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البحرين الكويت قطر الامارات عمان سلطنة عمان اليمن العراق سوريا لبنان فلسطين



# **GULF RESEARCH CENTER ANNUAL STRATEGIC SURVEY 2025**

البحرين الكويت قطر الامارات عمان سلطنة عمان اليمن العراق سوريا لبنان فلسطين

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## Chairman's Foreword

Up to its mid-point, the year 2025 has highlighted, more than any previous year, the Gulf region's persistent precarious security situation. The Israeli and American airstrikes on Iranian nuclear and ballistic missile sites in June 2025 triggered reciprocation including Iranian missile launches at U.S. facilities located on Qatar's sovereign territory and renewed threats to close the Strait of Hormuz. While a ceasefire brought the Twelve-Day War to an end, the issues that initiated the conflict in the first place remain unsolved. The imminence of a renewed outbreak of violence should therefore not be discounted.

In addition, the Gulf region continues to be shaped by the enduring crisis in Gaza and its far-reaching strategic repercussions across the Middle East. The tragic events that unfolded on October 7, 2023, remain a stark reminder that stability in the region is unattainable without a just and lasting solution to the Palestinian question, one that culminates in the establishment of an independent Palestinian state. For the moment, however, a clear path towards this solution continues to be elusive despite the growing conviction among many that the two-state solution is the only viable mechanism there is.

2025 therefore represents a strategic inflection point for the Gulf region. GCC states have prudently diversified partnerships, deepened global engagements, and assumed more strategic agency. Yet, persistent flashpoints, especially tied to Iran, Gaza, energy chokepoints, and proxy conflicts, continue to threaten stability. Moreover, the ongoing military campaign by the Israeli government, marked by disproportionate force and disregard for civilian lives, has not only deepened the humanitarian catastrophe but also exposed the international community's paralysis in effectively responding to such crises.

It is within this challenging context that the GCC states are attempting to put forward a pragmatic and responsible approach centered on de-escalation, dialogue, and diplomacy. Gulf countries remain actively engaged in mediation efforts in Gaza, working to secure a ceasefire, facilitate the delivery of humanitarian aid, and support initiatives for the release of hostages. These efforts have extended to other conflict zones as well, including the facilitation of prisoner exchanges in the Russia–Ukraine war, as well as broader mediation tracks throughout the region such as between the United States and Iran.





The GCC states have also intensified their outreach to strategic regions through high-level summits and multilateral engagement. The momentum from the inaugural GCC-Central Asia and GCC-ASEAN summits has continued into 2025 with follow-up engagements, alongside strengthened ties with African, Latin American, and European partners. The Arab-Islamic Summit held in Cairo laid a collective diplomatic foundation for coordinated action on Gaza and wider regional concerns.

All of these events are unfolding amid a shifting international order, where traditional alliances are being tested and global institutions are under strain. In addition, maritime flashpoints, threats to energy infrastructure, and the militarization of strategic chokepoints, from the Red Sea to the Strait of Hormuz, are becoming defining features of regional geopolitics. While the United States remains the principal external security partner for the Gulf, other actors, including China, Russia, and key European states, are contemplating a more visible role in Gulf affairs.

For the Gulf, navigating these external rivalries requires not only careful diplomacy but also strategic agility. Gulf states are increasingly asserting their agency, not as passive actors caught in the crossfire of great power competition, but as active contributors to regional solutions and global stability.

The Gulf Research Center's Annual Strategic Survey 2025 attempts to provide a comprehensive Gulf perspective on these fast-moving developments. This year's report reflects the urgency of the moment, offering insights into regional diplomacy, risk assessments, and the evolving landscape of Gulf foreign policy.

As was the case in our previous editions, uncertainty remains a defining feature of the region's outlook. But so too does resilience, leadership, and the growing conviction among GCC states that regional order must ultimately be shaped from within. I hope this publication serves as a useful resource for understanding the Gulf's strategic priorities and the path forward. I would like to thank all the contributors to this Strategic Survey for sharing their opinions.

**Dr. Abdulaziz O. Sager**

**Chairman of the Gulf Research Center**



## SECTION I

# Review of Key Developments 2024/2025



## The Regional Security Environment in 2025

Dr. Abdulaziz Sager, Chairman

The year 2025 is turning into a major juncture in the ever-evolving landscape of regional security across the Gulf and the broader Middle East. Marked by cascading crises, intensified geopolitical rivalries, and the unraveling of long-standing norms, the security environment has reached a level of volatility that compels serious strategic reflection. At the center of this evolving landscape lies a stark reality: traditional mechanisms of conflict mitigation and diplomatic engagement are no longer sufficient. Despite the consistent efforts of Gulf Cooperation Council (GCC) states to stabilize the region, recent events have exposed the urgent necessity for a more robust, collective, and adaptive regional security mechanism.

**At the center of this evolving landscape lies a stark reality: traditional mechanisms of conflict mitigation and diplomatic engagement are no longer sufficient**

### Gaza: The Epicenter of Instability

The Gaza Strip continues to represent the core fault line of regional instability in 2025. The war, now well into its second year, has devolved into one of the most catastrophic humanitarian crises of modern times. According to Gaza's Health Ministry, more than 57,575 people have been killed and over 135,000 injured. The strip's civilian infrastructure has been decimated with 90% of the buildings in Gaza considered uninhabitable. Gaza's population of 2.1 million faces prolonged famine conditions, with nearly half a million people experiencing acute hunger, malnutrition, and starvation-related illnesses. No food and humanitarian aid truck entered Gaza for a period of 75 days in 2025, all while Israeli attacks continued. And while the images emanating from Gaza have galvanized global attention, they have failed to generate any sufficient policy response.

The humanitarian tragedy is matched by a political paralysis. The absence of a credible peace process, compounded by escalating military actions and diplomatic stagnation, has only entrenched the conflict. For Gulf states, the situation in Gaza transcends humanitarian concern, it is a litmus test for the region alongside the international community to forge a path toward just and sustainable peace.



Photo Source: Chatham House (2025)

Saudi Arabia has taken a leading role in advancing diplomatic efforts through its active leadership in the Global Alliance for the Implementation of the Two-State Solution. Its participation in the fifth ministerial meeting of the Alliance, held in May 2025 in Rabat and co-chaired with Morocco and the Netherlands, reaffirmed the Kingdom's commitment to multilateral diplomacy and a rules-based international order. This meeting was part of a broader sequence of high-level gatherings convened in Riyadh, Brussels, Oslo, and Cairo, aimed at coordinating global efforts to support the realization of a viable two-state solution.

**Saudi Arabia has taken a leading role in advancing diplomatic efforts through its active leadership in the Global Alliance for the Implementation of the Two-State Solution**

In parallel, Saudi Arabia and France continue to co-chair the United Nations Conference on the Peaceful Settlement of the Palestinian Question. The co-chairs of the working groups have issued a joint call for “clear and coordinated international commitments” to transform political pledges into concrete action with an international conference now set to take place at the end of July.

The Kingdom has framed its role as a continuation of its historical peace efforts, from the Arab Peace Initiative to the Global Alliance for the Implementation of the Two-State Solution, underlining that the only viable and irreversible path forward is a political one. However, the persistent absence of political will among key actors, especially regarding Israeli accountability, has limited tangible progress. In the meantime, efforts at bringing about a permanent cease-fire remain the most urgent priority.







Photo Source: SPA (2025)

### The June 2025 Escalation: Iran, Israel, and the United States

One of the consequential developments in 2025 was the 12-day Iran-Israel War culminating in the Iranian missile strike on the U.S. Al-Udeid Air Base in Qatar on June 23. This incident followed a series of escalatory actions in the region, beginning with Israeli strikes on Iranian targets starting June 13, and included coordinated U.S. strikes on three Iranian nuclear sites on June 22. The attack by Iran on Qatar, widely perceived in the region as a serious violation of Gulf sovereignty, represented a dangerous departure from recent trends of cautious engagement. For Gulf leaders, the targeting of Qatari territory by Iran crossed a critical threshold, threatening the collective security that underpins the GCC.

Apart from the wide repercussions on the regional order, Iran's strike against Qatar undermined the modest diplomatic gains made in recent years between Iran and Gulf states. Condemnations were swift and unified. GCC states jointly denounced

Iran's actions as a violation of the sovereignty of a fellow member and stressed the importance of reactivating strategic communication channels and crisis de-escalation mechanisms. The event prompted an urgent re-evaluation of regional deterrence frameworks and underscored the fragility of current arrangements.

At the same time, Israel's military strikes on Iran, carried out earlier in the same month, added a dangerous layer of complexity. Israel's longstanding policy of zero tolerance toward Iran's nuclear capabilities, widely known and clearly telegraphed, was no surprise. However, reports confirmed that the United States was fully briefed in advance and offered tacit support, contradicting Washington's official position of opposing further regional escalation. The U.S. bombing of Iranian nuclear sites also must have taken into consideration the likelihood of Iranian retaliation against American bases, thus making the GCC a direct target.

This dual escalation has exposed deep inconsistencies in the international approach to regional stability. While Iran's actions have rightly drawn widespread condemnation, the Israeli strikes raise questions about proportionality, timing, and the broader consequences of further militarization. Moreover, the contradiction between American rhetoric and action has reignited Gulf concerns over the reliability and coherence of U.S. regional policy. The cease-fire agreed to by the two parties at the end of June cannot hide the fact that, in essence, the issues that started the conflict remain unresolved.



## Gulf Responses: Navigating Between Firestorms

Gulf states have consistently pursued a strategy of measured diplomacy amid intensifying regional rivalries. Guided by principles of sovereignty, adherence to international law, and constructive engagement, they have condemned Iran's interference in Arab affairs, criticized Israel's excessive use of force in Gaza, and urged the United States to adopt a more balanced and even-handed approach. Rather than aligning with one side over another, their priority remains preserving regional stability, safeguarding national interests, and avoiding entanglement in the confrontations of global powers.

**Gulf states have consistently pursued a strategy of measured diplomacy amid intensifying regional rivalries**

Recent developments, particularly the June 2025 escalation, have only reinforced the urgency of regional ownership in addressing security challenges. The strong and unified GCC ministerial statement following the Al-Udeid attack exemplified this, not only through its unequivocal condemnation of Iran's actions but also in its call for collective defense and regional solidarity. There is a growing recognition that sustainable security cannot be pursued in isolation; GCC unity is essential for any meaningful external engagement or strategic influence.

At the same time, Gulf diplomacy toward Iran has remained pragmatic. While the missile strike on Qatari territory drew firm rebuke, efforts to prevent further escalation have continued. Calls for de-escalation have emphasized the need to return to the core principles of mutual respect and non-aggression. Saudi Arabia and its regional partners have urged Tehran to reassess its trajectory and seize this moment as an opportunity for recalibration. Although tensions remain high, there is still a crucial window to pursue a face-saving path forward, particularly one that addresses not only the nuclear issue but also the wider framework of regional development and stability.

## President Trump's Visit to Riyadh: Recalibrating U.S.-Gulf Ties

President Donald Trump's visit to Riyadh in May 2025, his first foreign trip since returning to office, carried both symbolic significance and strategic weight. Reminiscent of his landmark 2017 visit, the trip was presented as a reaffirmation of the enduring U.S.-Saudi partnership, with particular emphasis on bolstering defense cooperation, advancing strategic alignment, and expanding economic ties. Following his stop in Riyadh, President Trump continued his Gulf tour with visits to Qatar and the United Arab Emirates, underscoring the broader importance of U.S. engagement with key regional allies.

Gulf leaders welcomed the engagement and viewed the visit as a chance to restore high-level U.S. involvement in regional affairs. Notably, discussions addressed regional concerns, including Syria and Gaza. One of the most consequential developments was the U.S. decision to lift certain sanctions on Syria, a marked shift in policy that opened space for reconstruction and reintegration under monitored conditions.





Despite the optimistic tone surrounding President Trump's visit, Gulf capitals continue to press Washington for a more balanced and constructive role, particularly with regard to the escalating situation in Gaza. Regional leaders emphasize that U.S. policy must go beyond expressions of support and actively encourage de-escalation by pressing Israel to halt its military operations and reengage with a credible political process aimed at achieving a two-state solution. There is a growing perception that the United States' reluctance to restrain Israeli military actions is increasingly viewed as a strategic liability, one that undermines efforts to stabilize the region and erodes Washington's credibility as an impartial and effective broker in the peace process.

In short, while President Trump's Gulf tour reinforced longstanding partnerships, it also made space for more candid and assertive conversations. Gulf states used the opportunity not only to welcome renewed engagement, but also to clearly articulate their expectations: a more balanced U.S. approach to the Israeli-Palestinian conflict, sustained support for regional diplomacy, and deeper alignment on the shared goal of long-term stability.

### Looking Ahead: Policy Considerations for a Renewed Regional Security Framework

The first half of 2025 has underscored the urgency of rethinking and recalibrating the regional security architecture in the Gulf and the wider Middle East. The unfolding crises have made it increasingly evident that a reactive approach is no longer sustainable. Moving forward, several key imperatives must guide policy formulation and regional cooperation.

First and foremost, the conflict in Gaza must be treated as a central strategic priority. It is not a localized humanitarian concern, but a region-

defining crisis with far-reaching implications for stability, diplomacy, and the future of multilateralism in the Middle East. Without an immediate ceasefire and a credible, irreversible pathway toward a two-state solution, no regional peace initiative can gain lasting traction. Gaza's suffering continues to fuel broader instability and disillusionment with international norms, making its resolution a moral, political, and security necessity.

Second, the pursuit of strategic autonomy must remain at the forefront of Gulf policy. While partnerships with external actors such as the United States and key European and Asian powers will remain important, the Gulf states must assume greater leadership in shaping regional outcomes. This means taking initiative in launching de-escalation frameworks, proposing viable mechanisms for dialogue and conflict resolution, and reinforcing regional institutions that can manage both crises and long-term strategic planning. Autonomy in this context is not about disengagement from global allies, but about anchoring foreign partnerships within a coherent and sovereign regional vision.

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A third imperative lies in the institutionalization of regional security mechanisms. The reliance on informal, ad hoc diplomacy has repeatedly proven inadequate in responding to fast-moving geopolitical developments. It is essential for the GCC and the wider Gulf region to establish durable structures for early warning, maritime coordination, strategic forecasting, and rapid diplomatic engagement. These mechanisms would not only help contain crises but also lend predictability and credibility to regional efforts in maintaining stability and preventing miscalculation.

Finally, any sustainable regional security framework must be inclusive. The future order cannot be built on the exclusion of key actors, particularly Iran, no matter how complex the regional context may be. Engagement with Tehran must be approached with clear principles and firm boundaries. A cooperative regional environment offers a more viable alternative to zero-sum competition. Inclusion does not mean unconditional engagement, but rather the recognition that long-term regional stability requires all stakeholders to have a seat at the table and a shared interest in upholding basic norms of sovereignty, non-aggression, and diplomacy.

The first half of 2025 has underscored the complexity and interconnectedness of regional challenges. From the devastation in Gaza to the strategic ruptures triggered by Israel's attacks on Iran, the Gulf and wider Middle East are navigating uncharted waters.

**Engagement with Tehran must be approached with clear principles and firm boundaries. A cooperative regional environment offers a more viable alternative to zero-sum competition**

And yet, the Gulf states have not retreated. Instead, they have doubled down on diplomatic engagement, sought to uphold the principles of sovereignty and international law, and continued to invest in a regional order defined not by division but by cooperation. Whether the international community chooses to match this commitment remains to be seen, but the choice will determine the course of the region for years to come.





## The Gulf's Evolving Role in the Global Order

Dr. Christian Koch, Director of Research, Executive Manager of the GRC Foundation Brussels

The six Gulf Cooperation Council (GCC) states of Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE are transforming themselves from a hydrocarbon-dependent backwater into a constructive contributor to global geopolitics, economics, technology, and security. Traditionally, the region has been a stage for great power competition and a hub of energy networks. More recently, the GCC states are playing increasingly central roles in areas associated with digital transformation, diplomatic innovation and soft power projection. This suggests that one might indeed be witnessing what Abdulkhaleq Abdullah referred to as the “Gulf Moment.”

This article examines how the Gulf's trajectory unfolds across four dimensions: strategic autonomy and great-power balancing; economic diversification and digital transformation; diplomacy and regional peacebuilding; and institutional innovation within global multilateral architectures.

### 1. Strategic Autonomy and Great-Power Balancing

Historically anchored under the American security umbrella, the Gulf states have begun to pursue a nuanced balancing strategy between different power centers. The deep defense partnership with the U.S. remains and this is not likely to significantly change in the coming years. And while America's political and economic weight

is also still pre-dominant, as can be seen in the continued peg of most GCC currencies to the US-dollar (Kuwait's currency is pegged to a combination of the US-dollar and the Euro), the GCC states are determined, and so-far successful, to diversify their political and economic relations outside of the U.S. realm.

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Gulf actors have shown themselves to be increasingly adept at transactional diplomacy, engaging confidently with U.S. leadership during the visit of President Trump to Saudi Arabia, the UAE, and Qatar in May 2025, while at the same time resisting pressure to sever economic ties with China or Russia, for example. In fact, the UAE and Saudi Arabia have simultaneously expanded economic and military engagement with China while upholding security ties with the U.S. GCC members participated as observers in China–





Russia–Iran naval exercises in the Gulf of Oman. The blend of partnerships shows the Gulf states pursuing technological and military diversification while keeping U.S. defense guarantees in place – illustrative of a deliberate calibration of strategic autonomy. The Gulf–U.S. Summit in May 2025 was followed by the GCC–ASEAN–China trilateral summit in Kuala Lumpur in the same month as well as a large-scale and high-level Saudi–Chinese Business Forum.

On regional issues, the GCC states are also charting their own course by pursuing an agenda not necessarily in line with other great power prerogatives, fueled by concerns over regional escalation and domestic sensibilities. Saudi Arabia concluded its rapprochement with Iran through the offices of China after negotiations facilitated by Iraq and Oman. In the aftermath of the Iran-Israel War in June 2025, the Kingdom has doubled down on holdings talks with their neighbor including in a phone call between Saudi Crown Prince Mohammed Bin Salman and Iranian President Masoud Pezeshkian, as well as meeting with Iran’s Foreign Minister Abbas Araghchi.

Regarding Israel, Saudi Arabia has continuously reiterated that normalization with Tel Aviv will not happen until a clear path towards Palestinian statehood is agreed to. This position has been

maintained steadfastly despite the intense stated desire by the Trump administration for the Kingdom to join the Abraham Accords as soon as possible. During his visit to Riyadh, the U.S. President had to publicly acknowledge that any move by Saudi Arabia towards Israel would happen on Riyadh’s own time. The Kingdom has further pushed ahead in leading the framework of the Global Alliance for the Implementation of the Two-State Solution in order to lay the foundation for an eventual settlement. Saudi Foreign Minister Prince Faisal bin Farhan has also stated that the priority has to be the implementation of a permanent ceasefire, saying that: “What we are seeing is the Israelis are crushing Gaza, the civilian population of Gaza...This is completely unnecessary, completely unacceptable and has to stop.”

From a direct security defense perspective, the Gulf states continue to rely on U.S. security guarantees, especially missile defense systems. The June 2025 Iranian missile strike illustrated a continued vulnerability: Gulf forces lacked capacity to intercept sophisticated arms independently. In that context, it can be seen as a stark wake-up call and confirms a renewed urgency to diversify security partnerships while rethinking domestic defense strategies. This is all more the case as internally, military integration





within the GCC is neither complete nor likely to be sufficient as a stand-alone defense guarantee. The Peninsula Shield Force has existed since 1984 but unified capabilities remain limited and have not translated into equivalent security architecture. Where the GCC states have been active is in their commitment to countering non-kinetic threats (cybercrime, climate risk, transit chokepoints). The Gulf is further solidifying its “soft deterrence” including its legal, infrastructural, environmental, and technological resilience.

**The core objectives to GCC foreign policy remain the same: countering instability in the wider Middle East, limiting the risk to the free flow of oil, and facilitating and protecting domestic economic development**

Strategic autonomy and assertive regional and global diplomacy must be seen as works in progress. The core objectives to GCC foreign policy remain the same: countering instability in the wider Middle East, limiting the risk to the free flow of oil, and facilitating and protecting domestic economic development. What has changed is the pursuit of these objectives in a more patient and pragmatic manner with multiple parallel partnerships that can provide these states maximum advantage. Given the fluid nature of the present international order, the GCC states certainly do not feel the necessity to pick sides.

## 2. Economic Diversification and Digital Leap

Economic transformation is central to Gulf state strategies. Saudi Vision 2030 aims to reduce reliance on hydrocarbons through privatization, tourism, entertainment, tech, and public-service digitalization. The UAE, Qatar, Oman, and Kuwait are undertaking similar initiatives to emphasize simplifying regulations, easing foreign investment, and developing non-oil sectors like tourism, finance, logistics, and digital industries.



Photo Source: World Finance (n.d.)

On the economic side, in 2025, the UAE alone signed Comprehensive Economic Partnership Agreements (CEPA) with Malaysia (January), Ukraine (February), the Central African Republic (March), Costa Rica, Mauritius, and Congo (April), and Serbia (May). While Saudi Arabia concluded a Strategic Economic Partnership with the U.S. during the May 2025 visit of President Trump as part of a broader \$600 billion package, Riyadh also concluded 57 agreements worth US \$3.7 billion during the Saudi–Chinese Business Forum also in May, focused on agriculture, water treatment, food security, and smart farming, as well as signed multiple agreements totaling US \$27 billion, covering clean energy, petrochemicals, and supply-chain integration with Indonesia in July. In June 2025, the UK and Bahrain launched a £2 billion investment partnership focusing on



financial services, clean energy, manufacturing, and technology.

The Gulf is also emerging as a vanguard of digital financial innovation and AI integration. GCC states are easing regulations on digital tokens to carve alternatives to the U.S.-dominated monetary order—part of broader diversification efforts. National AI strategies across the GCC favor a “soft regulation” model—embracing rapid innovation while prioritizing ethical alignment with international frameworks, though concerns about enforceability remain. In the UAE, the state-owned MGX Fund, launched in 2024, aims to manage US \$100 billion in AI assets. The UAE government itself has put forward National AI Strategy 2031 to embed digital transformation in government services and the broader economy. Bahrain, UAE, Oman, Kuwait, and Qatar are all enhancing digital governance. The UAE and Saudi Arabia are positioning themselves as a “digital bridge” between East and West—forming alliances in AI, quantum, biotech, and Web3 services.

Economic diversification is also intrinsically tied to social reform. A recent study using the Social Progress Index (2010–2023) finds improvements in education, healthcare, and gender inclusion across the GCC, while highlighting ongoing challenges in enabling personal rights. Taken together, these development trajectories signal a rebranding of Gulf societies—modernizing economies while attempting to satisfy younger populations with improved services and opportunities.

### 3. Diplomacy and Regional Peace

Gulf mediation and peacebuilding - particularly Qatar’s track record and Saudi’s nuanced dialogues with Iran and Syria - offers a new

diplomatic face for the Middle East with the GCC determined and committed to moving forward to conflict resolution rather than simply conflict management. There is shared consensus among the GCC states as highlighted in their initial GCC Vision for Regional Security issued in 2024. The GCC states feel increasingly confident that they can deliver on complex diplomatic issues. In fact, they see their pro-activism as a necessity rather than only a choice.

Some of the diplomatic engagements undertaken by the GCC states in the first half of 2025 include the Joint Arab–Islamic Committee meetings on the Gaza ceasefire and reconstruction (March); the GCC–ASEAN–China trilateral summit in Kuala Lumpur (May); the high-level meeting of GCC and Arab foreign ministers and EU/UN officials to discuss Syria’s stabilization, reconstruction, refugee repatriation, and anti-terrorism efforts (January); Armenia–Azerbaijan peace talks hosted by the UAE in Abu Dhabi (July); the signing of a U.S.- and Qatar-brokered peace agreement between the Democratic Republic of the Congo (DRC) and the Republic of Rwanda (June), as well as Oman’s facilitation of U.S.-Iran talks on the nuclear issue including re-engaging on the issue after the June war. Oman also continues to hold talks on Yemen reconciliation.

Qatar’s posture has allowed it to foster ties with the U.S., Iran, Turkey, and Islamist networks while maintaining a bridge-building agenda. Saudi Arabia and the UAE have shifted their Syria policy—moving away from regime-change toward pragmatic engagement with the an post-Assad government, reflecting acknowledgment of the status quo. During the tensions between India and Pakistan, Saudi Arabia’s State Minister of Foreign Affairs, Adel al-Jubeir, visited Islamabad







and New Delhi, urging restraint by both sides while the UAE and Qatar issued public calls for calm and Oman and Kuwait supported diplomatic neutrality. All of this is in addition to Saudi Arabia hosting U.S.-Russia talks while the UAE, Saudi Arabia, and Qatar have continued to engage on Ukraine-Russia prisoner exchanges.

What this reveals is a cohesive regional inclination where the Gulf no longer merely reacts to global order but actively shapes and negotiates its terms. These initiatives also demonstrate the GCC's active diplomatic role across diverse regional and global crises and leveraging both national and collective mechanisms to advance peace.

#### 4. Institutional Adaptation and Global Governance

The GCC states have steadily moved beyond regional politics to also influence global governance with initiatives and steps to leverage their wealth, strategic relevance, and evolving diplomatic engagement to shape rules governing areas such as global finance, climate and sustainability, trade, technology, and humanitarian aid and development as well as undertaken attempts to introduce new norms and frameworks reflecting perspectives from the Global South and the Islamic/Arab world.



Photo Source: The National (2025)

All of the GCC states have become more deeply embedded in global institutional frameworks. The UAE has joined the BRICS while Saudi Arabia is pursuing a looser form of cooperation with the grouping, not to oppose the West but to pursue pragmatic economic engagement and foster institutional reform. In May 2025, Gulf states participated in an economic collaboration summit alongside ASEAN and China—emphasizing multipolar engagement amid global tensions. Gulf participation signaled readiness to pursue trilateral or multilateral economic initiatives alongside Asian blocs as well as demonstrating a strategy of building parallel global linkages, thus adding another component to traditional Western alignment. The Gulf states are also dialogue partners in the Shanghai Cooperation Organization.

Within the UN system, the GCC states have used their membership and diplomatic resources to push forward on climate adaptation and vulnerability by hosting COP conferences and advocating broader loss-and-damage mechanisms for countries hardest hit by climate change. Even though they are fossil-fuel producers, GCC nations emphasize adaptation funding. At the WTO, Saudi Arabia and Kuwait have secured host state protections via the Bilateral in Services Trade mechanisms. This is a means to push international treaty language that balances investor rights with state regulatory sovereignty, a template emulated by many Global South countries. The GCC states regularly align with Africa, Southeast Asia, and Latin America to push for reform on internet governance, data sovereignty, and fintech design thereby offering alternatives to EU/U.S. digital models. On humanitarian aid delivery and standards, GCC aid funding and digital ID frameworks in humanitarian contexts has a direct impact on global delivery norms.



GCC states are no longer just financial contributors to global institutions but instead they can be seen as proactive architects of reform. Through strategic investments, regulatory diplomacy, institutional innovation, and normative engagement, Gulf countries are influencing the global rulebooks in trade, digital transformation, finance, security, and humanitarian aid.

### Implications for the Global Order

The Gulf, strategically placed at the intersection of Europe, Asia, and Africa, is in the midst of a geopolitical pivot. By balancing between Washington, Moscow, Beijing, Brussels, and regional actors, it bolsters multipolar dynamics. Gulf trade links with Europe, Africa, and Asia help solidify economic diversification and reduce dependency on any single bloc.

Through initiatives like AI, fintech, energy partnerships, and sub-Saharan investments, the Gulf is generating new economic vectors. Financial hubs in Abu Dhabi, Riyadh, and Doha are attracting talent and regional capital beyond hydrocarbons. Digital finance leadership could recalibrate currency influence—a nascent counterweight to dollar dependency.

At the same time, challenges and contradictions prevail. Vision 2030 and UAE's targets are bold but uneven in execution; success depends on governance transparency, and societal openness. Deep integration - militarily and economically - within the GCC is still hampered by mutual suspicion and sovereignty concerns.

On managing superpower competition, multi-alignment is a tightrope where Gulf states must avoid entanglement amid U.S.-China rivalry, potentially forced into choosing sides. The reliance

on U.S. defense, the self-interests of superpowers, and the unpredictable external policy field overall add risk. Gulf influence has increased on this front, but it is still minimal in the larger scope.

The most relevant obstacle is the fact that regional fragility prevails on all fronts. Reconciliation efforts with Iran may be welcomed by some, but unsettled issues - like Gaza, Syria, Libya, Yemen, Iraq, Sudan etc. - could easily reignite tensions. In addition, the prospect of a renewed Iran-Israel War remains a constant threat.

### Conclusion

The Gulf's evolution marks a compelling global narrative: small-but-rich states maneuvering with strategic autonomy, economic ambition, and diplomatic innovation in a multi-polar world. From Qatar's broker role to Saudi's detente with Iran, and financial technology to AI governance, Gulf states are molding new forms of influence. They are neither junior partners to the West nor adversaries to the East but can instead be viewed as navigators of a path that spans across great powers, regions, and systems.

Ultimately, the Gulf's ascendancy lies not only in its oil wealth or military infrastructure, but in its capacity to combine diversification, diplomacy, and agile engagement be it through digital transformation, regional integration, or international partnerships. Its journey forward will certainly shape trajectories of global governance, economics, and stability at least to some degree. Ultimate success will depend on translating grand strategies into durable institutions, open societies, and resilient ecosystems, in turn, enabling the Gulf to endure as a transformative force in the 21st-century world order.





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## Security and Defense Issues

Dr. Mustafa Alani, Senior Advisor & Director of the Security and Defense Research Program

The defining characteristic of 2024–2025 was the widespread inability to resolve international crises and armed conflicts, both regionally and globally. Despite intense fighting and extensive efforts in global diplomacy, only limited success was achieved in containing existing conflicts.

Nearly two years after the start of the Israeli offensive in the Gaza Strip, which began in response to the Hamas attack during “Operation Al-Aqsa Flood” on October 7, 2023, Israeli military operations continue. The violence has resulted in severe destruction and a devastatingly high number of casualties in the Gaza Strip. However, Israel’s primary objective of eliminating Hamas remains unfulfilled. Consequently, Israel, along with its main ally, the United States, is still compelled to negotiate with Hamas regarding a ceasefire proposal, the fate of detainees, and other issues related to the conflict.

Despite the intensity of Israeli military operations and their success in limiting Hamas’s military capabilities, no viable alternative has emerged to govern the Gaza Strip. The prospect of a political settlement concerning Gaza and the broader Palestinian cause, in general, appears to be stalled. Moreover, Israeli measures are focused on permanently closing the door on a two-state solution. These efforts aim to expand and entrench the occupation while annexing Palestinian territories, fundamentally undermining a solution that has gained widespread international acceptance and support.

The significant human losses and extensive destruction in the Gaza Strip resulting from Israeli military operations have yet to produce any political gains. The goal of “defeating and removing Hamas” remains difficult to achieve, and the need for continued military operations, along with the expansion of occupation zones and direct Israeli control over parts of the Gaza Strip, continues to be seen as a political and military necessity. This ongoing effort comes despite the exhaustion of Israeli military, human, financial, and economic resources.

In 2024, the Israeli military achieved a victory over Hamas forces, resulting in a reduction in their influence and control over the territories of the Gaza Strip. Despite this, Palestinian resistance activities have persisted at a modest pace, resulting in limited human and material losses for Israeli forces. However, by mid-2025, after over 600 days of intense military operations, it is still considered premature to declare a political victory. The Israeli leadership in Gaza faces a “traditional predicament” common in military confrontations: the challenge of converting a tactical military victory into a political victory that meets desired objectives and ensures the surrender of the opposing party.

In contrast, Israeli military operations against Lebanese Hezbollah were extensive, targeting various parts of the Lebanese state with airstrikes. These efforts successfully compelled Hezbollah





forces to nearly completely withdraw from southern Lebanon, south of the Litani River. The group has now agreed unconditionally to fully implement UN Security Council Resolution No. 1701 from 2006. A significant portion of Hezbollah's infrastructure has been destroyed, particularly its military capabilities, as Israel focused extensively on dismantling command and control centers, weapons stockpiles, and both defensive and offensive military capabilities, as well as targeting military and security leadership.

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The Israeli offensive also aimed at the physical elimination of senior and field leaders at all levels, along with the destruction of the party's financial, economic, and media institutions. However, Hezbollah remains an active force in Lebanese political life. Despite limitations placed on its political, security, and military roles, as well as the destruction of its financial resources and economic projects, the complete disarmament of the party or its militias is regarded as an unachievable goal at this time.

Nonetheless, significant developments in Lebanon since the end of Israeli military operations against Hezbollah and the declaration of a ceasefire in November 2024 indicate a gradual increase in the authority, prestige, and control of the Lebanese state over its territory, along with a strengthening of its sovereignty. This change is particularly evident with the successful election of a new President of the Republic, a position that had been vacant since October 2022, and the subsequent formation of a technocratic national unity government. This government, for the first time, has moved beyond the traditional principle of sectarian power-sharing in the distribution of ministerial posts.

Israel's campaign in the Gaza Strip aimed at neutralizing Hamas's capabilities, followed by an operation in Lebanon to diminish the threats posed by Hezbollah, has thus far produced positive outcomes. These efforts have led to the temporary or permanent neutralization of threats along Israel's southern and northern borders, resulting in a new strategic reality in the Middle East's power dynamics.

This emerging reality marks a significant loss for Iran, which has experienced a decline in its regional strategic influence. Iran previously built a network of sectarian armed militias tied to its broader regional strategy, all supported by substantial financial and material investments over many years.

The years 2023 and 2024 marked the collapse of Iran's sphere of influence, which extended from the Mediterranean coasts to the Arabian Gulf and Arabian Sea. This shift has resulted in the rapid and sequential disintegration of Iran's regional strategy, all achieved at a relatively low cost to Israel, bolstered by support from the United States and the Western world.



Amid a backdrop of prolonged international failures to resolve regional conflicts, a remarkable and unexpected development emerged that challenged the prevailing global inability to manage intractable crises, notably the Syrian civil war that began in 2011. The sudden and unforeseen collapse of the Syrian Ba'ath regime in December 2024, along with the rise of a new internationally recognized regime, stands as one of the most significant events in the region for that year.

Given the political identity of the new Syrian regime and the ideological alignment of its leadership with a Jihadi-Salafist perspective, its opposition to Iranian influence was both natural and anticipated. From its inception, a core mandate of the new Syrian regime was to dismantle Iran's extensive presence and influence within Syrian territory and state institutions. This included actively pursuing and expelling foreign militias linked to Iran, as well as severing Syria's role as a secure conduit for Iranian support to Lebanese Hezbollah—a role that had solidified Syria as a strategic stronghold for both Hezbollah and Iran in the Arab Levant.

Consequently, the shift in Syria's political system is far more than just a change in leadership; it represents a movement with significant strategic implications that have reshaped regional power dynamics. The most notable setback from the change in the Syrian regime has undoubtedly been suffered by Iran, affecting the remnants of its Islamic revolution and its strategic plans for consolidating regional influence, promoting expansionist policies, and asserting regional hegemony.

Following the launch of Hamas's "Operation Al-Aqsa Flood" on October 7, 2023, and the subsequent initiation of the Israeli retaliatory

operation against the Gaza Strip and Hamas one week later, a series of dangerous developments has rapidly unfolded. By mid-2025, the region entered what may be its most significant period in modern history, culminating in the final and most crucial stage of the regional conflict: "Operation Rising Lion," characterized by a direct and widespread Israeli attack on Iran on June 13, 2025. As a result, Iran's regional capabilities have faced a series of consecutive losses and defeats, which can be categorized into two phases.

The first phase involved Iran's defeat in indirect confrontations with Israel. This included the failure of Iran's proxies and regional allies among armed groups, which were supposedly essential to Iran's strategic support capabilities. This phase began with Hamas's defeat against the intensity of Israeli military operations, followed by Lebanese Hezbollah's defeat in the face of Israeli military and security strikes. Next came the fall of the Syrian regime, an ally of Tehran, leading to the retreat of Iranian-linked militias from Syria and the loss of Syria as a strategic ally. Additionally, the impacts of American-British-Israeli airstrikes, which began in January 2024, significantly weakened the capabilities of the Iranian-backed Houthi militias in Yemen.

The second phase involved Iran's failure in direct confrontations, where its missile capabilities were unable to inflict significant damage deep within Israel during two direct attacks: "Operation True Promise 1" and "Operation True Promise 2." On April 13, 2024, Iran launched "Operation True Promise 1" in retaliation for an Israeli attack earlier in the month that targeted its consulate in Damascus. This Israeli attack resulted in the deaths of a prominent Quds Force commander in the Revolutionary Guard, his deputy, and five additional Iranian military advisors. According to Israeli sources, the Iranian response involved





the use of 185 drones, 36 cruise missiles, and 110 surface-to-surface missiles. Israel claimed to have intercepted approximately 99% of these projectiles, while independent media sources estimated the actual interception rate to be around 84%.



In response to the assassination of Hamas Political Bureau Chief Ismail Haniyeh in Tehran, as well as the assassination of Lebanese Hezbollah Secretary-General Hassan Nasrallah, Iran carried out a second large-scale missile attack on Israel on October 1, 2024. This operation was dubbed “True Promise 2.” Israeli sources indicated that this Iranian attack involved the launch of over 250 missiles of various types, including ballistic, cruise, and hypersonic missiles, targeting deep within Israel. Although the results of “Operation True Promise 2” were more favorable for Iran compared to “Operation True Promise 1,” Israeli losses remained relatively limited. Israel’s interception success rate for Iranian projectiles in both attacks was considered very high, generally exceeding 80% in most estimates.

Iranian missile strikes into Israeli territory were met with retaliatory responses from Israel, which included efforts by the Israeli Air Force to engage strategic targets deep within Iran. In late April 2024, Israel conducted a limited aerial offensive

targeting Iranian air defense systems near Isfahan, which was described as a response to “Operation True Promise 1.”

On October 26, 2024, Israel carried out its retaliation for “Operation True Promise 2.” Israel reported that dozens of aircraft executed three waves of attacks involving numerous fighter jets. These operations specifically aimed at radar systems in the Ilam and Khuzestan provinces, as well as the areas surrounding Tehran, in addition to Iranian air defense systems and facilities used for producing and launching drones and ballistic missiles.

Israeli military sources indicated that these aerial assaults on Iranian air defenses granted them increased operational freedom in Iranian airspace. A military spokesperson remarked, “Israel now possesses greater aerial maneuverability over Iran.” Iran acknowledged that the Israeli aerial attacks caused “limited damage” at some locations.

Israeli strategic calculations, informed by a series of developments and military confrontations since the onset of Hamas’s “Operation Al-Aqsa Flood,” concluded that these events created a favorable opportunity to significantly alter the regional power balance. The objective was to dismantle the existing theory of “mutual deterrence” between Israel and Iran and to establish a new framework for an Israeli “unilateral deterrence” model against all powers in the Middle East, particularly Iran. This strategy reinforces Israel’s position as a dominant regional power, bolstered by its military strength, superior intelligence, and technological capabilities.

The decision to launch a comprehensive Israeli attack on Iran, dubbed “Operation Rising Lion,” in June 2025, was not prompted by Iranian aggression or provocation. Instead, it resulted



from careful calculations based on the pivotal developments following Hamas's "Operation Al-Aqsa Flood" against Israel in October 2023. These events convinced both Israeli and American leadership that an exceptional opportunity had arisen to effectively contain and dismantle Iran's regional sphere of influence, as well as to mitigate the risks associated with Iran's expanding and unchecked nuclear and missile programs, which Israel views as an existential threat that demands a robust response.

Thus, the Israeli military operation against Iran emerged from a combination of factors leading to the belief that Iran's defensive, offensive, and retaliatory capabilities had diminished, while Israeli capabilities had significantly improved. It was anticipated that the U.S.-backed Israeli military operation would need to fulfill several military considerations to ensure success and to achieve lasting political and strategic results.

The long-term strategic objective can be achieved through two potential scenarios: either by conducting military actions to physically destroy Iran's military and nuclear capabilities or by compelling Iran to submit to American-Israeli demands in exchange for halting military operations. This includes Iran agreeing to comprehensively dismantle its nuclear program components under American or international supervision. In both cases, the primary goal is to ensure the complete destruction of Iran's nuclear program rather than merely inflicting partial damage, which would only lead to temporary disruptions in its progress.

The second objective of the Israeli military operation is to dismantle Iran's missile capabilities and missile program. This broad goal includes destroying Iran's research and development capabilities for ballistic and cruise missiles, as well

as its missile production lines and fuel production facilities. It may also involve identifying stockpiles and launch sites, along with imposing regulations to limit the maximum range of missiles that Iran is allowed to retain. Additionally, the operation seeks commitments from Iran to refrain from transferring missiles and missile technology to third parties, particularly regional armed groups.

Beyond the stated core demands of the American-Israeli alliance, there are likely undeclared objectives aimed at containing Iran's regional influence and altering its adversarial stance towards the United States and Israel.

The "12-Day War" ended with a ceasefire announcement by the US President on June 24. The ceasefire resulted from understandings between the conflicting parties, mediated internationally, leading to "commitments" to agree on a ceasefire, without a written document or a political agreement on terms and demands. The three main parties to the conflict (Israel, Iran, and the United States) each declared victory in the confrontation and the achievement of their desired objectives. As an initial assessment of the war's outcomes, the following can be stated:

First: Iran has maintained a significant portion of its offensive and retaliatory capabilities, demonstrating its ability to continue launching ballistic missiles and drones at Israeli targets, despite efforts by Israel and the United States to prevent these attacks. However, Iranian bombings have not fundamentally impacted Israeli infrastructure (general or military). Some strikes targeted population centers with the intent of causing civilian casualties. The ability of Iranian missiles and drones to penetrate Israel's multi-layered air defense system was limited, as a high percentage of these projectiles were successfully intercepted by the Israeli air defense system.







Second, Israel managed to execute a crucial part of an offensive plan against Iran that had been in preparation and periodic review for about ten years. The Israeli attacks were guided by a well-structured and thoroughly developed strategy aimed at destroying or causing significant damage to various components of Iran's strategic infrastructure. Key objectives of this plan included the dismantling of Iran's nuclear program infrastructure and its missile program, both of which were high-priority targets for military action.

The Israeli targeting operation also extended to neutralizing Iranian defensive capabilities, particularly the Iranian air defense system, and weakening the Iranian Revolutionary Guard. Additionally, the operation aimed at undermining institutions that protect the regime, as well as targeting several service and media centers. Initial assessments suggest that the Israeli attack largely succeeded in inflicting considerable damage on a significant portion of these strategic targets.

The United States intervened in the conflict on June 23 through a military operation called "Operation Night Hammer," which aimed specifically to assist in the destruction of Iran's three fortified nuclear sites: Fordow, Natanz, and Isfahan. The operation did not target any other

sites. Shortly after the American air assault, the U.S. faced a limited retaliatory attack from Iran that targeted the American Al Udeid Air Base in Qatar, resulting in no casualties and no subsequent U.S. retaliation. The American leadership has clarified that it does not support Israel's goal of "overthrowing the Iranian regime" as a military objective. They expressed confidence in the success of their operation to comprehensively destroy the three specified Iranian nuclear sites.

It is too early to predict whether either side will achieve a decisive military victory that produces conclusive political or strategic outcomes. The Israeli-American alliance aims to either eliminate Iran's strategic state infrastructure through extensive military action or force Iran into unconditional surrender. Their goal is to neutralize Iran's regional influence and place it under indirect Western control.

Conversely, the Iranian leadership views these demands as a blatant violation of its sovereignty and a significant threat to investments it has made over the past forty years in building regional influence and power. Iran is determined to resist Israeli-American demands, even at a considerable cost. However, the situation remains uncertain and could develop in various ways.





## The Future of Reshaping Gulf Economies

Dr. John Sfakianakis, Chief Economist and Program Director - Economic Research

The Gulf region is undergoing one of the most ambitious socio-economic transformations of the 21st century. Led by bold national vision strategies—Saudi Arabia’s Vision 2030, the UAE’s Centennial 2071, and similar frameworks across the Gulf Cooperation Council (GCC)—the region seeks to transition from a rentier state model to diversified, globally competitive economies. However, beneath the veneer of megaprojects and high-profile investments lies a more complex reality of structural challenges, geopolitical volatility, institutional inertia, and uneven reform.

### Economic Diversification: Progress, Dependency, and Dissonance

Economic diversification is the central imperative of Gulf economic strategy. Saudi Arabia, the UAE, and other GCC states have made headline-grabbing advances in non-oil sectors such as tourism, logistics, financial services, and advanced manufacturing. Saudi Arabia’s growing non-oil revenues and the UAE’s dynamic fintech ecosystem reflect real movement. However, diversification remains partial and uneven. Oil revenues still underpin state budgets, and many emerging sectors—such as tourism and real estate—are indirectly sustained by oil-derived public expenditure. The shift away from hydrocarbons is less a rupture than a redirection of resource rents.



In industry, notable progress has been made in downstream petrochemicals, aluminium, cement, and renewable energy equipment. Yet the prevailing model emphasizes scale over sophistication, with production often concentrated in low- to mid-value-added segments. Local supply chains are shallow, and the domestic private sector remains structurally reliant on state contracts and subsidies. Advancing toward high-value, innovation-led manufacturing will require significant upgrades to human capital, intellectual property frameworks, and integration into global value chains. Without this transition, industrial policy risks reinforcing dependency rather than overcoming it.

Overall, and despite the above-mentioned efforts, structural barriers persist. Labor market rigidities, mismatched education systems, and the dominance of public employment continue to inhibit productivity and innovation. Ambitious plans to nurture national champions in pharmaceuticals, defense, and agricultural



technologies face major headwinds due to small domestic markets, underdeveloped capital ecosystems, and bureaucratic inefficiencies. Moreover, institutional capacity to oversee complex industrial policy remains uneven across the region.

### Tourism, Culture, and the Creative Economy

Tourism, hailed as a flagship non-oil sector, offers both promise and peril. Dubai's success will be difficult to replicate due to its early-mover advantage, liberal regulatory environment, and positive global branding. Saudi Arabia's multi-billion-dollar push to attract international visitors—via projects like NEOM, AIUla, and the Red Sea coast—has garnered global attention. But questions persist about long-term demand, cost recovery, and whether the Kingdom's conservative social norms can coexist with mass tourism. Overreliance on glossy mega-projects may crowd out smaller-scale, organic tourism development with stronger social and economic spillovers.



The Gulf's creative economy—film, music, digital content, and the arts—is gaining traction but lacks structural depth. While initiatives like the Red Sea Film Festival and Abu Dhabi's Cultural District signal ambition, regulatory conservatism and censorship risk undermining creative freedom. Talent development, intellectual

property protection, and audience cultivation remain underdeveloped. A true creative economy cannot be decreed; it must be cultivated from the grassroots, supported by educational reform, international partnerships, and decentralized funding mechanisms.

**The Gulf's creative economy—film, music, digital content, and the arts—is gaining traction but lacks structural depth**

### Foreign Direct Investment and Private Sector Mobilization

FDI plays a central role in the Gulf's diversification strategies. Governments have introduced reforms aimed at easing ownership rules, improving legal certainty, and streamlining business environments. Flagship zones such as Riyadh's King Abdullah Financial District or Abu Dhabi's Hub71 aim to position the region as a global investment magnet.

However, FDI inflows remain skewed towards real estate and energy-related infrastructure. High-profile pledges often fail to materialize, and investor retention is hampered by opaque dispute resolution, inconsistent regulation, and political sensitivities. For FDI to meaningfully contribute to economic transformation, host countries must prioritize institutional quality over promotional campaigns. Investment facilitation must extend beyond ribbon-cutting ceremonies to include aftercare services, contract enforcement, and investor grievance mechanisms.



The private sector also remains heavily reliant on state patronage. Despite privatization drives and public-private partnership laws, private capital formation is weak. Local firms struggle to access affordable finance, navigate regulatory hurdles, or compete on a level playing field. Deepening capital markets, empowering SMEs, and investing in entrepreneurship ecosystems are necessary to shift from state-driven to market-driven growth. This includes venture capital reforms, local procurement incentives, and regulatory sandboxes for innovation.

### Strategic State Capitalism and the Limits of Sovereign Power

The engine behind much of the Gulf's transformation is sovereign capital. Sovereign wealth funds (SWFs) such as the Public Investment Fund (PIF), Abu Dhabi Investment Authority (ADIA), and Mubadala wield enormous financial power. PIF alone manages over \$900 billion and is integral to Saudi Arabia's domestic development, global outreach, and industrial policy.

Yet, this state-led model of strategic capitalism risks reinforcing top-down decision-making and crowding out private entrepreneurship. Investment strategies are often opaque, and some large-scale projects suffer from mission creep or inflated expectations. Moreover, returns on many of these projects are long-term and uncertain. The concentration of decision-making within elite-led institutions has, in some cases, prioritized visibility over viability.

While SWFs are helping to build future capabilities—such as clean energy, AI, and logistics hubs—they also face the risk of fiscal overextension and potential political backlash should ambitious projects fail to deliver timely results. These funds can serve geopolitical as

well as economic objectives, with domestic development sometimes playing second fiddle to global prestige.

Institutional duplication and bureaucratic overlap among state entities further hamper coordination. Agencies often compete for influence rather than collaborate toward common goals. The result is a proliferation of initiatives with unclear mandates and uneven follow-through. Institutional rationalization, performance benchmarking, and greater inter-agency coherence are essential for sustained impact.

### Productivity and Labor Market Transformation

Despite the focus on diversification and investment, productivity gains remain elusive. The Gulf's economic growth is often driven by capital accumulation rather than efficiency or innovation. Labor productivity is low by OECD standards, and total factor productivity growth is stagnant or negative in many sectors.

This is partly due to labour market segmentation, where a large expatriate workforce occupies low-wage roles while nationals are clustered in the public sector. Human capital development has improved, but education-to-employment mismatches persist. Vocational training is underdeveloped, and incentives for upskilling are weak.

Improving productivity requires targeted investment in R&D, smarter labour policies, and technology diffusion. For example, the UAE's AI strategy is a promising blueprint, but it must be matched with firm-level adoption and SME integration. Agriculture tech in Saudi Arabia or Qatar's smart logistics hubs can also serve as pilot sectors for productivity-based growth, provided there is institutional follow-through.







Examples like Bahrain's Labor Fund (Tamkeen), which supports private sector training and employment, offer useful lessons in aligning national workforce development with productivity growth. Similar initiatives across the region could bridge the gap between high-level strategies and tangible economic output. Aligning education with labour market needs—especially in STEM and green technology sectors—will be critical. Additionally, enhancing worker mobility, providing unemployment insurance, and instituting merit-based promotion in public and private sectors could foster a performance-oriented labour market.

### Education, Skills, and Workforce Development

A critical enabler of economic transformation lies in the quality and relevance of education systems. While GCC states have invested heavily in expanding higher education and building world-class campuses, outcomes remain mixed. National universities often struggle with outdated curricula, limited research output, and weak links to industry.

A shift toward competency-based education, STEM specialization, and applied learning is essential. Initiatives such as Saudi Arabia's Human Capability Development Program aim to realign education with national priorities. But success depends on overcoming institutional silos, reforming pedagogical methods, and empowering teachers.

Moreover, lifelong learning must become the norm. As technological change accelerates, the workforce will need to reskill multiple times over a career. Gulf economies must invest in adult education, digital literacy, and modular certification programs. Public-private

collaboration with global universities and edtech firms can help build flexible, adaptive learning ecosystems.

Technical and vocational education and training (TVET) has long been undervalued, yet it holds the key to preparing youth for jobs in industry, logistics, healthcare, and clean energy. Programs that combine classroom learning with on-the-job training—such as apprenticeships—should be scaled up. The experience of Germany and Singapore offers a useful benchmark.

Finally, improving labour force participation—particularly among women—requires not only economic incentives but cultural change. Workplace flexibility, childcare provision, and anti-discrimination policies are part of a broader inclusion agenda that must accompany human capital reform.

### Oil, Resilience, and the Ghost of the Rentier State

Oil continues to dominate the political economy of the Gulf. The commodity underwrites state legitimacy, fiscal stability, and international influence. Despite rhetoric around diversification, the rentier state logic persists, public employment remains bloated, subsidies continue, and private sector dynamism is often constrained by regulatory complexity and labour market dualism.





The strategic importance of Gulf oil has only grown in the context of geopolitical tensions. The Israel-Iran conflict and the fragile status of the Strait of Hormuz demonstrate the persistent risk of supply shocks. The Gulf states are investing in alternative export routes—like Saudi Arabia’s East-West pipeline and the UAE’s Port of Fujairah—to mitigate these vulnerabilities. But the broader risk remains: In an increasingly unstable region, oil is both a strength and a liability.

While high prices bolster fiscal coffers, overreliance on hydrocarbons perpetuates volatility. As the world moves toward decarbonization, even high-cost producers may find themselves stranded if demand collapses faster than expected. Gulf states need to pivot from using oil windfalls merely to fund prestige projects toward genuinely reconfiguring the economic foundations of their societies.

The post-rentier challenge is institutional. It demands a shift in social contracts—from redistributive entitlements to productivity-driven empowerment. This requires not just economic reform, but cultural and political recalibration. The long shadow of oil continues to shape everything from housing policy to national identity.

Fiscal policy must evolve to anticipate a post-oil horizon. Gulf governments need transparent budgeting processes, medium-term expenditure frameworks, and independent fiscal institutions. Sovereign debt issuance, while increasingly common, should not substitute for structural revenue diversification. Without rigorous public finance reform, fiscal risks will compound. Furthermore, mechanisms such as fiscal rules, stabilization funds, and expenditure reviews should be embedded into national planning.

## Conclusion: The Unfinished Revolution

The Gulf’s economic transformation is real, but incomplete, uneven, and vulnerable to setbacks. Vision strategies have mobilized capital and attention, but implementation remains top-heavy, reliant on oil-funded state capacity, and often detached from grassroots economic participation.

A more critical reading suggests that without deeper institutional reform, education overhaul, and genuine political accountability, the region risks entrenching a new form of state capitalism that replaces rentierism with technocratic centralism. What lies ahead is not a test of whether Gulf economies can build dazzling skylines and futuristic cities, but whether they can create sustainable, inclusive, and self-sufficient economic ecosystems.

If the region can navigate the turbulence of energy transition, geopolitical realignment, and social change, it will offer a powerful model of adaptive resilience. If not, the risk is that transformation becomes another chapter in the Gulf’s long history of ambition constrained by structural inertia.

Success will hinge not only on vision, but on institutional humility, social inclusiveness, and the capacity to learn from failure. The future of reshaping Gulf economies lies in turning ambition into architecture, and architecture into enduring institutions.

**“If the region can navigate the turbulence of energy transition, geopolitical realignment, and social change, it will offer a powerful model of adaptive resilience”**





## Multipolar Energy Futures: Navigating Transition, Security, and Competition

Prof. Giacomo Luciani, Member of the Board of Trustees

### Introduction

The global energy landscape is multipolar.

- From a technological point of view, the diversity of energy sources and technologies is increasing, creating competition and adding optionality.
- From a government policy point of view, the objectives of energy policy are becoming more complex and partially contradictory: protecting energy security, meeting growing energy demand, providing competitively priced energy, and mitigating global warming.
- From a geo-economic point of view, states compete to pursue advantage in meeting their own and the world's priorities.

The energy landscape can be analyzed from several viewpoints: sources, objectives, and geo-economic competition. Here, I follow the geo-economic approach, starting with China's role in shaping the global energy landscape.

### China: growing energy demand and investment leadership

China is by far the most important and decisive global energy player. It is the largest user of energy and the largest polluter. China's energy production equals 27% of total global energy use, a share almost double that of the United States;

the country's share in global electricity generation is 33%, more than twice the share of the United States and almost four times the share of the EU; and Chinese CO<sub>2</sub> emissions account for 34% of the global total, 2.5 times the emissions of the USA and 5 times the emissions of the EU (Table 1).

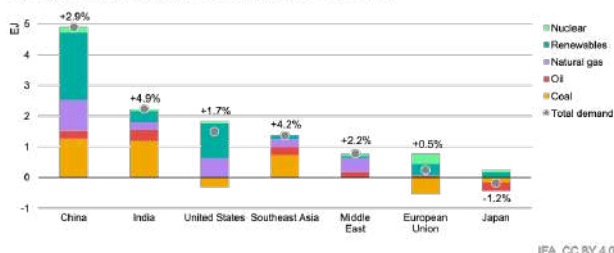
**Table 1** Regional shares (%) in global comparison:

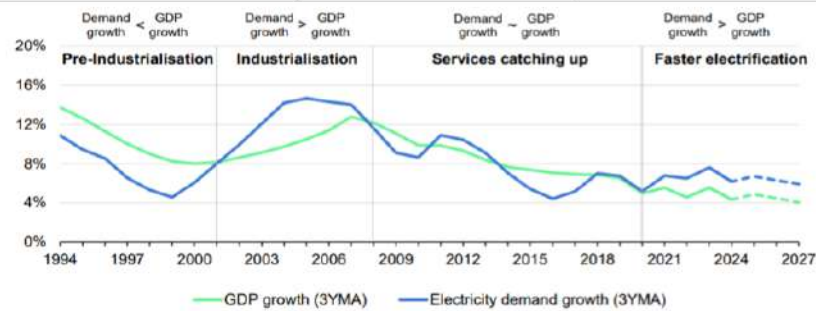
	Total energy	Electricity generation	CO <sub>2</sub> emissions
United States	14.04	14.62	12.10
European Union	8.02	8.89	6.39
China	26.85	32.76	33.55
India	7.41	6.61	7.95

Source: Energy Institute *Statistical Review of World Energy 2025*

China's energy demand growth in 2023-24 was close to 5 Exajoules, more than twice the increase in the next largest country, India. Between 2006 and 2019, China's total energy demand grew at a slower rate than its GDP, but over the last five years, the relationship has reversed. Specifically, electricity demand growth is significantly higher than GDP growth, as China, which is already more electrified than both the US and Europe, further electrifies.

Change in energy demand, selected regions, 2023-2024



**Figure 3: Growth rates of electricity demand and GDP in China, 1994-2027**

Note: 3YMA stands for 3-year moving average. GDP growth is based on the October 2024 edition of the [IMF World Economic Outlook](#).

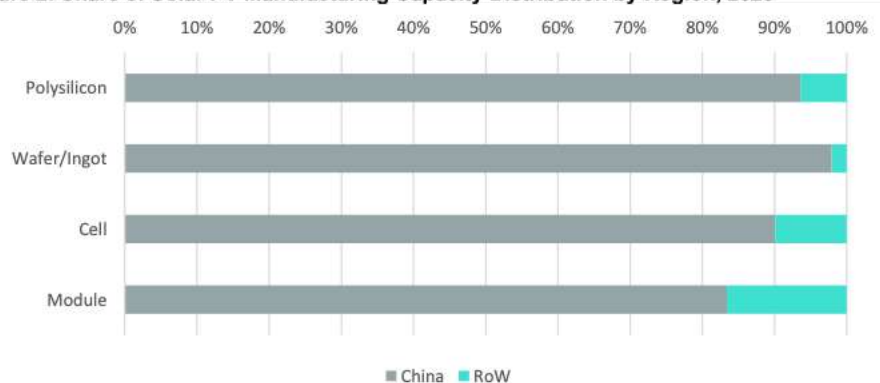
IEA, CC BY 4.0.

Source: International Energy Agency

China is also the country leading investment in all clean electricity sources: solar, wind, hydro, and nuclear. In 2023, China had 43% of global solar installed capacity, and an equal share of global wind installed capacity; 29% of global hydropower generation; and 16% of global nuclear power

generation (Energy Institute Statistical Review of World Energy). By 2024, China had installed 886 GW of photovoltaic capacity and 521 GW of wind capacity (Meidan, Testimony May 2025). In the first quarter of 2025 alone, China added another 60 GW of photovoltaic capacity (Rystad).

As shown in the graph below, Chinese companies accounted for an overwhelming share of global production of photovoltaic panels and components (Zhu, OIES CE15).

**Figure 2: Share of Solar PV Manufacturing Capacity Distribution by Region, 2023**

Source: CPIA (2024)

Source OIES CE15

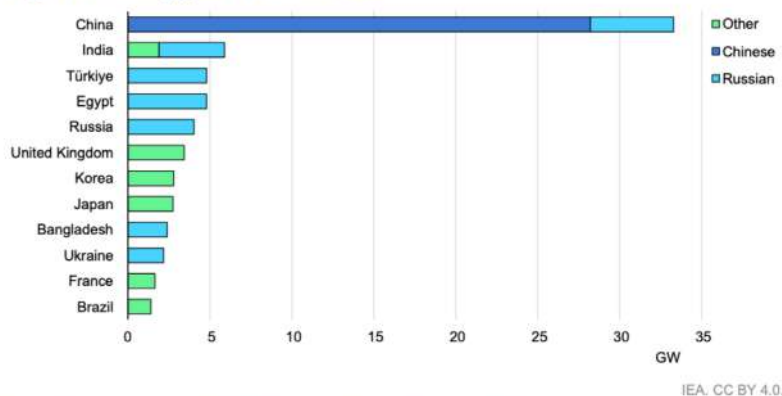
China further led the world in newly installed hydropower capacity with 8 GW installed in 2023, equal to no less than two-thirds of all global growth (IEA).







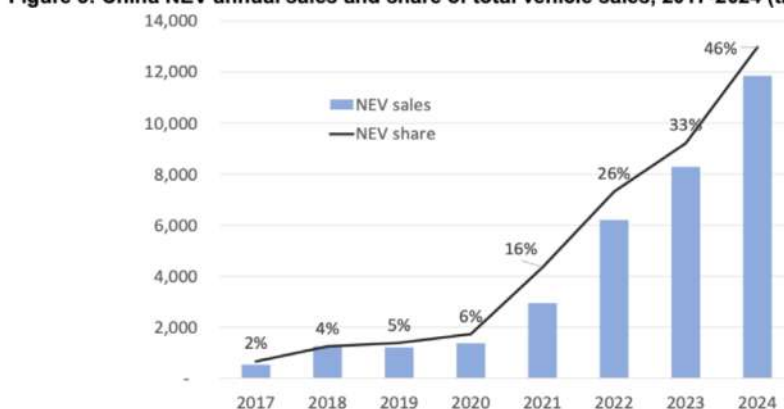
**Figure 1.5 Nuclear power capacity under construction by region and national origin of technology, as of December 2024**



China also by far leads investment in new nuclear power capacity, with 34 GW under construction (the next country with the largest additions under construction is India, with 6 GW) (IEA, *The Path to a New Era for Nuclear Energy*). In April 2025, the State Council of China approved the construction of 10 additional nuclear power plants for a total capacity of 11.6 GW. China is expecting to have the largest global nuclear fleet by 2030, overcoming the United States (Nuclear Engineering).

China stands out as the country most forcefully pursuing reduced dependence on oil, through the electrification of both light and heavy-duty vehicles. In 2024, it added close to 12 million New Electric Vehicles (NEVs) into circulation, which is 50% of the world total; NEVs accounted for 46% of total vehicle sales. Chinese automobile manufacturers are outcompeting foreign makers in China itself and abroad. The turnaround in the fortunes of Chinese car manufacturers from followers to leaders was facilitated by a determinate government policy in support of the electrification of mobility.

**Figure 5: China NEV annual sales and share of total vehicle sales, 2017-2024 (thousands)**

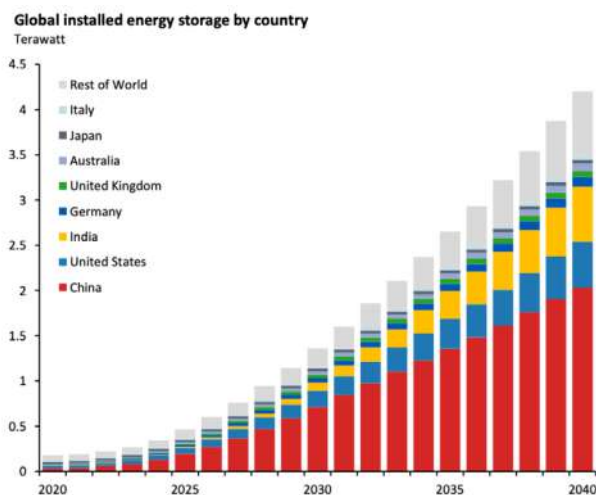


Source: Anders Hove, data from China Association of Automobile Manufacturers, OIES

Source OIES Insight 167



Automobile innovation in China has developed hand-in-hand with its leadership in batteries, in terms of both cost and technology. Almost half of the world's installed batteries are in China.



Source: Rystad

Electrification doesn't only impact light-duty vehicles, but heavy-duty transport as well. The founder of CATL, the world's largest producer of batteries, expects the Chinese truck market to be 50% electric by 2028, and it is estimated that Chinese demand for both gasoline and diesel has either already peaked or will peak before 2030.

**Electrification does not only impact light-duty vehicles, but heavy-duty transport as well**

**Table 1: Forecasts of Peak Gasoline Consumption in China**

	Diesel	Gasoline
Commodity Insights S&P Global	2027	2025
IEA Oil Market Report	2021	2021
Kpler	2026	
PetroChina Planning & Engineering Institute	2023	2023
Vitol		2024 or 2025

Source: Columbia Center on Global Energy Policy (CGEP), 2024<sup>9</sup>; IEA Oil Market Report, OIES 2025

Source OIES Insight 167

Finally, China is also aggressively pursuing increased production of hydrogen, although mostly from coal rather than natural gas or clean electricity. Hence, the strategic emphasis is on promoting the uptake of hydrogen in industry rather than producing low-carbon hydrogen. In 2022, China accounted for 29% of global hydrogen production and use (IEA).

The inescapable conclusion of the above statistics is that Chinese policies and industry are the most important factors shaping the future of global energy. China envisages that a rapid increase in energy use will continue and has adopted a strategy based on leading in all energy sources, including coal. It does not so much aim at picking winners; rather, it aims at winning across the board. It forcefully pursues the objectives of security of supply, increased availability, and





decarbonization--all at the same time. It navigates trade-offs by increasing investment to a level that will allow it to reach all objectives simultaneously.

### **USA: seeking energy dominance with eyes turned to the past**

The corollary to the dominant position of China in the global energy landscape is that other countries/regions do not matter as much. This also applies to the United States and allows us to relativize the importance of energy policy shifts caused by administration changes. President Trump's re-election means that growing reliance on clean energy solutions will be slowed down, but the trend will not be interrupted. The deployment of solar and wind energy will continue, notwithstanding reduced incentives, and so will the penetration of electric vehicles.

Competing with China is a major objective of the Trump administration. Yet, creating tariff walls to discourage imports from China is not sufficient to undermine the Chinese leadership in new energy solutions, and may even backfire, by increasing the costs of potentially competing American utilities and manufacturers. The United States is not accustomed to playing catch-up. The Trump administration cannot pursue energy dominance – another stated goal – based on further increasing the production of shale oil (which demands a high oil price) or exports of LNG. It needs to compete on new and rapidly growing solutions, not on old and probably stagnating ones.

Energy demand in the United States has not been growing in recent years, but this is about to change. New sources of economic growth, such as artificial intelligence, require a very large and reliable supply of electricity. This is motivating

increased investment in conventional as well as “new” sources of power, including nuclear.

The Trump administration is very much in favor of a nuclear energy renaissance, and the majority of innovative nuclear solutions, such as small and medium reactors, are promoted by American companies. The United States also enjoys potential leadership in nuclear fusion, with important financial resources being devoted to it by public agencies and private companies such as Commonwealth Fusion Systems and Helion. However, even if companies may accelerate the decision to invest in new nuclear plants, several years will pass before these become operational.

At the same time, there is no denying American know-how and technological prowess in nuclear energy, which could be exported to several countries wishing to acquire a nuclear component for their power generation fleets. The obstacle in this case (as shown by the experience of Saudi Arabia and several other countries) is the US legislation mandating conditions for nuclear cooperation that are more stringent than those internationally accepted under the Non-Proliferation Treaty and the statutes of the International Atomic Energy Agency.

Waiting for new nuclear power stations to become operational, additional electricity demand will be satisfied by investment in renewable resources and natural gas-fueled power plants. Major American oil and gas companies are well-positioned to take a leading role in the development of carbon capture and sequestration: They have vast experience but have been slow in engaging in new investment. ExxonMobil, Chevron, and Occidental Petroleum are touting new large-scale projects, but none are yet operational.



American companies could also take a leading role and compete with China in advancing the use of blue or green hydrogen as a tool for decarbonizing industry. But it is not clear whether the Trump administration will view hydrogen as an asset or a liability in the quest for energy dominance. The eyes of the President seem turned more to the past than to new and potentially rapidly growing solutions.

### **European Union: struggling with expensive electricity and the high cost of decarbonization**

The European Union has prioritized the objective of decarbonization, although security of supply has become a more immediate concern following Russia's invasion of Ukraine and the drastic reduction of Russian gas exports. The combination of voluntarist decarbonization and the need to find alternative sources of natural gas has resulted in high energy prices, which in turn have reduced energy demand, especially in industry. Europe's energy demand and emissions are both declining, which paradoxically means that the Union is becoming less relevant in the global environment. As Table 1 above shows, the EU accounts for hardly above 6% of global emissions. Thus, even if it can further halve emissions or even reach net zero by 2050, it is not the EU that will make the difference for global warming.



Combined with the need to increase investment in other areas, notably defense, the statistically reduced relevance of the Union is opening the door to more pragmatic energy policies, still pursuing decarbonization but with greater attention to cost and effectiveness. This will directly impact relations between the EU and China, because relying on cheaper imports of critical metals, solar panels, batteries, and electric vehicles from China might be the best way to reduce the cost of Europe's energy transition. At the same time, the EU's member countries are not resigned to experiencing further deindustrialization and want to defend domestic manufacturing capacity. This poses a dilemma that will not be easily navigated.

The new German government led by Friedrich Merz has accepted that nuclear power is a clean source of electricity on par with renewables, ending a systematic confrontation with France and the other nuclear member countries that hindered European energy policymaking for decades. Several countries in Europe have reversed previous decisions to opt out of nuclear and are envisaging extending the life of existing power plants or building new ones. But there is still insufficient momentum behind nuclear, whose growth is likely to lag behind that of China or the US. That said, Europe cannot be said to lag significantly behind them or Russia in nuclear technology and is home to some very interesting corporate efforts to master nuclear fusion.

Penetration of wind and solar power will continue apace, but the value of electricity produced is bound to decline, and further deployment will still rely on subsidies of some sort. The business case for investing in grid-connected batteries is already extremely strong, and deployment is rapidly growing. But the question is: Will most of the batteries come from China? Massive investment will also need to go into the reinforcement of





power grids, but the business case for it is not there under the current pricing system. The result is that European power systems are fragile, as shown by the recent nation-wide blackout in Spain and Portugal. Electricity will continue to be comparatively expensive and possibly not reliably available enough for many power-intensive economic activities.

### **MENA/GCC: the challenge of electrification**

In the global context discussed so far, the MENA, and specifically the GCC, occupies a special position as the foremost oil and gas producing region. It is not an unchallenged position: US oil and gas production greatly surpasses that of Saudi Arabia, although not that of the region as a whole. Furthermore, the nature of the geological resource is different, and production in the United States may be bound to decline relatively soon, while peak production in MENA is not imminent. Since 2011, the share of the nine largest oil producers in the region, including Iran, in total world oil production has been remarkably stable, oscillating around 35%. World oil demand is still increasing, and MENA production has increased in parallel. But this might change if demand and production from other parts of the world start declining, in which case the share of MENA might well increase.

However, this might not be enough to guarantee a favorable position for the region in the context of global geo-economics, as the role of fossil fuels will decline, and growth will concentrate on electricity. MENA has experienced and will continue to experience a rapid increase in electricity demand, driven by multiple factors: the structure of cities; reliance on air conditioning and desalination; the focus of the development strategy on financial services, digitalization and AI; the need to repair and bring up to standard the power sector in countries emerging from civil strife, such as Lebanon, Syria, Iraq and more. Investment in power generation and

networks will be a crucial enabling factor for the next stage of the region's economic development, as indeed it has been so far.

If power continues to be generated primarily from fossil fuels, the region may end up consuming domestically almost all the oil and gas that it produces. Hence, the clear priority is attributed to increasing the role of alternative power sources, such as renewables and nuclear. For renewables, the opportunity has long been recognized, and the uptake is gaining speed, but remains well below what would be needed to meet all additional electricity demand with sources other than fossil fuels.

**In the global context discussed so far, the MENA, and specifically the GCC, occupies a special position as the foremost oil and gas producing region**

For nuclear, the UAE stands out as the only country in the region that has successfully established a nuclear power generation capacity; the rest of the region still suffers because of the negative impact of US political objections. The bombing of Iranian nuclear facilities has once again highlighted the need for a regional agreement to cooperatively enrich uranium for civilian purposes and avoid total dependence from the rest of the world in the procurement of fuel for nuclear power plants that the region will need for its own decarbonization. Finding a solution that will reassure the international community that enrichment may not open the door





to further proliferation in nuclear weapons in the region is a key challenge that the GCC must strive to address with urgency.

The growing availability of electricity is also a condition for reducing the carbon footprint of the production and use of fossil fuels. The Gulf countries must protect the value of their hydrocarbon resources through investment in the electrification of oil production and refining, and carbon capture and sequestration. Combined with the decarbonization of power generation, this may open the door to establishing a regional hydrogen industry for local consumption, and possibly also the export of hydrogen or derivatives. These are all well-understood and officially recognized priorities, but projects are too slowly implemented.



## Conclusion

Power generation and electrification are where energy competition will focus in the coming years. Massive investment will be required, and geo-economic alliances will be shaped by the conflicting needs of providing abundant, reliable, and competitive electricity to industry and services. Electricity is a sector in which economies of scale play a decisive role, creating a tendency towards industrial concentration and global monopolies. This will be resisted on security and political grounds, at a cost.

Individual countries will need to enter into alliances. Regional integration will be increasingly important because while hydrocarbons are easily transported, electricity is not. Globally, a variable geometry of alliances may emerge in specific subsectors to pursue specific technological or cost-reduction goals. In any case, energy relations in the age of electricity will be politicized even more than in the age of hydrocarbons.





## SECTION II

# FOCUS ISSUES



## The GCC and Regional Conflicts: A Shared Vision and Individual Actions

Prof. Saleh Al-Khathlan, Senior Advisor

*“The Supreme Council has reaffirmed the commitment of the GCC states to maintaining regional stability and security, promoting the well-being of their populations, and enhancing the Council’s role in achieving peace and sustainable development. This dedication also reflects their support for the noble aspirations of Arab and Islamic nations, emphasizing the GCC’s vital role as a cornerstone for regional and international peace and security.”*

This statement was included in the Final Communique of the 45th Session of the Supreme Council held in Kuwait in December 2024. It serves as an introduction to the Council’s positions on various regional and international issues and represents a steadfast strategic vision for regional security. This vision is founded on a renewed Gulf commitment to addressing crises through peaceful means, preserving territorial integrity, respecting sovereignty, and fostering development. Furthermore, this statement demonstrates a strategic awareness of the GCC’s pivotal role as a regional player, based on the understanding that the security of its member states is intrinsically linked to the security and stability of the broader region. This is reflected in its policy of promoting de-escalation and actively participating in dispute resolution initiatives, which together enhance stability and safeguard the shared interests of its member states.

The communiques from the Supreme Council, across its diverse sessions, frequently include recurring statements that affirm this collective orientation. Over time, this has evolved into a fixed paradigm for addressing issues of conflict and instability within the region. In Yemen, Syria, Lebanon, Sudan, and Libya, a consistent focus on political solutions is manifested through explicit calls for comprehensive resolutions and engagement in broad-based political processes under the UN umbrella, as seen in Yemen. The Council also endorses national dialogue as a mechanism for dispute resolution, as demonstrated in the cases of Libya and Syria. Additionally, the Council expresses its concerns regarding the escalation of violence and human rights abuses, evident in its condemnation of crimes against civilians in Sudan. This underscores a growing recognition of the importance of the humanitarian aspect in addressing armed conflicts.

This perspective extends beyond the political realm; it is actively demonstrated through systematic humanitarian and developmental support, as well as participation in reconstruction efforts in conflict-affected countries. This includes providing direct financial aid, funding infrastructure projects, and delivering urgent humanitarian assistance. Such actions reflect a strategic vision in which developmental and relief work are regarded as essential tools for achieving stability. Furthermore, the principle of respecting state sovereignty and territorial integrity remains







a cornerstone of the Gulf discourse, consistently emphasizing the rejection of external interventions and adherence to international law as the basis for any settlement.

This framework is clearly reflected in the final communiqué from the Ministerial Council's 163rd session, held in Makkah in March 2025. The communiqué reiterated the same principles while placing greater emphasis on addressing political, security, and humanitarian developments in conflict-affected countries. The Ministerial Council's statement included more specific details, particularly praising the establishment of a transitional government, the initiation of a national dialogue conference, and the process of drafting a new constitution in Syria. This signifies clear Gulf support for post-conflict pathways, including the integration of armed factions under the state's authority. Additionally, the statement highlighted support for financial stability in Yemen and emphasized the need to confine weapons to state control in Lebanon. This reflects a comprehensive security concept that considers the preservation of national state institutions as a cornerstone of stability.



Photo Source: spa (2025)

The apparent cohesion in the Gulf discourse is insufficient to create an effective collective policy. Our analysis of the GCC's positions suggests that the seemingly unified agreement in rhetoric often lacks strong practical coordination at the operational level. Member states typically prioritize individual actions based on their diverse perspectives, and these actions can sometimes conflict with each other on certain issues. This creates a clear paradox: while GCC states consistently reiterate a unified stance on regional conflicts, their individual actions may not always align with this collective position. This divergence can weaken the Council's ability to act together effectively.

Official statements from summits or ministerial councils generally emphasize widely accepted principles such as the commitment to political solutions, respect for sovereignty, and a rejection of external interventions. However, differences arise during the implementation of these principles. States often have varying interpretations of crises, identify legitimate parties differently, assess threats in distinct ways, and select different methods for addressing issues. This variety of perspectives illustrates that, while a unified discourse serves as an important political reference, it does not inherently ensure coordinated actions or a harmonious approach among countries. These disparities become particularly clear when examining the positions of the Council's member states concerning several regional crises.

In Yemen, the GCC states began collective action by proposing the "GCC Initiative" in 2011, which aimed to facilitate a peaceful and orderly transfer of power. As the crisis intensified, the Houthi group's takeover of state institutions led to the ousting of the legitimate government. In response, the GCC re-engaged through the formation of the "Coalition to Restore Legitimacy in Yemen," with



the goal of reinstating the political process and maintaining Yemen's unity and stability.

However, the changing dynamics on the ground and the complex political landscape within and beyond Yemen have resulted in some divergence in the positions of certain member states. Qatar withdrew from the coalition in mid-2017, while the UAE reduced its military involvement in 2019. Nonetheless, the UAE continued to have a presence in southern Yemen and developed ties with the "Southern Transitional Council" (STC), which has a different vision for the state's structure and prospects for Yemeni unity compared to the legitimate government.

In the context of Libyan affairs, there were clear differences in the positions taken by the GCC countries. While most members opted for neutrality and supported the UN-led political process, some states took sides with the conflicting parties. For example, the UAE, along with Egypt and Russia, aligned itself with General Haftar's forces, whereas Qatar supported the Government of National Accord (GNA), backed by Turkey.

**The changing dynamics on the ground and the complex political landscape within and beyond Yemen have resulted in some divergence in the positions of certain member states**

This situation unfolded within a regional context characterized by competing interests in shaping Libya's future political arrangements.

In Sudan, Saudi Arabia quickly established the "Jeddah Platform" to de-escalate the crisis and promote dialogue among Sudanese parties from the early days of the conflict. In contrast, Qatar's involvement during this phase was notably absent, despite its previous participation in various initiatives during President Bashir's administration. This absence may indicate a cautious approach regarding potential regional alignments. The role of the UAE, on the other hand, has sparked varied discussions. The Sudanese government filed a case against the UAE at the International Court of Justice, accusing it of supporting the Rapid Support Forces. However, the court declined to consider the case due to a lack of clear jurisdictional authority. Meanwhile, the UAE reiterated its call for an end to hostilities, stressing the importance of building Sudan's future on solid foundations of peace and justice, as well as establishing an independent civilian leadership free from military dominance."

In Lebanon, there is a unified stance among Gulf countries, primarily articulated by Saudi Arabia, which is the most prominent and influential player. This position supports the Lebanese government and state institutions with the goal of restoring their authority and limiting Hezbollah's dominance over political and security decision-making. However, the varying levels of engagement among member states - some of which restrict their contributions to humanitarian aid or only symbolic gestures - pose a challenge to effectively translating this stance into a cohesive collective policy.

The situation in Syria highlights the differing approaches among GCC states in addressing





regional crises. Some members of the GCC have decided to re-engage with the Syrian government, motivated by a strategy aimed at reducing Iranian influence in Syria. This shift occurred as expectations diminished regarding the effectiveness of military options and the opposition's ability to bring about significant change. In contrast, Qatar has chosen to continue supporting opposition forces while being cautious about re-establishing diplomatic ties with Damascus. This divergence reflects varying assessments of the situation in Syria and differing views on how to navigate its political and security developments amid regional and international power dynamics.

For some, this divergence is seen not as a deviation from a collective framework but as an indication of a permissible difference in how national priorities and interests are evaluated. This perspective operates within the flexibility allowed by the Council's guiding principles. Different positions may emerge due to the unique political and security environments that each state faces, or from their distinct interpretations of current challenges and opportunities. From this viewpoint, such divergence is viewed as a natural outcome of varied interests and conditions, as long as it does not lead to explicit policy conflicts or directly undermine the collective stance.

While this perspective may be valid from each state's national policy standpoint, it creates a different dilemma when viewed through the lens of building a unified Gulf foreign policy. Although the differences in positions are legitimate, they can undermine the Council's overall image and weaken its ability to act as a cohesive bloc on regional and international issues, especially when these divergences become public or pertain to crucial regional policy matters.

This highlights the need to develop internal mechanisms within the GCC that enhance the capacity to harmonize individual initiatives. By doing so, we can maintain the effectiveness of a collective stance and minimize the negative impacts of differing approaches by member states on complex regional issues.

The weak coordination among the individual actions of GCC member states toward conflict zones is not solely due to the lack of common mechanisms. Instead, it is fundamentally tied to a more significant issue: the intense focus on national sovereignty, which comes with an excessive emphasis on decision-making autonomy. This is particularly evident in foreign policy, a key area where sovereignty is most prominently expressed.

The preference for independent decision-making in foreign affairs is not unique to the Gulf; it is a common characteristic of all states, even those within more integrated groups like the European Union. The EU has a common foreign and security policy, yet its member states still retain considerable leeway for unilateral actions. However, this tendency is especially pronounced in the Gulf region due to the historical evolution of relationships among GCC states and changes in political elites in several Gulf countries since the mid-1990s. These shifts have significantly influenced how these states perceive their regional roles and positions.

Indeed, these unilateral actions highlight a lack of a cohesive Gulf approach to identifying sources of threats. For instance, while Saudi Arabia and the UAE see political Islamist groups as a fundamental threat to stability, Qatar holds a different view, considering some of these groups as potentially useful tools in political transitions. The disparities extend beyond this issue, reflecting varied perceptions of the Gulf states regarding their roles



within the regional order. This divergence helps explain why certain capitals pursue initiatives and alliances independently of collective coordination. They do so to advance their strategic priorities and enhance their political and diplomatic leverage, which in turn strengthens their international standing and expands their options for engaging with both regional and global powers.



Beyond differing assessments, this disparity highlights the absence of effective institutional tools that could improve coordination of foreign policy and establish collective positions with coherence and credibility, rather than relying on general diplomatic statements. Despite multiple calls in the Supreme Council's statements about the development of a unified foreign policy that protects the Council's interests and prevents involvement in regional and international conflicts, these goals have not been implemented through mechanisms or frameworks to address the differences among member states.

Full consensus on a foreign policy might prove impractical amidst varying interests and considerations. However, what can be pursued is the development of an adaptable mechanism to assess the degree of convergence or divergence of

national policies from the collective framework, and to activate early coordination channels to mitigate discrepancies.

This mechanism is expected to identify gaps, with the goal of bridging them and preventing harmful overlaps between individual policies. This creates a burden for the General Secretariat, which serves as the unified voice of the Council. Unlike the foreign ministries in member states that plan and execute their own foreign policies, these ministries may not always prioritize aligning their policies with the collective position. Therefore, the General Secretariat's role in coordination and monitoring is essential.

From this perspective, the Council must rise to the challenge of creating coordination tools that accommodate the differing national visions and priorities of its members. The goal is to ensure that this diversity enhances, rather than undermines, the overall consistency of the member states' actions in conflict zones. This approach seeks to align the foreign policies of the six states with the Council's shared ideals while respecting the independence of national decision-making. By doing so, the GCC strengthens its credibility as a unified force in a complex and ever-evolving regional and international landscape.

**Full consensus on a foreign policy might prove impractical amidst varying interests and considerations**







## Preparing for COP30: GCC Climate Diplomacy and Green Industrial Policy.

Dr. Mohamed Abdelraouf Director of the Environmental Security & Sustainability Research Program

As the world looks ahead to the United Nations Climate Change Conference (COP30) scheduled to be held in Belém, Brazil, in 2025, the urgency for decisive global climate action is clearer than ever. The conference will come at a critical moment, as nations are expected to submit updated Nationally Determined Contributions (NDCs) that align with the 1.5°C target under the Paris Agreement.

The fact that COP30 is being held in the Amazon rainforest region of Brazil carries symbolic significance. It takes one back to the early days of international environmental efforts, particularly the landmark “Earth Summit” held in Rio de Janeiro, Brazil, in 1992, which led to the creation of three key environmental treaties on climate change, biodiversity, and desertification.

The location also underscores the critical role that nature must play in the climate crisis. Rainforests act as a massive “carbon sink” - a system that absorbs and stores carbon dioxide, one of the major greenhouse gases, preventing it from entering the atmosphere. Unfortunately, rainforests and other “nature-based solutions” face serious threats from human development, such as illegal logging, which has destroyed vast areas.

Hosting COP30 in the heart of the Amazon further signals a more people-and-planet-centered negotiation space. There is growing pressure to move from high-level pledges to legally binding actions, especially with the Global Stocktake

showing a large emissions gap. In that sense, COP30 could mark the start of a new era focused on delivery and accountability.

### Why COP30 is Important

COP30 is important from several vantage points. First, the meeting will serve as the first key platform for countries to respond to the outcomes of the Global Stocktake from COP28. This follow-up is vital for assessing whether current climate pledges are sufficient and what more needs to be done.

Second, countries are expected to submit enhanced NDCs by COP30. These documents will reflect the level of ambition and seriousness of each country in reducing greenhouse gas emissions and adapting to climate impacts.

Third, COP30 is expected to address the longstanding gap in climate finance, particularly the need to deliver on the \$100 billion annual pledge and establish a new collective finance goal beyond 2025. The “New Collective Quantified Goal” (NCQG) on climate finance is a new global target to support developing countries in their climate action. It aims to replace the previous \$100 billion per year commitment with at least \$300 billion annually by 2035 from developed countries, with all actors working towards mobilizing \$1.3 trillion in international climate finance.





Fourth, with a growing emphasis on equity and justice, COP30 is likely to push for stronger support for adaptation, loss and damage funding, and a fair transition for developing economies. And fifth, hosting COP30 in Brazil, particularly in the Amazon region, brings attention to the critical role of tropical ecosystems and the leadership of the Global South in climate negotiations.

Overall, COP30 is more than just a meeting; it is a moment of truth for global climate efforts. For the Gulf Cooperation Council (GCC) countries—Saudi Arabia, the United Arab Emirates (UAE), Qatar, Kuwait, Oman, and Bahrain— it is an opportunity to further advance beyond oil-based narratives and become proactive agents in shaping a sustainable, resilient future, both domestically and globally. Through strategic preparation and bold leadership, the region can play a meaningful role in turning climate ambition into action.

### The Role of the GCC Countries

Since the eighteenth session of the Conference of the Parties (COP 18) in Qatar in 2012, the GCC countries started seriously aligning their national development plans with climate change goals.

For instance, the UAE’s “Energy Strategy 2050,” launched in 2017, and Saudi Arabia’s “Vision 2030,” launched in 2016, include significant components related to renewable energy and reducing carbon emissions. Saudi Arabia aims to achieve net-zero emissions by 2060, with specific targets for 2050. The country plans to reach this goal through a Circular Carbon Economy approach, utilizing carbon capture and storage (CCS) technologies.

**COP30 is more than just a meeting; it is a moment of truth for global climate efforts**





The UAE is planning to achieve net-zero emissions by 2050, aiming to become the first Middle East and North Africa (MENA) nation to do so by transitioning to renewable energy and developing clean production in all sectors. Qatar and Oman have also identified 2050 as their target by which to achieve net-zero carbon emissions, while Kuwait and Bahrain are aiming to achieve this goal by 2060.

In the context of policies, the following key regional environmental initiatives have been put forward since the start of 2024:

### **Gulf Blue Carbon Network**

In December 2024, Qatar and the UAE spearheaded the creation of the Gulf Blue Carbon Network, a regional initiative aimed at protecting and restoring coastal ecosystems such as mangroves, seagrasses, and salt marshes. These blue carbon ecosystems play a critical role in sequestering carbon, protecting coastal areas from erosion, and supporting marine biodiversity. According to the UAE Ministry of Climate Change and Environment, over \$300 million in green investment has been pledged towards the restoration of mangrove forests in the Gulf.

### **Joint Air Quality Monitoring Grid**

Air pollution is a significant issue across the GCC, with cities such as Riyadh, Dubai, and Doha regularly experiencing high levels of particulate matter and other pollutants. In January 2025, the GCC launched a joint air quality monitoring network that spans 36 cities across the region. The network uses state-of-the-art sensors and satellite data to provide real-time information on air quality, which is shared across member states for immediate action. In addition to the air quality monitoring network, several GCC countries, including Saudi Arabia, have pledged to increase

their investment in renewable energy sources, such as solar and wind power, to reduce their reliance on fossil fuels and decrease air pollution. The KPMG Energy Transition Investment Outlook (2024) projects that the region will invest over \$60 billion in renewable energy projects by 2026, further contributing to improved air quality.

### **GCC Waste-to-Energy Cooperation Protocol**

In February 2025, Saudi Arabia, Bahrain, and the UAE signed a protocol to develop a shared waste-to-energy infrastructure. The initiative aims to reduce the environmental impact of landfills while simultaneously generating renewable energy from waste. The region has been facing a growing waste management challenge, with many cities struggling to handle the increasing volume of municipal solid waste. The waste-to-energy protocol aims to install state-of-the-art facilities to convert waste into clean energy, with a target of diverting 40% of municipal waste from landfills by 2030. Saudi Arabia has already begun construction on the largest waste-to-energy facility in the region, located in Jeddah, which will process up to 3,000 tons of waste per day. This facility is expected to generate over 250 megawatts of renewable energy annually, enough to power 100,000 homes.

### **Regional Water Security Task Force**

Water scarcity is a critical issue in the GCC, where only a small percentage of the region's water needs are met by renewable sources. The majority of the water supply comes from desalination, but this process is energy-intensive and costly. To address these challenges, the GCC established a regional water security task force in March 2025. The task force's primary goal is to synchronize efforts across the region in the areas of water conservation, desalination, and wastewater recycling. One of the task force's first initiatives is to implement a joint desalination plant powered by renewable energy.



The plant, located in Oman, will use solar power to desalinate seawater, reducing the carbon footprint of the desalination process.

### Eco-Cities Collaboration Hub

In early 2025, Saudi Arabia's NEOM, Kuwait's Green Mubarak Al-Kabeer, and the UAE's Masdar City launched the Eco-Cities Collaboration Hub. This initiative aims to share knowledge, technologies, and best practices related to sustainable urban development. The three cities are leaders in sustainable design and infrastructure, and the collaboration hub will allow them to pool their resources and accelerate the development of green technologies.

The impact of these joint initiatives is evident in several key statistics. According to the Gulf Cooperation Council Secretariat, environmental investment in the region reached a record \$58 billion between November 2024 and March 2025, with 38% of that investment directed toward regional or multi-country projects. This is a significant increase from the previous year, when only 22% of environmental investments were dedicated to collaborative initiatives. Furthermore, the number of joint environmental research publications between GCC universities increased by 34% during the same period, reflecting a growing culture of knowledge exchange and collaborative research. These publications cover a wide range of topics, including renewable energy, water management, and climate change mitigation strategies. The establishment of the joint air quality monitoring grid has also yielded positive results. The number of hazardous air quality days in major GCC cities dropped by 8% between November 2024 and March 2025, thanks in part to the data-sharing and pollution control efforts associated with the network.

It can therefore be argued that GCC countries are redefining climate diplomacy, not as a constraint, but as a strategic opportunity. By combining energy expertise, regional cooperation, and international engagement, the region is set to play an increasingly constructive role in shaping a just and realistic global climate transition. Yet, their success will depend on sustained political will, regional coherence, and transparent progress on implementation

**environmental investment in the region reached a record \$58 billion between November 2024 and March 2025, with 38% of that investment directed toward regional or multi-country projects**

Climate diplomacy has become a central tool for nations seeking to balance environmental responsibility with geopolitical and economic interests. Climate diplomacy is not only about managing emissions but also about shaping the global climate agenda in a way that reflects regional realities and development priorities.

The GCC has taken steps to enhance its role in global climate diplomacy efforts. The UAE hosted COP28 in Dubai in 2023, while Saudi Arabia hosted the United Nations Conference to Combat Desertification (UNCCD) COP16 in 2024. Both were important milestones in mobilizing efforts to preserve land of all kinds, reduce their degradation,





and combat desertification and climate change. COP30 will offer an additional opportunity to showcase leadership in climate diplomacy and sustainable development while reaffirming a commitment to global climate goals.

It can further be noted that GCC countries are increasingly cooperating on regional initiatives such as the Middle East Green Initiative (MGI) led by Saudi Arabia; the UAE–Saudi joint climate task forces; as well as the GCC unified strategies on water, energy, and food security. Countries like the UAE and Saudi Arabia are also positioning themselves as leaders in climate finance and green infrastructure through sovereign wealth funds investing in clean energy projects abroad, green bonds and sustainable finance frameworks, and partnerships with African and Asian countries on renewable energy.

### Green Industrial Policy in GCC Countries

Green industrial policy has also emerged as a strategic tool to drive sustainable development, diversify oil-dependent economies, and reduce environmental impact. Green industrial policy refers to a set of government strategies and regulations designed to promote environmentally sustainable industries. These include renewable energy, green hydrogen, and carbon capture technologies. Such policies aim to achieve a dual goal: economic growth and environmental protection, through innovation, financial incentives, and infrastructure development.



GCC countries have made significant progress in adopting green industrial approaches. Key initiatives include:

- **Green Hydrogen Projects:** Saudi Arabia, the UAE, and Oman have signed multiple memoranda of understanding to develop green hydrogen projects, leveraging their abundant solar and wind resources.
- **Carbon Capture Technologies:** GCC states are investing in carbon capture and storage (CCS) technologies to mitigate emissions from heavy industries.
- **Renewable Energy Development:** The UAE's "Masdar" initiative and Saudi Arabia's NEOM project are examples of ambitious, sustainability-driven energy programs.

Overall, green industrial policy presents a number of strategic opportunities for the region: From economic diversification, the green industries offer pathways to reduce dependence on hydrocarbons and create resilient economies while attracting investment, to sustainability-oriented projects that can attract responsible investors and foster innovation ecosystems. At the same time, this positions GCC states as leaders in sustainable development across the Middle East and beyond.







Green industrial policy offers the GCC countries a strategic roadmap to achieve both climate goals and economic resilience. By overcoming financial, infrastructural, and human capital challenges and leveraging their comparative advantages, these nations can pioneer a green transformation that aligns with their national visions and global climate responsibilities.

### Challenges

At the same time, GCC countries still face a number of challenges in implementing green industrial policies. The most important element is financing as green infrastructure and technologies require massive investments and long-term funding mechanisms. Additionally, infrastructure readiness is crucial as there is a need for modern infrastructure, including smart electricity grids and large-scale energy storage systems. Transitioning to a green economy will also require significant investments in education and vocational training to build a skilled workforce. However, these are not major challenges, and GCC countries are working hard to provide funding, qualified personnel, and the appropriate investment environment to accelerate the green transformation.

Perhaps the most challenging obstacle is the long-lasting conflicts in the wider Middle East region, with negative impacts not only on ecosystems but also on economies, threatening investment in green clean technologies. Generally speaking, in times of instability and conflict, the first thing that is affected is investment capital, especially foreign direct investment.

If we consider, for instance, the recent 12-day Israel-Iran war in June 2025, the extent to which it harmed the environment cannot be understated. The undeniable truth is that a region with an already fragile ecosystem and scarce natural resources has been further damaged, resulting

in an “invisible casualty,” the loss of which will yield heavy consequences. With pollution leading to numerous serious health, economic, and social problems, much of this damage is of a permanent nature, and its long-term effects will ultimately be felt by future generations. While buildings can be rebuilt and military resources replenished, the ecological effects of war cannot be reversed. The good news is that this conflict ended quickly without any serious impacts on investment situations in the GCC countries, with hopes that the ceasefire will hold and halt the escalation of bloodshed and destruction.

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## Pillars of Arab Strength: Egypt-Gulf Relations Amidst Regional Uncertainty

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### Historical Background

Egyptian-Gulf relations have historically demonstrated a remarkable ability to recalibrate and return to their natural course even during times of discord. In modern history the resilience between the two sides has been highlighted in their ability to overcome challenges that have affected the broader Middle East. This enduring strength is rooted in consistent political dynamics and strong public connections, as their relations are closely tied to the interests of the people, particularly their existential concerns in light of shared challenges and threats.

The pliability of the Gulf-Egypt relationship can be seen in how they have course corrected deviations, especially those stemming from specific personalities rather than popular sentiments, often driven by temporary motives. Western attempts to undermine Egypt during the Suez Canal nationalization in the era of Muhammad Ali, which triggered the Tripartite Aggression against Egypt in 1956, is a clear example of this. During this time, Saudi Arabia led significant efforts to support Egypt, resisting Western provocations against the nationalization of the Suez Canal. In fact, members of the royal family, the sons of King Abdulaziz, even volunteered to serve in the Egyptian army.

A similar scenario occurred following the end of the Yemen War from 1963 to 1967. The fraternity between Saudi Arabia and Egypt was clearly demonstrated at the Khartoum Summit, held in August 1967 after the defeat on June 5th. This summit, known for the “Three No’s” -no peace with Israel, no negotiation with Israel, and no recognition of Israel- was a pivotal moment. King Faisal bin Abdulaziz laid the groundwork for a new relationship with President Gamal Abdel Nasser and contributed £50 million to support the war effort.

During a private meeting at the request of President Nasser, held at the residence of then-Sudanese Prime Minister Muhammad Ahmad Mahgoub, an agreement was reached for the evacuation of Egyptian military personnel from Yemen using Saudi airports. This marked the beginning of a new phase in Saudi-Egyptian relations, which further strengthened during the reigns of King Faisal and President Anwar El-Sadat.

Historical records indicate that Mr. Kamal Adham, King Faisal’s special envoy, visited Cairo in November 1970, just one month after President El-Sadat took office. From that point forward, Egyptian-Saudi coordination for the October 1973 War began, and Saudi Arabia played a significant role in achieving the historic Arab victory during this conflict.



The strategic cooperation between Egypt and Saudi Arabia persisted even during the Arab boycott of Egypt that followed former Egyptian President Anwar El-Sadat's visit to Jerusalem and the signing of the Camp David Accords. This agreement led to Egypt facing a boycott from Arab nations and the relocation of the Arab League's General Secretariat from Cairo to Tunis.

Former President Muhammad Hosni Mubarak later revealed that despite the Arab estrangement, King Fahd bin Abdulaziz, maintained a supportive stance toward Egypt. In return, Egypt expressed positive sentiments towards Saudi Arabia and the GCC states following the Iraqi invasion of Kuwait on August 2, 1990. Egypt played a significant role in the liberation of Kuwait and hosted the emergency Arab Summit on August 9 and 10, 1990, during a critical moment for the Arab nations.



The resolutions from the summit on August 10 were explicit in condemning the Iraqi invasion of Kuwait and rejecting its consequences. They reaffirmed Kuwait's sovereignty, independence, and territorial integrity, denounced Iraqi threats to other Arab Gulf states, expressed solidarity with those nations, and responded to the requests from Saudi Arabia and other Arab Gulf states to deploy Arab forces for support.

On August 2, 1990, large sectors of the Iraqi army invaded Kuwait, seizing control of vital facilities, including the Amiri Diwan and radio and television stations, while committing looting and other humanitarian atrocities. Iraq subsequently installed a puppet government led by Alaa Hussein Ali, falsely claiming it was supporting a Kuwaiti coup and declared Kuwait to be its nineteenth province.

In more recent times, the GCC states, led by Saudi Arabia, played a crucial role in supporting the Egyptian Armed Forces during the June 30, 2013 revolution. This widespread movement in Egypt resulted in the ousting of President Mohamed Morsi and a significant shift in the country's political landscape. The change was prompted by the failure of Morsi, who was affiliated with the Muslim Brotherhood, to effectively manage Egypt's affairs. During this time, Egypt faced escalating security crises, energy shortages, and strained diplomatic relations, leading to a deep divide between supporters of the "Islamic Project," represented by Morsi and his group, and their opponents.

Saudi Arabia also provided extensive support to Cairo, which included diplomatic backing in international forums aimed at solidifying the new regime. Additionally, it offered substantial financial aid, including bank deposits, investments, and Gulf assistance totaling over



\$100 billion. This financial support significantly eased economic pressure on Egypt and enhanced Saudi Arabia's status among the Egyptian public, who generally hold a strong affection for the Kingdom—sentiments that stem from historical ties of kinship and shared origins that trace back to various migration periods between the two countries, as well as the significant number of Egyptians working in the Gulf states, particularly in Saudi Arabia, and the number of Gulf citizens residing in Egypt.

### Common Egyptian-Gulf Challenges

In light of the recent turmoil that has continued to impact the Middle East strategic environment, common challenges for Egypt and the GCC states abound, ranging from existential and security threats to political and economic difficulties, as well as other issues that necessitate joint cooperation and coordination between the two sides. These challenges include:

**Israeli Intransigence:** The Palestinian issue remains at the heart of conflict in the Middle East, primarily because the GCC states, Egypt, and other Arab nations adhere to the two-state solution as a fundamental prerequisite for achieving lasting peace in the region and establishing normal relations between Israel and its Arab neighbors.

The situation has become even more complicated by Israel's ongoing horrendous military actions and the destruction of the Gaza Strip, coupled with a lack of response to Arab and international calls for an end to the conflict and for aid to be provided to the Palestinian people. Instead, Israel has demanded the displacement of Palestinians from Gaza, initiated military operations in Lebanon, encroached upon Syrian territories, and escalated tensions by launching a significant conflict with Iran.

This aggressive Israeli policy is rejected by the GCC states and Egypt, as it risks igniting a broader conflict that could further threaten regional security and stability. As a result, continuous coordination between the GCC states and Egypt is essential to seek peaceful resolutions and prevent further escalation in the region.

**Red Sea Security:** Regional tensions and international interventions have complicated the security landscape on the Red Sea, Bab al-Mandab Strait, and in the Horn of Africa, primarily due to Houthi attacks on this vital shipping lane. This waterway is a crucial axis of regional security, particularly for Saudi Arabia, Egypt, and other GCC states, as well as for global trade, oil supplies, and international supply chains. As a result, Saudi Arabia and Egypt recognized the serious security implications for the Red Sea, leading to the establishment of the Council of Arab and African Coastal States of the Red Sea and the Gulf of Aden on January 6, 2020, in Riyadh.

This council consists of eight coastal states: Egypt, Saudi Arabia, Yemen, Somalia, Eritrea, Djibouti, Jordan, and Sudan. While all eight states have a vested interest in the Red Sea, Saudi Arabia and Egypt pay particular attention to this vital waterway. Saudi Arabia has the longest coastline along the Red Sea, making it one of the most important routes for oil, gas, and general trade, with several significant ports. For Egypt, the Red Sea serves as the southern gateway to the Suez Canal, which is one of the most crucial contributors to the Egyptian economy's GDP, highlighting its geopolitical importance. Additionally, the presence of foreign military bases in the Horn of Africa and at the entrance to the Bab al-Mandab Strait further complicates regional security. The situation is exacerbated by armed competition from international and regional forces at these







military bases, which poses a significant threat to the stability of the region, especially for Saudi Arabia and Egypt.

Adding to the gravity of the situation in this region is Ethiopia's desire to secure an outlet to the Red Sea, even by force, as indicated by the country's foreign minister in May 2025. Ethiopia's threats extend beyond this; they include the construction of the Grand Ethiopian Renaissance Dam (GERD) and the subsequent filling procedures, which have been conducted without coordination with Sudan, the transit country, or Egypt, the downstream country. Despite numerous attempts to find diplomatic and political solutions, progress has stalled. Egypt is heavily dependent on the assistance of GCC states to achieve a peaceful resolution to the GERD crisis in order to prevent escalation and military confrontations in the region.

**Repercussions of Internal Wars in the Arab Region:** The repercussions of the "Arab Spring" revolutions continue to pose significant challenges for the Arab region, particularly for the GCC states and Egypt. The situations in Sudan, Libya, Yemen, Somalia, Lebanon, and Syria are especially concerning, with Syria still grappling with the long-term effects of its civil war.

Recent developments between Israel and Iran have further complicated the situation, creating uncertainty and facilitating external interventions in the Arab region. This places a substantial responsibility on active regional powers, especially the GCC states and Egypt, to support regional stability and navigate through ongoing crises. These challenges include the increase of poverty, rising debt and unemployment, inflation, escalating prices, capital flight due to poor security conditions, deteriorating infrastructure, and a rise in organized and transnational crime, drug

trafficking, and illegal migration. Additionally, there are the challenges posed by refugees and internally displaced persons fleeing conflict zones.

Addressing these issues demands unified collective efforts to face the risks and challenges endangering Arab security, emphasizing the vital role of Gulf-Egyptian cooperation in solving these crises.

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**Terrorism and Counter-Terrorism Strategies:** The Arab region continues to suffer from the presence of terrorist groups and armed militias operating outside state control, particularly in areas of political and security vacuum, and foreign mercenaries in Libya, Sudan, Syria, Iraq, and Yemen. This necessitates close coordination between the GCC states and Egypt to block the path of these terrorist groups and prevent their expansion in the region. Therefore, it is crucial for both sides to continue efforts to secure the Arab region from the dangers posed by these groups and to activate existing security agreements to protect the common interests of all regional states.

**Economic Integration:** GCC states and Egypt have set ambitious growth plans for 2030, aligning with global development trends. Significant progress





has been made in implementing these plans, yielding positive results, particularly in Saudi Arabia. The core objectives include diversifying income sources, expanding the production base, and localizing advanced industries and modern technology.

These strategic directions underscore the importance of integration between Gulf countries and Egypt. By leveraging their comparative advantages and coordinating efforts, they can effectively engage with major global economic blocs. This collaboration makes joint investments and the activation of the Common Arab Market increasingly vital.

Looking ahead, renewed focus on joint Arab industries may be necessary—a concept historically championed by the Arab Organization for Industrialization. This approach would allow regional countries to capitalize on customs advantages and exemptions some nations enjoy in trade with the European Union, while also gaining access to the vast and promising African market.



### Recommendations:

- Forge relationships based on tangible interests and distancing from vague rhetoric, as interests outlast all other orientations.
- Strengthening Gulf-Egyptian relations is vital to countering regional and international conspiracies. This can be achieved by promoting common interests and establishing joint committees, implementing a media code of conduct, and keeping these relations free from social media distractions.
- Collaborate on joint industrial projects, both civilian and military, to leverage the strengths of both sides.
- Expand joint investments to maximize mutual benefits.
  - Enhance the effectiveness of bilateral joint committees by building mutually agreed upon frameworks, especially on economic matters.
  - Endeavor to provide support and assistance to Arab nations impacted by the consequences of the so-called Arab Spring uprisings, safeguarding the internal Arab front and countering external infiltration efforts.





## Maritime Flashpoints and Strategic Chokepoints: Securing the Red Sea, Gulf of Aden, and Strait of Hormuz

Layla Ali, Senior Research Associate

The maritime corridor from the Red Sea through the Gulf of Aden to the Strait of Hormuz is not only critical to global energy and trade flows but also one of the most volatile regions in the world. It lies at the confluence of fragile states, great power rivalries, and unresolved regional conflicts. The convergence of threats from Yemen, Sudan, and Somalia, with growing escalations between Israel and Iran, poses complex security challenges for regional and global actors alike.

This analysis examines the strategic implications, ongoing conflicts, and policy options for securing these vital maritime routes in the face of asymmetric threats, state rivalries, and shifting geopolitical alignments.

### Escalation in the Strait of Hormuz and the Iran–Israel Confrontation

The Strait of Hormuz, a 39-kilometer-wide passage connecting the Arabian Gulf with the Gulf of Oman and the Indian Ocean, remains the world's most important energy chokepoint. Roughly 21 million barrels of oil pass through it daily, nearly one-fifth of global oil consumption, along with one-third of the world's liquefied natural gas (LNG) trade. For decades, this narrow waterway has served as a pressure point in Gulf security dynamics with recent developments once again underlying the risks involved.

One of the potential options that Iran has considered in retaliation for the U.S. strikes on its three nuclear sites is the closure of the Strait of Hormuz. In response to the escalating tensions, Iran's parliament approved a motion to close the Strait, according to state-linked media reports. While this parliamentary move signals the seriousness with which Iran was weighing its options, the authority to enact such a decision ultimately lies with the Supreme National Security Council, the country's highest security body operating under the direction of the Supreme Leader.

Beyond legislative maneuvers, Iran retains several other tools that could be used to escalate tensions. These include the potential for its regular navy or the Islamic Revolutionary Guard Corps (IRGC) naval forces to target foreign warships, oil tankers, and commercial vessels navigating the Gulf waters. Iran has previously employed asymmetric naval tactics, such as the use of fast attack craft, drone swarms, and underwater mines, to disrupt maritime security and signal strategic intent. These capabilities provide Tehran with flexible means to assert pressure while trying not to cross thresholds that would provoke a full-scale conflict.

Mining the strategic waterway would cause a disruption leading to a sharp spike in global oil prices and trigger panic in energy markets. Second,



it would heighten the risk of military confrontation and almost certainly draw in the U.S. Navy and allied maritime forces tasked with keeping the waterway open. Third, it would severely impact the economies of Gulf states reliant on unhindered maritime trade, while also undermining the perceived stability and security of one of the world's most critical shipping corridors. Even the threat of mining the strait is a powerful tool of coercive diplomacy for Iran, enabling it to project leverage disproportionate to its conventional military strength. While the immediate impact would be most acutely felt in Asia, where the bulk of these energy exports are destined, the U.S. and other global markets would also likely face higher energy costs.

The closure of the Strait of Hormuz would trigger wide-ranging consequences for regional stability and the global economy. Shipping insurance costs would surge--during past Gulf crises, war risk premiums rose by as much as 400%, adding hundreds of thousands of dollars per tanker voyage. Commercial vessels may be forced to reroute around the Cape of Good Hope, adding up to three weeks in transit time and significantly increasing fuel and logistical costs. For Gulf producers like Saudi Arabia, the UAE, and Qatar, a closure would block their main export route, choke vital revenue streams, and disrupt supply chains tied to global aviation fuel, petrochemicals, and liquefied natural gas. Regional ports and infrastructure would face bottlenecks and economic slowdowns, while energy importers in Asia and Europe would scramble to secure alternatives. Militarily, Iran would risk provoking a multinational naval response, further isolating itself diplomatically and heightening the danger of open conflict. Although the threat to close the strait remains a potent tool of Iranian coercive diplomacy, the actual costs of doing so, for Iran, its neighbors, and the broader international system, would be unsustainable.

Although Iran has frequently threatened to shut down the Strait of Hormuz during past periods of heightened tension, it has never followed through on those threats, most likely for good reason. Such a move would carry immense self-inflicted costs. Iran relies heavily on the Strait to export its own oil and import essential goods, including food, medicine, and industrial inputs. Shutting the waterway would further isolate Iran economically, undermining the very leverage it seeks to exert. Moreover, the threat of closure serves more effectively as a deterrent tool than an operational strategy. By merely invoking the possibility, Iran can stoke global anxiety, drive up energy prices, and pressure its adversaries, without crossing a threshold that would likely provoke a military confrontation.

Tehran also recognizes the overwhelming naval superiority of the United States and its allies; any serious attempt to block the Strait would invite a swift and possibly devastating response, including strikes on Iranian coastal and military assets. In addition, Iran's strategic partners, particularly China, which depends heavily on uninterrupted oil flows through the Strait, would be unlikely to back any action that risks global energy security.





## Maritime Tensions and Coordinated Defense Strategies

In the most recent Iran-Israel war in June 2025 U.S. Secretary of State Marco Rubio bluntly warned that any Iranian attempt to close the Strait would amount to “economic suicide,” urging Beijing to step in and use its influence: “I encourage the Chinese government in Beijing to call them [Iran] about that, because they heavily depend on the Strait of Hormuz for their oil.” This statement reflects a growing recognition in Washington that China may be among the few actors capable of influencing Iranian decision-making. There is a growing belief that Beijing must play a more proactive role in managing its ties with Tehran to prevent further regional destabilization.

The shifting posture of the U.S. military underscores that the possibility of action against the Strait of Hormuz was taken seriously. On June 16, 2025, the aircraft carrier USS Nimitz began moving westward from the South China Sea, cancelling a planned port visit to Da Nang, Vietnam. Marine tracking has since confirmed that the vessel was en route to the Middle East. Its redeployment signals a clear intention by Washington to secure regional assets, deter further Iranian actions, and safeguard freedom of navigation.

While maritime security advisories are not uncommon in this region, the recent warning issued on June 18 by the UK Maritime Trade Operations (UKMTO) also underscored the growing operational concern rather than routine caution. The advisory, directed at all merchant vessels transiting the Arabian Gulf, Gulf of Oman, and Strait of Hormuz, cited heightened tensions and the risk of military escalation impacting commercial navigation. But beyond alerting civilian mariners, the message reflects broader

coordination among naval forces preparing for potential contingencies.

**Tehran also recognizes the overwhelming naval superiority of the United States and its allies; any serious attempt to block the Strait would invite a swift and possibly devastating response**

In the event of an Iranian attempt to close or disrupt traffic through the Strait, the U.S., UK, and allied partners are expected to activate longstanding maritime security frameworks. These include the Combined Maritime Forces (CMF), headquartered in Bahrain, and Operation Sentinel under the International Maritime Security Construct (IMSC), which are specifically tasked with ensuring freedom of navigation and de-escalating threats in the region. In practice, this could involve the deployment of multinational naval escorts, real-time intelligence sharing, and preemptive interdiction of hostile actions—measures designed not just to respond after a disruption, but to prevent it altogether.

Gulf states also took a series of quiet yet meaningful steps to navigate this precarious environment. Countries such as the UAE and Saudi Arabia enhanced their intelligence coordination with the United States, primarily through established platforms like the U.S. Naval Forces Central Command (NAVCENT) and the Combined Maritime Forces (CMF). This





cooperation is channeled through various CMF task forces, including Combined Task Force 152, which focuses specifically on maritime security in the Gulf (Thievon, 2023). Gulf nations regularly participate (U.S. Navy, 2023) in CMF-led exercises such as “Compass Rose” and “Falcon Warrior,” which bolster interoperability in areas like vessel boarding operations, maritime surveillance, and real-time information sharing.

Additionally, U.S.–GCC defense working groups have explicitly prioritized strengthening intelligence cooperation (in May 2024) under the CMF umbrella, signaling upgraded trust and shared situational awareness with Gulf partners (U.S. Department of Defense, 2024). These coordinated, multilateral initiatives provide tangible evidence of concrete steps, not just rhetoric, to jointly secure critical shipping lanes amid rising regional tension.

### **Yemen: A Lingering Flashpoint**

Saudi Arabia, which has a long coastline on the Red Sea, is equally concerned about maritime security in this domain. This is in particular due to the multibillion-dollar Vision 2030 investments in mega-projects like NEOM and the Red Sea tourism corridor. Maritime insecurity threatens both the physical safety of these investments and the broader reputational credibility of Saudi Arabia’s economic transformation.

Since November 2023, the Houthis have launched over 90 attacks on commercial and naval vessels transiting the Red Sea, Bab el-Mandeb, and Gulf of Aden, using a combination of ballistic missiles, drones, and unmanned surface vessels (U.S. Central Command, 2025). According to the International Maritime Organization (IMO), maritime traffic through the Red Sea dropped by nearly 50% as of mid-2024, with major shipping lines rerouting vessels around the Cape of Good

Hope—causing a sharp rise in shipping costs and insurance premiums (IMO, 2025). The World Bank estimates that disruptions in Red Sea shipping contributed to a 0.3–0.5% rise in global inflation in early 2024 due to delays in the transportation of energy and goods (World Bank, 2025). Despite increased patrols and dozens of successful intercepts by multinational naval forces, the security situation remains volatile, with multiple commercial vessels damaged and several sailors killed or injured in recent incidents (EU Naval Force, 2025).

The international response to Houthi maritime aggression in the Red Sea, particularly through U.S. and European-led initiatives, has been swift but not without limitations. Operations like Prosperity Guardian, launched by the U.S. in late 2023, and the EU’s Operation Aspides aimed to safeguard commercial shipping from drone and missile attacks. While these efforts have succeeded in intercepting several threats and maintaining limited safe corridors, they have struggled to neutralize the Houthi threat at its source, given the group’s ability to adapt tactics and sustain operations with Iranian support. Moreover, coalition airstrikes have raised concerns about escalation and the risk of deepening the Yemen conflict without a viable political track.

Gulf states, like Saudi Arabia and the UAE, have shown restraint, avoiding direct escalation and instead continuing backchannel negotiations, while investing in regional port infrastructure and security partnerships. However, the Red Sea crisis has exposed key vulnerabilities: an overreliance on Western naval protection, the fragility of ceasefires without political resolution, and the absence of a unified regional maritime strategy, which should be the responsibility of the international community. A key lesson for Gulf states is the need to balance security cooperation







with diplomacy, building indigenous surveillance and deterrence capabilities while supporting inclusive, internationally backed efforts to end the war in Yemen. Without addressing the political roots of the conflict, maritime stability will remain elusive, regardless of military deployments.

### Policy Recommendations for Maritime Security

Securing maritime chokepoints such as the Strait of Hormuz, the Red Sea, and the Gulf of Aden requires more than reactive deployments, it demands a coherent, forward-looking strategy that addresses both immediate threats and underlying political dynamics. While Gulf states have taken meaningful steps to enhance bilateral cooperation with the United States and Europe, the current approach remains fragmented and over-reliant on external actors.

As such, the time has come for Gulf countries to take a more proactive role in shaping the architecture of maritime security. First, the Gulf states must move toward establishing a unified regional maritime security framework. While platforms such as the CMF provide a valuable base, the absence of a Gulf-led coordinating body limits response cohesion and undermines regional agency. A dedicated mechanism, either under the GCC Vision for Regional Security framework, could help standardize rules of engagement, facilitate joint patrols, and enhance interoperability in response to evolving threats, particularly asymmetric ones such as drones, fast attack craft, and naval mines.

Second, Gulf states should institutionalize real-time intelligence sharing and expand naval interoperability with their Western partners. Successful joint exercises like “Compass Rose” and “Falcon Warrior” have demonstrated the benefits of collaboration, but these efforts must

be formalized through permanent structures that allow for faster threat detection and coordinated maritime operations. This includes integrating maritime domain awareness platforms and upgrading command-and-control systems to allow seamless communication between regional and international fleets.

Third, the region must build greater indigenous capacity. Investing in maritime surveillance, coastal defense systems, and unmanned technologies will reduce dependence on external naval assets and enhance deterrence. Developing homegrown capabilities is especially critical given the limitations of Western naval reach and the unpredictability of future regional crises.

Fourth, maritime security must be integrated into broader diplomatic efforts, particularly with regard to Yemen. International operations like Prosperity Guardian and Operation Aspides have provided tactical relief from Houthi threats but failed to address the political roots of the conflict. Without a sustainable resolution in Yemen, one that includes regional guarantees, de-escalation mechanisms, and integration of southern stakeholders, security in the Red Sea will remain fragile and reactive.



Photo Source: CIMSEC (2025)



Fifth, Gulf states should expand engagement with other strategic partners, notably China, India, and Japan, whose energy security depends on safe maritime corridors. Encouraging greater Asian engagement, diplomatic, economic, and naval, can distribute responsibility more equitably and enhance the deterrent effect on state and non-state actors alike.

Lastly, it is essential to protect strategic economic assets. Vision 2030 projects like Saudi Arabia's NEOM and the Red Sea tourism corridor are directly threatened by maritime instability. Gulf governments must ensure that these investments are supported by dedicated maritime protection plans, private sector integration into security risk assessments, and early-warning mechanisms to shield infrastructure from collateral damage. In sum, maritime security in the Gulf and Red Sea cannot be guaranteed by force alone. It requires integrated planning, diplomatic foresight, and regional leadership, anchored in international cooperation, not dependency.

The Red Sea, Gulf of Aden, and Strait of Hormuz are no longer just vital corridors for commerce; they are barometers of global risk. As the world watches the dangerous escalation between Israel and Iran, and as conflicts fester in Yemen, Sudan, and Somalia, maritime security cannot be treated as a secondary concern. These waters have become frontlines in broader geopolitical contests, and their protection is crucial to regional stability, global economic resilience, and energy security. Gulf states, global powers, and littoral countries must work together to fortify maritime governance, invest in resilience, and, above all, prevent this stretch of sea from becoming the next battleground of protracted conflict.

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## Gulf States and the New Global Middle: Strategic Autonomy in a Fragmenting Order

### The Arabian Gulf and the Rise of Strategic Middle Powers

Hannan Alghamdi, Researcher

The Arab Gulf states are increasingly asserting themselves as influential middle powers within a transforming international system. Among them, certain states have taken especially prominent roles in shaping foreign policy and economic strategies, with Saudi Arabia and the United Arab Emirates (UAE) standing out for their particularly active engagement. As global dominance shifts from traditional powers to a more multipolar landscape, these states are strategically pursuing autonomy, charting independent paths that balance relationships with both East and West.

#### Foreign Policy: Strategic Autonomy and Multipolar Engagement

A key aspect of the Gulf states' transformation is their pursuit of greater autonomy in foreign policy amidst increasing geopolitical fragmentation. Moving away from dependence on exclusive security guarantees, these states now adopt a more autonomous and multi-aligned foreign policy, signaling their growing confidence in managing diverse international partnerships. They strategically balance their interactions with major global actors—such as the US, China, Russia, Europe, and emerging economies—to safeguard and maximize national interests.

Saudi Arabia exemplifies this strategic autonomy by maintaining strong security relations with the US, while simultaneously enhancing economic ties with China, including significant agreements like oil sales in yuan. It also participates in China-led groups such as the Shanghai Cooperation Organization as a dialogue partner and considers membership in forums like BRICS. Riyadh's objective is clear: achieving the optimal balance by preserving U.S. security assurances and promoting multipolar engagement without being compelled to align exclusively with any single global bloc.

The UAE's foreign policy also reflects a pragmatically multipolar approach. Since 2021, Abu Dhabi has shifted from assertive interventions to broader diplomatic engagement, normalizing relations with regional players such as Iran, Turkey, Qatar, and Syria, while formalizing ties with Israel through the Abraham Accords. Simultaneously, despite formal alliances with Western powers, the UAE has pursued an independent course on contentious global issues, notably maintaining relations with Russia and China. This flexible approach has allowed the UAE to capitalize on global disruptions like the Russia-Ukraine conflict, drawing significant Russian capital and expatriates to Dubai and reinforcing its position as a key global economic hub.



Source: Middle East Council on Global Affairs.

*GCC ministers with Russian FM Lavrov in Riyadh, Sept 2024.*

Smaller Gulf states, including Qatar, Kuwait, and Oman, have also actively pursued strategic autonomy, each adopting nuanced and tailored strategies to safeguard their sovereignty and expand their influence within the evolving regional and global order. Qatar transformed the experience of its 2017–2021 diplomatic crisis into a catalyst for recalibrating its foreign policy, turning it into an opportunity to expand its diplomatic and economic engagements beyond the Gulf. It deepened its alliances with Turkey and Iran, strengthened its security cooperation with the United States, and broadened its global outreach through high-profile investments via the Qatar Investment Authority. Doha also expanded its soft power footprint by hosting significant sporting events, most notably the 2022 FIFA World Cup, and playing a central role in diplomatic mediation, particularly in Afghanistan, Gaza, and Lebanon.

Despite ongoing domestic political challenges, Kuwait has reaffirmed its commitment to a neutral and balanced foreign policy, continuing to project itself as a humanitarian and diplomatic actor in the region. It has actively contributed to regional diplomacy, supporting mediation in regional disputes and participating in broader dialogues on Gulf security frameworks, including initiatives

to de-escalate tensions in the wider Middle East. Simultaneously, Kuwait has expanded its humanitarian outreach, increasing aid flows and development assistance to conflict-affected areas such as Gaza, Sudan, and Lebanon. By maintaining a steady presence in humanitarian and diplomatic circles, Kuwait has reinforced its international reputation as a constructive and neutral Gulf state, safeguarding its strategic autonomy amidst intensifying regional competition.

Similarly, Oman has reaffirmed its commitment to quiet diplomacy and strategic neutrality, maintaining its role as a discreet and trusted mediator in an increasingly polarized regional landscape. Muscat has continued to facilitate backchannel communications between Iran, Western powers, and regional actors, playing a constructive role in de-escalation efforts, particularly amid heightened tensions in the Strait of Hormuz and the wider Gulf. Oman has also remained engaged in international efforts to mediate in Yemen, providing neutral grounds for dialogue among conflicting parties.

All six Gulf Cooperation Council (GCC) states have expanded their international engagements, cultivating diversified networks of strategic partnerships. This recalibrated foreign policy reflects a shared recognition of multipolarity as an opportunity to strengthen their influence. Notably, in October 2024, the GCC held its first-ever leaders' summit with the European Union in Brussels, marking a significant milestone in elevating the Gulf's relevance in European foreign policy. Alongside this, high-level dialogues have become more frequent with key capitals such as Washington, Beijing, New Delhi, Moscow, and London, reflecting a coordinated effort to navigate the complexities of a multipolar world. This expanded diplomatic outreach is driven by a strategic understanding within the Gulf that





multipolarity offers enhanced opportunities for middle powers to act as brokers and connectors between competing blocs. Capitalizing on their geostrategic location at the intersection of Asia, Europe, and Africa, the GCC states have pursued flexible alignments that bolster their strategic autonomy and allow them to play an increasingly influential role on the global stage.



Photo Source: Legal Wires.

*GCC and EU leaders gather in Brussels, October 2024, for the first-ever leaders-level summit.*

### **Economic Transformation: Autonomy Through Diversification**

Achieving economic sovereignty has become integral to the strategic autonomy ambitions of the Gulf Cooperation Council (GCC) states. Historically, the heavy reliance on hydrocarbon exports rendered these nations susceptible to external economic shocks and strategic dependencies. In recognition of these vulnerabilities, GCC countries have embarked on wide-ranging economic reforms aimed at broadening their revenue bases, stimulating innovation, and strengthening their global economic relevance.

Saudi Arabia's Vision 2030 exemplifies this strategic shift. Now in its ninth year, this program has instigated profound structural changes in the Saudi economy and society. The Kingdom has steadily reduced its dependency on oil, diversified its income streams, enhanced public service

provision, and promoted sustainable development as a hedge against global volatility. Central to this vision is Riyadh's proactive engagement with global investment flows and its efforts to position itself as an integral part of international economic networks. Giga-projects such as NEOM and major tourism initiatives like AIUla and the Red Sea Project are absorbing significant investments from oil revenues, while the expansion of sectors such as construction, tourism, and entertainment has pushed non-oil economic activities to account for more than 50 percent of GDP. In parallel, Saudi Arabia's Public Investment Fund (PIF) has evolved into a key instrument of external economic influence, acquiring strategic assets globally and strengthening the Kingdom's participation in the global economy.



Elsewhere in the Gulf, the UAE and Qatar have long been recognized as frontrunners in economic diversification, owing to their early adoption of forward-looking policies. The UAE, in particular, has capitalized on its hydrocarbon wealth to lay the foundations of a knowledge-based economy, securing a reputation as a business-friendly environment with high international rankings for economic competitiveness. Guided by principles centered on capital, commerce, collaboration, connectivity, and climate, the UAE has reoriented its growth trajectory toward technology, finance, and sustainability. Sovereign wealth funds such as ADIA and Mubadala have been deployed to build





stakes in key global industries, while Dubai has established itself as a world-class hub for tourism, trade, and innovation, reducing oil's share of GDP to less than one-third.

Qatar has leveraged its natural gas resources to invest extensively in human capital, infrastructure, and global soft power instruments such as education, media, and sports. Guided by Qatar National Vision 2030, the country has focused on fostering a diversified, knowledge-driven economy, with heavy investment in research, cultural diplomacy, and global business assets.

**Economic diversification has not only reshaped domestic priorities but has also expanded the Gulf states' diplomatic bandwidth**

Across the GCC, these national programs align around common objectives. Long-term visions such as UAE Centennial 2071, Oman Vision 2040, New Kuwait 2035, and Bahrain Economic Vision 2030 converge on shared priorities: expanding non-oil private sector activity, empowering women and youth, upgrading infrastructure, and positioning their countries as key nodes in global trade and investment networks. Oman's diversification drive includes strategic investment in ports, logistics, renewable energy, and fisheries, with recent IMF assessments praising its steady

progress in non-oil sectors. Bahrain, despite its smaller economic scale, has consolidated its position in regional finance and industrial production, while now targeting emerging sectors such as fintech and digital innovation.

Economic diversification has not only reshaped domestic priorities but has also expanded the Gulf states' diplomatic bandwidth. By reducing dependency on hydrocarbon rents, these countries have gained greater flexibility to project influence abroad, combining financial power with proactive diplomacy to shape regional and international outcomes. Deepening economic ties with Asian and African markets is reducing the historical preeminence of Western partnerships. China has emerged as a principal trading partner, with Saudi Arabia and the UAE expanding bilateral cooperation in areas such as technology and energy, while India's growing role in Gulf trade networks reflects the region's pivot towards a multipolar economic strategy. Free trade negotiations and new partnerships, including the UAE's accession to BRICS in 2024 and ongoing GCC-China trade talks, illustrate a deliberate strategy to embed the Gulf more deeply within the shifting currents of the global economy.

Each Gulf state is navigating this transformation in a way that reflects its unique economic structures and geopolitical orientations. Qatar has developed a hybrid model of economic diversification and independent diplomacy, using its sovereign wealth, global media presence, and sports diplomacy to build strategic resilience and diplomatic relevance. Oman pursues a strategy of neutrality, investing in green energy and logistics while maintaining balanced diplomatic relations across regional divides. Kuwait, though facing domestic political constraints, exercises influence through humanitarian diplomacy and prudent





financial management. Bahrain, meanwhile, continues to deepen its specializations in finance and digital sectors while strengthening regional integration.

Collectively, the GCC's strategic reorientation toward diversified, modern economies reflects a long-term commitment to reducing oil dependency and mitigating external risks. By investing in human capital, future industries, and global economic linkages, these nations are laying the groundwork for greater self-reliance and enhanced strategic autonomy in an evolving international system.

### **International Mediation and Conflict Diplomacy**

Complementing their economic transformation, the Gulf states have simultaneously carved out an increasingly assertive diplomatic role on the global stage. As their economies diversify and mature, so too has their approach to foreign policy, with a clear emphasis on mediation, de-escalation, and pragmatic engagement. This diplomatic repositioning reflects both a strategic calculation and a recognition that sustained development depends on a stable and predictable regional environment. This growing emphasis on mediation is not incidental but represents a structural component of Gulf foreign policy, underpinned by national development goals and global positioning strategies.

The recent events of the June 2025 Twelve-Day War between Iran and Israel, have highlighted the Gulf's evolving posture. The conflict, which saw Iranian missile strikes targeting U.S. assets, including Qatar's Al Udeid Air Base, served as a stark reminder of the Gulf's exposure to broader geopolitical rivalries. Yet, rather than being drawn

into escalation, Gulf capitals adopted a collective stance centered on restraint. Qatar's foreign ministry called for de-escalation, while Saudi Arabia and the UAE reiterated the urgent need for regional stability to safeguard ongoing national development projects. Behind the scenes, Doha leveraged its long-standing mediation channels, reportedly facilitating indirect communication between Washington and Tehran, contributing to a fragile ceasefire. This role was not incidental but aligned with Qatar's established diplomatic approach, demonstrated through previous mediation in Afghanistan, Gaza, and beyond.

Saudi Arabia's evolving diplomatic posture has become increasingly apparent in recent years, particularly through its efforts to balance longstanding rivalries with emerging regional priorities. Its 2023 rapprochement with Iran, brokered by China, reflected less a wholesale recalibration and more a pragmatic effort to manage tensions with a longstanding rival, balancing Riyadh's firm opposition to Iran's nuclear ambitions with its broader preference for regional de-escalation. This balancing act was further tested in June 2025, when escalation between Iran and Israel erupted into open conflict. Despite Iran, a historical rival, coming under attack, Saudi Arabia called for restraint, highlighting its dual approach: firmly opposing Iran's nuclear pursuits while opposing unilateral cross-border military strikes, particularly from Israel, with whom Riyadh shares no formal diplomatic ties and maintains strategic caution. Alongside these calibrated responses, Saudi Arabia has expanded its diplomatic footprint through mediation in Sudan, Syria, and diplomatic outreach to Turkey, reinforcing a foreign policy doctrine where regional stability is seen as indispensable to the success of its ambitious economic transformation plans.



Similarly, the UAE has diversified its diplomatic engagements, shifting from earlier interventionist tendencies to a more balanced approach. This evolution was particularly visible during Abu Dhabi's 2022–2023 term on the UN Security Council, where it prioritized consensus-building and constructive engagement. The UAE's involvement in facilitating humanitarian exchanges between Russia and Ukraine, along with its support for the peace process between Ethiopia and Eritrea, has strengthened its reputation as a diplomatic bridge between conflicting parties. Complementing its diplomatic recalibration, the UAE has cultivated a substantial soft power portfolio. Dubai and Abu Dhabi have positioned themselves as global hubs for business, technology, and tourism, leveraging landmark events such as Expo 2020 and the expansion of cultural institutions like the Louvre Abu Dhabi. Concurrently, sovereign wealth funds like Mubadala have strategically invested in emerging sectors including artificial intelligence, renewable energy, and biotech, reinforcing the UAE's ambition to be a pivotal connector between emerging and established economies.



Photo Source: Daily News (2025)

Bahrain, too, has gradually expanded its diplomatic footprint, culminating in its election to the UN Security Council for 2026–27, marking a significant milestone in its international engagement.

This collective embrace of mediation reflects more than opportunism; it is a deliberate strategy to advance domestic priorities. Gulf leaders understand that conflict resolution is critical to protecting trade routes, ensuring investor confidence, and maintaining the conditions necessary for national transformation programs to succeed. Their diplomatic approach, characterized by discretion, flexibility, and cultural pragmatism, distinguishes itself from more interventionist Western styles. Gulf mediators prioritize dialogue over coercion, are committed to upholding sovereignty, and seek negotiated outcomes that preserve the dignity of all parties. Their approach relies on personal relationships and trust-based communication to build rapport with conflicting parties.

**“This growing emphasis on mediation is not incidental but represents a structural component of Gulf foreign policy, underpinned by national development goals and global positioning strategies”**

This style of engagement is deeply rooted in Gulf traditions of reconciliation and has positioned these states as effective diplomatic intermediaries. Their unique geopolitical positioning, combined with the stability of monarchic systems that foster long-term relationship building, has further strengthened their credibility as facilitators in complex disputes. While this continuity does not guarantee diplomatic success in every context, it provides Gulf states with a comparative advantage in cultivating trust and sustaining discreet dialogue in highly sensitive negotiations.





In turn, these diplomatic efforts have significantly enhanced Gulf soft power. By contributing to conflict resolution across regions spanning Africa, the Middle East, and South Asia, Gulf states have built international goodwill and a reputation as credible stabilizing actors. Countries such as Qatar and the UAE are frequently regarded as key diplomatic interlocutors, while Saudi Arabia has expanded its role as a regional convening power. Riyadh's recent efforts include hosting the Sudan peace talks in 2023 and 2024, engaging

in normalization discussions with Syria, and supporting dialogues related to Yemen. Alongside Saudi Arabia's convening initiatives, Qatar's active mediation in Gaza and Afghanistan and the UAE's facilitation of humanitarian exchanges in Ukraine and diplomatic efforts in Africa have reinforced the Gulf's broader diplomatic identity. Collectively, these efforts reflect an increasing commitment among Gulf states to expand their influence and foster regional stability through multilateral engagement and high-level diplomacy.

**Table 1: GCC Countries in Conflict Mediation and Strategic Diplomacy**

Country	Mediation Roles	Strategic Goals	Key Diplomatic Platforms
<b>Saudi Arabia</b>	Sudan talks, Yemen dialogue, Iran rapprochement, Gaza ceasefires	Regional stability to enable Vision 2030	Arab League, OIC emergency summits, BRICS observer
<b>UAE</b>	Russia–Ukraine POW exchanges, Ethiopia–Eritrea peace, Syria normalization	Global visibility, bridge between East and West	UN Security Council term 2022–23, BRICS member
<b>Qatar</b>	U.S.–Taliban talks, Gaza ceasefires, indirect Iran–U.S. channels	Neutral credibility and soft power strategy	FIFA 2022 diplomacy, Afghanistan, Gaza humanitarian convoys
<b>Oman</b>	Secret U.S.–Iran talks, JCPOA groundwork, Houthi contacts	Maintain neutrality, preserve trade/security balance	Muscat backchannels, maritime de-escalation forums
<b>Kuwait</b>	2017–2021 GCC rift mediation, humanitarian diplomacy	Internal consensus, regional balance	Intra-GCC meetings, Arab humanitarian platforms
<b>Bahrain</b>	Emerging UN diplomacy, internal reforms	Global recognition, economic diversification	UN Security Council seat (2026–27), bilateral trade dialogues

Source: Gulf Research Center (2025).



## Conclusion: Strategic Autonomy in a Multipolar Order

This growing diplomatic assertiveness highlights the Gulf states' pursuit of strategic autonomy, building on their expanding economic and diplomatic roles to secure greater influence in a shifting global order. Their diversification strategies now extend beyond economics, shaping foreign relations through reduced dependence on any single power and the pursuit of varied global partnerships. While the Gulf states maintain distinct foreign policy approaches, their competition increasingly centers on positive-sum objectives, such as attracting investment, expanding tourism, fostering innovation, and enhancing diplomatic influence, reflecting a shared vision for regional prosperity. This evolving dynamic has contributed to a more self-confident Gulf, fostering greater regional dynamism and lowering susceptibility to external shocks.

Certain challenges persist, particularly in navigating great power dynamics and responding to international criticisms, which are often perpetuated around issues of governance and rights in the Gulf. While perspectives on these matters can vary, the broader trajectory remains clear. Taken together, these developments have strengthened their regional agency as adaptive, forward-looking actors, no longer content with passive roles but actively shaping their regional and global environments. Through the twin tracks of economic modernization and agile diplomacy, the Gulf states are asserting their presence in a fragmented global order. Their proactive use of soft power, from high-profile cultural diplomacy to humanitarian outreach, has further cemented their status as consequential middle powers, allowing them to project normative influence alongside material power. The GCC states are no longer defined solely by their role as energy suppliers but as states consolidating their middle power status, advocating for stability and a

more multipolar international system. This merging of economic ambition and diplomatic agency represents a defining feature of the Gulf's evolving global identity.

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## “Beyond Labour Nationalization: Building a Skilled, Inclusive, and Sustainable GCC Workforce”



Gulf Labour Markets, Migration and Population (GLMM) Programme

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### Gulf Labour Markets, Migration and Population (GLMM) Programme

The Gulf Cooperation Council (GCC) region is experiencing a transformative moment as member states advance ambitious economic diversification agendas to reduce reliance on hydrocarbons and position themselves competitively in the global knowledge economy.

Central to this transformation is the urgent need to build resilient, highly skilled, and inclusive labour markets capable of sustaining growth amid technological disruption, demographic shifts, and evolving global talent competition.

Workforce nationalization policies (Saudisation, Emiratisation, Omanisation, etc.) effectively channelled more nationals to Gulf labour markets, especially women and young citizens. Recent reforms of labour and immigration policies partially lifted much-criticized practices such as the sponsorship system, and improved labour mobility. New pathways to long-term stay and naturalization have begun to open, which has contributed to attracting increasing numbers of highly skilled professionals from abroad bringing the share of foreign nationals in Gulf total populations close to 55 percent in 2022<sup>[1]</sup> (Table 1). Despite these changes, structural challenges persist. Skill mismatches remain significant, and the pace of digital transformation continues to outstrip workforce readiness. Dependence on foreign labour, particularly in the private sector, also poses long-term sustainability concerns, as some existing policy provisions discourage highly skilled expatriates' long-term stay.

**Table 1.** Total population and percentage of nationals and non-nationals in GCC countries (national statistics, mid-2022)

Country	Total population	Nationals	Foreign nationals	% nationals	% foreign nationals
Bahrain	1,524,693	714,011	810,682	46.8	53.2
Kuwait	4,589,643	1,502,896	3,086,747	32.7	67.3
Oman	4,730,648	2,835,864	1,894,784	59.9	40.1
Qatar	2,878,202	348,839*	2,529,362*	12.1**	87.9**
Saudi Arabia	32,175,224	18,792,262	13,382,962	58.4	41.6
UAE	10,288,946	1,331,683*	8,957,263*	12.9**	87.1**
<b>Total</b>	<b>56,187,356</b>	<b>25,525,555*</b>	<b>30,661,800*</b>	<b>45.4**</b>	<b>54.6**</b>

**Source:** National institutes of statistics and GLMM's estimates based on data published by National Statistical Institutes



\* GLMM's estimate, based on data published by National Statistical Institutes.

\*\* Ratio is calculated on the basis of population estimates.

**For methodology [please see:](#)**

## 1. Emerging Trends and the Future of the Workforce

The COVID-19 pandemic allowed Gulf countries to enhance their nationalization policies, prompted by initiatives like Saudi Vision 2030. Qatar introduced the Qatarization Law (Law No. 12 of 2024, effective April 2025), requiring private sector firms to prioritize hiring Qatari nationals and children of Qatari women for specific roles. Expatriates can be hired only if no suitable Qatari candidates are available. This law covers all private companies except those associated with Qatar Energy and Petroleum. The Ministry of Labour will classify employers, set quotas, and manage onboarding and training. Companies meeting these targets will receive government financial incentives.

National labour force participation has increased steadily in the region, though at various paces. <sup>[2]</sup> The surge in female participation, from 20% in 2018 to around 36% in 2024, <sup>[3]</sup> is notable in Saudi Arabia, alongside a youthful, increasingly educated local workforce. Similar dynamics are observed in other Gulf countries such as Kuwait and Qatar, for example, where female citizens' labour force participation rates stood above 40 percent in 2024. <sup>[4]</sup>

Migration governance in the region is shifting to more strategic, long-term talent acquisition approaches. Highly skilled workers are taking more prominence among foreign workers. In Saudi Arabia, the share of highly skilled professionals among workers newly hired from abroad increased from 6 percent in Q4 2021 to 20 percent in Q4 2023. <sup>[5]</sup> This trend highlights the Gulf states' appeal, particularly Saudi Arabia and the UAE, to foreign professionals and reflects the region's shift towards knowledge-based economies.



To that effect, Gulf countries have been introducing diverse types of domestic socio-legal reforms <sup>[6]</sup> and initiatives such as the Golden and Green Visas. <sup>[7]</sup> These reflect Gulf states' need to attract and retain skilled foreign professionals essential to the country's development goals, particularly in key strategic sectors like AI technology, health, and engineering industries. <sup>[8]</sup> However, a growing set of accounts from second-generation migrants offer insights into the realities of temporariness, citizenship exclusion, and emerging workforce demands, which highlights the need for more inclusive migration policies. <sup>[9]</sup>

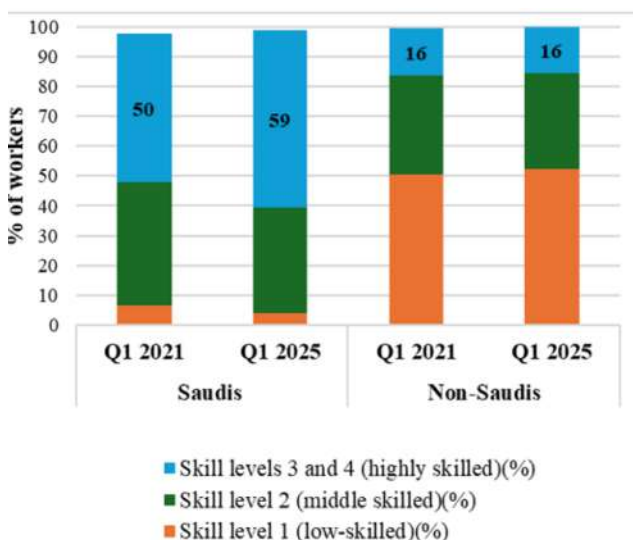




## 2. The Digital Economy and Skills Transformation

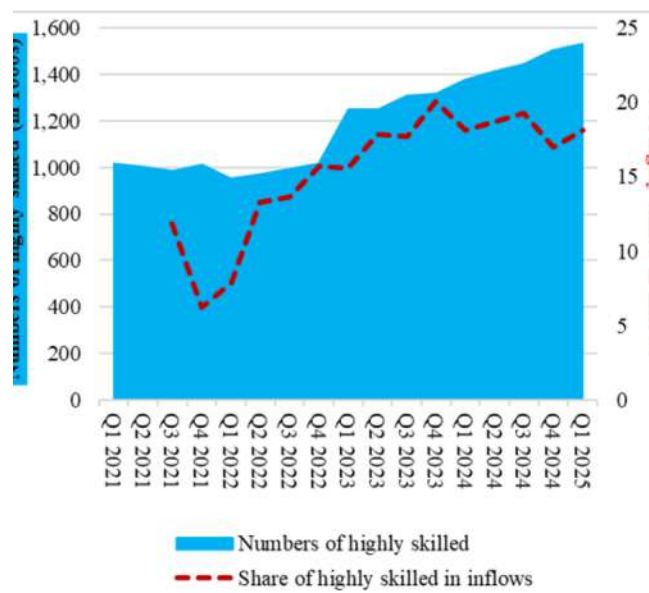
Technological advancements, especially in automation and AI, are redefining occupational structures across the GCC. In Saudi Arabia, for example, there is a marked shift from low- skilled roles to professional, managerial, and technical occupations for nationals, mirroring global labour polarization. Data from Saudi Arabia's National Labour Observatory<sup>[10]</sup> and comparative LinkedIn studies<sup>[11]</sup> highlight the rapid growth of roles like back-end developers, data scientists, and environmental managers, which demand specialized, future-ready skills, while Labour Force Surveys conducted by the General Authority for Statistics (GASat) highlight the growing numbers and share of highly skilled among Saudi and non-Saudi workers (Figures 1 and 2)

**Figure 1.** Saudi Arabia: Percentage distribution of Saudi and non-Saudi workers registered with GOSI by broad skill level (Q1 2021; Q1 2025)



Source: GOSI data in GASat. Register-Based Labour Market Statistics, given dates

**Figure 2.** Saudi Arabia: Numbers of highly skilled non-Saudi workers, and evolution of the share of highly skilled in new registrations of non-Saudi workers with GOSI (Q1 2021-Q1 2025)



Source: GOSI data in GASat. Register-Based Labour Market Statistics, given dates

The UAE's push for global tech leadership includes reforms such as liberalizing the requirements for golden visas, allowing foreign nurses with more than 15 years of health service to acquire golden visas.<sup>[12]</sup> In particular, the Dubai government provided 1,400 golden visas to the long-term nurse workforce from Dubai Health and other public and private hospitals.<sup>[13]</sup>

With the recent visit of US President Trump to the UAE, the 10-year, [\\$1.4 trillion framework](#) will not only recentre the UAE as a hub of global technological innovation but also trigger critical sources of a skilled AI tech workforce, which will be vital to the UAE's long-term economic growth and development.<sup>[14]</sup> Given the expanding



AI tech industry job opportunities in the UAE, this geopolitical investment in the UAE will also potentially attract and retain a skilled AI tech workforce, but also transform the UAE, and more broadly the Gulf region, as a [potential emerging tech hub](#) in the Global South.<sup>[15]</sup>

### 3. Aligning Workforce Policy with Economic Diversification

While nationalization policies (Saudization, Emiratization, Qatarisation, etc.) have expanded local employment in many sectors, many nationals remain clustered in entry-level/low-value roles or public sector jobs, and youth unemployment among GCC nationals still hovers between 10–15 percent despite strong and sustained overall GDP growth. The World Bank’s Spring 2024 Gulf Economic Update (GEU) points out that, while the region’s GDP growth rate is set to rebound after oil market shocks, structural reforms are needed to turn macro gains into sustainable gains at the micro level directly affecting the labour force.<sup>[16]</sup> High-demand areas such as AI, cybersecurity, data analytics, and renewable energy require an agile workforce equipped not only with technical competencies but also with critical thinking, problem-solving, and adaptability.<sup>[17]</sup>

To enhance productivity and diversify employment, GCC states must align workforce development with the demands of a diversifying economy. Reforms must be driven by sector-specific skill mapping and flexible regulatory frameworks. For instance, targeted foresight studies in Saudi Arabia have mapped skill needs by sector, enabling more precise education and training pathways.<sup>[18]</sup> Saudi Arabia’s Ministry of Human Resources and Social Development (MHRSD) has launched the Sector Skills Councils initiative, a core part of Saudi Arabia’s Vision 2030, targeting skill gaps in key industries like energy, manufacturing, digital services, tourism, logistics, and healthcare.<sup>[19]</sup>

Qatar’s National Workforce Strategy (2024–2030) also adopted a skills-based recruitment model, promotes remote work, and incentivizes employers to prioritize nationals and children of Qatari women. Outlining a long-term plan to raise national workforce participation to 58 percent while improving productivity and labour market efficiency, the strategy aims to transition the economy toward skill-based recruitment, streamline hiring practices, and promote flexible employment models such as remote work. It also introduces new visa categories for entrepreneurs, freelancers, and students. The goal of this policy change is to diversify workforce pathways.<sup>[20]</sup>

Expanding these models across the GCC, supported by dynamic labour market information systems, will help close persistent skill gaps.

### 4. Enhancing Labour Market Institutions and Regional Cooperation

Strong labour market governance supports sustainable workforce growth. It needs up-to-date data, coordination across sectors, and skills-matching platforms. GCC states should invest in labour observatories, sector skills councils, and public-private partnerships to base policy on timely, granular labour market intelligence. There is also untapped potential in regional cooperation. GCC-wide recognition of qualifications, harmonization of occupational standards, and shared platforms for skills forecasting can increase labour mobility within the bloc and reduce duplicated efforts. A unified “GCC Skills Passport” by all GCC countries will help prioritize individual skills and not work histories or professional networks. As advocated for by the World Economic Forum, “The urgency is for effective credentialing, consistent across countries, education systems, and industries. When available, these elements – taxonomy, portability, credibility – would combine







into a global skills passport, a trusted, portable credential attached to each worker, empowering them with mobility and personal agency.”<sup>[21]</sup>

Most Gulf states have established Labour Observatories with varying concepts, priorities, and levels of outreach.<sup>[22]</sup> A unified Gulf Labour Observatory is needed to provide transparent and comparable labour-market data, enhance regional mobility, and ensure inclusiveness as automation changes the nature of work. Since Gulf states publish little or no data on workers’ citizenship, length of stay, or labour mobility, a regional labour observatory could reveal important trends like intra-GCC labour movement. Understanding the scale and nature of this mobility would clarify key issues for national and regional development, such as Gulf states’ comparative attractiveness to citizens and expatriates, as well as skills gains and losses.

## 5. Investing in Lifelong Learning and Inclusive Growth Models

A future-ready workforce cannot rely solely on initial education. Lifelong learning must become the norm, with accessible pathways for upskilling and reskilling at all career stages. Saudi Arabia’s initiatives such as *Doroob* and *Tamheer* exemplify progress,<sup>[23]</sup> but scaling such programs, integrating digital platforms, and ensuring they reach marginalized groups—particularly women and youth—will be critical to inclusive growth. Efforts to modernize curricula to embed digital literacy, entrepreneurship, and sustainability skills must be prioritized across the GCC.<sup>[24]</sup>

In Qatar, new pathways enable spouses and adult children of expatriate workers to legally join the labour market, unlocking a previously underutilized talent pool. Through two official routes managed by the Ministry of Labour (MoL), eligible individuals can either apply directly via

the “Join the Labour Market” service on the MoL platform or have an employer initiate a dedicated work permit application. Applicants must meet basic requirements, including valid residency, national address registration, and a phone number in their name. Employers hiring from this category must be fully compliant with Qatar’s labour laws and submit applications via the National Authentication System. This initiative enables access to a skilled, resident talent pool and gives employers a practical alternative to overseas recruitment. Upon approval, the individual’s residency shifts from family sponsorship to employment-based status.<sup>[25]</sup>

**A future-ready workforce cannot rely solely on initial education. Lifelong learning must become the norm, with accessible pathways for upskilling and reskilling at all career stages**

Initiatives like *Ouqoul*, a digital platform linking graduates to private sector roles, promotes a better integration of skilled expatriates to Qatar’s labour market. Introduced in August 2024, the platform matches expatriate university graduates with private sector opportunities. It helps to bridge the gap between available talent and employer needs. This initiative is a pragmatic approach to expatriate labour governance. It also balances nationalization goals with economic pragmatism by making better use of resident human capital.





## 6. Toward a Competency-Driven, Sustainable Future

Looking ahead, GCC states must move beyond quotas to a competency-driven model that builds digital, analytical, and green-economy skills and ensures quality employment creation, productivity enhancement, and sectoral competitiveness. The World Economic Forum's *Future of Jobs Report 2025* underscores the urgency of closing the digital skills gap.<sup>[26]</sup> Data science, AI, and cybersecurity roles are set to surge. The future of the workforce needs to be built on deepening public-private partnerships for upskilling to meet this trend, on lifelong learning accounts, and flexible work schemes. Enhancing work-life balance, access to childcare, and career mentoring for underrepresented populations will be essential to unlocking human capital across the region.

Workforce strategies should also include migration policies that enable knowledge transfer and local upskilling. It is equally important to address the issue of retaining highly skilled foreign workers, whether they are first-generation immigrants or second- or third-generation Gulf-born descendants of migrants. Numerous studies indicate that these professionals often view the Gulf region as a “steppingstone” before relocating to another country, frequently in the West. Factors such as career advancement, the desire for better wages and working conditions, the aspiration to obtain a more advantageous citizenship for secure settlement opportunities abroad, better prospects for long-term residency in the Gulf, or easier global mobility are commonly cited as reasons for this migration. Nonetheless, the challenge of retention underscores the need for more inclusive labour markets in Gulf states, which can offer equivalent opportunities to all workers with similar skills, regardless of their nationality or citizenship.<sup>[27]</sup>

## 7. Policy Recommendations

By moving beyond labour nationalization towards a more skills-based, inclusive, and institutionally robust labour market strategy, GCC countries can not only mitigate current inefficiencies but also position themselves as leaders in workforce innovation, productivity, and sustainable growth. Harmonizing workforce demands with well-designed immigration pathways and better skilled professionals' retention rates are vital levers for sustainable workforce development.

### 1. Develop and update national and regional skills foresight frameworks

Align curriculum design, vocational training programs, and employer-led reskilling with current and future labour market demands.

### 2. Strengthen public-private partnerships for workforce development

Use collaborative models—such as customized dual vocational training schemes—to reduce mismatches between education outcomes and private sector needs.





### 3. **Expand incentives for underrepresented groups**

Increase access to affordable childcare, flexible work arrangements, and career counselling, particularly for women and youth, to boost national labour force participation.

### 4. **Enhance migration policies for talent acquisition, capacity building and inclusion regardless of origin**

Introduce or scale selective immigration pathways targeting high-demand sectors while ensuring knowledge transfer and support for local workforce upskilling. Better retain skilled foreign workers by offering equal, skills-based opportunities, cancel citizenship-based wage differentials, and expand long-term residency options, ensuring inclusive labour markets for all workers regardless of nationality.

### 5. **Foster regional cooperation on labour standards and mobility**

Advance initiatives like the GCC Skills Passport, harmonized occupational classifications, and mutual recognition of qualifications to improve regional labour agility and planning.

### 6. **Institutionalize lifelong learning as a national standard**

Invest in digital platforms, skill accounts, and inclusive training schemes that enable continuous upskilling across all segments of society.

### 7. **Establish a Gulf Labour Observatory**

Create a regional data hub to improve transparency, facilitate skill forecasting, and support coordinated policy responses.

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## Cultural Diplomacy: The Enduring Cornerstone of Arab Gulf Soft Power

Dr. Zaid Ali Al Fadeil, Director of the Cultural and Media Program

A traditional narrative tells the story of a person walking in the desert who, from a distance, saw a figure. At first, he thought it was a monster. However, as he got closer, he recognized human features. Upon drawing even nearer, he realized it was his brother. This narrative highlights the importance of genuine culture and knowledge in strengthening human relationships and their positive impact on various societies. It emphasizes how these elements are crucial for dismantling barriers that hinder constructive dialogue among diverse nations and communities.

Culture, in its many forms, plays a vital role in bridging the divide between opposing entities. This has historically been a primary goal of traditional diplomacy, carried out by ambassadors, consuls, diplomatic teams, and special envoys. However, despite good intentions, these efforts often faced challenges due to diplomatic suspicions, which weakened their effectiveness and impact. Cultural diplomacy has emerged to fill this gap by operating without direct political influence from governments. This approach, defined by the use of soft power, highlights artistic skills and creative values, which are essential to its framework. Over time, cultural diplomacy actively fosters trust among different states and societies, helping to build confidence in one another, regardless of ethnic, religious, or geographic differences.

The concept of “soft power,” developed by Joseph Nye in the late 20th century, refers to the ability to influence others and foster positive communication through attraction and persuasion instead of coercion. This concept primarily manifests in the field of cultural diplomacy, which aims to exchange ideas, art, and knowledge to build understanding between nations and peoples. By fostering trust among states, soft power enables the global community to collaborate in addressing various challenges, such as extremism. Moreover, soft power promotes positive values, including equality in rights and responsibilities. It expands the scope of human knowledge and strengthens frameworks and skills for dialogue that empower diverse doctrines and religious freedoms, in accordance with each nation’s agreed-upon social norms and conduct. This approach positively impacts others, regardless of their beliefs or backgrounds.

### Forms and Tools of Cultural Diplomacy

Cultural diplomacy is guided by frameworks and theories like social construct theory, cultural integration theory, international cultural identity theory, and cultural exchange theory. Each of these approaches operates from a unique political perspective. For instance, while cultural integration or international cultural identity (often linked to globalization) might be viewed less favorably due to their potential to marginalize local cultures, the cultural exchange framework presents a more positive picture.





Cultural exchange promotes dialogue among diverse societies through its inherent structure and sustainability. It's built on the principle that acknowledging and valuing cultural and religious diversity is the most effective way to ease international tensions and foster global peace. Through these avenues, cultural diplomacy achieves its core objectives: cultivating a positive image of a target society and encouraging other nations to adopt favorable policies toward it. This process cultivates shared understandings and strengthens international peace and friendship.

The effectiveness of cultural diplomacy hinges on various tools that embody widely recognized, unifying values among different peoples and states. Furthermore, cultural diplomacy creates robust channels for human connection, particularly through:

- **Arts:** Including theater, filmmaking, music, folklore, visual arts, and other forms, these are essential tools of cultural diplomacy. They have proven effective in fostering positive changes in relationships between people due to their neutrality and deep emotional impact.

- **Exhibitions:** This encompasses a wide range of types, showcasing both intellectual and creative dimensions.
- **Academic, Artistic, and Educational Exchange:** This refers to students representing their communities and nations while studying abroad. The behavior of host societies and countries also influences the experiences of these students. As a result, nations often offer educational scholarships to promote their culture and enhance their influence on the global stage.
- **Translation:** in its broadest sense and particularly when applied to literature and creative works
- **Cultural Outreach:** Facilitated via specialized media organizations, emerging media platforms, and distinctive cultural programming.

### The Cultural Strategy of the GCC States

Acknowledging the vital role of culture in shaping societal structures and believing in the effectiveness of cultural diplomacy to promote a positive image, the Gulf Cooperation Council for Arab States has prioritized the development of its cultural strategy. This strategy seeks to coordinate and enhance cultural frameworks across GCC member states, emphasizing key guiding principles, including:

- **Reaffirming the Arab and Islamic identity of the GCC states.**
- **Ensuring that all citizens have the right to participate culturally, which includes activities such as creation, reception, discourse, criticism, and re-evaluation.**







- Recognizing heritage as an essential element and a significant source of inspiration.
- Adapting to contemporary trends by integrating science and technology into cultural fields.
- Promoting inter-cultural dialogue to strengthen universal human values.
- Committing to the Arabic language in education, culture, and all forms of expression.
- Enhancing and valuing the principles of productive work as a vital component of human civilization and culture.
- Fostering a rational culture that promotes tolerance, dialogue, mutual respect, and peaceful coexistence, while actively opposing intolerance and extremism.
- The unique geographical location of the GCC states, which makes them a focal point for global attention.
- The cultural diversity of the GCC states, resulting from their historical and contemporary roles as crossroads of civilizations.
- The available financial resources have facilitated advanced digital transformation and enabled the organization and hosting of significant global events.

The strategy aimed to clarify strengths and weaknesses, as well as opportunities and challenges, in line with a scientific SWOT analysis. It highlighted several strengths of the GCC states, including:

- A rich and diverse cultural and civilizational heritage.
- Strong official and unofficial cultural institutions.
- An expanding basic infrastructure.
- A youthful population that constitutes the largest demographic in GCC society, with a significant number of culturally prominent individuals.

The strategy emphasized several opportunities to create a distinctive cultural hub that would promote cultural diplomacy. These opportunities include:

The GCC states are actively investing in their cultural sectors. They have prioritized expanding and upgrading cultural infrastructure and establishments through strategic planning to maximize their capabilities. Alongside this, initiatives have been launched to enhance the training and development of personnel within the GCC cultural sector. These efforts also involve assessing current levels of public cultural awareness and designing appropriate cultural activities to foster engagement.

**The GCC states are actively investing in their cultural sectors. They have prioritized expanding and upgrading cultural infrastructure and establishments through strategic planning to maximize their capabilities**



A significant focus for GCC states is the study, documentation, and preservation of both tangible and intangible cultural heritage. They are committed to supporting and developing the creative cultural movement within the region, leveraging global cultural advancements, and promoting translation and publishing. This includes a balanced approach to integrating contemporary regional and global cultural trends with existing GCC cultural traditions.

Furthermore, GCC states are dedicated to enhancing and ensuring the continuity of cultural activities, events, and seasons. They are keen on nurturing folk heritage and its creative expressions, aiming to share them with the world. Another key aspect is strengthening cultural identity by supporting the Arabic language as a medium for communication and creativity, and by encouraging cultural products that reflect the unique identity of the GCC states.

To enhance their international cultural presence as part of cultural diplomacy and soft power, GCC states have worked to establish cultural centers across continents. They have also increased joint representation at international cultural forums and events, and developed strategic partnerships with other countries, institutions, and organizations, while benefiting from their experiences in growing the cultural sectors within GCC countries.

Furthermore, they have been eager to leverage prominent modern global experiences in cultural investment, establish sustainable cultural projects with economic returns, transform cultural products into cultural symbols and emblems, and develop and deepen digital cultural content about GCC states in Arabic and several of the most widely spoken global languages.

### Forms of Gulf Cultural Diplomacy

Consequently, and in light of the foregoing, the GCC states are committed to advancing cultural

diplomacy as a core component of their national policies and frameworks. They view this approach as the most effective way to accurately represent their current realities and future ambitions, while also building bridges of understanding and fostering international cooperation. The primary goals of cultural diplomacy in the Gulf region are to:

- Counter stereotypes and promote a positive image by showcasing diverse cultural aspects that champion creativity, support cultural diversity, and emphasize the value of tolerance.
- Strengthen trust and mutual understanding between GCC countries and the global community.
- Develop the foundations of the knowledge economy and actively support sustainable development.

This has been achieved through numerous initiatives that fall within the scope of cultural diplomacy, such as:

- Enhancing frameworks for cultural exchange by organizing book fairs, art exhibitions, theatrical performances, and film festivals, in addition to joint cultural events between Gulf states and other countries.
- Supporting academic cooperation through joint research projects and providing scholarships to universities and academic institutes.
- Funding artistic projects, encouraging creators, promoting the role of art in society, and establishing diverse cultural events and organizing international cultural festivals, such as the Arab Cinema Festival in Dubai, the Red Sea International Film Festival in Jeddah, the Sharjah Music Festival, in addition to various poetry festivals and diverse literary awards.





As a result, the GCC states have emerged as a leading model of cultural and arts diplomacy through their organization of esteemed art exhibitions, diverse cultural festivals, prestigious literary awards, and ambitious artistic initiatives. Consequently, each state has transformed into a vibrant hub, attracting global visitors to immerse themselves in its authentic Arab culture.

Within this context, the Kingdom of Saudi Arabia has established a prominent position in the cultural landscape through its various festivals, which have successfully attracted international visitors and generated significant positive impacts. Riyadh Season, featuring a wide array of activities and unique events, has become a landmark of cultural diplomacy. It has drawn global celebrities to Riyadh, helping to project a positive image of the capital and other Saudi cities while shifting prevailing stereotypes about the Kingdom.

Moreover, the “Formula” sporting event has marked a significant advancement for Saudi Arabia in the world of motor racing, enhancing the modern perception of the Kingdom globally. Additionally, the Riyadh International Book Fair has emerged as a key event in the intellectual scene, attracting numerous publishing houses eager to participate due to the high public turnout for books.

Saudi Arabia has also distinguished itself through cultural gatherings such as the Souk Okaz Arabic Forum, along with various festivals including the AIUla Festival, Diriyah Biennale in Riyadh, Islamic Arts Biennale in Jeddah, Saudi Made Exhibition (Arts and Crafts), Riyadh Art, Contemporary Saudi Art Exhibition, Red Sea International Film Festival, and the Jeddah Art 21.39 Exhibition.

Furthermore, the Kingdom has established several significant international awards, notably the King Faisal International Prize, which is ranked as the second most important award globally after the

Nobel Prize. Similarly, the recently launched Golden Pen Award represents a crucial value within both its Saudi and broader Arab contexts.

Similarly, the State of Qatar, through its hosting of the FIFA World Cup, generated significant value not only for itself but also for its fellow GCC nations, highlighting the unifying aspect of their shared culture. Notably, the traditional head coverings (Ghutra and Shemagh) gained international recognition when they were designated as the official symbol for the World Cup. This shift played a crucial role in changing the stereotypical portrayal of Gulf attire, which is often perpetuated by global cinema.

Additionally, Qatar has actively promoted cultural engagement by presenting various initiatives, including the Doha Cultural Festival, the Doha Art Biennale, the Katara Music Festival, the Qatar International Short Film Festival, the Ajyal Film Festival, and the Qatar International Art Festival. The country has also established numerous creative awards, such as the Katara Prize, along with various other activities and events.

The United Arab Emirates has also made significant progress in promoting its cultural landscape through a variety of events that have had positive impacts. One of the most notable achievements is the organization of Expo 2020, along with the hosting of the Louvre Abu Dhabi Museum, which symbolizes a unique cultural partnership with France and reflects the UAE’s openness to global cultures.





In addition to these major initiatives, the UAE hosts several notable events, including Art Dubai, the Sharjah Biennale, the Emirates Airline Festival of Literature, the META Film Festival, Abu Dhabi Art, the Fujairah International Monodrama Festival, and the Dubai International Film Festival. The country also recognizes artistic talent through important creative awards, such as the Emirati Booker Prize and the Sharjah Literature Award, among others.

Kuwait, too, exemplifies a growing trend in the region by hosting a variety of international exhibitions and festivals. Notable events include the Kuwait International Biennale, the Kuwait International Film Festival, the Kuwait International Music Festival, and the Kuwait Monodrama Festival, among others.

Similarly, the Sultanate of Oman is home to numerous festivals that serve as significant international hubs for artistic and cultural exchange. These include the Muscat International Festival of Arts, the Muscat Art Exhibition, the Islamic Arts Festival, and the Dhofar International Contemporary Art Exhibition. Additionally, the Royal Opera House Muscat is recognized as a prominent landmark within the regional music scene in the Arab Gulf.

Finally, the Kingdom of Bahrain showcases a rich cultural heritage, featuring a wide array of cultural expressions that have been highly valued for decades. The Manama Spring serves as an important cultural interface for both Bahrain and the broader Gulf region, characterized by its diverse programming. This includes, but is not limited to, the Bahrain International Music Festival, the Bahrain International Film Festival, the “Spring of Culture” Festival, and other significant year-round events and activities.

On a humanitarian level, the GCC states have played a significant role in supporting diverse humanitarian efforts, substantially enhancing their international soft power. Their support during the COVID-19 pandemic is particularly notable, especially through the establishment of a unified food supply security network. A prime example of this is the Saudi Aid Platform, which is associated with the “King Salman Humanitarian Aid and Relief Center.” This platform highlights the scale of Saudi Arabia’s contributions to aid. These efforts, which include humanitarian and charitable grants as well as facilitated loans for global development, encompass 3,438 projects in 107 recipient countries. The total expenditure amounts to SAR 29,772,208,883, equivalent to USD 7,939,255,702.

## Conclusion

The Arabian Gulf region is no longer just a vital energy source; it has become a global focal point for major cultural events and a significant provider of humanitarian aid to nations in need, regardless of their ethnic or religious background. This commitment underscores the principle that humanity comes first.

Overall, the remarkable cultural development taking place has positively reshaped the global perception of Arab Gulf states. They are now at the forefront of international interest across political, economic, and cultural sectors. A testimony to this growing influence is the advanced rankings in the Soft Power Index, published by the British firm “Brand Finance” measuring state influence based on 55 sub-indicators, including Economy and Trade, International Relations, Culture and Heritage, Technology and Innovation, and Humanitarian and Development Aid. On all fronts, the Arab Gulf states have been making significant strides underscoring the commitment to cultural diplomacy.







## Future-Proofing Security: Trends in Gulf Defense Procurement and Strategic Capabilities

Rafael Hernández de Santiago, Senior Researcher

The security landscape of the Gulf Cooperation Council (GCC) countries is undergoing a significant transformation. From traditional, hardware-heavy defense models to more agile, technology-integrated frameworks, Gulf states are responding to evolving regional threats, economic diversification goals, and the demands of multi-domain warfare. Future-proofing security is no longer about acquiring the most advanced weapons systems; it is about building resilient, interoperable, and adaptive defense capabilities.

This chapter examines the trends shaping Gulf defense procurement and strategic capabilities, highlighting how states in the region are recalibrating their defense postures through modernization, innovation, and partnership-building. It also explores the interplay between defense procurement and national development visions, particularly the push toward indigenous defense industries and strategic autonomy.

### Strategic Context: Threat Perception and Policy Shifts

The Gulf region remains one of the most geopolitically complex environments in the world. Security strategies in the GCC states are shaped by a shifting matrix of threats, among them: the enduring shadow of Iranian influence, the resilience of non-state armed groups, maritime insecurity, and the emergence of new domains of warfare including cyber, space, information,

and cognitive warfare. In 2025, two additional factors have to be considered: the renewed geopolitical momentum under the second Trump administration and the ongoing reshaping of Syria's geopolitical landscape with implications for Iran's regional reach.

#### a. The Second Trump Administration: Shifts in Regional Alignment

With the return of Donald Trump to the U.S. presidency, the Gulf's strategic calculus has shifted toward more direct bilateral alignments, reduced multilateral engagement, and a reinforced posture against Iran. Trump's re-election has brought a return to a "maximum pressure" campaign against Iran, involving economic sanctions, cyber disruption efforts, and intensified regional containment strategies. Unlike the more multilateral approach of the previous Biden administration, Trump's policies reflect a return to transactional alliances and bilateral security assurances with key partners such as Saudi Arabia and the UAE.





This renewed U.S.-Gulf alignment carries multiple implications for regional defense. One question remains: Can this truly be referred to as a renewed alignment? The argument here is that the skepticism that characterized Trump's first term persists. During his May 2025 GCC visit, all the contentious issues remained unresolved or were set aside. Moreover, with the June 2025 attack on Iran, Trump effectively drew the GCC states into the Israel-Iran conflict, despite their preference to remain uninvolved.

#### Nevertheless, one can speak of:

- Reinforced U.S.-GCC military cooperation: There has been a notable uptick in arms transfers, joint training operations, and strategic dialogue, particularly with Saudi Arabia and the UAE. The Trump administration has prioritized faster approval of arms sales and missile defense upgrades. For example, it has expedited the approval of multi-billion-dollar arms deals such as the \$23 billion sale of F-35 fighter jets and precision-guided munitions to the UAE. Additionally, the U.S. enhanced missile defense cooperation by deploying advanced Patriot missile batteries and THAAD systems in Saudi Arabia. Joint military exercises like "Eager Lion" and "Bright Star" were also expanded to improve interoperability and readiness between U.S. and GCC forces.
- Support for normalization efforts: The Trump administration has actively promoted Arab-Israeli normalization agreements, building upon the foundation of the original Abraham Accords. While new agreements have been reached with countries like Morocco and Sudan, Saudi Arabia has clearly stated that it will not pursue normalization at this time. Additionally, despite these developments,

the Saudi administration maintains support for a two-state solution as a framework for resolving the Israeli Palestinian conflict. New agreements under the expanded Middle East Strategic Pact (MESP) framework are shaping a loose strategic coalition focused on countering Iranian influence and strengthening shared defense capabilities, especially in air and missile defense. For instance, the U.S. has facilitated enhanced intelligence-sharing and joint missile defense initiatives between Saudi Arabia, the UAE, Bahrain, and Israel. This includes integrating radar and early warning systems to improve regional threat detection. Additionally, there have been agreements to deploy U.S.-provided Patriot and THAAD missile defense batteries in key GCC states, coordinated with Israeli missile defense assets like the Iron Dome and David's Sling systems. These measures aim to create a more cohesive regional defense network capable of rapid response to missile threats from Iran and its proxies.

- Reduced emphasis on human rights conditionality: Under the Trump administration, there was a noticeable decrease in human rights criticisms related to domestic governance in the Gulf. The reduction in U.S. public pressure on governance issues arguably gave GCC states more diplomatic flexibility to pursue their strategic objectives.

These factors have contributed to a more emboldened and proactive Gulf security doctrine that aligns closely with U.S. strategic goals while operating with somewhat reduced international scrutiny. In practice, this doctrine manifests in several ways: increased military modernization, deeper intelligence sharing with the U.S., and a willingness to engage more assertively in regional conflicts such as in Yemen. However,





this assertiveness is balanced by pragmatic de-escalation efforts pursued by GCC states over the past three years, such as the diplomatic initiative to restore ties with Qatar, engagement in negotiations with Iran to reduce tensions, and efforts to stabilize relations with Iraq and Lebanon. These de-escalation policies reflect a nuanced approach—while the Gulf remains prepared to counter threats and project power, it also recognizes the strategic benefits of regional stability and conflict management within the framework of its security doctrine.

### **b. The Reshaping of Syria and Containment of Iran**

The military and political landscape in Syria is undergoing a critical transformation, affecting Iran's regional posture and, by extension, Gulf security calculations.

#### **Several developments are driving this change:**

- Reintegration of Syria into Arab diplomacy: Syria's readmission into the Arab League and increasing engagement by Gulf states such as the UAE and Saudi Arabia mark a significant strategic shift. Beyond counterbalancing Iran's entrenched influence, GCC countries are motivated by a broader set of interests: promoting Syria's internal stability, combating extremist groups operating in the region, and disrupting illicit networks such as drug trafficking. These efforts aim to prevent a prolonged state of chaos and fragmentation, similar to what occurred in Iraq in 2003, which the GCC seeks to avoid in order to safeguard regional security and economic interests.
- Russian and Turkish repositioning: With the Assad regime effectively over and a new government now in place, Russia's military presence in Syria faces uncertainty regarding

its future influence and role. At the same time, Turkey's repositioning in northern Syria has established a buffer zone restricting Iranian movements, contributing to a reconfigured regional balance. Gulf states closely monitor these developments as they adjust their strategies in response to the changing governance and power structures in Syria.

- Israeli strikes and U.S. pressure: Israeli air campaigns against Iranian military infrastructure in Iran have escalated with tacit coordination with Washington. The Trump administration has explicitly supported these strikes, framing them as part of the broader anti-Iran axis. This creates a de facto containment belt stretching from Israeli airspace through Jordan to the Gulf states.

From the Gulf perspective, the Syrian battlefield is no longer a frozen conflict zone. Instead, it is a fluid theater where Iran's logistical corridors and proxy networks—especially those connecting Tehran to Beirut via Iraq and Syria—have been destroyed.

**This growing emphasis on mediation is not incidental but represents a structural component of Gulf foreign policy, underpinned by national development goals and global positioning strategies**



GCC defense planners are closely monitoring the reshaping of the regional landscape, using it as strategic justification for increased investments in several key areas. First, there is a notable expansion in ballistic missile defense (BMD) systems, particularly in Saudi Arabia and the UAE. Riyadh has moved forward with its procurement of the Terminal High Altitude Area Defense (THAAD) system, while the UAE became the first foreign operator of THAAD in 2022, alongside an extensive Patriot PAC-3 program (U.S. Defense Security Cooperation Agency; Raytheon, 2022). These acquisitions are framed as measures to protect against potential retaliation by Iranian-aligned proxy forces in Yemen, Iraq, and Lebanon, but they also serve to strengthen layered air defense capable of supporting regional deployments.

Second, Gulf states are expanding their long-range intelligence, surveillance, and reconnaissance (ISR) capabilities. The UAE's acquisition of the GlobalEye AEW&C platform from Saab provides enhanced radar coverage of key regional corridors—especially the former Syrian-Iraqi axis—while Saudi Arabia continues to invest in drone platforms like the Chinese Wing Loong II and U.S.-origin Predator variants (IISS *Military Balance*, 2023; SIPRI Arms Transfer Database). These systems provide not only persistent surveillance but also strike capabilities, blurring the line between defensive monitoring and preemptive targeting.

Although officially framed as defensive, these developments reflect a more assertive Gulf doctrine rooted in regional denial—that is, preventing adversaries, particularly Iran, from entrenching themselves in key Arab states. Yet many of these policies exhibit traits traditionally associated with offensive military posture: power projection beyond borders, deep ISR penetration,

and the use of non-state actors as proxies. This strategy resembles what military theorist Carl von Clausewitz once described as the imperative to act “with the utmost energy” to achieve superiority at decisive points—suggesting that Gulf capitals are embracing forward deterrence as both shield and sword.

The Gulf's current approach may be designed to stabilize the region, but without parallel diplomatic engagement, it risks turning regional denial into regional brinkmanship. Whether this strategy succeeds in fostering long-term stability or deepens proxy conflict may depend less on weapons systems and more on political restraint and strategic patience.

### c. Broader Strategic Implications

Together, these geopolitical shifts reinforce the perception among Gulf leaders that regional security must be proactively shaped—not passively managed. The second Trump administration's unequivocal support and the emerging constraints on Iran's expansion in Syria have created a strategic opening for GCC states to recalibrate their military postures.

As a result, there is growing coordination among GCC states and their Western allies to develop shared early warning systems, regional missile defense architecture, and maritime surveillance networks. Moreover, Gulf defense procurement is increasingly driven by real-time intelligence assessments, reflecting the dynamic changes on the Syrian front and Iranian recalibrations.

The potential for a new regional defense compact—a loose and pragmatic alignment linking Israel, Egypt, Jordan, and the GCC states—is becoming increasingly plausible, particularly in response to shared concerns over Iranian entrenchment, missile threats, and destabilizing non-state actors.







However, beneath this convergence lies a deeper tension: Many in the Gulf view Israeli ambitions with suspicion, wary of replacing one hegemon—Iran—with another.

For many GCC leaders and strategists, Israel's growing regional reach—whether through covert military operations in Syria and Iraq or its expanding defense-industrial exports to Gulf capitals—raises the specter of a new hegemonic order that runs counter to the GCC's long-standing opposition to dominance by any single regional power, be it Iranian, Turkish, or Israeli.

In this light, the Gulf's posture can be better understood as one of hedging rather than alignment—seeking tactical gains through coordination with Israel while resisting deeper political or security dependency. Syria's reintegration into a broader Arab consensus, its geographic and symbolic centrality may render it a pivot state, critical to containing Iranian influence while avoiding Israeli overreach.

In summary, the return of Trump's administration and the reconfiguration of Syria represent more than just regional developments—they are inflection points that could define the Gulf's security paradigm for the next decade. Gulf states are responding with a mixture of assertiveness, strategic investment, and calculated hedging—all aimed at achieving a sustainable, future-proofed security posture in an increasingly unpredictable Middle East.

## **Procurement Trends: Modernization, Technology, and Balance**

### **a. Emphasis on High-Tech Platforms**

Recent years have witnessed a move from mass procurement toward selective acquisition of advanced systems. Gulf states, particularly Saudi

Arabia and the United Arab Emirates (UAE), are focusing on fifth-generation fighter aircraft (e.g., the F-35 and Rafale), multi-role naval platforms, and integrated air and missile defense systems such as the THAAD and Patriot PAC-3.

Unmanned systems—drones and uncrewed surface vessels—are also gaining traction, providing a cost-effective means to project power, conduct ISR (intelligence, surveillance, reconnaissance), and deter asymmetric threats. The UAE has emerged as a regional drone power, developing and exporting UAVs while also acquiring advanced Chinese and Western platforms.

### **b. Cyber, AI, and Space Domains**

A defining feature of future-proofing is the integration of cyber capabilities and artificial intelligence (AI) into defense operations. Gulf countries are investing in offensive and defensive cyber capabilities, understanding that the next conflict may begin in the virtual domain. AI-driven decision-support systems, predictive analytics, and battlefield autonomy are increasingly part of military modernization agendas.





Moreover, space has rapidly become a critical frontier for defense innovation. Saudi Arabia, the UAE, and Qatar have initiated space programs with national satellites serving dual-use purposes. The UAE's space ambitions, exemplified by the Mars mission and the creation of a space command, suggest a strategic orientation toward multi-domain integration.

### **c. Shifting Supplier Ecosystem and Strategic Hedging**

This growing defense diversification does not signal a break with Washington. Rather, it complements a renewed tactical alignment with the U.S. by ensuring that Gulf states retain strategic flexibility and autonomy amid shifting global power dynamics. In Gulf security doctrine, alignment is not allegiance. The U.S. remains a vital partner, but not an exclusive one—especially in a world of uncertain multipolarity.

For example, Saudi Arabia's deal with China to acquire ballistic missile production technology—revealed in 2021 and reportedly expanded in 2023 through cooperation with China Aerospace Science and Technology Corporation (CASC)—underscores Riyadh's ambition to develop an indigenous missile capability outside the scope of Western restrictions. Meanwhile, the UAE's \$3.5 billion agreement with South Korea in 2022 for the Cheongung II KM-SAM air defense system, often dubbed the “Korean Patriot,” marked a significant milestone in Seoul's growing role as a trusted defense partner in the Gulf. Additionally, defense cooperation between the UAE and Israel was accelerated, with growing collaboration in cybersecurity, counter-drone systems, and interest in Israeli-made SPYDER air defense systems—reflecting both technological complementarity and a shared perception of regional threats.

These developments reflect a broader realignment of Gulf partnerships, driven by access to emerging technologies, shifting geopolitical calculations, and the strategic imperative to avoid overdependence on any single external power—including the United States.

## **Defense Industrialization: Toward Strategic Autonomy**

### **a. National Defense Companies and Localization**

Localizing defense production is a central pillar of most Gulf national visions, as states seek to build sovereign capabilities, reduce reliance on foreign suppliers, and stimulate advanced manufacturing. Saudi Arabia's Vision 2030 and the UAE's Operation 300bn both set ambitious targets for defense industrialization. Riyadh has created the General Authority for Military Industries (GAMI) and Saudi Arabian Military Industries (SAMI), aiming to localize 50% of defense spending by 2030. The UAE's EDGE Group, launched in 2019, has quickly become one of the most prominent regional defense conglomerates, specializing in autonomous systems, electronic warfare, and cyber technologies. EDGE exports to over 20 countries and has forged strategic partnerships with firms from Europe, Asia, and Africa, illustrating the growing international relevance of Gulf-made defense technologies.

Elsewhere in the GCC similar, albeit more targeted, efforts are underway. Qatar has invested in defense R&D and indigenous production through entities such as Barzan Holdings, which works with Turkish and European partners to produce land systems, drones, and ammunition domestically. Barzan has also collaborated with Rheinmetall and BMC to develop armored vehicles. Kuwait, while more reliant on traditional procurement, has begun laying the groundwork for defense





offset programs and limited localization in areas such as logistics and maintenance, often in coordination with Western suppliers. Bahrain has prioritized cyber defense and maritime domain awareness, working with Israeli and Western firms to develop indigenous capacity in naval systems and surveillance technologies. Oman, with a smaller defense budget, has focused on dual-use technologies and strategic maintenance hubs, partnering with international companies to enhance its domestic aerospace and ship repair industries.

Together, these developments reflect a regional shift toward strategic autonomy, as GCC states pursue indigenous capability for economic diversification.

## **b. Innovation Ecosystems and R&D**

Building future-proof capabilities requires more than assembly lines. GCC countries are investing in research and development (R&D) hubs, defense innovation incubators, and dual-use technology labs. Partnerships with academic institutions, global tech firms, and military academies are becoming more common.

The UAE's Tawazun Industrial Park and Saudi Arabia's military R&D centers aim to create environments conducive to technological self-sufficiency. Initiatives like AI-focused military programs, cyber defense simulations, and 5G-enabled command structures are examples of where innovation meets strategic defense.

## **Human Capital and Strategic Education**

Gulf states understand that advanced weapons without skilled personnel are ineffective. Investment in military education, professionalization of the officer corps, and joint training programs are part of the long-term strategy.

Military academies and strategic institutes are expanding across the Gulf. The UAE's Rabdan Academy and Saudi Arabia's King Abdulaziz Military Academy now offer courses in cyber operations, AI applications, and space defense. Increasingly, Gulf officers study abroad at Western war colleges while domestic programs are being tailored to the demands of modern warfare.

Moreover, the role of civilian-military collaboration is growing. National defense white papers, strategic reviews, and think tanks are helping frame future security strategies. This civil-military synergy is critical for informed procurement, doctrine development, and strategic planning.

## **Regional Defense Cooperation and Integration**

### **a. Interoperability and Joint Exercises**

Future-proof security requires coordinated action. GCC states are conducting more joint military exercises, not only among themselves but also with Western and Asian partners. These exercises test interoperability, simulate multi-domain scenarios, and improve coordination mechanisms.

Initiatives such as the Peninsula Shield Force, though historically underutilized, are now experiencing renewed focus and revitalization. For instance, in 2023, the GCC announced joint military exercises under the umbrella of Peninsula Shield, aimed at improving interoperability and rapid deployment capabilities among member states. Additionally, GCC-wide coordination on cybersecurity has intensified with the establishment of the GCC Cybersecurity Center of Excellence (GCC-CCE) in Riyadh, launched in 2022, which facilitates information sharing, joint threat assessments, and coordinated cyber defense drills across member states.



Air defense integration is also advancing; the GCC has initiated discussions to establish a regional integrated air and missile defense system, building on existing capabilities like Saudi Arabia's THAAD and the UAE's Patriot batteries, aiming to create a networked early-warning system that can coordinate radar and interception efforts in real time.

Naval patrolling has become more regular and coordinated through operations like GCC's joint maritime security patrols in the Arabian Gulf and Strait of Hormuz, intensified since 2021 to counter threats such as smuggling, piracy, and hostile drone incursions. These patrols often involve combined task forces sharing intelligence and conducting coordinated drills, enhancing collective maritime domain awareness.

Together, these efforts reflect a more cohesive and active GCC approach to collective defense, moving beyond rhetoric toward practical integration and operational readiness.

### **b. Maritime Security and Red Sea Strategy**

Maritime security, particularly in the Strait of Hormuz and the Bab al-Mandab Strait, is vital for Gulf energy and trade flows. The rise in naval procurement including corvettes, patrol vessels, and underwater surveillance systems points to increased attention to maritime deterrence.

Coalitions such as the Combined Maritime Forces (CMF), Operation Sentinel, and the International Maritime Security Construct (IMSC) offer platforms for multilateral maritime security coordination, focusing on protecting vital waterways like the Strait of Hormuz.

At the same time, Gulf states are developing indigenous naval doctrines and command structures. For example, Saudi Arabia's doctrine prioritizes integrated maritime defense against asymmetric threats and protection of critical infrastructure, emphasizing interoperability with allies. The UAE's doctrine focuses on power projection, amphibious capabilities, and incorporating cyber and electronic warfare, supported by centralized command to coordinate across multiple theaters. Smaller states like Qatar and Bahrain emphasize maritime domain awareness and joint exercises, enhancing real-time command and control. Together, these efforts mark a shift toward comprehensive, multi-domain naval strategies aligned with multinational coalitions to safeguard regional maritime security.

### **c. The Israel Factor and Emerging Coalitions**

The normalization of ties between Israel and the UAE, Bahrain, and others has the potential to create a de facto regional defense axis aligned against shared threats. While political sensitivities remain, the trajectory points toward deeper cooperation, particularly in emerging domains like cyber and AI, where Israel is a recognized leader.

### **Strategic Challenges and Ethical Considerations**

While procurement and modernization are progressing rapidly, challenges remain. Sustainability, strategic coherence, and human rights concerns require careful management.

### **a. Budgetary Pressures and Sustainability**

The post-pandemic global economy and energy transition have increased pressure on state







budgets. Balancing defense spending with fiscal responsibility, economic diversification, and social development is a complex task. As procurement programs grow increasingly sophisticated and costly, Gulf states face mounting pressure to avoid unnecessary duplication of capabilities and instead focus on optimizing resource allocation across the region. This requires enhanced coordination and transparency among GCC defense ministries to identify complementary strengths and gaps, enabling specialization rather than redundant purchases. For instance, states might concentrate on developing niche areas such as air defense, naval power, or cyber capabilities, while relying on partners for other domains. Such an approach not only maximizes the overall effectiveness of regional defense but also helps to control escalating costs, improve interoperability, and foster deeper integration in training, maintenance, and logistics. Ultimately, this optimization is critical to building a cohesive security architecture capable of responding efficiently to complex threats without overburdening individual national budgets

### **b. Strategic Coherence and Command Structures**

Modernization must align with national doctrines, clear threat assessments, and integrated command structures. In some states, the rapid acquisition of foreign platforms has outpaced doctrinal development and logistical capacity. Addressing these gaps is crucial for operational effectiveness.

### **c. Ethical Use of Advanced Technologies**

The increasing use of AI, cyber tools, and unmanned systems raises ethical questions. How will GCC states ensure compliance with international humanitarian law? How will command and accountability be maintained in

semi-autonomous systems? These are not future concerns--they are present-day imperatives. Gulf states should take the lead in developing ethical frameworks and contribute to global norms on emerging military technologies, reinforcing their image as responsible stakeholders in the international system.

## **Conclusion: The Road Ahead**

Ensuring long-term security in the Gulf is no longer simply about deterrence through strength; it is about agility, resilience, and integration. Gulf states are rethinking their defense postures in response to evolving threats, emerging technologies, and shifting global alliances.

### **The trends indicate a clear movement toward:**

- High-tech, selective procurement;
- Integration of cyber, AI, and space capabilities;
- Growth of indigenous defense industries;
- Strategic partnerships across a diversified spectrum;
- Enhanced regional cooperation and multilateralism.

To succeed, Gulf countries must maintain strategic discipline, invest in human capital, and address ethical considerations with transparency and foresight. In doing so, they will not only defend their sovereignty but also shape the regional security order in an era defined by uncertainty and transformation. As the Gulf continues to evolve as a geopolitical and geoeconomic hub, its future-proofed security strategies will serve as both shield and signal: a shield against emerging threats and a signal of confidence, autonomy, and strategic vision.



## SECTION III

# Global Territories



## Diplomacy and Deals: The Evolving U.S.-GCC Partnership

Amnah Mosly, Researcher

The United States and the Gulf Cooperation Council (GCC) states have sustained a strategic and multifaceted partnership for decades, rooted in mutual interests such as energy security, regional stability, and counterterrorism. Despite periodic tensions and shifting geopolitical dynamics, the relationship has remained fundamentally resilient and adaptive. The second Trump administration, in particular, has ushered in a period of intensified engagement, marked by renewed diplomatic outreach, expanded economic collaboration, and heightened security concerns. This chapter examines the evolving trajectory of U.S.-GCC relations in light of recent global developments and assesses the implications of Trump's return to office for the future of this critical partnership.

### Contextual Analysis

Following Donald Trump's re-election in 2024, Gulf leaders expressed optimism regarding the continuity and potential strengthening of bilateral ties. Congratulatory messages from GCC leaders underscored the value placed on U.S. engagement in fostering regional stability and security. This backdrop of optimism is set against the achievements of Trump's first term, during which he prioritized strengthening ties with the GCC, particularly in areas such as economic cooperation and regional security. The expectation has been that this trajectory will continue, with an emphasis on reinforcing both security and economic ties.

The early months of the second Trump administration suggest a continuation of key priorities from the first term, albeit with some notable shifts in tone and approach. It is clear that the U.S. and GCC are pursuing a dual track, one driven by an economic trajectory and the other centered on diplomacy. President Trump's "historic" Middle East tour in May 2025 signaled a continued emphasis on traditional alliances and highlighted the region's importance in addressing complex regional challenges. The trip, which began in Saudi Arabia, once again serving as the destination of the U.S. President's first foreign visit, a symbolic echo of his 2017 visit, demonstrated the dual track in the U.S.-GCC relationship. On the one hand, the economic dimension, driven by the large-scale agreements, was clearly visible during the visit. On the other hand, politically, President Trump reaffirmed Washington's strategic ties with GCC states, particularly Saudi Arabia, emphasizing the Gulf's strategic relevance in U.S. foreign policy. In terms of diplomacy, the same issues stood out, ranging from political concerns on Palestine, Syria, and Iran to security and defense topics.

### U.S.-GCC Relations & Regional Security During Trump's Second Term

#### *Strategic Economic Alignment*

The first track of the U.S.-GCC partnership, economic cooperation, has emerged as a



central pillar of the Trump administration's engagement with the region. It is underpinned by an unprecedented volume of investment commitments, joint ventures, and strategic commercial agreements. During President Trump's May 2025 visit to the Gulf, several high-value deals totaling more than \$2 trillion were signed across various sectors, reflecting the deepening economic interdependence between the United States and the Gulf states.

Saudi Arabia committed to a \$600 billion investment package spanning next-generation technology, energy, healthcare, and finance. This comes at a time when the Kingdom is positioning itself at the forefront of artificial intelligence and digital transformation, forging a strategic partnership with major U.S. tech firms including Google, Oracle, Salesforce, AMD, and Nvidia. These deals included a landmark \$80 billion investment in AI-driven joint ventures and a separate \$20 billion commitment by DataVolt to establish AI data centers and energy infrastructure. The creation of an 'AI Zone' in partnership with AWS and HUMAIN, along with plans to deploy 500 MW of AI computing capacity, positions Saudi Arabia as a potential future hub for advanced technological development in the region.



Photo Source: AlArabiya (2025)

In the energy sector, Saudi Aramco signed up to 34 memoranda of understanding (MOUs) valued at up to \$90 billion, involving collaborations with U.S. firms such as ExxonMobil, NextDecade, Semptra, and GE Vernova. Notable initiatives include a 20-year LNG supply agreement, a \$3.4 billion investment in a U.S.-based fuel plant, and the continuation of green hydrogen development projects. These align directly with the Kingdom's Vision 2030 goals, combining diversification with a drive to lead in clean energy technology.

On defense and security, the [White House](#) announced that "Underscoring our commitment to strengthening our defense and security partnership, the United States and Saudi Arabia signed the largest defense sales agreement in history, nearly \$142 billion, providing Saudi Arabia with state-of-the-art warfighting equipment and services from over a dozen U.S. defense firms." This deal underscores the wide-ranging bilateral defense partnership and serves as a signal of a continued U.S. commitment to Gulf security. President Trump's unequivocal statement that he would "never hesitate" to use military force to defend Saudi Arabia did mark a stark contrast with the perceived hesitations of previous administrations, providing reassurance regarding U.S. security guarantees.

Parallel developments were observed in Qatar and the United Arab Emirates. Qatar entered into a \$1.2 trillion economic exchange agreement, which included \$243.5 billion in commercial and defense deals. These deals encompassed a \$96 billion aviation contract for up to 210 Boeing aircraft, as well as \$8.5 billion in energy infrastructure investments. In the realm of technology, Qatar committed up to \$1 billion toward quantum computing in collaboration with U.S. firm Quantinuum, indicating a long-term alignment in emerging technological domains.







The UAE, for its part, signed \$200 billion in commercial deals, with particular emphasis on critical minerals, digital infrastructure, and energy production. A 10-year \$1.4 trillion investment framework was also unveiled between the U.S. and UAE governments, encompassing collaboration in AI, energy, semiconductors, and national security. This framework is projected to contribute up to \$181 billion to the UAE's digital economy by 2033, suggesting a significant U.S. role in the Gulf's technological future.

The scale of the economic deals signed during Trump's 2025 Gulf visit reflect not only deepening commercial interdependence but also a strategic realignment in how the U.S. engages with the region's long-term development agendas. Rather than relying solely on defense cooperation as the anchor of bilateral relations, Washington has broadened its focus to align with the Gulf states' national visions, particularly their ambitions in artificial intelligence, digital infrastructure, and energy diversification.

While the scope of recent U.S.-GCC economic agreements signals an ambitious recalibration of bilateral engagement, questions remain as to whether all announced deals will fully materialize. Historically, high-profile investment deals have at times faced delays, scaling back, or reconfiguration due to shifting domestic priorities, bureaucratic hurdles, or changes in global economic conditions. Nonetheless, the volume and diversity of the 2025 deals, particularly those tied to long-term national strategies like Saudi Arabia's Vision 2030 or the UAE's digital economy framework, suggest a stronger degree of institutional planning and follow-through. Even partial realization of these agreements would represent a significant deepening of U.S.-GCC economic interdependence and signal a structural evolution in the nature of the partnership beyond traditional defense and energy.

**The scale of the economic deals signed during Trump's 2025 Gulf visit reflect not only deepening commercial interdependence but also a strategic realignment in how the U.S. engages with the region's long-term development agendas**

### *Political and Diplomatic Engagement*

On the diplomatic and security front, recent developments have underscored a shift in the international perception of the Gulf, from a passive arena of great power competition to an active platform for geopolitical negotiation. From Saudi-led initiatives in Palestine and Ukraine, to Oman's facilitation of the indirect talks between Iran and the United States, and Qatar's numerous mediation efforts, these events reflect the GCC's evolving posture as a convener of dialogue rather than merely a recipient of external security guarantees, reinforcing Washington's need to enhance its engagement strategies in the region.

As such, one of the main outcomes of President Trump's visit to the region was the announcement that the United States is taking steps to restore normal U.S.-Syria relations for the first time in over a decade, representing a significant U.S. policy shift and a recalibration of Washington's approach. Sanctions were lifted to allow for diplomatic engagement following consultations with Saudi



and Turkish leaders. This development, along with a high-level trilateral meeting with Syria's President and U.S. Secretary Rubio's meeting with the new Syrian foreign minister in Türkiye, underlined not only Riyadh's diplomatic presence and its role as a facilitator of regional peace and security, but also the important role the region plays in U.S. foreign policy. The administration's alignment with Riyadh on several pressing regional dossiers, including Syria normalization and expanded defense cooperation, demonstrates a strategic convergence rooted in mutual interest, and in the recognition of Saudi Arabia's growing capacity to shape regional outcomes.



Photo Source: Foxnews (2025)

However, the unfolding military confrontation between the United States, Israel, and Iran in June 2025 represents the most serious security challenge to the U.S.-GCC partnership. On June 22, U.S. B-2 bombers conducted targeted strikes on Iranian nuclear sites, citing Tehran's uranium enrichment activities and expanding nuclear capabilities as an imminent threat. The strikes, which followed weeks of intensifying proxy conflicts and diplomatic stalemate, were framed by Washington as a preventive measure against nuclear proliferation. However, the operation elicited a range of international responses, from cautious endorsement to explicit condemnation, and significantly altered the regional security landscape. The situation escalated dramatically

when, on June 23, Iran launched retaliatory missile strikes on the U.S. Al-Udeid Air Base in Qatar. This marked the first direct Iranian attack on U.S. forces stationed in the Gulf, widely regarded in the region as a serious violation of Gulf sovereignty.

In the wake of the June strikes, the security dimension of the U.S.-GCC partnership has taken on new urgency. With tensions in Gaza ongoing and no clear path to de-escalation, the GCC states have been concerned about becoming collateral participants in an unpredictable escalation between the U.S. and Iran. Given the Gulf's geographic proximity to Iran and the presence of strategic assets, including U.S. military bases, critical energy infrastructure, and maritime chokepoints like the Strait of Hormuz, de-escalation is not just a policy preference but an existential necessity. Indeed, the materialization of those fears became evident in the aftermath of the Iranian strikes on the U.S. base in Qatar, which prompted immediate security responses across the region, including airspace closures in Qatar, Bahrain, Kuwait, and the UAE. Warnings of "grave consequences" and "regional escalation" from Gulf officials reflect the bloc's sensitivity to conflict spillover and the risk such instability poses to critical infrastructure and civilian populations alike. These statements have thus brought to the forefront once again Gulf concerns over the reliability of U.S. security and regional policy.

Amid this volatile backdrop, GCC governments have continued to stress the importance of diplomacy. The emphasis on dialogue and political solutions in official statements signals a clear preference for preventive diplomacy and multilateralism. While reactions vary slightly in tone, GCC member states have largely converged on the principles of restraint, sovereignty, and regional stability. This is particularly notable in the cases of Oman and Qatar, which have historically positioned





themselves as neutral mediators in U.S.-Iran dialogues and broader regional conflicts. Although the GCC has long expressed concern about Iran's regional activities and nuclear program, the bloc remains consistent in opposing external military interventions that bypass international consensus. This position is not rooted in support for Iran's policies but rather in a broader, longstanding Gulf consensus that regional conflicts must be resolved within a framework that respects legal norms and prevents dangerous precedents.

While no GCC member state openly endorsed the U.S. military action, none have directly condemned it either, suggesting a strategy of measured neutrality designed to preserve ties with key security allies. At the same time, the Gulf states' more forceful condemnation of Iran's retaliatory strike reveals a subtle yet significant distinction in posture. The Gulf continues to balance maintaining its alliance with the U.S. as a security guarantor while discouraging further Iranian aggression in regional airspace and asserting its own sovereign interests.

Similarly, the United States has also been striking a balance as President Trump attempts to recast the U.S. role as a peace broker rather than simply a military actor. In his widely circulated post on Truth Social, he [wrote](#), "Israel & Iran came to me, almost simultaneously, and said, 'PEACE!' I knew the time was NOW. The World, and the Middle East, are the real WINNERS! Both Nations will see tremendous LOVE, PEACE, AND PROSPERITY in their futures. They have so much to gain, and yet, so much to lose if they stray from the road of RIGHTEOUSNESS & TRUTH. The future for Israel & Iran is UNLIMITED, & filled with great PROMISE. GOD BLESS YOU BOTH!"

The statement aligns with the U.S. effort to frame the moment as a potential inflection point toward de-escalation and future diplomacy, underscoring the Trump administration's struggle to maintain a strategic balance between discouraging further Israeli action, managing Iranian retaliation, and sustaining U.S. credibility as both a deterrent and a diplomatic interlocutor.

This is particularly true as President Trump publicly asserts restraint following his announcement of a ceasefire, particularly toward Israeli actions that risked exacerbating the conflict. In a widely circulated [post](#), Trump declared: "ISRAEL. DO NOT DROP THOSE BOMBS. IF YOU DO IT IS A MAJOR VIOLATION. BRING YOUR PILOTS HOME, NOW!" Additionally, the U.S. president expressed that he is "unhappy with Israel" after it "dropped a load of bombs" on Iran after the truce to end almost two weeks of fighting was announced.

The above thus signals that Washington's strategic calculus remained rooted in preserving regional stability rather than enabling unilateral military adventurism. However, there is increasing sentiment that Washington should take a more balanced and constructive role, particularly regarding the escalating situation in Gaza. For the Gulf, U.S. policy should move beyond statements of support and instead play a proactive role in deescalating tensions by urging Israel to cease military operations and return to a credible political process centered on a two-state solution. While President Trump's visit to the Gulf enhanced established alliances and economic agreements, it also strengthened the avenue for direct dialogue based on diplomacy.



## Conclusion

As the second Trump administration unfolds, U.S.-GCC relations are entering a new phase characterized by both continuity and strategic enhancements. The partnership remains grounded in a foundation of mutual interests in regional security, economic development, and geopolitical stability. Yet, it is also increasingly shaped by new dynamics, most notably, the dual-track approach that simultaneously advances diplomatic engagement and robust economic cooperation. This foreign policy has enabled the United States to reaffirm its strategic relevance in the Gulf, even as regional actors assert greater agency in shaping their foreign policy trajectories.

The scale and scope of recent bilateral agreements, particularly the more than \$2 trillion in investment deals secured during President Trump's 2025 Gulf visit, underscore the depth of economic interdependence. These deals are not merely transactional, but it can be argued that they reflect a shared strategic vision that aligns American innovation and investment with the Gulf states' national transformation agendas. By expanding cooperation into critical and emerging sectors, such as artificial intelligence, green energy, digital infrastructure, and defense technology, both sides are laying the groundwork for a partnership that can adapt to an evolving global order.

Nevertheless, certain challenges persist, such as divergences over policy approaches to Iran, the Israel-Palestine conflict, and the future of regional security architecture. However, the current trajectory suggests that both the United States and the GCC states remain committed to managing differences pragmatically while deepening cooperation. As the global balance of power continues to shift, the U.S.-GCC relationship, underpinned by strategic dialogue and economic synergy, will likely remain a cornerstone of regional order and an influential force in shaping the geopolitics of the wider Middle East.

**As the global balance of power continues to shift, the U.S.-GCC relationship, underpinned by strategic dialogue and economic synergy, will likely remain a cornerstone of regional order and an influential force in shaping the geopolitics of the wider Middle East**





## Strategic Realignments in Gulf–Asia Relations

Layla Ali, Senior Research Associate

### A Shifting Geopolitical Compass

Gulf–Asia relations are deepening in ways that go beyond short-term trade or diplomatic diversification. This shift is grounded in recent economic trends: in 2022, China, India, Japan, and South Korea collectively accounted for more than 60% of GCC oil exports. Yet, GCC states are signing landmark agreements with Asian powers that extend well beyond hydrocarbons. In the field of advanced technology, the UAE has partnered with South Korea on developing hydrogen energy and smart city platforms, while Huawei has established data centers and 5G networks across the UAE and Saudi Arabia. In the green energy sector, Saudi Arabia has signed agreements with China and South Korea to jointly develop solar and hydrogen technologies as part of its Vision 2030 agenda. Taken together, these developments reflect a broader realignment in which Gulf states are becoming active participants in an emerging Asia-centered order. This piece assesses the degree to which the Gulf has actually gone beyond “looking East” by evaluating the current depth of relations and identifying where this strategic trajectory is heading.

### Redrawing the Geo-Political and Geo-Economic Map between the GCC and Asia

The GCC states are co-constructing long-term interconnections with Asian actors, anchored in

economic strategy, political alignment, and shared transformation goals, particularly in areas such as industrial development, food security, and digital infrastructure. In each of these areas, aspects of geopolitics as well as geoeconomics play a role. The Gulf is looking to Asia for practical, affordable, and scalable solutions to its post-oil transformation. Yet, GCC’s ties with Asia should not be equated with a shift to the East and away from the West. Instead, it is simply utilizing the Gulf’s position at the crossroads of three continents in order to best serve GCC interests in multi-alignment and economic diversification.

**The GCC states are co-constructing long-term interconnections with Asian actors, anchored in economic strategy, political alignment, and shared transformation goals**



## Economic Strategy

Economic relations underscore the GCC's eastward focus. In 2023, China remained the largest trading partner of most Gulf states. UAE-China bilateral trade exceeded \$100 billion in 2022 while Saudi-China trade crossed \$116 billion. The India-UAE Comprehensive Economic Partnership Agreement (CEPA), signed in 2022, aims to increase bilateral trade to \$100 billion by 2030. South Korea's growing demand for energy and infrastructure partnerships has also strengthened ties with the Gulf, as trade with Saudi Arabia alone reached \$29 billion in 2022.

In addition to Gulf countries serving Asian energy needs, the GCC states have become major investors in Asian infrastructure and digital ecosystems, a move rooted in strategic and economic logic. These investments align with national visions such as Saudi Arabia's Vision 2030 and the UAE's Centennial 2071, which aim to diversify economies away from hydrocarbon dependence and foster knowledge-based, innovation-driven growth. By investing in Asia's rapidly expanding infrastructure and digital sectors, Gulf sovereign wealth funds gain access to some of the world's fastest-growing markets, particularly in areas like e-commerce, green energy, logistics, and fintech. These sectors offer not only strong financial returns, but also opportunities to deepen technological collaboration and enhance the Gulf's own capabilities in emerging industries.

The Public Investment Fund (PIF) of Saudi Arabia has invested in Indian tech firms, such as Jio Platforms, and e-commerce logistics. Meanwhile, the UAE's ADQ and Mubadala have directed capital into Southeast Asia's fintech and logistics sectors, including investments in Gojek and regional e-commerce infrastructure. Qatar's sovereign wealth fund has also stepped up its

Asian footprint with investments in Chinese tech companies and Indian startups. Simultaneously, Asian companies such as Huawei, Sinopec, Samsung, and SoftBank are being increasingly integrated into the Gulf's industrial strategies—from smart grids and AI to petrochemical refineries and telecommunications.

Japan and South Korea are playing pivotal roles in advancing renewable energy and nuclear cooperation across the region. Saudi Arabia and South Korea are jointly developing Small Modular Reactors (SMRs), and the UAE's Barakah nuclear plant, built with South Korean expertise, serves as a leading regional model (SEAISI, 2025). Oman has emerged as a green hydrogen powerhouse: South Korean developer Lupro (in partnership with Omani and Thai firms) is building a green ammonia facility in Duqm, targeting annual output of one million tonnes for export to Southeast Asia and Korea by 2027. At Salalah, the SalalahH2 consortium, composed of OQ Alternative Energy, Samsung C&T, Marubeni, and Dutco, is pioneering a 1 Mt/year renewable ammonia project powered by 5 GW of solar and wind, with a final investment decision expected in 2026 and operations aimed for 2030 (Rouwenhorst, K., 2025).





These examples underscore the expanding breadth of Gulf–Asia cooperation, which now reaches far beyond energy into digital infrastructure, advanced manufacturing, and next-generation green technologies. Expanding partnerships with key Asian economies also allows Gulf countries to build more balanced and multidirectional international relationships. Rather than relying solely on traditional Western partners, Gulf states are actively strengthening ties across regions reinforcing their strategic autonomy and global relevance in a competitive, multipolar world.

### Political Alignment

While the economic relationship is growing, and security dimensions of Gulf–Asia relations are evolving, the diplomatic sphere is equally dynamic. In May 2025, ASEAN and the GCC for the first time held a trilateral summit in Kuala Lumpur, joined by China. China’s participation amplifies the strategic weight of the summit, offering an alternative vision for global order at a time when confidence in U.S. economic leadership is waning, particularly in light of the new round of global tariffs imposed by President Donald Trump since April 2025.

This marked the second formal GCC–ASEAN summit and underscored the Gulf states’ growing diplomatic engagement with Southeast Asia. GCC leaders reaffirmed a commitment to enhancing strategic partnership, economic resilience, and regional cooperation with ASEAN. The endorsement of the ASEAN–GCC Framework of Cooperation (2024–2028) is a step in this direction. It outlines joint actions across political, security, economic, social, and cultural domains, which, if implemented effectively, could address the chronic lack of institutionalization that has long plagued ASEAN–GCC ties. The agreement to explore a Free Trade Agreement and conduct

a feasibility study is particularly key, especially at a time when both regions are seeking to expand South–South trade and reduce their overdependence on traditional Western markets.

Bilateral diplomacy also reflects this trend. The UAE–Indonesia relationship has been upgraded: under their 2022 Comprehensive Economic Partnership Agreement (CEPA), leaders have signed multiple memoranda on infrastructure, renewable energy, food security, AI, governance reform, and even maritime mangrove research. High-level meetings in April 2025 further reinforced cooperation in energy transition, counter-terrorism, trade, and social development. In January 2025, the UAE and Malaysia also signed a CEPA, which aimed to solidify the UAE’s role as a strategic hub for Malaysian exports to the Middle East, North Africa, and beyond, while opening the ASEAN market to UAE investors and entrepreneurs.

Parallel momentum is seen with Central Asia. The UAE and Kazakhstan have expanded their cooperation, including recent energy and investment agreements signed in early 2025, with Abu Dhabi-based XRG acquiring a 38% stake in Turkmenistan’s Caspian Block I project (Chaudhury, D., 2025). In April 2024, the second Ministerial Meeting of the GCC–Central Asia Strategic Dialogue took place in Tashkent. High-level diplomats from GCC countries and Central Asian states addressed cooperation in trade, transport, green energy, investment, and food security. Both regions, strategically located at the crossroads of Asia, the Middle East, and Europe, are recalibrating their foreign policies to align with emerging global dynamics.

On the security front, Asian states are not traditional security providers, and the U.S. still dominates the Gulf security architecture. But



there are important, if subtle, changes. Japan and South Korea have increased their defense dialogue with both the UAE and Saudi Arabia. In 2022, the UAE signed a defense cooperation agreement with South Korea, including arms procurement and joint training. South Korea also exported its Cheongung II missile defense system to the UAE in a deal worth \$3.5 billion. Japan, despite its constitutional constraints on the use of force, has deployed Maritime Self-Defense Force (MSDF) vessels and aircraft to the Gulf of Oman since 2020 to conduct intelligence-gathering operations and ensure the safety of Japanese commercial shipping, particularly oil tankers transiting the region.

All of these interactions should be understood as part of the overall Gulf diversification strategy aimed at gaining maximum benefits out of their multiple relationships and alliances. Gulf states are not pivoting away from the U.S. but rather are taking advantage of the opportunities that new partnerships offer. In this context, Asian partners provide reliable, politically neutral technical cooperation that complements Western defense ties. This modular security diversification, combined with partnerships in cyber, space, and drone technologies, reflects Gulf pragmatism rather than realignment.

### Shared Transformation Goals

Gulf countries are further positioning themselves as key players in innovation. The UAE's AI Office, Saudi Arabia's National Data Management Office, and Qatar's investments in ed-tech and biotech reflect this ambition. Given that these efforts require capable international partners, countries such as South Korea, Singapore, and China offer

state-led innovation ecosystems, characterized by coordinated industrial policy, government-backed R&D investment, and strong public-private collaboration. All of this aligns closely with the Gulf's own top-down, state-driven models of economic development. Gulf countries are aligning with partners whose industrial policies and development models offer mutual gains.

China, meanwhile, is building 5G infrastructure in Saudi Arabia and the UAE, while partnering across the Gulf to drive digital transformation, infrastructure modernization, and innovation ecosystems. Huawei has spearheaded 5G-Advanced (5G-A) deployments not only in Saudi Arabia and the UAE but also through strategic agreements with STC Bahrain (Tomás, J., 2025) on AI-powered services and STC Kuwait's deployment of a fully converged 5G standalone core network, a rare capability only achieved by a few Chinese suppliers globally (Samena Council, 2022). In Qatar, Huawei and Qatar University have established an AI Lab and talent-development programs, including the "Seeds for the Future" initiative (Hamad bin Khalifa University, 2024). In Oman, Chinese firms are deeply involved in the Duqm Special Economic Zone, co-developing the China-Oman Industrial Park with commitments surpassing \$10 billion (Center for Strategic and International Studies, 2023), building a \$200 million wind turbine factory via Shanghai Electric, and co-funding a \$200 million renewable energy fund to support solar and wind projects in Duqm. These initiatives align with national visions such as Kuwait Vision 2035, Oman Vision 2040, and Qatar National Vision 2030—highlighting a Gulf-wide convergence with China on AI, smart city development, digital infrastructure, and clean energy transformation.





**To move beyond fragmented bilateralism, the Gulf and Asia must work toward constructing a more integrated regional framework, one capable of translating diplomatic goodwill into sustained strategic outcomes**

### **Toward a Structured Gulf–Asia Architecture: Gaps and Challenges**

Despite increasingly robust bilateral ties between Gulf states and key Asian partners, their existing relations continue to lack a coherent multilateral architecture. Current engagements are largely transactional and state-specific, leaving strategic gaps in coordination, continuity, and collective influence. While summits like the inaugural GCC–ASEAN meeting in 2023 and the follow-up in Malaysia in May 2025 mark important milestones, these formats remain embryonic and have yet to evolve into institutionalized platforms with enduring impact.

To move beyond fragmented bilateralism, the Gulf and Asia must work toward constructing a more integrated regional framework, one capable of translating diplomatic goodwill into sustained strategic outcomes. This includes sectoral integration initiatives in areas of mutual urgency such as energy transition, maritime security,

climate resilience, digital economy governance, and health cooperation. A deeper multilateral presence would also allow Gulf states to help shape the norms and priorities of Asia’s evolving geopolitical landscape, rather than merely adapt to it.

Equally important is the development of a structured track-two ecosystem to complement official diplomacy. Partnerships with think tanks and academic networks are essential for building the epistemic infrastructure necessary for long-term cooperation. These institutions can generate knowledge, inform policy, and foster trust among the rising generations. Cultural diplomacy, education exchanges, and joint research funding mechanisms would help embed these ties more deeply into public consciousness.

To avoid dependency or fragmentation, Gulf countries should co-develop regional tech standards and ensure that digital infrastructure investments from different partners (e.g., Chinese cloud services, Indian payment systems, Korean e-governance models) are interoperable. This calls for greater Gulf agency in shaping regional digital governance, in partnership with Asia.

Crucially, for the Gulf to fully leverage its eastward policy, it must shift from viewing Asia as a collection of economic opportunities to treating it as a shared geopolitical and developmental space. This requires aligning on common challenges, such as climate insecurity, technological fragmentation, supply chain disruptions, and rising protectionism, and responding through coordinated policy frameworks. Structured platforms such as GCC-led summits, co-chaired thematic working groups, and joint infrastructure or financing mechanisms can offer the institutional resilience and flexibility needed to sustain this strategic shift.



Ultimately, Gulf–Asia ties cannot remain ad hoc or opportunistic. If both regions are to co-author the next chapter of global economic governance and regional stability, they must invest in a durable, rules-based, and multilayered architecture that reflects their mutual interdependence and long-term aspirations.

### Conclusion: A Region Repositioning, Not Replacing

Gulf–Asia relations today are marked by a high degree of pragmatism, strategic depth, and increasing mutual investment in transformation. They reflect not a pivot, but a broadening of engagement. The shift East is real, measurable, and expanding. Yet it is not deterministic, nor is it disengagement from the West. It is a complex repositioning within a multipolar world.

The Gulf's future lies not in choosing between East and West, but in anchoring itself within multiple geographies. Asia offers energy markets, technological know-how, and governance partnerships. The West remains a crucial provider of security services. Gulf states must now focus on building policy coherence, institutional depth, and regional frameworks to ensure that these eastward ties are not only sustainable but also transformative.

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## Gulf–EU Relations: Strategic Dialogue in a Shifting Global Order

Houda Barroug, Researcher

The landscape characterizing the EU-GCC relationship today is at a critical juncture, with both blocs' strategic importance and economic dynamism facing unprecedented challenges. Rather than long-term strategic vision, the EU-GCC relationship seems to be determined by necessity and cautious cooperation in an unstable world. While the GCC struggles with regional instability, institutional shortcomings, and structural limitations, despite certain members' ambitious modernization agendas, the EU struggles to define and maintain its position in the face of internal fragmentation and a loss of its once-vaunted model character.

Both blocs are engaging out of both necessity and conviction: the GCC seeks a semblance of a stable framework of partnerships, and the EU needs Gulf support to remain relevant in the Middle East. Recent efforts, notably the 2022 Strategic Partnership with the Gulf and the first-ever EU-GCC summit in 2024, reflect a desire to strengthen and give more depth to the partnership; however, the two sides are encountering significant challenges on various levels and remain overall incapable of addressing the underlying frustrations and structural limitations surrounding their partnership.

The broader international environment only adds to the challenges imposed on EU-GCC ties. The

Gulf has been deepening its engagement with a variety of actors around the globe including countries such as China, India, Brazil, South Korea, and Indonesia. However, this outreach remains largely transactional and constrained by the bloc's limited institutional capacity, offering little of the structural and institutional predictability the region seeks. Meanwhile, the EU is grappling with internal divisions and perceptions of incoherence, and its limited effectiveness, decreasing relevance, and lack of strategic clarity continue to fuel a growing dissatisfaction among Gulf partners. Moreover, recent crises, including the war on Gaza and Red Sea instability, have put cooperation to the test, prompting fundamental re-assessment of the partnership's future direction.

Recognizing its institutional inadequacies and the need to adapt to a changing world, the GCC has increasingly pushed to reform its structures and position itself as a legitimate middle power. Recent initiatives, such as increasing economic diversification, investing in technology and infrastructure, and taking more active foreign policy roles, indicate a rising desire to move beyond hedging and transactional diplomacy. These efforts, while still limited by regional volatility and internal divisions, indicate that the GCC is more than just a passive actor or a default partner, but rather a bloc with its own strategic purpose and a desire for more stable, rules-based partnerships.



Against this backdrop, the EU's role as a geopolitical actor and overall reputation in the Gulf are being quietly but fundamentally reassessed. Restoring trust and establishing real collaboration now hinges on the EU's ability to demonstrate coherence, consistency, and genuine commitment to the region's interests. As both blocs try to navigate the pressures of global change, there is a growing need for new points of convergence that could lay the groundwork for a more resilient and forward-looking alliance. The coming period will determine whether the EU can overcome its reputation for inconsistency and convince the GCC of its relevance, or whether it will be pushed to the margins as Gulf governments strengthen their ties with other global powers.

### **The Shifting Global Order and Its Impact on EU-GCC Relations**

The international environment confronting both the EU and the GCC is, simply put, characterized by sense of 'permanent instability.' Global order is no longer defined by conventional hierarchies and predictable alliances; instead, power is becoming more diffused, and the rules-based structure that has traditionally driven the international system is under strain. For the Gulf states, this shift has created both opportunities and challenges to assert greater influence and agency, allowing it to diversify its partnerships with China, India, other Asian economies as well as Latin America and Africa while at the same time maintaining its relationship with Western countries- although these remain more transactional than the former.

These geostrategic changes have also pushed the EU to fundamentally reassess its external strategy and foreign priorities. The bloc's pursuit of 'geopolitical resilience' and "open strategic autonomy" demonstrates a recognition that it must be able to act independently in crucial areas

such as security, technology, and energy whilst remaining open to multilateral collaboration. In the context of the GCC, the recent institutional reforms, including the creation of the Directorate-General for the Middle East, North Africa, and the Gulf (DG MENA) in the European Commission and the appointment of a Special Representative for the Gulf, signify the EU's growing awareness of the bloc's strategic importance for its own stability and prosperity. These steps as well as the historic EU-GCC summit in 2024 were expected to signify a more robust and unified EU policy on the region.

The impact of these developments is reflected to a certain extent in the evolving landscape of the EU-GCC cooperation agenda. Current EU-GCC security dialogues focus on a wide range of concerns, including regional conflicts, counterterrorism, maritime security, and cyber threats. With the Russia-Ukraine war, energy security has resurfaced as a major concern in the partnership, cementing the Gulf's role as a crucial partner in Europe's climate transition and diversification initiatives. At the same time, recent moves have not eliminated long-held doubts about the EU's ability to act strategically. This is because they have not yet resulted in concrete action, and the statements issued do not match the agendas pursued and implemented.







## Growing Gulf Disappointment

The central source of Gulf disappointment and dissatisfaction with the EU echoed in its regional discourses is the bloc's persistent fragmentation, slow-moving bureaucracy, and double standards. There is the belief that Europe lacks both a united vision and the practical tools required to navigate the challenges of the contemporary global system. This sense of incoherence is exacerbated by Europe's internal challenge which further destabilizes the EU's policymaking and external credibility.

The war on Gaza has exacerbated these frustrations. The EU's divided and frequently ambiguous stance and approach to the crisis has presented a picture of weakness and inconsistency, prompting allegations of double standards and hypocrisy throughout the Gulf and Arab countries. These divides have not only undercut the EU's normative claims but have also stalled cooperative projects and increased mistrust at a time when the GCC is actively reconsidering its global partnerships. The EU's failure to offer a unified approach on Gaza has highlighted the EU's limitations as a political and security actor in the eyes of Gulf leaders.

So, while the EU continues to be a valuable partner in trade, technology, and energy, the consensus in the Gulf's capitals is that Europe has yet to demonstrate its ability to be a reliable and impactful strategic partner. Not only does the EU's normative approach frequently contrast with the Gulf's, but it has become apparent that it is situational and conditional. This is why restoring confidence between the EU and the GCC necessitates a radical shift in strategy and content. Gulf authorities regularly emphasize the need for greater coherence and consistency from the EU, both in its rhetoric and in its actions.

## Restoring Trust, Good Governance, and Broader Strategic Dialogue

The credibility gap, which has grown in recent years, can only be effectively and structurally addressed if the EU goes beyond symbolic gestures and proves a long-term commitment to the region's interests. This includes investing in long-term partnerships, harmonizing policy instruments across member states, and ensuring that high-level talks yield practical results on the ground. Joint diplomatic training programs, which aim to improve mutual understanding of institutional structures and policy processes, have begun to lay the framework for more successful interaction; nevertheless, these initiatives must be scaled up and incorporated into a larger strategic vision.

**The EU's divided and frequently ambiguous stance and approach to the crisis has presented a picture of weakness and inconsistency, prompting allegations of double standards and hypocrisy throughout the Gulf and Arab countries**

One promising avenue for restoring trust is to prioritize good governance as a shared framework for cooperation. While the EU has traditionally promoted governance reforms through a normative lens, there is a growing consensus that context-specific approaches can serve as a bridge



to practical convergence. Following the war on Gaza and ongoing regional instability, both parties expressed interest in strengthening the rule of law, transparency, and institutional capacity building—not as abstract goals, but as practical tools for stability and resilience. Joint projects in anti-corruption, digital governance, and public sector reform provide chances to overcome conditionality and promote true collaboration. By focusing on areas where interests overlap and expertise can be shared, the EU and GCC can demonstrate the advantages of partnership in addressing complex challenges.

The Gulf's growing emphasis on good governance mirrors its own internal reform vision, which seeks to modernize institutions and diversify economies. This convergence provides fertile ground for cooperation that is both considerate of regional concerns and aligned with larger strategic goals. Furthermore, governance partnership can foster trust and offer a steady platform for communication even during regional crises. The EU's expertise in governance reform and institution-building, along with the Gulf's resources and geopolitical strategic positioning, may deliver mutually beneficial results if approached with patience and pragmatism.

Incorporating good governance into a broader strategic discourse creates opportunities for a more forward-thinking and resilient partnership. As global order continues in its fragmentation, the EU and GCC are under similar demands to adapt to the navigating great power competition and diversifying economic models. Strategic communication that focuses on governance, economic diversification, security cooperation, and energy transition might enable both areas to better respond to external shocks and internal weaknesses. The effectiveness of such communication will be determined by sustained

political will, the ability to deliver on common aims, and a readiness to move beyond preconceived notions about each other's responsibilities and capabilities. In an uncertain era, the EU and GCC may be a route toward a more balanced and impactful collaboration by focusing on practical cooperation and mutual respect.

Furthermore, the competitive presence of other global powers, most notably China and the United States, increases the urgency of the EU's efforts to reinvent itself as a viable partner. China's Belt and Road Initiative, as well as significant investments in Gulf infrastructure and technology sectors, have strengthened economic connections and political influence, while the United States maintains a strong security role. As a result, the EU must carve out its own niche that capitalizes on its normative strengths and economic influence while remaining unrivaled. Prioritizing governance and strategic discussion allows the EU to differentiate its participation by stressing rule-based cooperation and sustainable development, two areas where it can bring unique value. Failure to do so risks marginalization in a region dominated by geopolitical competition.





Finally, the changing nature of threat requires a flexible and comprehensive collaboration. The Gulf and the EU have common interests in energy transition, food security, and technological innovation, all of which necessitate coordinated policy responses and collaborative investment. Including these principles in a governance structure improves openness and accountability, making cooperation more resilient to political changes.

The EU and GCC may gradually build confidence by fostering a culture of inclusive and action-oriented strategic engagement, laying the groundwork for greater partnership that goes beyond traditional diplomatic channels. The EU's domestic challenges continue to shape its ability to engage credibly and consistently with the Gulf counterparts. This, in addition to their ability to adapt and find common ground, will continue to determine the scope and depth of their future cooperation. In the end, the effectiveness of these programs will be determined by their ability to transform strategic intent into coordinated action, especially as both regions face increasing external challenges and internal reform demands.

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## The GCC and Africa: Strategic Investment, Security, and Food Sovereignty

Michael William Wilson, Researcher

Over the past decade, Gulf Cooperation Council (GCC) states have invested over \$100 billion in Africa as part of broader efforts to diversify their economies and reduce dependence on hydrocarbons. Africa's vast natural resources, strategic geography, and growing markets make it a key partner in Gulf strategies across infrastructure, energy, agriculture, and digital sectors. In parallel, growing security cooperation in the Horn of Africa and the Sahel underscores the region's importance in Gulf interests to protect trade routes and safeguard investments. Together, these dynamics are reshaping GCC-Africa relations into a multi-dimensional partnership defined by pragmatism and shared interests.

### Strategic Investments

Gulf economies have historically relied on oil and gas revenues, making them vulnerable to oil price volatility resulting from market fluctuations. Meanwhile, global energy trends are shifting toward renewables and away from fossil fuels, creating a shift in demand that could complicate the long-term stability of Gulf economies. Therefore, economic diversification away from oil has become central to ensuring their future stability. These diversification strategies prioritise trade and investments in energy, infrastructure, logistics, agriculture, mining, and digital technologies.

Africa plays a pivotal role in this strategy due to its vast natural resources, untapped markets, and

its strategic position linking it to global trade routes. A pillar of the Gulf investment strategy centers on infrastructure and logistics, as Gulf states aim to become key commercial gateways connecting Africa, Asia, and Europe. This includes large-scale investments in African ports, airports, and transport networks to facilitate trade flows. The UAE's DP World and Abu Dhabi Ports operate in over 13 African countries, including Angola, Senegal, and the Democratic Republic of the Congo.<sup>[1]</sup> DP World plans to invest a further \$3 billion over the next three years to boost connectivity and economic integration.<sup>[2]</sup>



Qatar, meanwhile, is expanding Africa's air connectivity: Qatar Airways acquired a 51% stake in RwandAir and 25% in South Africa's Airlink, alongside constructing the \$1.3 billion Bugesera International Airport to transform Rwanda into a regional hub for East and Central Africa.<sup>[3]</sup>





Saudi Arabia, on the other hand, has established a logistics zone in Djibouti's port to strengthen its economic presence and facilitate the expansion of Saudi products and exports into new markets, capitalizing on Djibouti's strategic location as Africa's gateway.

Energy and critical minerals form another strategic focus of GCC-Africa relations. Recently, African countries have made significant oil and gas discoveries that necessitate an influx of capital for exploration and supporting infrastructure. The World Bank estimates that 40 percent of natural gas discoveries occurred in Africa between 2010 and 2020. Drawing on their expertise in the oil and gas sector, Gulf states are investing in Africa's energy, encompassing conventional and renewable sources.

Qatar Energy has acquired stakes in major offshore gas projects in Mauritania and Namibia, while expanding its renewable portfolio in Zambia and South Africa. The UAE's Masdar and AMEA are investing in wind, solar, and hydropower, with Masdar committing \$2 billion to renewable energy projects in Africa by 2030 to accelerate the continent's energy transition. Saudi Arabia's ACWA Power has already invested \$7 billion, mainly in South Africa and Egypt, and is seeking new markets such as Senegal. <sup>[4]</sup>

As gold prices surge amid rising demand for stockpile reserves, the Gulf states are expanding their stake in Africa's mining sector. As Gulf currencies are pegged to the US dollar, which has depreciated amid President Trump's economic policies, Gulf states see the acquisition of gold as a stable hedge against continued currency fluctuations. The shift towards a green economy has additionally increased Gulf interests in Africa's vast deposits of gold, copper, cobalt, lithium, and other critical minerals essential for renewable energy technologies and electric vehicles.

Saudi Arabia's Vision 2030 aims to increase renewable energy production and manufacture electric vehicles domestically. Through Manara Minerals, a joint venture between Ma'aden and the Public Investment Fund, Saudi Arabia is exploring the acquisition of critical minerals in Africa. At the 2024 Future Minerals Forum, the Kingdom announced a \$15 billion fund to secure supplies from countries like Namibia, Guinea, and Congo. Likewise, the UAE is utilising its oil revenues to secure gold and critical minerals for power grids, electric vehicles, and renewable energy projects. The UAE's International Holding Company, for example, has acquired a stake in Zambia's Mopani copper mines, while other Emirati firms have invested in mines in the DRC.

Gulf countries have also significantly increased investment in Africa's digital and communications sectors, supporting the continent's growing digital economy. The UAE's Etisalat and Qatar's Ooredoo have invested in expanding mobile and internet infrastructure. The Qatar Investment Authority invested \$200 million for a 7.5% stake in Airtel Africa's mobile money operations, facilitating digital financial integration across 14 African markets.

**Energy and critical minerals form another strategic focus of GCC-Africa relations. Recently, African countries have made significant oil and gas discoveries that necessitate an influx of capital for exploration and supporting infrastructure**



These strategic investments not only diversify Gulf economies but also contribute to Africa's development by modernizing ports, refineries, and energy infrastructure. The GCC-Africa relationship is mutually beneficial: Gulf investments support economic diversification plans while advancing Africa's industrialization. African countries require significant capital for their new industrial age, driven by energy, mining, agriculture, and infrastructure. Gulf states are increasingly seeing these sectors as essential investment targets.

Yet, despite these ambitious plans, Gulf investors face challenges, including political instability in parts of Africa, rising competition from China and Western investors, regulatory risks, and local concerns over resource sovereignty. Ensuring that investments remain sustainable, socially inclusive, and resilient to global shocks will be a critical factor for the GCC's long-term goals.

### Security Issues

The Gulf states are increasingly involved in Africa's security landscape due to growing threats posed by terrorism, regional conflict, and piracy, which directly impact Gulf interests. The Sahel, in particular, remains highly vulnerable to violent extremism; in 2024 alone, it accounted for 51% of global terror events. Yet the region is also rich in natural resources, including vast gold reserves in Mali and untapped uranium deposits in Niger. Security concerns and the drive to access these resources for economic diversification frame the Gulf's engagement in the region.

Further to the East, the Horn of Africa is strategically positioned between the Bab el-Mandeb Strait and the Suez Canal along the Red Sea, a vital artery for global trade where approximately 15% of global trade and 10% of oil and gas transit. Instability in the Horn - from

piracy off the Somali coast to Houthi drone attacks on oil tankers - poses direct threats to Gulf energy exports and commercial supply chains. Together, security challenges in both the Sahel and the Horn jeopardise critical trade routes and threaten Gulf investments in African markets. Accordingly, Saudi Arabia, the UAE, and Qatar are emerging as key security partners on the continent, leveraging capacity building, military cooperation, and defence diplomacy to protect their economic interests and increase their strategic influence.<sup>[5]</sup>

Saudi Arabia has strengthened its engagement through the Islamic Military Counter Terrorism Coalition (IMCTC), which now includes 43 African and Arab nations. In 2024, the IMCTC launched a program specifically targeting terrorism in the Sahel by addressing "ideology, media, counter-terrorism financing and military operations."<sup>[6]</sup> In addition, Secretary Maj. Gen. Mohammed Al-Moghedhi held bilateral meetings with Defense Ministers from Burkina Faso, Mauritania, and Niger to oversee the implementation of the program, expanding security cooperation and Saudi influence in Africa's security architecture.<sup>[7]</sup>

Furthermore, in 2024, the Kingdom committed \$26 million to strengthening the coalition's capacity. The coalition's approach focuses on building local capabilities to prevent the spread of extremism across borders. For example, in Kenya, the coalition implemented a five-day training program on combating terrorism financing, a critical aspect of addressing the root causes of terrorism and continues to implement the programs across the continent.<sup>[8]</sup>

The UAE has adopted a multifaceted approach to securing its interests in Africa, blending both military and economic strategies. The UAE provides military equipment and training to several African nations, including Mali and Burkina Faso, both rich in gold, which the UAE



aims to import for its own markets. This support often ties into the UAE's broader economic objectives, such as securing access to minerals and ensuring the safety of its investments.<sup>[9]</sup> The UAE also maintains military bases in key regions, notably in the Horn of Africa, where it established bases in Eritrea and Somaliland, to safeguard shipping routes, protect vital commercial interests and ensure its influence in the region.

Soon after the war ended in 2022, UAE President Mohamed bin Zayed Al Nahyan signed 17 agreements spanning Ethiopia's energy, agriculture, and logistics sectors, which Emirati firms, such as DP World and ADNOC, will benefit from. In Congo, Emirati companies have supplied armoured vehicles and weapons, while the UAE funded counter-terrorism programs. Thereafter, in 2023, the UAE invested \$1.9 billion in Sakima, the Congolese state-owned mining company, to develop four mines rich in gold, copper, and cobalt, essential for the UAE's diversification and green energy strategies. Together, these examples illustrate how Abu Dhabi's security engagement integrates counter-terrorism efforts with the pursuit of strategic economic opportunities.<sup>[10]</sup>

Qatar's strategy centres more on peacebuilding and mediation to expand its soft power. It played a key role in negotiations between Rwanda and the Democratic Republic of Congo over the mineral-rich territories controlled by the M23 rebel group and continues to host discussions with both sides, most recently in July 2025.<sup>[11]</sup> Qatar also helped restore diplomatic ties between Somalia and Kenya after relations were severed in 2020, and eased tensions between Somalia and Ethiopia following Somaliland's controversial port deal with Addis Ababa, with the Emir personally engaging both sides to foster dialogue.

The Gulf states' growing security engagement in Africa, however, faces significant challenges rooted in the sheer scale and persistence of conflicts across the continent. While Saudi Arabia, the UAE, and Qatar have expanded military cooperation, counter-terrorism programs, and peace mediation, their capacity alone is limited in fully containing diverse and overlapping security crises. The Horn of Africa, in particular, faces heightened strategic risk, as the region remains vulnerable to being drawn into broader Middle East conflicts. Even as a fragile ceasefire holds between Iran and Israel, Iranian proxies are increasingly exploiting governance gaps and local grievances in the Horn, threatening Gulf commercial and energy interests. These dynamics underline that Gulf security strategies, while proactive, cannot by themselves fully insulate the region from escalating regional and transnational threats. Effective risk mitigation will depend on sustained multilateral coordination and long-term investment in local stability and governance.

### Food Security



Photo Source: Open Access Government (2021)

Food security remains a major strategic concern for the Gulf Cooperation Council states. Situated in a desert climate with limited arable land and water scarcity, the GCC region relies heavily on



food imports, accounting for an estimated 85-90% of total consumption.<sup>[12]</sup> This dependence makes the region vulnerable to disruptions in global supply chains, as evidenced by the 2008 food crisis, the COVID-19 pandemic, and global conflict, all of which caused food prices to soar. With the region's population projected to grow by 2.4% annually, Gulf governments are diversifying their food supply.

Africa presents a vital opportunity in this regard. The continent holds 60% of the world's uncultivated arable land, yet much remains unused due to limited infrastructure and agro-processing capacity.<sup>[13]</sup> Countries such as Benin, Côte d'Ivoire, Ethiopia, Kenya, Mozambique, Chad, Mali, and Uganda view agricultural development as a national priority, given its importance to employment and economic growth. These dynamics align well with Gulf interests, offering a mutually beneficial avenue for strategic collaboration.

The GCC states invest in agriculture across Africa to secure their food supply chains and develop long-term partnerships. These investments focus on acquiring farmland and establishing large-scale farming operations for grain, fruit, livestock, and seed production. In return, African host countries benefit from infrastructure, technology transfer, job creation, and increased trade revenues.

Saudi Arabia has emerged as a leading agricultural investor in Africa. Saudi Star committed 2.5 billion USD to a rice farm in Ethiopia,<sup>[14]</sup> and Manafea Holding invested 125 million USD in a 5,000-hectare fruit farm in Zambia. Saudi firms also operate in Sudan, Kenya, and Uganda. The Kingdom has acquired over 124,000 hectares of land in Ethiopia and supports agricultural development through broader regional partnerships.<sup>[15]</sup> Following the Saudi-Africa

Summit, the Kingdom expanded agricultural initiatives with Ghana, Senegal, Côte d'Ivoire, and Nigeria. The Saudi Fund for Development (SFD) plays a central role, financing 34 dams and irrigation systems across Mali, Mauritania, Sudan, Burkina Faso, and Chad - amounting to over 900 million USD in 2023 alone.<sup>[16]</sup>

Qatar, through Hassad Food - a subsidiary of the Qatar Investment Authority- has made substantial investments in Sudan, including a 500 million USD joint venture with local companies.<sup>[17]</sup> It also explored agricultural projects in Ghana, Burkina Faso, and Algeria, where Qatar's Baladna dairy company secured a 117,000-hectare wheat concession in 2024. These efforts address Qatar's food security concerns while contributing to agricultural development in partner countries.

The UAE has made comparable moves. Abu Dhabi-based ADQ committed 500 million USD to food production in Kenya and is exploring further acquisitions in Zambia.<sup>[18]</sup> In Sudan, UAE firms like International Holding Company (IHC) and Jennan farm over 50,000 hectares, with plans to expand by an additional 162,000 hectares. In Uganda, the UAE is developing an agricultural free zone to process and export food to the Gulf.<sup>[19]</sup> These investments reflect the UAE's broader goal of diversifying food sources and building stable, Africa-based supply chains.

**Saudi Arabia has emerged as a leading agricultural investor in Africa**





Photo Source: Invest Africa (2025)

Kuwait, too, has shown steady engagement. In 2022, it imported over \$4.78 billion in food and agricultural products from Africa.<sup>[20]</sup> The Kuwait Fund has financed more than 45 agricultural projects in 21 countries, particularly in Sudan, Senegal, and Mali.<sup>[21]</sup> Gulf countries aim to grow and process food in Africa, while also improving storage capabilities for agricultural products on the continent, thereby reducing volatility in times of global crisis. With Africa's food and agriculture market projected to grow from \$280 billion in 2023 to \$1 trillion by 2030, these partnerships represent a long-term strategic alignment.

The main challenges ahead include climate change risks affecting African agriculture, the political sensitivity of foreign land ownership, and the need to ensure that these projects benefit local communities rather than just Gulf food security.

## Conclusion

In conclusion, Gulf-Africa relations are increasingly defined by strategic investments, security cooperation, and food sovereignty. As GCC states seek to diversify their economies and secure critical supply chains, Africa offers vital opportunities in agriculture, energy, infrastructure, and minerals. Gulf investments support African development while advancing the GCC's green transition and food security goals. In parallel, the Gulf's growing security footprint reflects the need to protect these interests amid regional instability. These evolving partnerships underscore a pragmatic, mutually beneficial approach that leverages shared geography and economic interdependence to address long-term development and security priorities across both regions.

**As GCC states seek to diversify their economies and secure critical supply chains, Africa offers vital opportunities in agriculture, energy, infrastructure, and minerals**



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## New Horizons: The Emerging Gulf–Latin America Partnership

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The six nations of the Gulf Cooperation Council (GCC) – Saudi Arabia, the United Arab Emirates (UAE), Qatar, Kuwait, Oman, and Bahrain – and the major Latin American economies of Brazil, Mexico, and Argentina have historically had limited interaction. Separated by vast geographic distance and lacking deep cultural ties, the two regions until recently occupied peripheral positions in each other's foreign policies. Today, this is rapidly changing. Driven by mutual economic complementarities and a shared desire for diversified partnerships, the Gulf–Latin America relationship is entering a new era. Both sides are emerging powers in the Global South and advocate for a multipolar world order with greater developing-country influence. High-level summits and diplomatic initiatives since the 2000s have laid the groundwork for South–South cooperation connecting the Arab Gulf with Latin America. As the world faces global challenges – from food and energy security to geopolitical crises – Gulf and Latin American countries are finding common cause. This evolving alignment has the potential to reshape South–South cooperation and recalibrate global multipolar dynamics.

### Trade Relations: Volumes and Trends

Trade between the GCC and Latin America has expanded significantly over the past decade, albeit from a low base. Total trade [reached](#) roughly \$29 billion in 2023, up from around \$10 billion in the early 2000s. The GCC's imports from Latin

America far exceed its exports to the region, resulting in a sizable trade deficit. This imbalance reflects the complementary nature of exchange: Gulf states are major buyers of Latin American foodstuffs, minerals, and precious materials, while exporting to Latin America mostly energy-related products and industrial inputs. Over 70% of Brazil's [exports](#) to Arab countries are agricultural goods – meats, grains, sugar, and coffee – which cater to the GCC's food security needs. In return, the GCC supplies Brazil and its neighbors with oil, refined fuels, petrochemicals, fertilizers, and aluminum, all vital for Latin America's energy and agribusiness sectors.

Within Latin America, Brazil is by far the GCC's largest trading partner, accounting for about half of the GCC's total trade with the region. Saudi Arabia–Brazil trade has [grown](#) to over \$8 billion annually, making Saudi Arabia Brazil's top Middle East trading partner. Brazilian meat exports to Saudi Arabia were nearly \$3 billion in 2022, underpinning Saudi food security, while Saudi oil and petrochemical shipments support Brazil's industry. Mexico and Argentina are the next largest partners. Mexico represents roughly 15% of GCC imports from Latin America and 12% of GCC exports, while Argentina accounts for about 10.5% of each. Both countries, like Brazil, run trade deficits with the GCC given their large imports of Gulf hydrocarbons and chemicals. Other Latin states play smaller roles – for instance, Chile and Uruguay export food



products, and Uruguay even maintains a rare trade surplus with the GCC by exporting more to the Gulf than it imports. Overall, however, the share of Latin America–GCC trade in each region’s global trade remains modest. Even for Brazil, the GCC market accounts for [under](#) 3% of its exports.

**Table 1: GCC–Latin America Trade Balances by Country (2023) (Million USD)**

Countries	Export	Import	Total Trade	Trade Balance
Brazil	4398.94	10665.78	15064.72	-6266.83
Mexico	709.37	4348.53	5057.90	-3639.15
Argentina	1038.84	1504.97	2543.81	-466.13
Peru	95.71	1203.75	1299.46	-1108.04
Ecuador	72.80	894.84	967.63	-822.04
Chile	301.97	510.91	812.88	-208.94
Colombia	168.63	605.78	774.42	-437.15
Guyana	23.22	678.68	701.90	-655.46
Uruguay	303.96	71.22	375.18	232.75
Costa Rica	122.84	175.78	298.61	-52.94
Paraguay	33.52	182.15	215.68	-148.63
Venezuela	129.12	22.29	151.40	106.83
Dominican Rep.	77.46	60.60	138.06	16.87
Panama	91.85	4.81	96.67	87.04
Cuba	51.99	5.38	57.38	46.61
El Salvador	31.07	12.27	43.34	18.80

Source: UN Comtrade

### Trade data indicates to GCC side

Recognizing the potential, both regions have pursued formal trade agreements. During the inaugural Summit of South American–Arab Countries (ASPA) convened in 2005 in Brasília, the two sides [signed](#) a framework agreement between Mercosur and the GCC. Negotiations for a GCC–Mercosur free trade agreement began in 2006, but have yet to conclude. Recently, however, momentum has shifted to a bilateral level: Mercosur opened fast-track FTA negotiations with the UAE in 2023. By late 2024, talks had progressed swiftly

with both sides aiming to align terms, [potentially](#) signing an agreement by the end of 2025. The UAE is Mercosur’s first Middle Eastern FTA partner and Brazil’s largest trade destination in the Gulf. An FTA would eliminate tariffs, facilitating even greater flow of Latin American sugar, meat, and grains to the Gulf, and of Gulf oil, petrochemicals, and fertilizers to Latin America. Brazil hopes to [boost](#) imports of sulfur and finished fertilizers from the UAE. Conversely, the UAE seeks easier access for its service and investment firms in South America. If concluded, this UAE–Mercosur deal could become a model for broader GCC–Latin America trade accords in the future. In the meantime, commercial ties continue to deepen through other mechanisms: trade missions, joint business councils, and improved logistics. Notably, direct shipping routes and new airline [connections](#) by Emirates and Qatar Airways to São Paulo, Buenos Aires and Lima have cut transport times, mitigating the geographic distance barrier.



### Energy Cooperation: Traditional Hydrocarbons

Energy remains a pillar of Gulf–Latin American engagement, spanning traditional oil and gas deals as well as new ventures in renewables and emerging technologies. Hydrocarbons still dominate many interactions. The GCC’s oil giants have begun investing downstream in Latin America, while Latin





American producers cooperate with Gulf states in forums and projects. Saudi Aramco [acquired](#) Chile's Esmax, a major fuel retail and distribution company, in August 2023, giving Aramco a foothold in Chile's downstream market. Likewise, QatarEnergy and the UAE's ADNOC have participated in Latin American upstream opportunities. QatarEnergy secured a stake in Brazil's offshore Água Marinha oil block and also [acquired](#) stakes in oil exploration blocks in Mexico's Campeche Basin. Argentina obtained a [\\$500 million](#) loan from the Saudi Fund for Development in April 2023 to help finance the Néstor Kirchner Gas Pipeline from the Vaca Muerta shale field. In OPEC and related forums, Gulf and Latin producers have also found common cause. While none of Latin America's big three are OPEC members, Venezuela is a founding OPEC member and a point of contact between the regions. Both GCC and Latin oil states [share](#) an interest in stable oil prices and have cooperated in production agreements – for example, Mexico temporarily joined the Saudi-led OPEC+ output cut deal in 2020 to stabilize the market.

**Energy remains a pillar of Gulf–Latin American engagement, spanning traditional oil and gas deals as well as new ventures in renewables and emerging technologies**

### Energy Cooperation: Renewables and Green Transition

Beyond hydrocarbons, energy cooperation has begun to extend into the renewables sector, reflecting evolving priorities in both regions. Latin America's enormous endowment of renewable

resources complements the GCC's investment in clean energy as it prepares for a post-oil future. Saudi Arabia and Brazil [signed](#) an Energy Cooperation Memorandum of Understanding in 2023 covering renewables, natural gas, hydrogen, and carbon capture. During his visit to Riyadh, President Lula da Silva remarked that Brazil could become “the Saudi Arabia of green energy,” [highlighting](#) the synergy between Brazil's ethanol/biofuel leadership and Saudi's push into green hydrogen. The UAE's clean energy company Masdar has [explored](#) investments in Latin solar and wind projects, and the Abu Dhabi Fund for Development is financing renewable ventures in Paraguay and Costa Rica. Mexico too has sought Gulf investment for its renewable push: in 2023 Saudi Minister of Economy and Planning Faisal Al-Ibrahim [stated](#) that Saudi–Mexican cooperation could include new wind and solar projects.

### Investment and Finance: Sovereign Funds, Infrastructure and Agriculture

If trade and energy are the backbone of Gulf–Latin America ties, investment and finance are the muscle driving it forward. Over the past five years, GCC capital – especially from Saudi Arabia, the UAE, and Qatar – has begun flowing rapidly into Latin American infrastructure, logistics, agribusiness, and technology ventures. Leading the charge are Gulf sovereign wealth funds and state-backed companies. The UAE's Mubadala Investment Company and Abu Dhabi Investment Authority have been especially active. Mubadala has [invested](#) over \$5 billion in Brazil, including purchasing an oil refinery from Petrobras, financing a toll road project, and partnering with Brazil's largest biofuel producer. It plans to invest an additional \$1 billion annually in Brazil going forward. Similarly, Dubai's DP World has [acquired](#) and expanded port terminals



in Argentina, Peru, Ecuador, Chile, and Brazil. Gulf investors are also financing railways and roads. In 2023, Saudi Arabia's Public Investment Fund [agreed](#) on a partnership with Brazil's Patria Investments to operate a toll road concession in Paraná state aiming to improve transport links for agribusiness and boost regional infrastructure. Qatar Investment Authority [holds](#) a 12% stake in Adecoagro, a major agribusiness firm operating across Brazil, Argentina, and Uruguay. In 2022, Qatar and other Gulf funds collectively pledged \$1 billion of [investments](#) in Argentina. Qatar's interests span finance, mining, and agriculture. Meanwhile Kuwait and Oman have participated in Argentine projects and maintain Latin American holdings. Latin American FDI into the Gulf is comparatively limited, mostly driven by Brazil's food companies establishing plants in the GCC. Brazil's BRF (Sadia) [opened](#) poultry processing facilities in Saudi Arabia and the UAE, investing heavily in supplying halal meat locally.

Gulf investments are increasingly transforming Latin infrastructure and finance. Ports and airports are a prime target. Financial services are another growing link, exemplified by First Abu Dhabi Bank obtaining licenses to [operate](#) full banking services in Brazil and Mexico in 2024. As Latin America's fintech sector grows rapidly, GCC investors view it as an opportunity to both invest in and learn from its digital finance innovation. Meanwhile, [64%](#) of Latin American executives in an Economist Impact survey said they plan to deepen engagement with the GCC, especially in digital services and fintech.



*Aerial view of Brazil's Port of Santos. The UAE's DP World operates and is [expanding](#) major port terminals in Latin America, like Santos, to facilitate growing trade volumes. Gulf investments in Latin American energy and transport infrastructure – from ports and railways to pipelines – have grown in scale in recent years.*

Perhaps no sector illustrates the mutual benefit of Gulf–Latin investment better than agriculture. Latin America's vast farmlands are becoming a food source for the Gulf, while Gulf capital helps modernize Latin American agribusiness. The Arab states rely on Latin America for staples – [one-third](#) of the Arab world's meat imports and a large share of grains and sugar come from Brazil and Argentina. In turn, Gulf producers [supply](#) fertilizer that Latin American farms need. Gulf investors have bought directly into Latin agriculture. Qatar's stake in Adecoagro, SALIC's partnership with Brazil's Minerva Foods and BRF, and UAE's Al Dahra agreements with Argentina's Adecoagro all reflect this integration. Saudi Arabia's SALIC also [acquired](#) farmland in Uruguay and entered Argentine farming projects. Latin American food companies are expanding in the Gulf: Brazil's meat processing company, JBS, has established processing and distribution in several GCC countries. The overall effect is





the creation of integrated supply chains, often underpinned by joint ventures and co-investment. This integration has been reinforced by shocks like the Ukraine war, which disrupted traditional grain and fertilizer supplies. Such interdependence has deepened the commitment on both sides to long-term agricultural investment cooperation.

### Geopolitical Alignment: Diplomacy and Multilateralism

Beyond economics, Gulf and Latin American nations are forging closer diplomatic and geopolitical ties. There are no major ideological conflicts between them; on the contrary, they often find themselves on the same side of global issues. Diplomatic presence has [increased](#), with Brazil maintaining embassies in all six GCC member states. Argentina and Mexico have embassies in four, and the four largest GCC states have embassies in Buenos Aires, Brasília, and Mexico City. High-level visits have multiplied. Global South solidarity is evident in multilateral forums. In the G20, Saudi Arabia and Argentina, Brazil, and Mexico share platforms to push issues like reform of global financial institutions, climate finance, and pandemic recovery. The UAE joined BRICS alongside Brazil, marking a new inter-regional alignment, while Saudi Arabia may follow suit. Latin America and the Gulf tend to support each other's core interests as fellow members of the developing world. Both regions also champion reform of global institutions. The ASPA summits created a high-level dialogue platform. Outside of ASPA, Gulf and Latin diplomats interact in the Non-Aligned Movement, the UN G-77 coalition, and at global climate summits.

### Contemporary Crises and Political Stances: Gaza, Israel–Iran and Beyond

The war between Israel and Hamas in Gaza following the events of October 7, 2023 provoked strong [reactions](#) across Latin America and the Gulf. Strikingly, several Latin American governments took some of the world's most pro-Palestinian positions, in parallel to GCC states' denunciations of Israel's military campaign. Bolivia cut diplomatic ties with Israel, and Chile, Colombia, and Honduras recalled their ambassadors. Saudi Arabia condemned Israeli airstrikes and lobbied for a ceasefire, and the UAE joined with Brazil to draft and vote for UNSC resolutions calling for humanitarian pauses. President Lula decried global double standards and pushed for UN reform. Argentina and Mexico – countries traditionally cordial with Israel – issued statements criticizing Israel's bombing of a crowded refugee camp in Jabalia, marking a significant shift in tone. Argentina's statement was considered significant given its large Jewish community and historically strong ties with Israel.



*Demonstrators in São Paulo, Brazil (October 22, 2023) wave Palestinian flags in protest of Israel's actions in Gaza. Latin American public opinion has strongly [backed](#) the Palestinian cause, paralleling the Gulf states' calls for protecting Gazan civilians and achieving a ceasefire.*





The escalating Israel-Iran conflict, intensified by recent U.S. airstrikes on Iranian nuclear sites, places GCC states in a sensitive position. While long wary of Iran, Gulf governments have recently pursued diplomacy, highlighted by the 2023 Saudi-Iran rapprochement. On June 13, 2025, Saudi Arabia and 20 other regional states condemned Israeli strikes on Iran, signaling concern over wider destabilization. Gulf responses have been critical yet cautious, balancing opposition to escalation with the need to preserve diplomatic ties. The U.S. airstrikes also raise concern in Gulf capitals about Washington diverging from a shared strategic framework previously agreed with the GCC, one that emphasized containment, deterrence, and avoiding regional escalation. Notably, Saudi Arabia has referred to Iran as a ‘sister nation’ in its statements, a term it typically reserves for Arab countries.

Latin American reactions have shown both overlap and divergence. Most governments [condemned](#) the U.S. strikes, citing breaches of international law and risks of broader instability. Chile’s President Boric warned, “Wars are always paid for by innocents,” while Venezuela called the attacks “illegal and extremely dangerous.” Cuba

labeled them “criminal,” raising non-proliferation concerns. Mexico urged unity and diplomacy to prevent “catastrophic consequences.” Brazil called for restraint and dialogue, consistent with its multilateral approach. Argentina, while historically critical of Iran due to the 1994 AMIA bombing, joined calls for de-escalation and raised legal and humanitarian concerns.

Both regions stress de-escalation, legal norms, and strategic autonomy. GCC and Latin American governments reject unilateral military action and favor diplomacy grounded in international law. Echoing their stances during the war on Gaza, Latin American states again advocate for ceasefires, humanitarian access, and accountability. These responses signal a growing Global South consensus against great-power militarism and in favor of diplomatic conflict management.







## Conclusion

Once distant interlocutors, the Gulf states and Latin America's largest countries are now rapidly building a multifaceted partnership. Trade is growing in both volume and diversity, leveraging complementary strengths in food and energy. Energy cooperation ranges from oil and gas investments to shared ambitions in renewables and energy security. Gulf investments are financing Latin American infrastructure and technology, just as Latin American companies find new markets and capital in the Gulf. On the world stage, their diplomatic alignment, grounded in sovereignty, multipolarity, and South–South solidarity, has enabled joint initiatives in forums such as the G20, BRICS, and the UN. Crucially, in times of crisis such as the War in Gaza, they have echoed each other's calls for justice and restraint, reinforcing mutual trust.

Looking ahead, in an era of global rebalancing, the Gulf–Latin America partnership could emerge as a defining pillar of the evolving Global South architecture. Challenges remain, including geographic distance, high transportation costs, cultural unfamiliarity, and the absence (so far) of a comprehensive inter-regional trade accord, which continues to limit the full potential of ties. Yet these barriers are gradually being overcome through innovative business models, improved air and sea connectivity, and increasing political will. Both the GCC and Latin American nations are diversifying away from traditional partners, with the Gulf looking beyond the West and Latin America expanding its outlook beyond the Americas. In doing so, they are discovering each other. If current trends persist, this vision appears well on its way to becoming reality, ushering in a new horizon in inter-regional relations that links the Arab world and Latin America in a lasting partnership.

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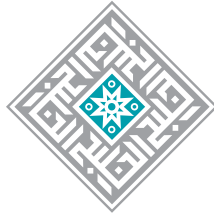
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