yemen. This strategy also aims to enhance the economic position of the Houthis by providing a stable and secret financial flow through the export of Iranian medicines, enabling them to expand military operations towards liberated areas and consolidate their control over regions under their authority. Additionally, it seeks to replace reliable medicines with Iranian pharmaceuticals, generating higher profit margins for Houthi entities.**



- **Another long-term goal, which poses significant risks, is to entrench reliance on Iranian pharmaceutical products within Yemen's healthcare system, ensuring a long-term market for Iranian medicines while limiting the presence and influence of imported and manufactured pharmaceutical companies. This creates a controlled medical supply chain that reinforces Iranian influence in the region. Tehran aims to direct the revenues from the pharmaceutical trade to finance the Houthis' war efforts, including the purchase of weapons, logistics, and recruitment, as part of its broader regional strategy to destabilize adversaries and maintain influence in Yemen. By monopolizing the pharmaceutical market, Iran grants exclusive rights to companies allied with the Houthis, eliminating competitors and strengthening control over Yemen's healthcare sector, reflecting funding models used in other conflict areas like Lebanon with Hezbollah to support proxy groups.**

- **Furthermore, Iran integrates Yemeni companies and Houthi-affiliated entities and companies into a broader network of organizations allied with Iran, enhancing coordination and enabling it to project power across the Arabian Peninsula, confront Saudi Arabia, and control strategic maritime routes such as the Bab El-Mandeb Strait, using Yemen as a proxy battleground to expand its regional influence.**



## **Consequences of Iran's Funding the Houthis through Pharmaceutical Exports**

- **Iran's strategy in financing the Houthis through pharmaceutical exports has profound economic, social, political, and humanitarian implications for Yemen and the region. By granting exclusive agency rights to Houthi-affiliated companies, Iran has enabled these entities and companies to monopolize the pharmaceutical market in Yemen, eliminate competitors, and stifle the availability of reliable medications. This leads to inflated prices for substandard and unsafe products, while the revenues are directed straight to the Houthi war effort, funding military operations and prolonging the conflict.**
- **The influx of low-quality Iranian medicines has severely impacted the healthcare sector in Yemen, where ineffective alternatives have replaced reliable treatments, exacerbating health crises. This deterioration in healthcare has eroded public trust in the country's health systems.**
- **Moreover, the financial gains from this trade economically empower the Houthis, allowing them to strengthen their control over the areas under their rule and extinguish any hope for community mobilization against them. Additionally, this funding aligns them more closely with Iran's regional goals.**



- **Politically, this financing mechanism undermines any local, regional, or international efforts to achieve peace and hinders any attempts at negotiation or settlement.**
- **Regionally, Iran's support for the Houthis destabilizes the Gulf States, increasing tensions with neighboring countries such as Saudi Arabia and the United Arab Emirates. Disrupting the pharmaceutical market in Yemen through reliance on Iranian products facilitates the spread of counterfeit medicines and deepens the humanitarian crisis by denying vulnerable populations access to life-saving treatments.**
- **Furthermore, the Houthi monopoly on the pharmaceutical sector obstructs the distribution of international aid, limits its effectiveness, and exacerbates suffering. By using essential medicines as a tool for financing war, Iran's strategy not only prolongs the conflict in Yemen but also ensures long-term challenges for the healthcare system and society.**

## **Risks Associated with the Strategy of Funding the Houthis through Pharmaceutical Exports**

- **Humanitarian Crisis:** The replacement of quality medications with substandard Iranian products exacerbates the humanitarian crisis in Yemen, affecting millions of civilians.
- **Regional Instability:** Iran's support for the Houthis destabilizes the Arabian Peninsula, threatening neighboring countries and international trade routes.
- **Economic Collapse:** Yemen's reliance on Iranian goods undermines its sovereignty and economic independence, further hindering economic recovery in the country.
- **Global Security Threat:** The use of medicine as a funding tool presents a dangerous precedent for other conflicts, encouraging the exploitation of essential goods to finance war, which destabilizes other countries and regions.



## ▶ **Some Involved Companies:**

- **Several Yemeni companies affiliated with the Houthi group have been granted exclusive rights to import and distribute Iranian medications. These companies are closely linked to Houthi leadership, enhancing their economic power and bolstering Iranian influence in Yemen.**

### **Notable Companies Include:**

- **Green Star Company for Pharmaceutical and Medical Supplies: Owned by Ibrahim Ismail Ibrahim Al-Wazir, based in the Sanaa. It plays a significant role in the import and distribution network.**
- **Iranian Ronak Company: Ronak has special agencies and imports medications and other products from Iranian companies. It is linked to Mohammed Mahdi Abdullah Al-Sha'er, who is believed to be involved in financing Houthi activities through a complex network of financial and logistical operations associated with the Iranian Revolutionary Guard. Sources say that Ronak operates as a front for these covert activities.**



- **Taradhi Trading Co. Ltd: Owned by Hamoud Hussein Hamoud Kharbash and Abdul Khaleq Ahmed Yahya Aidha Al-Hamzi. It is part of the Al-Hamzi Financial Group. The group also includes companies such as Hussein**
- **Al-Hamzi Contracting Foundation and Hussein Ahmed Yahya Aidha Al-Hamzi Contracting Foundation, based in Saada.**
- **Magneco General Trading Co. Ltd: This company is another key player in the distribution of Iranian medications within Yemen.**
- **Al-Faris Pharmaceuticals Corporation: It is actively involved in importing and distributing Iranian pharmaceutical products, and it reinforces Houthi control over the market.**





## Examples of Types of Medications:

- Iranian medications that replace global brands include antibiotics, pain relievers, and treatments for chronic diseases. Many of these products have questionable quality and fail to meet international standards.

Below are some of the most popular and widely sold pharmaceutical products in Yemen:

- Sankol oral drop.... (Al-Faris Pharmaceuticals Corporation)
- Shirafza capsule.... (Al-Faris Pharmaceuticals Corporation)
- aphrodit tablet..... (Al-Faris Pharmaceuticals Corporation)
- Gisin 7mg capsule.... (Al-Faris Pharmaceuticals Corporation)
- Vegle 400 IU capsule... (Taradhi Trading Co. Ltd)



- Sylaville vial..... (Taradhi Trading Co. Ltd)
- Zaxim 100 mg syrurp.... (Taradhi Trading Co. Ltd)
- Halodic 5 mg ampoule... (Taradhi Trading Co. Ltd)
- Betason 4 mg ampoule.. (Magneco General Trading Co. Ltd)
- Tranexip 500 mg ampoule (Magneco General Trading Co. Ltd)



## Recommendations:

- **Enhancing Oversight and Regulation** : International organizations and the drug authority in Aden should strengthen monitoring mechanisms to prevent the entry and distribution of substandard medicines in Yemen and ensure compliance with quality standards.
- **Supporting Alternative Supply Chains** : Relief agencies and the government should collaborate to establish alternative supply chains that bypass networks controlled by the Houthis, ensuring access to reliable international medicines.
- Encourage reputable international pharmaceutical companies to re-enter the Yemeni market with affordable options.
- **Imposing Sanctions on Involved Companies** : The international community should impose targeted sanctions on companies and individuals involved in the illicit drug trade, disrupting the flow of funds to the Houthis.
- Raising Awareness: Launch public awareness campaigns to educate Yemeni citizens about the dangers of substandard medicines.
- **Strengthening Peace Efforts** : Addressing the root causes of the conflict through diplomatic and humanitarian initiatives is essential to dismantle the economic structures that support the war.
- **Enhancing Transparency** : Advocate for transparent procurement processes within the health sector in Yemen to prevent monopolies.
- **Humanitarian Aid** : Increase international aid to ensure the availability of high-quality medicines through neutral channels.