

MIDDLE EAST: Axis of erosion

- This past week has seen the most significant resumption in fighting in the Middle East since the Gaza ceasefire was implemented two months ago.
- US and Israeli attacks on Hamas and the Houthis seek to erode lingering vestiges of Iranian influence in the region, further handicapping remaining Hamas leadership in Gaza and restoring security in a vital global shipping corridor.
- It is now incumbent on Iranian leader Ayatollah Khamenei to decide whether and how he will choose to engage with the West, and especially the Trump administration, to work toward a more acceptable and sustainable solution.

The past 24 hours have seen the most significant resumption in activity around Gaza and Yemen since well before the start of the recent ceasefire two months ago. The US launched a series of attacks on key Houthi targets in Yemen on 15 March and Israel resumed strikes on Gaza after repeated failures to secure the release of additional hostages and progress toward the planned phase 2 of the ceasefire deal. With these latest developments, the conflict has moved into a new stage – this time with Trump back in office offering key reassurances of solidarity with Israel – and further erosion and elimination of any remaining Iranian proxy strength will be one of the top priorities.

On the evening of 17 March, Israel resumed its military campaign in Gaza after the two-month ceasefire, targeting remaining Hamas leadership and arguing military force was the only option to break the current impasse with Hamas in Gaza. Both parties failed to agree to terms to advance to the discussed phase 2 of the ceasefire, which we previously [noted](#) had a slim chance of being achieved given it required a full Israeli withdrawal from Gaza. Such action was inconceivable without an agreement on the release of remaining hostages and significant steps toward establishing a viable governance model for Gaza, which Israel repeatedly expressed could not involve Hamas. Trump offered his ‘Gaza Riviera’ model, a worst-case scenario for the Palestinians as it involves the relocation of hundreds of thousands of inhabitants; this was swiftly rejected by the Arab states who, in turn, backed a plan involving the reinstatement of the Palestinian Authority but failed to provide answers regarding Hamas’ continued presence and displays of influence and force in the strip.

Hamas’ remaining leadership has overinflated their ability to negotiate and demonstrated little regard for advancing toward outcomes that shield the civilian population in Gaza. It is this very reality that still makes the group such a threat. Israel has resumed fighting to eliminate the continued Hamas threat, but unlike on 7 October is not bleeding in this next round of fighting and now has full support of the Trump administration on its side (recall the ceasefire has been in place since the end of the Biden administration). Notably, a rare and controversial face-to-face meeting between the US administration and Hamas took place in Qatar earlier this month but failed to establish a peaceful path forward. Arab states have condemned the resumption of fighting as have European countries, but with the defense of Ukraine front and center for Europe, the latter will show little interest or influence in Gaza outcomes at this stage. Israeli Prime Minister Netanyahu will convene the security cabinet on the evening of 18 March to discuss Gaza plans following the return to government of former national security minister Itamar Ben Gvir’s Otzma Yehudit party, a move intended to reassure (both at home and abroad) about Israeli unity and force as it resumes fighting.

Meanwhile, the Houthis are similarly misrepresenting their degree of threat and influence. The Iranian-backed group in Yemen has responded to US strikes over the weekend – aimed at restoring shipping and neutralizing the Houthi threat – claiming they targeted the USS Harry S. Truman carrier group. The Pentagon quickly refuted these claims saying the group missed their targets “by over 100 miles.”

For Israel and the US, the underlying objective in resuming fighting remains the erosion of Iranian power and influence in the region. Either Hamas and the Houthis are fighting to extinction for lack of alternatives, or they continue to get reassurances from Iran. Neither is an answer that will be tolerated by the US and Israel. This resumption of strikes on Iranian proxy interests amounts to an effort to eliminate any lingering Iranian regional reach. Iran’s Ayatollah Khamenei is the last man standing from the once far-reaching Iranian “axis of resistance.” Just last week, Khamenei rejected the opportunity to respond to a letter sent by the US administration via UAE intermediaries outlining a proposed negotiation

framework. Key IRGC, Hezbollah, and Hamas leaders already have been eliminated, and it is incumbent on Khamenei to now choose the Iranian outcome – none will be accepted unless it amounts to the strict containment of Iranian influence to Iran and curtailment of Iranian nuclear ambitions.

[Client Portal >>](#)

Emily Stromquist
Managing Director
+1 (202) 672-4293
emily.stromquist@teneo.com

© 2025 Teneo. All rights reserved. This material was produced by Teneo for use solely by the recipient. This communication is intended as general background research and is not intended to constitute advice on any particular commercial investment or trade matter or issue and should not be relied upon for such purposes. The views expressed here represent opinions as of this date and are subject to change without notice. The information has been obtained from sources believed to be reliable but no guarantees can be given as to its accuracy, completeness or reliability. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic or otherwise, without the prior consent of Teneo. To unsubscribe click [here](#).